



Product Disclosure Statement

360 CAPITAL TOTAL RETURN FUND

The stapled fund comprising the
360 Capital Total Return Passive Fund
ARSN 602 304 432
360 Capital Total Return Active Fund
ARSN 602 303 613

Responsible Entity and Issuer:
360 Capital Investment
Management Limited
ACN 133 363 185
AFSL 340304

Offer of up to 32.0 million
Stapled Units at \$1.25
each to raise up to
\$40.0 million

Joint Lead Managers

MOELIS & COMPANY

Morgans REALISE WITH CIMB

IMPORTANT NOTICE

Responsible Entity and Issuer

360 Capital Investment Management Limited ACN 133 363 185, AFSL 340304 is the responsible entity (**Responsible Entity**) of 360 Capital Total Return Fund (**Fund**) (the stapled entity comprising 360 Capital Total Return Passive Fund ARSN 602 304 432 (**Passive Fund or TRPF**) and 360 Capital Total Return Active Fund ARSN 602 303 613 (**Active Fund or TRAF**)) and is the issuer of this Product Disclosure Statement (**PDS**). This PDS has been prepared in respect of a capital raising to be conducted prior to the proposed listing of the Fund by the Responsible Entity on the ASX (**Listing**). The proposed ASX code for the Fund is TOT.

The ASX does not take any responsibility for the contents of this PDS. The fact that ASX may admit the Fund to its official list is not to be taken in any way as an indication of the merits of the Fund.

This PDS is dated and was lodged with ASIC on 17 March 2015. ASIC does not take any responsibility for the contents of this PDS.

No cooling-off rights

No cooling-off rights apply to a subscription for Stapled Units under the Offer. This means that an Applicant cannot withdraw an Application once it has been accepted.

Obtaining a copy of this PDS

A paper copy of this PDS is available free of charge to any person in Australia before the closing date of the Offer by calling the 360 Capital Information Line on 1800 182 257 (within Australia) or +61 2 9290 9600 (from outside Australia) between the hours of 8.30am and 5.00pm Monday to Friday AEST (excluding public holidays).

An electronic copy of this PDS may be accessed at www.360capital.com.au. If you access the electronic version of this PDS, you should ensure that you download and read the entire PDS.

Note to prospective investors

The information contained in this PDS is not financial product advice. This PDS has been prepared without reference to your investment objectives, financial situation and particular needs. It is important you read this PDS carefully and in its entirety before making a decision whether to invest. In particular, you should consider the risk factors that could affect the performance of the Fund. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues) and seek professional guidance from your broker, solicitor, accountant, financial or other professional adviser before deciding whether to invest. Some of the key risk factors that should be considered by prospective investors are set out in section 6 of this PDS. There may be risk factors in addition to these that should be considered in light of your personal circumstances. You should also consider the risk factors that could affect the Fund's business, financial condition and results of operations.

No performance guarantee

Neither the Responsible Entity, nor its associates or Directors, nor any other person named in this PDS guarantees the performance of the Fund, the repayment of capital or any particular rate of capital or income return. While the Responsible Entity is a subsidiary of 360 Capital, neither 360 Capital nor its other subsidiaries guarantee performance by the Responsible Entity of its obligations as the Responsible Entity and are not responsible for any information in this PDS.

Forward looking statements

This PDS contains forward looking statements. These statements can be identified by the use of words such as 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'predict', 'guidance', 'plan' and other similar expressions. Indications of, and guidance on, future earnings and financial position and performance are also forward looking statements.

Preparation of these forward looking statements was undertaken with due care and attention. However, forward looking statements are subject to known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Fund to be materially different from those expressed or implied in such forward looking statements.

Some of the risk factors that impact on forward looking statements in this PDS are set out in section 6. No assurance can be provided that actual performance will mirror the guidance provided.

Other than as required by law, none of the Responsible Entity, its associates or their respective directors, officers, employees or advisers or any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in this PDS will actually occur. You are cautioned not to place undue reliance on those statements.

Foreign jurisdictions

This PDS has been prepared to comply with the requirements of Australian law and is only being made to investors resident in Australia and New Zealand. This PDS does 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. Distribution of this PDS outside of Australia and New Zealand (whether electronically or otherwise) may be restricted by law. Persons who receive this PDS outside of Australia and New Zealand are required to observe any such restrictions. Failure to comply with such restrictions may mean you are in violation of applicable securities laws. Unless otherwise agreed with the Responsible Entity, any person subscribing for Stapled Units under the Offer shall by virtue of such subscription be deemed to represent that they are not in a jurisdiction which does not permit the making of an offer or invitation as detailed in this PDS and are not acting for the account or benefit of a person within such jurisdiction.

Updated information

Information relating to the Offer may change from time to time. The Responsible Entity may issue a supplementary PDS to supplement any relevant information not contained in this PDS or may update certain information which is not materially adverse to investors on its website at www.360capital.com.au. Any supplementary PDS or updated information forms part of this PDS and should be read together with this PDS.

Date of information

If this PDS states or implies a state of affairs, that state of affairs will be in place as at the date of this PDS or prior to completion of the Offer.

Pictures of properties in this PDS

All pictures of properties in this PDS are either actual pictures or artists' impressions of assets which are held by, or are part of a future investment of entities associated with 360 Capital, unless stated otherwise.

Defined terms and financial information

Certain terms used in this PDS have been defined in the Glossary of this PDS commencing on page 77. Unless otherwise stated or implied, references to times in this PDS are AEST.

Unless otherwise stated or implied, references to dates or years are financial year references.

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

Any discrepancies between totals and sums and components in tables contained in this PDS are due to rounding.

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Disclosure

The Joint Lead Managers (whether in that capacity, or otherwise), together with their affiliates, are full service financial institutions engaged in various activities, which may include trading, financing, financial advisory, investment management, investment research, principal investment, hedging, market making, margin lending, brokerage and other financial and non-financial activities and services including for which they have received or may receive customary fees and expenses. The Joint Lead Managers, in conjunction with their affiliates, are acting as joint lead managers and bookrunners to the Offer for which they have received or expect to receive fees and recover expenses. The Joint Lead Managers (whether in that capacity, or otherwise) and/or their affiliates have performed, and may perform, other financial or advisory services for the Responsible Entity, and/or may have other interests in or relationships with the Responsible Entity, and its related bodies corporate for which they have received or may receive customary fees and expenses. In the ordinary course of their various business activities, the Joint Lead Managers (whether in that capacity, or otherwise) and their affiliates may purchase, sell or hold a broad array of investments and actively trade or effect transactions in equity, debt and other securities, derivatives, loans, commodities, currencies, credit default swaps and/or other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Fund, its related entities and/or persons and entities with relationships with the Fund and/or its related entities. The Joint Lead Managers (whether in that capacity, or otherwise) and/or their affiliates, or their respective officers, employees, consultants or agents may, from time to time, have long or short positions in, buy or sell (on a principal basis or otherwise), and may act as market makers in, the securities or derivatives, or serve as a director of any entities mentioned herein. The Joint Lead Managers (whether in that capacity, or otherwise) and/or their affiliates currently hold, and may continue to hold, equity, debt and/or related derivative securities of the Fund and/or its related entities. None of the Joint Lead Managers (whether in that capacity, or otherwise) nor any of their related bodies corporate and affiliates, nor any of their respective directors, officers, partners, employees, representatives or agents make any recommendations as to whether investors or their related parties should invest in the Fund, nor do they make any representations or warranties to investors (or other statements upon which you may rely) concerning this Offer or any such information. The engagement of the Joint Lead Managers by the Responsible Entity is not intended to and does not create any agency, custodial, fiduciary or other legal relationship between the Joint Lead Managers and any investor.

The Joint Lead Managers have not authorised, permitted or caused the issue, lodgement, submission, dispatch or provision of this PDS. The Joint Lead Managers and their affiliates, officers and employees, to the maximum extent permitted by law, expressly disclaim all liabilities in respect of, make no representations regarding, and take no responsibility for, any part of this PDS and make no representation or warranty as to the currency, accuracy, reliability or completeness of this PDS.

Questions

If you have any questions about the PDS, please call the 360 Capital Information Line on 1800 182 257 (within Australia) or +61 2 9290 9600 (from outside Australia) between the hours of 8.30am and 5.00pm Monday to Friday AEST (excluding public holidays).

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CHAIRMAN'S LETTER

Dear Investor

On behalf of the Directors of 360 Capital Investment Management Limited (Responsible Entity), I am pleased to invite you to subscribe for Stapled Units in the 360 Capital Total Return Fund (the Fund). The Responsible Entity is seeking to raise between \$25.0 million to \$40.0 million through the issue of Stapled Units at an Offer Price of \$1.25 per Stapled Unit (the Offer). Monies raised under the Offer, will be used to repay debt and position the Fund in preparation for investment opportunities as they are identified. The Offer is being undertaken prior to the proposed ASX Listing of the Fund on or about 22 April 2015.

The Fund will be an ASX-listed total return fund that capitalises on opportunistic real estate based investment across a broad range of asset categories. The Fund will adopt an appropriately broad investment mandate to pursue real estate investments arising from activities including, but not limited to:

- repositioning assets, including short term re-leasing positions and refurbishment projects;
- investing in investment properties that generate rental income;
- underwriting potential capital raisings in the real estate sector including syndicates for both unlisted funds and listed funds;
- taking strategic positions in unlisted funds, including providing liquidity solutions to existing unitholders of those funds;
- capitalising on mispriced trading opportunities within the ASX listed A-REIT sector;
- participating in mergers and acquisition activities occurring within Australian real estate markets; and
- participating in special situations which arise from time to time within Australian real estate markets including distressed asset sales, investments with restructuring potential and providing loans.

The Fund aims to provide total returns 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, with a performance hurdle rate of 12% total return per annum. The initial portfolio of the Fund will consist of two properties located in the Sydney suburb of Frenchs Forest, collectively valued at \$26.0 million (**Existing Assets**), which are both subject to a

conditional contract for sale¹. The expected realisation of these two Properties will provide further capital to be redeployed by the Fund under its investment mandate.

The Offer seeks to raise between \$25.0 million to \$40.0 million through the issue of between 20.0 million and 32.0 million Stapled Units at an Offer Price of \$1.25. The Offer has received significant support with commitments from a number of Institutional Investors totalling \$25.0 million having been received by the Joint Lead Managers and the Responsible Entity.

Based on the returns expected to be generated from the Existing Assets, the Fund will offer investors a forecast Distribution Yield per Stapled Unit of 9.0% (annualised and based on the Offer Price of \$1.25 for the June and September quarters (refer to section 5 for further details)). The Fund expects to provide distributions on a quarterly basis. Future distributions will depend on what assets are acquired by the Fund and the performance of those assets.

The Responsible Entity is a member of the ASX-listed 360 Capital Group (**360 Capital**), a highly experienced specialist real estate investment manager with a demonstrated track-record of generating above-market returns for its investors. As at the date of this PDS, 360 Capital has a market capitalisation of approximately \$300 million and manages eight listed and unlisted investment vehicles with total assets under management in excess of \$1.1 billion on behalf of almost 8,300 investors. 360 Capital will hold Stapled Units representing between 10.1% to 14.5% of the Fund on completion of the Offer.

This PDS contains detailed information about the Offer and the operations and financial performance of the Fund. You should read the PDS carefully in its entirety, including section 8, which sets out fees and other costs associated with investing in the Fund and section 6 which sets out some of the key risks with investing in the Fund. In addition, you should consider seeking relevant professional advice before making a decision to apply for Stapled Units.

Thank you for your consideration of this opportunity to invest in the Fund. I commend the Offer to you and thank you for your support.

Yours sincerely



David van Aanholt
Independent Chairman
360 Capital Investment Management Limited

17 March 2015

¹ These assets are subject to a contract for sale (which is conditional on a number of pre-conditions, including rezoning of the land) which is scheduled to complete on 1 October 2015. The Fund will receive \$26 million if such sales proceed. Refer to section 11.4.

KEY OFFER INFORMATION

Key Offer statistics¹

	\$25 million Offer size	\$40 million Offer size
Offer Price per Stapled Unit	\$1.25	\$1.25
Number of Stapled Units available under the Offer	20.0 million	32.0 million
Proceeds from the Offer ²	\$25.0 million	\$40.0 million
Market capitalisation at the Offer Price	\$34.6 million	\$49.6 million
Performance hurdle ³	12.0% total return p.a.	12.0% total return p.a.
Forecast June 2015 quarterly distribution per Stapled Unit	2.81 cents	2.81 cents
Distribution Yield per Stapled Unit (annualised) ⁴	9.0%	9.0%
Pro forma NTA per Stapled Unit	\$1.26	\$1.25
Offer Price discount to pro forma NTA per Stapled Unit	1.0%	0.0%
Pro forma gearing ⁵	Nil	Nil

1 Refer to section 5 for important information relating to the Fund's financial forecast and pro forma balance sheet, including the relevant assumptions and sensitivities. Section 6 sets out some of the key risks of investing in the Fund. The Existing Assets are subject to a contract for sale (which is conditional on a number of pre-conditions, including rezoning of the land) which is scheduled to complete on 1 October 2015. The Fund will receive \$26 million if the sale proceeds pursuant to that contract. Refer also to section 11.4. The financial performance of the Fund in the future will depend, amongst other things, on whether such sales proceed, the assets in which the Fund invests and the performance of those assets.

2 The proceeds of the Offer received by the Responsible Entity will equal the number of Stapled Units made available multiplied by the Offer Price per Stapled Unit.

3 The Responsible Entity is entitled to a performance fee of 20% of any Fund returns in excess of the Fund's 12% per annum total return target.

4 Based on the Offer Price of \$1.25.

5 Gearing is calculated as interest bearing liabilities (net of cash) divided by total assets (net of cash). Whilst gearing will be 0.0% as at completion, going forward, the Fund may draw down on the Debt Facility. The Responsible Entity intends that any future debt will not be greater than 50% of the value of the Fund's real property investments.

Key dates¹

PDS lodgement date	17 March 2015
Offer open date	25 March 2015
Offer closes (5.00pm AEST)	16 April 2015
Allotment of Stapled Units under the Offer and trading in Stapled Units (commence on a deferred settlement basis)	22 April 2015
Expected dispatch of holding statements	23 April 2015
Expected commencement of trading in Stapled Units (on a normal settlement basis)	24 April 2015

1 These dates are indicative only and are subject to change. The Responsible Entity reserves the right to close all or part of the Offer early or to extend or cancel all or part of the Offer without notice. If the date the Offer closes is varied, subsequent dates may also be varied accordingly. Investors are encouraged to submit their Application Forms as soon as possible.

How to invest

Applications for Stapled Units can only be made by completing and lodging the Application Form enclosed with, attached to or otherwise accompanying this PDS with the Registry. Instructions on how to apply for Stapled Units are set out in section 7 of this PDS.



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INVESTMENT OVERVIEW

The key features, benefits and risks set out in this section are a summary only. You should read this entire PDS before completing an Application Form as the PDS contains important information about an investment in the Fund. You should also consider seeking independent legal, taxation and financial advice before investing under the Offer.

Key feature		For more information
Fund overview		
What is the Fund?	<p>360 Capital Total Return Fund (ASX code: TOT) will be an ASX-listed total return fund that capitalises on opportunistic real estate based investment across a broad range of asset categories. The Fund is a stapled entity comprising the 360 Capital Total Return Passive Fund (TRPF or Passive Fund) and the 360 Capital Total Return Active Fund (TRAF or Active Fund).</p> <p>The initial portfolio of the Fund will comprise two properties located in the Sydney suburb of Frenchs Forest, valued cumulatively at \$26.0 million, which are both subject to a conditional contract for sale¹. The expected realisation of these two properties will provide further capital to be redeployed by the Fund under its investment mandate.</p>	Section 2
What is the Fund's objective?	The Fund aims to provide total returns to Stapled Unitholders 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, with a performance hurdle rate of 12% total return per annum.	Sections 2 and 3
What is the Fund's investment strategy?	<p>The Fund's investment strategy is to invest in real estate based activities and actively manage a diversified portfolio of investments including, but not limited to:</p> <ul style="list-style-type: none"> ● repositioning assets, including short term releasing positions and refurbishment projects; ● investing in investment properties that generate rental income; ● underwriting potential capital raisings in the real estate sector including syndicates for both unlisted funds and listed funds; ● taking strategic positions in unlisted funds, including providing liquidity solutions to existing unitholders of those funds; ● capitalising on mispriced trading opportunities within the ASX listed A-REIT sector; ● participating in mergers and acquisition activities occurring within the Australian real estate markets; and ● participating in special situations which arise from time to time within Australian real estate markets including distressed sales, investments with restructuring potential, and providing loans. 	Sections 2 and 3
What is the Fund's valuation policy?	Independent valuations of the Fund's direct property investments will be obtained at least once every two years or earlier if an internal valuation differs materially from the current carrying value of a property. The Existing Assets were independently valued as at 21 January 2014 (Independent Valuation).	Section 12.5

¹ The contact for sale is conditional on a number of pre-conditions including rezoning of the land. The sale is scheduled to complete on 1 October 2015. The Fund will receive \$26 million if such sales proceed. Refer to section 11.4.

INVESTMENT OVERVIEW

(CONTINUED)

Key feature		For more information
Responsible Entity and 360 Capital		
Who is the responsible entity of the Fund?	<p>The Responsible Entity of the Fund is 360 Capital Investment Management Limited, which is a member of 360 Capital.</p> <p>The Responsible Entity holds an Australian Financial Services Licence (AFSL) which authorises it to, amongst other things, act as the responsible entity of the Fund.</p> <p>The Responsible Entity is responsible for the management and administration of the Fund.</p>	Section 4
Who are the Directors of the Responsible Entity?	<p>The Board of the Responsible Entity comprises five Directors, four of whom are independent non-executive Directors, including the Chairman.</p> <p>The Directors of the Board of the Responsible Entity are:</p> <ul style="list-style-type: none"> • David van Aanholt – Independent Chairman; • Tony Pitt – Managing Director; • Andrew Moffat – Independent Director; • John Ballhausen – Independent Director; and • Graham Lenzner – Independent Director. 	Section 4.3
What are the key responsibilities of the Responsible Entity?	<p>The key responsibilities of the Responsible Entity in relation to the Fund include:</p> <ul style="list-style-type: none"> • strategic oversight; • financial management and administration; • investment evaluation and implementation; and • governance and regulatory compliance. 	–
What fees will the Responsible Entity receive?	<p>All the costs of operating the Fund are payable out of the assets of the Fund.</p> <p>The Responsible Entity is entitled to a management fee of 0.65% per annum of the gross asset value of the Fund.</p> <p>The Responsible Entity is entitled to reimbursement for all expenses incurred in the operation of the Fund (estimated to be up to approximately 0.39% per annum (plus GST) of the Fund's gross asset value).</p> <p>The Responsible Entity is entitled to a performance fee of 20% of any Fund returns in excess of the Fund's 12% per annum total return target.</p> <p>Other fees apply in respect of the acquisition and sale of assets of the Fund which are set out in section 8.</p>	Section 8
Who is 360 Capital?	<p>360 Capital is an ASX-listed (ASX code: TGP) real estate investment and funds management group that manages eight listed and unlisted investment vehicles and has funds under management in excess of \$1.1 billion on behalf of almost 8,300 investors. As at the date of this PDS, 360 Capital has a market capitalisation of approximately \$300 million and over \$131.3 million of co-investments in the funds it manages.</p> <p>The 360 Capital senior management team has an average of over 25 years' experience across the Australian real estate and funds management sectors.</p>	Section 4
Will 360 Capital hold Stapled Units in the Fund?	<p>As part of its co-investment strategy, 360 Capital will invest \$5.0 million in the Fund at a price equivalent to that paid by incoming investors, and will hold Stapled Units representing between 10.1% and 14.5% of the Fund on completion of the Offer.</p>	Section 11.3

Key feature		For more information																											
Overview of the Offer																													
What is the Offer?	<p>The Responsible Entity intends to raise between \$25.0 million to \$40.0 million by offering between 20.0 million to 32.0 million Stapled Units at an Offer Price of \$1.25 per Stapled Unit.</p> <p>The Joint Lead Manager and the Responsible Entity have received commitments for \$25.0 million from a number of Institutional Investors as of the date of lodgement of the PDS.</p>	Sections and 7																											
How will the proceeds of the Offer be used?	<p>The proceeds of the Offer will be applied to:</p> <ul style="list-style-type: none"> acquire new investments; repay debt to position the Fund to pursue its new investment mandate; and pay transaction costs. <table> <tr> <th>Source of funds</th><th>\$25m Offer size</th><th>\$40m Offer size</th></tr> <tr> <td>Offer</td><td>25.0</td><td>40.0</td></tr> <tr> <td>Total</td><td>25.0</td><td>40.0</td></tr> </table> <table> <tr> <th>Use of funds</th><th>\$25m Offer size</th><th>\$40m Offer size</th></tr> <tr> <td>Invest in listed A-REITs</td><td>5.1</td><td>19.7</td></tr> <tr> <td>Repayment of debt</td><td>14.9</td><td>14.9</td></tr> <tr> <td>Working Capital</td><td>3.8</td><td>3.8</td></tr> <tr> <td>Transaction costs</td><td>1.2</td><td>1.6</td></tr> <tr> <td>Total</td><td>25.0</td><td>40.0</td></tr> </table>	Source of funds	\$25m Offer size	\$40m Offer size	Offer	25.0	40.0	Total	25.0	40.0	Use of funds	\$25m Offer size	\$40m Offer size	Invest in listed A-REITs	5.1	19.7	Repayment of debt	14.9	14.9	Working Capital	3.8	3.8	Transaction costs	1.2	1.6	Total	25.0	40.0	Section 7
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Repayment of debt	14.9	14.9																											
Working Capital	3.8	3.8																											
Transaction costs	1.2	1.6																											
Total	25.0	40.0																											
How is the Offer structured and who can participate?	<p>The Offer will comprise:</p> <ul style="list-style-type: none"> the Institutional Offer, which consists of an invitation to certain Institutional Investors in Australia and a number of other authorised jurisdictions to apply for Stapled Units; the Broker Firm Offer, which is open to Australian and New Zealand resident investors who have received a firm allocation from their Broker; and the General Offer to unitholders in 360 Capital managed funds or 360 Capital securityholders and to other Australian and New Zealand residents other than those participating in the Institutional Offer or Broker Firm Offer. 	Section 7																											
Can the Offer be withdrawn?	<p>Yes, the Responsible Entity reserves the right to withdraw all or parts of the Offer or close it early.</p> <p>If the Offer is withdrawn, the Responsible Entity will refund all Application Monies in full, without interest.</p>	–																											
What is the Debt Facility?	<p>The Fund has a Debt Facility with NAB, the key terms of which are as follows:</p> <ul style="list-style-type: none"> remaining facility term of 0.7 years expiring on 31 October 2015; LVR covenant of $\leq 55\%$; and ICR covenant of ≥ 1.50 times. 	Section 2.6																											
What is the Minimum Application Amount?	<p>The Minimum Application Amount Under the Offer is \$2,000 and in increments of \$500 thereafter.</p> <p>The Responsible Entity reserves the right to accept Applications for lesser amounts and to aggregate Applications it believes may have been made by the same Applicant.</p>	Section 7																											

INVESTMENT OVERVIEW

(CONTINUED)

Key feature		For more information
What is the allocation policy?	The Responsible Entity has absolute discretion regarding the allocation of Stapled Units to Applicants under the Offer and may reject an Application, or allocate fewer Stapled Units than applied for, in its absolute discretion.	Section 7.7
Will the Stapled Units be listed?	<p>The Responsible Entity will apply for the Fund to be admitted to the official list of the ASX and for quotation of the Stapled Units on the ASX within seven days of the date of this PDS. It is expected that Stapled Units will commence trading on a deferred settlement basis on 22 April 2015.</p> <p>The Fund's Stapled Units are expected to trade on the ASX under the code TOT.</p>	–
When can I sell my Stapled Units?	<p>It is expected that Stapled Units will trade on deferred settlement basis on the ASX on or about 22 April and that Stapled Units will commence trading on the ASX on a normal settlement basis on or about 24 April 2015.</p> <p>It is the responsibility of Applicants to confirm their allocation of Stapled Units prior to trading in Stapled Units. A Stapled Unitholder who sells their Stapled Units before they receive their holding statements does so at their own risk.</p>	–
How can I apply?	Details of how to apply are set out in section 7.	Section 7
When will I know if my Application has been accepted?	Holding statements confirming your allocation of Stapled Units under the Offer are expected to be dispatched on or around 23 April 2015.	–
Is there a cooling off period?	<p>No. Cooling-off rights do not apply to an investment in Stapled Units pursuant to this Offer.</p> <p>However, you can offer your Stapled Units for sale on the ASX once they begin trading (trading of Stapled Units on a normal settlement basis is expected to commence on or about 24 April 2015).</p>	–
Structure of the Fund		
How is the Fund structured?	The Fund is structured as a stapled entity comprising TRPF and TRAF. Units in TRPF and TRAF will be stapled together to form a Stapled Unit such that a unit in TRPF and a unit in TRAF may only be purchased, sold and otherwise dealt with together.	Section 2.4

Key feature		For more information		
Significant Benefits and Risks				
What are the significant benefits of an investment in the Fund?	Attractive financial metrics ¹			Sections 2, 3, 4 and 5
	Financial Metrics	\$25m Offer size	\$40m Offer size	
	Annualised Distribution Yield per Stapled Unit	9.0% yield (based on the Offer Price of \$1.25)	9.0% yield (based on the Offer Price of \$1.25)	
	Offer Price discount to Pro Forma NTA	1.0%	0.0%	
	Gearing	Nil	Nil	
	Well positioned for growth			
	<ul style="list-style-type: none">• The Fund's investment mandate is deliberately broad to enable the Fund to pursue total returns in a variety of real estate based investments without being restricted to a certain asset class or sector.• Low levels of gearing, and the expected return of capital from the Existing Assets, positions the Fund well to capitalise on any opportunities that may arise.• The Fund will be able to leverage the proven deal origination capabilities of 360 Capital.			
	Stapled fund structure with clear investment focus			
	<ul style="list-style-type: none">• The Fund's stapled fund structure facilitates a broad investment mandate providing flexibility in relation to how the ownership of investments is to be structured.• Transparent base management and performance fee structure.			
	Proven, experienced, well-credentialed and aligned management team			
	<ul style="list-style-type: none">• The Board of the Responsible Entity and 360 Capital's senior management team have extensive experience in the Australian property and funds management sectors.• Fully aligned manager with 360 Capital holding a co-ownership stake of between 10.1% to 14.5% of the Fund post completion of the Offer.			
What are some of the key risks associated with an investment in the Fund?	Availability of suitable investment opportunities			Section 6
	<ul style="list-style-type: none">• The performance of the Fund is dependent on the ability of the senior management team of the Responsible Entity to identify and source suitable investment opportunities. Such opportunities are subject to market conditions and other factors outside the control of the senior management team.• Failure to deploy the funds raised under the Offer into suitable investment opportunities will adversely affect returns available to Stapled Unitholders.			
	Sale of Existing Assets			
	<ul style="list-style-type: none">• The Existing Assets are subject to a conditional contract for sale (the primary condition being the re-zoning of the land) which will see a return of capital to the Fund available to be redeployed under the Fund's investment mandate. Where the Existing Assets are sold pursuant to that contract, the Fund will receive \$26 million.• There is a risk that the sale of the Existing Assets will not occur which could adversely impact the Fund if comparable sale terms cannot be achieved.			

¹ Refer to section 5 for important information relating to the Fund's financial forecast and pro forma balance sheet, including the relevant assumptions and sensitivities. Section 6 sets out the risks of investing in the Fund. The Existing Assets are subject to a contract for sale (which is conditional on a number of pre-conditions, including rezoning of the land) which is scheduled to complete on 1 October 2015. The Fund will receive \$26 million if such sales proceed. Refer also to section 11.4. The financial performance of the Fund in the future will depend, amongst other things, on whether such sales proceed, the assets in which the Fund invests and the performance of those assets. Whilst the gearing of the Fund will be 0.0% as at completion of the Offer, the Fund may draw down on the Debt Facility going forward. Refer section 2.6 for more information.

Key feature	For more information
<p>What are some of the key risks associated with an investment in the Fund? (continued)</p>	Section 6
<p>Capital values</p> <ul style="list-style-type: none">• The ongoing value of an investment is influenced by changes in market conditions including supply, demand, capitalisation rates and rentals. There is no guarantee that an investment will achieve a capital gain on its sale or that the value of the investment will not fall as a result of unfavourable economic or market conditions.	
<p>Income returns</p> <ul style="list-style-type: none">• Distributions to Stapled Unitholders will include a degree of dependency upon income return received in connection with the investments of the Fund. There is a risk that the contracts associated with investments may fall into default which could result in a reduction in income and additional expenses associated with enforcement action.• The earnings of the Fund may be volatile due to uncertain timing in relation to making opportunistic investments, receiving income (if any) from investments and realising investments.	
<p>Re-leasing and vacancy risk</p> <ul style="list-style-type: none">• There are no lease expiries within the Forecast Period. However, in relation to the Existing Assets, the lease to Ricoh Australia, at 8 Rodborough Road, Frenchs Forest expires in September 2015 and Ricoh Australia have advised they do not intend to renew their lease. The other tenancies at 357-373 Warringah Road, Frenchs Forest expire in February 2017. These tenants have options to renew their leases for five years which must be exercised by September 2016, however there is no certainty that these options for renewal will be exercised.• Should the options not be exercised and these leases not be renewed or other satisfactory leases not be able to be entered into, the financial performance and financial position of the Fund could be adversely impacted.	
<p>Property valuation risk</p> <ul style="list-style-type: none">• The value of the Existing Assets held by the Fund may be impacted by a number of risks including those listed above as well as market factors.	
<p>Trading price of Stapled Units</p> <ul style="list-style-type: none">• Stapled Units issued under the Offer are anticipated to begin trading on a normal settlement basis on ASX on or about 24 April 2015. The market price of Stapled Units will fluctuate due to numerous factors including general movements in interest rates, the Australian and international general investment markets, economic conditions, global geo-political events and hostilities, changes in the market rating of the Stapled Units relative to other listed and unlisted property investments, other investment options such as debentures or interest bearing deposits and investor sentiment towards the Fund.• There can be no guarantee that liquidity will be maintained and the number of potential buyers or sellers of the Stapled Units on ASX at any given time may vary. This may increase the volatility of the market price of the Stapled Units and therefore affect the market price at which Stapled Unitholders are able to buy or sell the Stapled Units. Stapled Unitholders who wish to sell their Stapled Units may be unable to do so at a price acceptable to them. The market price of Stapled Units could trade at a discount to the NTA per Stapled Unit.	

Key feature		For more information
What are some of the key risks associated with an investment in the Fund? (continued)	Refinancing risk and LVR <ul style="list-style-type: none">The Fund's ability to raise funds, including both debt and equity, on favourable terms (including fees and the interest rate margin payable) for future refinancing, capital expenditure, investments or acquisitions depends on a number of factors including general economic conditions, political, capital and credit market conditions and the reputation, performance and financial strength of the Fund. Any change in these factors could increase the cost of funding, reduce the availability of funding, as well as increase the Fund's refinancing risk for maturing debt facilities or increase the possibility that the Fund will need to realise assets or investments for less than their fair value, which would impact the Fund's NTA per Stapled Unit.The Fund is a geared investment product. The level of the Fund's gearing will magnify the effect of any movements in the value of the Fund's property portfolio.	Section 6
	Conflict of interest risk <ul style="list-style-type: none">The Responsible Entity is a member of the 360 Capital Group. The directors of the 360 Capital Group are the same as the Directors of the Responsible Entity. This creates the potential for a conflict of interest in assessing and procuring investment opportunities. 360 Capital will follow formal procedures to ensure that any investment opportunity sourced by 360 Capital is offered to the most appropriate 360 Capital entity based on the relevant entity's investment mandate. Please refer to section 12.4 for more information.	
Financial Information		
What is the pro forma NTA per Stapled Unit?	The Fund will have a pro forma NTA of \$1.25 or \$1.26 ¹ per Stapled Unit upon completion of the Offer.	Section 5
What will be the gearing of the Fund?	The Fund will have no drawn debt upon completion of the Offer.	Section 5
Distributions		
What are the Fund's expected Distribution?	The Fund's forecast Distribution as follows:	
	Annualised earnings and distributions	\$25m Offer size \$40m Offer size
	Forecast June and September 2015 quarterly distribution per Stapled Unit (cents)	2.81
	Distribution Yield per Stapled Unit (annualised) (based on \$1.25 Offer Price)	9.0% 9.0%
What is the Fund's distribution policy?	Distributions will be paid to Stapled Unitholders quarterly in arrears in the month following the end of each quarter. Distributions will be determined with reference to the level of the Fund's Operating Earnings and its capital requirements.	–

¹ Pro forma NTA will be \$1.25 based on a \$40 million Offer size and \$1.26 based on a \$25 million Offer size.

INVESTMENT OVERVIEW

(CONTINUED)

Key feature		For more information
Taxation implications		
What are the tax implications from making an investment in the Fund?	<p>Participation in the Offer may have taxation implications for investors. These implications will differ depending on the individual circumstances of each investor who participates in the Offer.</p> <p>An analysis of income tax implications applicable to investors is outlined in section 10. The advice is general in nature and investors should seek and only rely upon their own professional taxation advice in relation to their own position.</p>	Section 10
Corporate Governance		
What are the governance arrangements for the Fund and who will be responsible for them?	<p>The Board of the Responsible Entity has established governance arrangements to ensure that the Fund is effectively managed in a manner that is properly focused on its investment objectives and the interests of Stapled Unitholders as well as conforming to regulatory and ethical requirements. The Fund has its own Investment Committee chaired by an independent Director with independent Directors making up the majority of this committee.</p>	Sections 2.8 and 12
Will the Fund hold annual general meetings?	<p>The Fund is not required to hold annual general meetings. General meetings will be held by the Fund when required.</p>	–
Offer Costs		
What are the fees and costs associated with the Offer?	<p>Total expenses (which include professional advisory fees, printing costs and listing fees) in relation to the Offer are expected to be between \$1.2 million and \$1.6 million. The Fund will bear all the fees and costs associated with the Offer.</p>	Section 8
Is there any brokerage commission or stamp duty payable by Applicants?	<p>No brokerage, commission or stamp duty is payable by Applicants who apply for Stapled Units using an Application Form.</p> <p>If you buy or sell Stapled Units on ASX, you may have to pay brokerage and other transaction costs. Under current legislation, there is no stamp duty payable on the sale or purchase of securities on ASX provided that no investor (together with any related or associated persons or other persons in an associated transaction for the purposes of stamp duty law) holds 90% or more of the securities.</p>	Section 8
Other information		
Where can I find out further information about the Offer?	<p>If you have any questions please contact the 360 Capital Information Line on 1800 182 257 (within Australia) or +61 2 9290 9600 (from outside Australia) or email investor.relations@360capital.com.au.</p>	–
What procedures are in place to deal with complaints?	<p>The Responsible Entity has implemented a Complaints Handling Policy that has been prepared in accordance with Australian Standards. The Responsible Entity has established a complaints resolution procedure and is a member of the Financial Ombudsman Service (FOS). The Board monitors compliance with the Responsible Entity's Complaints Handling Policy.</p>	Section 12.8

02

OVERVIEW OF THE FUND



2 Fund overview

2.1 Background and introduction

360 Capital Total Return Fund is a stapled entity which will invest in real estate based investments in the pursuit of total returns. The Fund will be listed on ASX (proposed ASX code: TOT), with a performance hurdle of 12.0% total return per annum.

Upon completion of the Offer, the Fund will own the Existing Assets through its sub-trust, the CVC Property Fund.

2.2 Benefits associated with an investment in the Fund¹

Attractive financial metrics ²	Financial metrics	\$25m Offer size	\$40m Offer size
	Annualised distribution yield per Stapled Unit	9.0% yield (based on the Offer Price of \$1.25)	9.0% yield (based on the Offer Price of \$1.25)
	Offer Price discount to Pro Forma NTA	1.0%	0.0%
	Gearing	Nil	Nil
Well positioned for growth	<ul style="list-style-type: none"> Investment mandate is deliberately broad to enable the Fund to pursue total returns in a variety of investments without being restricted to a certain asset class. Low levels of gearing, and the expected return of capital from the Existing Assets, position the Fund well to capitalise on any opportunities that may arise. The Fund will be able to leverage off the proven deal origination capabilities of the 360 Capital Group. 		
Stapled fund structure with clear investment focus	<ul style="list-style-type: none"> Stapled fund structure facilitates a broad investment mandate providing flexibility in relation to how the ownership of investments is to be structured. Transparent base management and performance fee structure. 		
Proven, experienced, well-credentialed and aligned management team	<ul style="list-style-type: none"> The Board of the Responsible Entity and 360 Capital's senior management team have extensive experience in the Australian property and funds management sectors. Fully aligned manager with 360 Capital holding a co-ownership stake of 10.1% to 14.5% of the Fund post completion of the Offer. 		
Existing Assets exhibit strong property fundamentals with potential realisation in the short term	<ul style="list-style-type: none"> The Fund will initially own two properties with passing yields of 12.5% and 13.8% which are located in Frenchs Forest, Sydney and are valued cumulatively at \$26.0 million. The Existing Assets are subject to a conditional contract for sale which will see a return of capital to the Fund available to be redeployed under the Fund's investment mandate. 		

¹ Post completion of the Transaction.

² Refer to section 5 for important information relating to the Fund's financial forecast and pro forma balance sheet, including the relevant assumptions and sensitivities. Section 6 sets out some of the key risks of investing in the Fund. The Existing Assets are subject to a contract for sale (which is conditional on a number of pre-conditions, including rezoning of the land) which is scheduled to complete on 1 October 2015. The Fund will receive \$26 million if such sales proceed. Refer also to section 11.4. The financial performance of the Fund in the future will depend, amongst other things, on whether such sales proceed, the assets in which the Fund invests and the performance of those assets. Whilst the gearing of the Fund will be 0.0% as at completion of the Offer, the Fund may draw down on the Debt Facility going forward. Refer section 2.6 for more information.

2.3 The Fund's objective and strategy

The Responsible Entity's objective is to provide total returns to Stapled Unitholders through a selective and disciplined investment philosophy combined with 360 Capital's access to real estate based investment opportunities, with a performance hurdle of 12.0% total return per annum.

The Fund's investment strategy is to invest in real estate based activities and actively manage a diversified portfolio of investments including:

- repositioning assets, including short term releasing positions and refurbishment projects;
- investing in investment properties that generate rental income;
- underwriting potential capital raisings in the real estate sector including syndicates for both unlisted funds and listed funds;
- taking strategic positions in unlisted funds, including providing liquidity solutions to existing unitholders of those funds;
- capitalising on mispriced trading opportunities within ASX listed A-REIT sector;
- participating in mergers and acquisition activities occurring within Australian real estate markets; and
- participating in special situations which arise from time to time within Australian real estate markets including distressed sales, investments with restructuring potential, and providing loans.

The Fund will not invest in residential assets or assets located overseas and will not undertake any development activities.

By continuing to maintain a disciplined investment strategy and active management, the Responsible Entity believes it will be able to deliver recurring income along with capital growth to drive a total return to Stapled Unitholders.

This objective will be achieved through:

- sourcing new investment opportunities that sit outside both the investment mandates of institutional investors and the general scale of most private investors;
- conducting thorough due diligence in respect of all investments to ensure appropriate risk adjusted returns;
- defining a clear strategy for each investment including an appropriate exit strategy; and
- accessing 360 Capital's proven expertise in asset management and sourcing new investment opportunities.

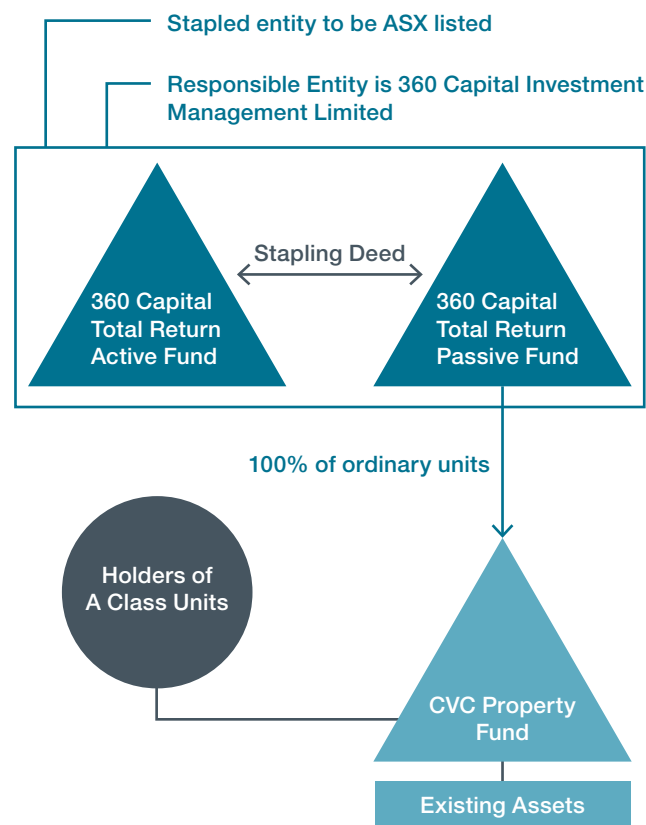
2.4 Fund Structure

The Fund is structured as a stapled entity comprising TRPF and TRAF. Units in TRPF and TRAF will be stapled together to form a Stapled Unit such that a unit in TRPF and a unit in TRAF may only be purchased, sold and otherwise dealt with together.

TRAF enables the Fund to undertake a broader investment mandate than would otherwise be possible with only a passive investment trust. Activities that would be held in TRAF include (but are not limited to) such things as short term repositioning of assets, underwriting and mergers and acquisitions activities. TRAF will be a trading trust and will pay tax on income from its activities. As a result of its status as a trading trust, holders of TRAF units will receive after tax, franked distributions.

TRPF will hold investment properties and other assets that do not result in TRPF being deemed a trading trust. TRPF will be a "pass through" trust and will be able to distribute a higher proportion of the income it receives via unfranked distributions, a component of which may be tax deferred.

The diagram below illustrates the structure of the Fund.



2.5 Fees and costs

All costs and expenses incurred with operating the Fund are payable out of the assets of the Fund.

Fee type	Proposed fee regime
Management Fee	The Responsible Entity is entitled to charge a Management Fee of 0.65% per annum of the gross asset value of the Fund.
Other expenses and cost recoveries	Expenses relating to the proper performance of the Responsible Entity's duties in connection with the Fund (estimated to be up to approximately 0.39% per annum (plus GST) of the Fund's gross asset value).
Performance fee	The Responsible Entity is entitled to receive a performance fee of 20% of Fund returns to Stapled Unitholders in excess of 12% per annum.
Acquisition fee	The Responsible Entity will be entitled to an acquisition fee of up to 1.0% of the total purchase price of an investment made by the Fund.
Disposal fee	The Responsible Entity will be entitled to a disposal fee of up to 1.0% of the total sale price of an investment sold by the Fund.

2.6 Financing arrangements

Capital management

The Fund has a Debt Facility with NAB, the key terms of which are as follows:

- remaining facility term of 0.7 years expiring on 31 October 2015;
- LVR covenant of $\leq 55\%$; and
- ICR covenant of ≥ 1.50 times.

NAB has indicated its willingness to extend the term of the facility to 30 April 2016. All borrowings of the Fund will be denominated in Australian dollars.

The pro forma gearing of the Fund upon completion of the Offer will be Nil. Despite this, going forward, the Fund may draw down on the Debt Facility. The Responsible Entity intends that any future debt will not be greater than 50% of the value of the Fund's real property investments.

The Fund's liquidity policy is to ensure that, to the greatest extent possible, the Fund will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. The Fund manages its exposure to liquidity by ensuring that on a regular basis there is sufficient cash on hand to meet its contractual obligations in relation to financial liabilities as they fall due.

Hedging

The Fund does not currently have any derivative financial instruments in place to hedge its risks associated with interest rate fluctuations. The Fund may however look to incorporate hedging activities as the Responsible Entity deems appropriate depending on the nature of the investments held by the Fund.

2.7 Distribution policy

Distributions will be paid to Stapled Unitholders quarterly in arrears in the month following the end of each quarter.

Distributions will be determined with reference to the level of the Fund's Operating Earnings and its capital requirements.

Refer to section 5 for the financial forecasts for FY15.

2.8 Fund Investment Committee

The Responsible Entity has established the Fund Investment Committee for the Fund, which comprises two independent Directors of the Responsible Entity and one senior executive of 360 Capital. The Fund Investment Committee currently comprises John Ballhausen, (Committee Chairman, independent Director of the Responsible Entity) David van Aanholt (independent Chairman of the Responsible Entity) and Ben James (Chief Investment Officer of 360 Capital).

The duties and responsibilities of the Fund Investment Committee are contained in the Fund Investment Committee Charter. These duties and responsibilities include:

- reviewing the performance of the Fund;
- reviewing investments and divestments;
- monitoring and reporting of market, liquidity and credit risk exposures to the Board of the Responsible Entity; and
- monitoring of investment policies and limits and reporting any breaches of policies and limits to the Board of the Responsible Entity.

The Committee Chairman will report the activities of the Fund Investment Committee to the Board of the Responsible Entity after each Fund Investment Committee meeting.

2.9 Reporting

For accounting and reporting purposes the Fund operates on a financial year basis with a 30 June year end. The Fund will formally report to Stapled Unitholders on a half yearly basis as at 30 June and 31 December. Amongst other things, the report details:

- the amount of distributions for the period;
- the NTA per Stapled Unit at the end of the reporting period;
- the performance of the Fund over the period;
- the significant activities during the period; and
- an investment portfolio update (including valuations of any investments).

03

SUMMARY OF INVESTMENTS



3.1 Fund investment strategy

The Fund's investment mandate is deliberately broad to allow the Fund the flexibility to pursue real estate based investments in a broad array of opportunities.

The table below describes examples of some activities the Fund could undertake under its new investment mandate as outlined in section 2.3.

Debt	Equity	Direct property
Senior debt	ASX listed	Passive assets
Mezzanine debt	Unlisted funds	Repositioning via leasing
Bridging finance	Underwriting activities	Reposition via refurbishment
Secondary trading	Mergers and acquisitions	Rezoning

3.2 Existing Portfolio

The Fund currently holds two direct Properties which are located in Frenchs Forest, NSW, as summarised below.

Direct property summary

Property	State	Valuation (\$m)	Last Valued (date)	WACR (%)	NLA (sqm)	Occupancy (%)	WALE (years)
357-373 Warringah Road, Frenchs Forest	NSW	14.0	Jan 2014	10.5	8,873	100.0	2.0
8 Rodborough Road, Frenchs Forest	NSW	12.0	Jan 2014	10.0	8,065	100.0	0.6
Total Properties		26.0		10.3	16,938	100.0	1.3

These Properties are subject to a contract for sale which is conditional on a number of pre-conditions including rezoning of the land. The sale is scheduled to complete on 1 October 2015.

The primary pre-condition relates to a rezoning of the properties to allow for a different usage other than what is currently permitted. The Fund in conjunction with the purchaser under the conditional contract, has been in dialogue with Warringah Council working towards the rezoning. At the time of this PDS, the outcome of this process is uncertain, however the Fund and the purchaser are using their best endeavours to satisfy the rezoning pre-condition.

If the pre-conditions are satisfied and the sale completes, the Fund will use the recycled capital (after repaying debt) to reinvest under its new investment mandate as outlined in section 2.3. The Fund will cease to receive rental income from the Properties and the earnings of the Fund will be driven by the return generated by the new investment activities. Amounts received from the sale under the existing contract in excess of the Independent Valuation set out above (ie. \$26.0 million) will be preserved for the existing CVC Property Fund unitholders via their holding of A Class Units. The Fund will receive \$26.0 million of the proceeds from the sale pursuant to the existing contract. Refer to sections 5 and 11.4 for more detail.

Outside of the existing conditional contract for sale, if the Existing Assets are rezoned and subsequently sold within six months of the expiry of the existing contract for sale, then Stapled Unitholders are entitled to 90% of the first \$2.0 million in profit over the Independent Valuation and 18% of any further profit above \$2.0 million.

If the Existing Assets are sold within two years of the issue of the A Class units without rezoning, A Class unitholders are entitled to 10% of the profit on sale.

If the Existing Assets are not sold as outlined above, the Fund will continue to own these two Properties and A Class Units will cease to have any entitlement to the Existing Assets or to the income or capital of the Fund or the CVC Property Fund. The Ricoh Australia lease at 8 Rodborough Road has a lease expiry of 30 September 2015, and Ricoh Australia have indicated that they will not be renewing their lease.

SUMMARY OF INVESTMENTS

(CONTINUED)

357-373 Warringah Road, Frenchs Forest NSW¹

There are two buildings erected upon this site. The northern building is an older style, albeit refurbished, two storey office building comprising 3,461sqm of NLA and is currently fully tenanted by Infomedia Limited (lease expiring 28 February 2017 with a five year option). The southern building is an older style single storey warehouse building comprising 5,412sqm of NLA and is presently fully tenanted by Australian Postal Corporation (lease expiring 28 February 2017 with a 5 year option). The total lettable area of the Property is approximately 8,873sqm and a total of approximately 193 on-grade car spaces are provided on site.

The improvements are erected upon a substantial 2,235 hectare (22,350sqm) site that is prominently situated on the southern side of Warringah Road, with a total of three street frontages. Vehicular access to the subject site is via both Allambie Road to the western alignment of the site, and Rodborough Road to the southern alignment of the site.

Valuation summary

Ownership/title:	100%/Freehold
Valuation:	\$14.0 million
Last valued:	January 2014
Capitalisation rate:	10.5%

Property statistics

Net lettable area:	8,873sqm
Occupancy	100.0%
WALE	2.0 years

Major tenants

Tenant name	NLA (sqm)	Lease expiry
Infomedia Limited	3,461	28 Feb 2017
Australian Postal Corporation	5,412	28 Feb 2017



¹ This asset is subject to a contract for sale (which is conditional on a number of pre-conditions, including rezoning of the land) which is scheduled to complete on 1 October 2015.

8 Rodborough Road, Frenchs Forest NSW¹

8 Rodborough Road is a four storey freestanding mixed use commercial office and warehouse facility, constructed in 1998. The building comprises three upper levels of office accommodation and ground floor high clearance warehouse space. The Property provides a total lettable area of 8,065sqm comprising 4,304sqm of office (53% of NLA) and 3,762sqm of warehouse (47% of NLA). The Property comprises a single allotment of 10,290sqm subject to B7 Business Park zoning under the Warringah Local Environmental Plan 2011. The building does not have a NABERS rating.

Valuation summary

Ownership/title:	100%/Freehold
Valuation:	\$12.0 million
Last valued:	January 2014
Capitalisation rate:	10.0%

Property statistics

Net lettable area:	8,065sqm
Occupancy	100.0%
WALE	0.6 years

Major tenant

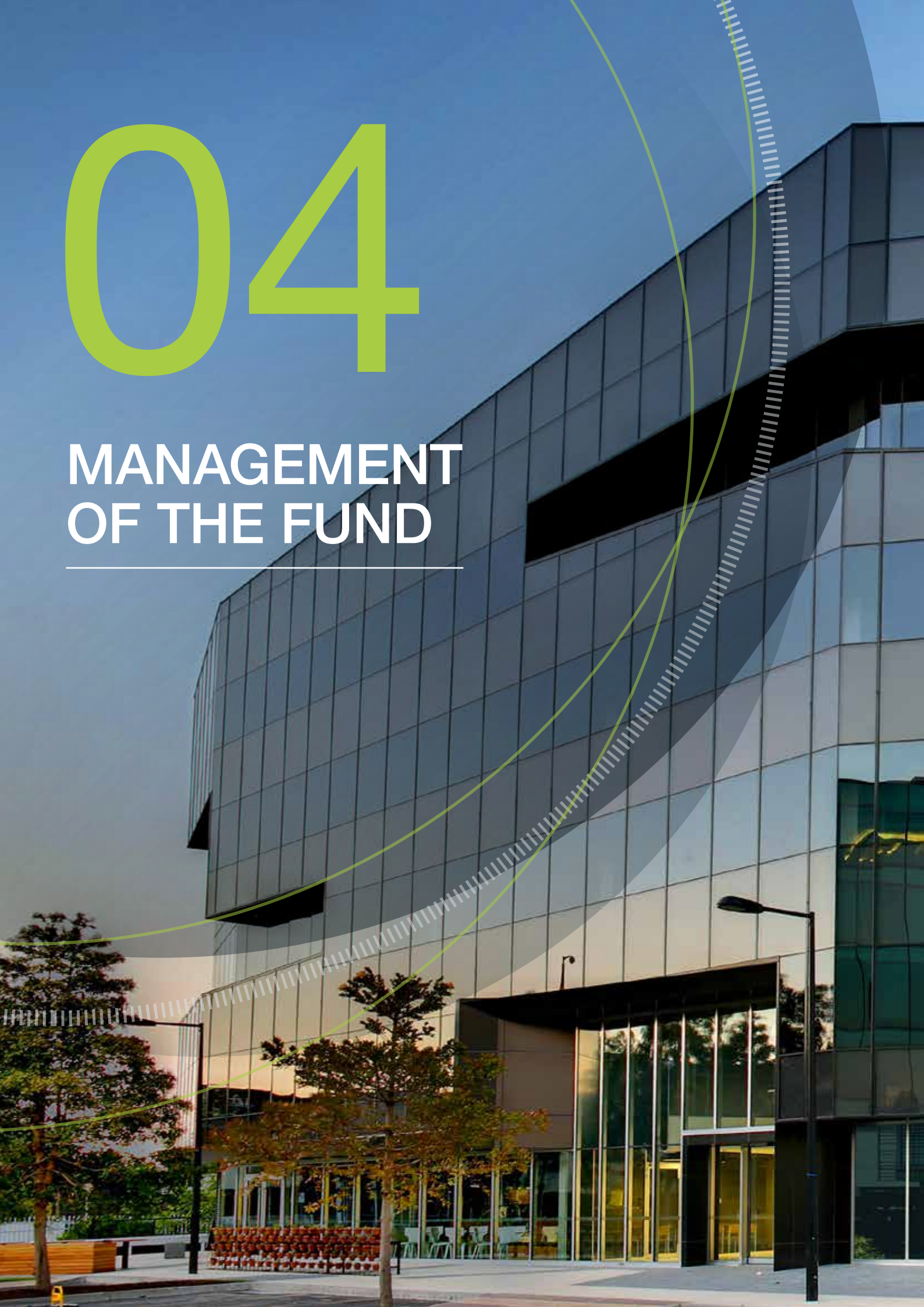
Tenant name	NLA (sqm)	Lease expiry
Ricoh	8,065	30 Sep 2015



¹ This asset is subject to a contract for sale (which is conditional on a number of pre-conditions, including rezoning of the land) which is scheduled to complete on 1 October 2015.

04

MANAGEMENT OF THE FUND



4.1 The Responsible Entity

The Responsible Entity of the Fund is 360 Capital Investment Management Limited. The Responsible Entity is a member of the 360 Capital Group.

The Responsible Entity holds an AFSL (AFSL 340304) issued by ASIC which, amongst other things, authorises 360 Capital Investment Management Limited to act as the responsible entity of the Fund.

4.2 360 Capital

4.2.1 Overview

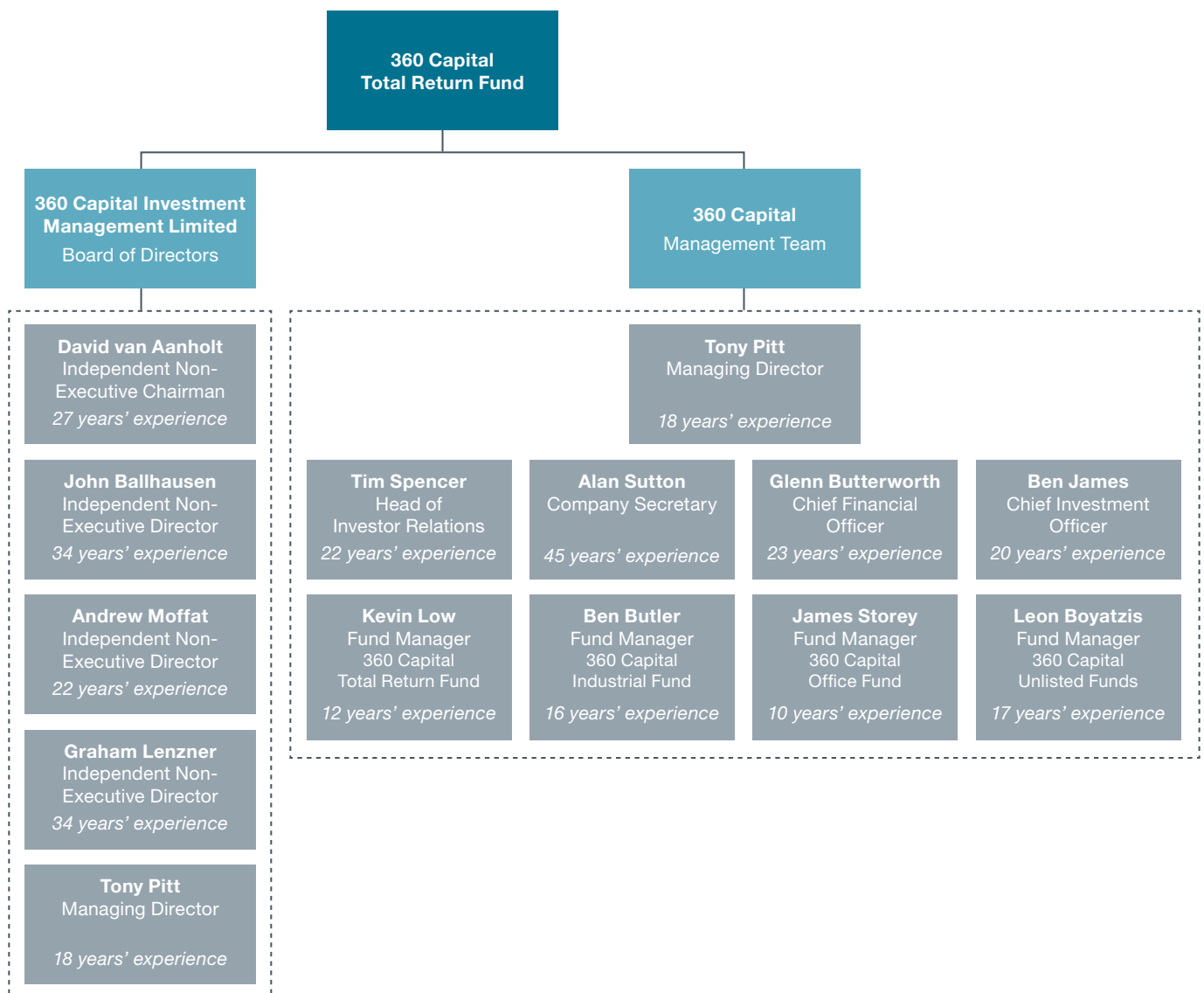
360 Capital is an ASX-listed (ASX code: TGP) real estate investment and funds management group with a market

capitalisation of approximately \$300 million. The 360 Capital senior management team has an average of over 25 years' experience across the Australian real estate and funds management sectors.

360 Capital is 21.2% owned by Tony Pitt who is 360 Capital's Managing Director, and the 360 Capital management team own a further 6.8% of 360 Capital.

4.2.2 Background

360 Capital manages eight investment vehicles holding 32 industrial, office and retail assets across Australia valued at almost \$1.1 billion on behalf of almost 8,300 investors and also holds in excess of \$131.3 million in co-investments across the 360 Capital platform.



4.3 Overview of Board of Directors and senior management

The Board of the Responsible Entity comprises five Directors, four of whom are independent non-executive Directors, including the Chairman. The Board of 360 Capital is the same as the Board of the Responsible Entity.



David van Aanholt, Independent Chairman

David has over 27 years of experience in the real estate funds management industry. David's previous roles have included Chief Executive Officer (Asia Pacific) of the Goodman Group (previously known as Macquarie Goodman) overseeing the group's operations in Australia, New Zealand, Hong Kong and Singapore. David previously held various Fund Manager roles for Paladin Australia Limited (acquired by Deutsche Bank) and Macquarie Goodman Industrial Fund. David is an Independent Director of the Kennards Self Storage Group and is a Fellow of the Australian Property Institute.



Tony Pitt, Managing Director

A 360 Capital founding Director, Tony has worked in the real estate and real estate funds management industries for over 18 years. As Managing Director, Tony has been responsible for repositioning 360 Capital since December 2010 through the disposal of in excess of \$340.0 million in underlying fund and trust assets and the refinancing of approximately \$500.0 million in debt. Tony was formerly the director of JF Meridian Trust (JFM), an ASX-listed diversified trust and was responsible for growing JFM from \$530.0 million to \$1.1 billion in assets over a three year period. Tony was previously an executive director of James Fielding Funds Management Limited, JF Meridian Management Limited, Hotel Capital Partners Limited, Bankminster Properties Limited and Travelodge Hotel Group.



Andrew Moffat, Independent Director

Andrew has in excess of 22 years of corporate and investment banking experience. Andrew is the sole principle of Cowoso Capital Pty Ltd, a company providing corporate advisory services. Andrew is the Chairman of Pacific Star Network Limited, a non-exclusive director of Rubik Financial Limited and CCK Financial Solutions Limited. Andrew was previously a director of Equity Capital Markets and Advisory for BNP Paribas Equities (Australia) Limited.



John Ballhausen, Independent 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 HII Insurance, with responsibility for more than \$3 billion of funds across fixed interest, equities and property asset classes. John is a Fellow of the Financial Services Institute of Australasia.



Graham Lenzner, Independent 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 Director 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 and Chairman of Heemskirk Consolidated Limited.

The Responsible Entity's Board will be well supported by a dedicated management team who are able to draw on broader resources of 360 Capital. The key people responsible for the management and operation of the Fund are:



Ben James, Chief Investment Officer

Ben is responsible for all property investment activities within 360 Capital. Ben has over 19 years' experience in real estate funds management. Prior to joining 360 Capital in 2010, Ben was the Trust Manager of Mirvac Property Trust, the investment vehicle of Mirvac Group. Prior to his 12 years at Mirvac, Ben held positions in property management and investment sales with Colliers International.



Kevin Low, 360 Capital Total Return Fund, Fund Manager

Kevin is the dedicated Fund Manager of the 360 Capital Total Return Fund and is also responsible for the 360 Capital Investment Trust. He has 12 years' experience in property investment, development, advisory and research. Prior to joining 360 Capital, Kevin was responsible for all valuations, forecasting and analysis for Mirvac Property Trust. Kevin has also held the roles of development analyst at Mirvac Group, Senior Analyst at BDO Property Transaction Services and Senior Research Analyst at the Property Council of Australia.



Alan Sutton, Company Secretary

Alan is responsible for 360 Capital's corporate financial reporting and all company secretarial matters. Alan is a CPA and Registered Tax Agent with more than 30 years' experience in financial control. Prior to 360 Capital, Alan was the Company Secretary for Lachlan REIT Limited, Financial Controller at Paladin Australia Limited and was responsible for all accounting and financial aspects of the Asset Management Property Group at Deutsche Asset Management.



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.

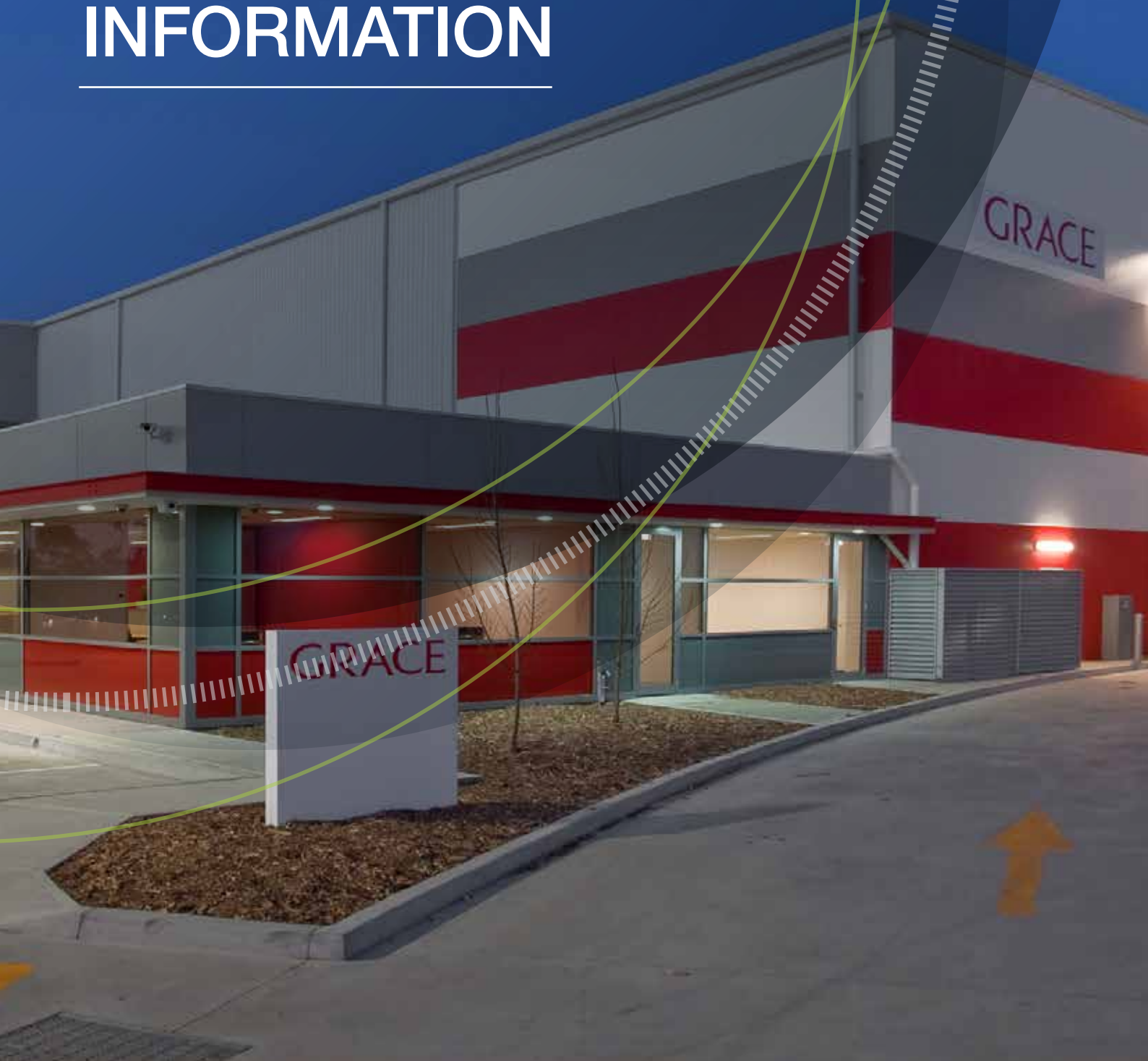


Tim Spencer, Head of Investor Relations

Tim is responsible for all marketing and communications with key external stakeholders including institutional investors, analysts and media, as well as product and market development initiatives. Tim has 22 years' real estate market experience having held senior property securities analyst positions and roles in investment analysis, portfolio management, trust management, investor relations, research and product development. Previously, Tim was Investor Relations Manager for ING Industrial Fund and ING Office Fund, Head of Listed Securities at Brookfield Multiplex Capital and Fund Manager of the ASX-listed Multiplex Acumen Property Fund.

05

FINANCIAL INFORMATION



5.1 Basis of preparation and presentation

360 Capital Total Return Fund will be established through the stapling of TRPF and TRAF and subject to the completion of the Offer it will acquire 100% of the ordinary units in the CVC Property Fund. The CVC Property Fund holds the Existing Assets. The consolidated accounts of 360 Capital Total Return Fund will therefore be a continuation of the CVC Property Fund. The historical information presented in this financial section has therefore been based on the reviewed accounts of the CVC Property Fund as at 31 December 2014.

Further information on the structure of 360 Capital Total Return Fund is set out in section 2.4.

5.2 Basis of preparation and presentation of the Financial Information

The financial information contained in this section comprises:

Historical Statements of Financial Position, comprising:

- Reviewed Statutory Statement of Financial Position as at 31 December 2014; and
- Pro forma Statement of Financial Position as at 31 December 2014,

(herein referred to as the “**Historical Statements of Financial Position**”). See section 5.4 for further information.

Forecast Financial Information, comprising:

- Forecast Statement of Financial Performance for the 12 months ending 30 June 2015, and three months ending 30 September 2015; and
- Forecast Annualised Earnings and Distribution Statement for the 12 months ending 30 June 2015, and three months ending 30 September 2015,

(herein referred to as the “**Forecast Financial Information**”). See section 5.5 for further information.

Together the Historical Statements of Financial Position and Forecast Financial Information are referred to as the “**Financial Information**”.

BDO Corporate Finance (East Coast) Pty Ltd, has undertaken a limited assurance engagement (“Independent Accountant’s Report”) on the Financial Information in accordance with the Australian Standard on Assurance Engagements ASAE 3450, “Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information”. The Independent Accountant’s Report is contained in section 9. Investors should note the scope and limitations of this report.

The Pro Forma Statement of Financial Position has been prepared on the basis that the Transaction occurred on 31 December 2014, which differs from the Forecast Financial Information which assumes the Transaction is settled in March 2015 in line with the key dates set out in this PDS. This has been done to present the Transaction in the Pro Forma Statement of Financial Position based on the most recently publicly available general purpose financial statements of the CVC Property Fund.

5.3 Pro Forma Historical Statement of Financial Position

The Pro Forma Historical Statement of Financial Position has been derived from the Reviewed Statutory Statement of Financial Position as at 31 December 2014 adjusted for:

The issue of the A Class Units and the recognition of a distribution payable associated to those units;

Restructure of the Fund under the Transaction including:

- the issue of Stapled Units in consideration for existing CVC Property Fund units at a ratio of 1:100; and
- a capital raising between \$25.0 million and \$40.0 million at the price of \$1.25 pursuant to the Offer.

Further details of the adjustments have been included in the footnotes to the Historical Statements of Financial Position on the following page.

FINANCIAL INFORMATION

(CONTINUED)

The Historical Statements of Financial Position are provided for illustrative purposes only and are not represented as being indicative of the Responsible Entity's view on the Fund's likely financial position at the date of the Transaction.

Condensed Consolidated Statement of Financial Position	CVC Property Fund 31 Dec 2014	Pro forma Adjustments	CVC Property Fund Pro Forma 31 Dec 2014	Pro Forma 31 Dec 2014 \$25 million Offer size	Pro Forma 31 Dec 2014 \$40 million Offer size
Current Assets					
Cash and cash equivalents	0.3		0.3	3.8 (iii)	4.0
Trade and other receivables	0.1		0.1		0.1
Assets held for sale	0.0	28.3 (i)	28.3		28.3
Total Current Assets	0.3		28.6	32.3	32.3
Non-Current Assets					
Investment properties	28.3	-28.3 (i)	0.0		0.0
Other investments	0.0		0.0	5.1 (iii)	5.1
Total non-current assets	28.3		0.0	5.1	19.7
TOTAL ASSETS	28.6		28.6	37.4	52.0
Current Liabilities					
Trade and other payables	0.4		0.4		0.4
Interest bearing liabilities	14.9		14.9	-14.9 (iv)	0.0
Accrued A Class Unit distributions	0.0	2.3 (ii)	2.3		2.3
Total Current Liabilities	15.3		17.6	2.6	2.6
Non-Current Liabilities					
Total Non-Current Liabilities	0.0		0.0	0.0	0.0
TOTAL LIABILITIES	15.3		17.6	2.6	2.6
NET ASSETS	13.3		11.0	34.8	49.4
Equity					
Contributed equity	32.5		32.5	23.8 (v)	56.2
Unallocated losses	-19.2	-2.3 (ii)	-21.5		-21.5
TOTAL UNITHOLDERS' EQUITY	13.3		11.0	34.8	49.4
Units on issue	767.9		767.9	20.0 (vi)	27.7
NTA per unit (cpu)	0.02		0.01		1.26
Notional consolidation of the Fund 1:100	1.73		1.43		

Notes:

- (i) Reclassification of investment properties to assets held for sale (assumed to be sold under current contract).
- (ii) The Existing Assets are held by CVC Property Fund. The Fund holds all of the units in the CVC Property Fund other than A Class Units. A Class Units were issued pro rata to persons who were unitholders in the CVC Property Fund prior the Fund acquiring its interest. The terms of the A Class Units will entitle those unitholders to the net proceeds on sale of the Existing Assets, resulting from the existing contract for sale, above \$26.0 million, i.e. the book value of the Properties (\$28.3 million less the Independent Valuation of \$26.0 million, net of \$2.3 million). A Class unitholders are also entitled to a profit share if a sale results within two years of the date of issue of A Class units. See section 11.4 for further details.
- (iii) Funds invested in other investments and working capital (less debt repayment).
- (iv) Repayment of debt with offer proceeds.
- (v) Equity capital raised under the Offer less Transaction costs.
- (vi) Issue of Stapled Units under the Offer at \$1.25 per unit. Existing units are consolidated 100:1.

5.4 Statement of Financial Performance

The forecast statement of financial performance has been prepared for the 12 months ending 30 June 2015 and three months ending 30 September 2015. The information has been based on the assumptions as detailed in section 5.5 below.

The Forecast Period is for the period from 1 July 2014 to 30 September 2015.

Forecast Statement of Financial Performance Full Year 2015 and 1st Quarter 2016	\$25m Offer size		\$40m Offer size	
	Full Year 2015 30 Jun 2015	1st Quarter 2016 30 Sep 2015	Full Year 2015 30 Jun 2015	1st Quarter 2016 30 Sep 2015
Property Rental	4.0	1.0	4.0	1.0
Outgoings	-0.6	-0.2	-0.6	-0.2
Net Property Income	3.4	0.9	3.4	0.9
Investment Income	0.1	0.1	0.4	0.4
Investment Acquisition Fee	-0.1	0.0	-0.2	0.0
Fund Operating Expenses	-0.3	-0.1	-0.4	-0.1
Earnings before interest and tax (EBIT)	3.1	0.8	3.2	1.1
Financing Expense				
Net Interest Expense	-0.6	0.0	-0.6	0.0
Statutory Net Income	2.5	0.8	2.6	1.1
Forecast Operating Earnings and Distribution Statement	Full Year 2015 30 Jun 2015		Full Year 2015 30 Jun 2015	
	1st Quarter 2016 30 Sep 2015		1st Quarter 2016 30 Sep 2015	
Statutory Net Income	2.5	0.8	2.6	1.1
Adjustments	0.1	0.0	0.2	0.0
Operating Income	2.5	0.8	2.8	1.1
Stapled Units on Issue	27.7	27.7	39.7	39.7
Quarterly Distribution per Stapled Unit (cents)	2.81	2.81	2.81	2.81
Quarterly Distribution per Stapled Unit (\$m)	0.8	0.8	1.1	1.1

5.5 Assumptions

The Forecast Financial Information is based on the following key best estimate assumptions.

5.5.1 Key assumptions

- Between \$25.0 million and \$40.0 million of capital is raised under the Offer at the Offer Price per Stapled Unit of \$1.25 as per the timetable set out in this PDS;
- New investments comprising securities, or direct property investments (or a combination of both) are acquired as per the table on page 7 and generate an income return of 7.5%; and
- The Existing Assets are assumed to sell under the existing contract for sale on 1 October 2015.

5.5.2 General assumptions

- No further equity fundraising in the Forecast Period;
- No further acquisitions other than those set out in this PDS in the Forecast Period;
- No material contract disputes or litigation in the Forecast Period;
- No material change in interest rates;
- No material change in the competitive operating environment;
- No material changes to accounting policies of Corporations Act in the Forecast Period;
- No material changes in Australian income tax legislation;
- No significant change to legislative or regulatory environment;
- All existing leases are enforceable and perform in accordance with their terms;
- The Fund has enough working capital to carry out its stated objectives; and
- There will be no underlying movement in the fair value of investment properties or other financial assets, as the Directors do not believe such movements can be reliably forecast.

5.5.3 Specific assumptions

- Rental income has been forecast based on existing leases and assumptions for future occupancy rates, tenant turnover and market rentals;
- Outgoings have been forecast with regard to the current outgoings expenses. Outgoings are forecast to increase in line with existing the forecast CPI rate;
- The Fund will incur operating expenses including registry fees, custodian fees, legal, audit and tax compliance fees, Unitholder reporting costs, valuation fees and other miscellaneous expenses. These costs have been forecast by taking into account factors likely to influence the level of these expenses, including the Fund's estimated GAV;

- Management Fee calculated as 0.65% of the GAV of the Fund per annum has been assumed. Responsible Entity fees are paid monthly in arrears;
- The Fund's borrowings under the Debt Facility are forecast to incur an average effective interest rate of 5.55% (inclusive of margin and forecast hedging arrangements); and
- The fair value of the investment property is assumed to remain constant over the Forecast Period as the Directors of the Responsible Entity believe they cannot reliably predict future changes in fair value.

5.5.4 Sensitivity Analysis

- The Forecast Financial Information is based on a number of estimates and assumptions that are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Responsible Entity and its Directors and management; and
- Set out below is a summary of the sensitivity of the forecast amount available for distribution to certain changes in a number of key variables. The changes in the key variables are not intended to be indicative of the complete range of variations that may be experienced.

Sensitivity Analysis	\$25m Offer size	\$40m Offer size
Income return on new investment +/- 0.25%	0.0	0.0
Interest rate +/- 0.25%	0.0	0.0
Timing of new investments +/- 1 month	0.0	0.1

5.6 Significant accounting policies

The preparation of the Financial Information requires estimates, judgments and assumptions that affect the reported amounts of gross revenues, gross expenses, assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions. Revisions to estimates are recognised in the period in which the estimate is revised and in any future period affected. The significant accounting policies outlined below apply estimates, judgments and assumptions which could materially affect the financial results or financial position reported in future periods.

The significant accounting policies are based upon those disclosed in the 31 December 2014 reviewed statutory general purpose financial statements of the CVC Property Fund. Policies are consistent with the requirements of the Australian Accounting Standards and International Financial Reporting Standards.

Principles of consolidation

The Financial Information incorporates the assets and liabilities of all subsidiaries of the Fund and the results of those subsidiaries. A subsidiary is any entity over which the Fund has the power to control the financial and operating policies so as to obtain benefits from its activities. All subsidiaries have a 30 June balance date. All inter-entity balances and transactions between entities in the Fund, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies adopted by the Fund.

Property rental income

Rental income from operating leases is recognised as income on a straight-line basis over the lease term. Where a lease has fixed annual increases, the total rent receivable in respect of the lease is recognised as revenue on a straight-line basis over the lease term. Lease incentives provided by the Fund to lessees are included in the measurement of fair value of investment property. The amounts are recognised on a straight line basis over the lease periods as reductions in rental income. Contingent rents based on the future amount of a factor that changes other than with the passage of time, including CPI linked rental increases, are only recognised when contractually due.

All income is stated net of the amount of GST.

Financial assets carried at fair value through profit or loss.

Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all the risk and rewards of ownership.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the statement of profit or loss within income or expenses in the period in which they arise. Dividend/distribution income from financial assets at fair value through profit and loss is recognised in the statement of profit or loss as part of revenue from continuing operations when the Fund's right to receive payments is established.

Investment properties

Investment property is property which is held to earn rental income, or for capital appreciation, or for both. Investment properties are initially recognised on acquisition at cost (including capitalised property acquisition costs) and then carried at fair value determined either by the Directors of the Responsible Entity or independent valuers. Investment properties are not depreciated and any gains or losses on the sale of investment properties are recognised in the changes to fair value included in the profit or loss. The carrying amount of investment properties includes components relating to lease incentives, leasing costs and receivables on rental income that have been recorded on a straight-line basis.

Property purchases are recognised when the Fund has entered into unconditional purchase contracts, and the majority of the significant risks and rewards of ownership have been transferred to the Fund. Property disposals are recorded when the Fund has entered into unconditional sales contracts, and the majority of the significant risks and rewards of ownership have been transferred to the buyer. Transfers of risks and rewards vary depending on the individual terms of the contracts.

The fair value of investment properties in the Fund as at 31 December 2014 has been determined by directors of the responsible entity of the CVC Property Fund based on the Independent Valuation with reference to the conditional contract for sale of a maximum price of \$32.0 million.

Sale of Existing Assets and Accrued A Class Unit distribution payable

A Class unitholders will be entitled to any amount in excess of the Independent Valuation of \$26.0 million resulting from the sale of the Existing Assets under the existing contract for sale. A Class unitholders are also entitled to a profit share on any sale resulting from a rezoning for a period of six months from the expiry of the existing contract for sale and a smaller profit share on any sale within two years of the date of issue of the A Class units. The accrued A Class Unit distribution payable reflects the excess of the book value of the investment properties over the Independent Valuation at any reporting date. See section 11.4 for more details on the A Class Units.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently at amortised cost. They are classified as current assets except where the maturity is greater than 12 months after the balance date in which case they are classified as non-current.

Amounts not recoverable are assessed at each reporting date. Indicators that an amount is not recoverable include where there is objective evidence of significant financial difficulties, debtor bankruptcy, financial reorganisation or default in payment. Any allowances for non-recoverable receivables are recognised in a separate allowance account. Any bad debts which have previously been provided for are eliminated against the allowance account. In all other cases bad debts are written off directly to the profit or loss.

Trade and other payables

These represent liabilities for goods and services provided to the Fund prior to the balance date which are unpaid. Trade and other payables are recognised initially at fair value and subsequently at amortised cost.

Management Fee liabilities will accrue when payable and are typically payable quarterly in arrears.

Gains or losses on liabilities through re-measurement or de-recognition, including where they are waived or forgiven, are recognised in the income statement.

Issued units

The Fund issues Stapled Units which are classified as equity in accordance with AASB 132: Financial Instruments: Presentation.

Should the terms or conditions of the Stapled Units change such that they no longer comply with the criteria for classification as equity under AASB 132, the Stapled Units would be reclassified to a financial liability from the date the instrument ceases to meet the criteria. The financial liability would be measured at the instrument's fair value at the date of reclassification. Any difference between the carrying amount of the equity instrument and the fair value of the liability at the date of reclassification would be recognised in equity.

Stapled Units on issue are recognised at the fair value of the consideration received by the Fund less directly attributable issue costs.

Borrowings

Interest-bearing loans and overdrafts are initially measured at fair value, net of transaction costs incurred, and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Fund has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

Finance costs

Finance costs are recognised using the effective interest rate applicable to the financial liability.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of GST.

Income tax

Under current legislation TRPF is not liable for income tax provided holders of TRPF units are presently entitled to the income of the Fund each income year.

TRAF will be a trading trust and will pay tax on income from its activities. As a result of its status as a trading trust, holders of TRAF units will receive after-tax, franked distributions.

Non-Current Assets Classified as Held For Sale

Non-current assets classified as held for sale are those assets whose carrying amounts will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. These assets are stated at the lower of their carrying amount and fair value less costs to sell and are not depreciated or amortised. Interest expenses continues to be recognised on liabilities of a disposal group classified as held for sale.

5.7 Working Capital Statement

The Fund has sufficient working capital to carry out its stated objectives.

06

RISKS



6.1 Overview

This section describes what the Responsible Entity believes to be the major risks associated with an investment in the Fund. It does not purport to be an exhaustive list of every risk that may be associated with an investment in the Fund now or in the future. The consequences associated with each risk are partially or completely outside the control of the Responsible Entity and, if they were to eventuate, may adversely affect the future operating performance of, and the value of an investment in, the Fund.

Before applying for Stapled Units, you should satisfy yourself that you have a sufficient understanding of the risks described in this section having regard to your own investment objectives, financial circumstances and taxation position. If you do not understand any part of this PDS you should seek advice from your broker, solicitor, accountant, tax adviser or other independent and qualified professional adviser before deciding whether to invest in the Fund.

6.2 Risks specific to the Fund

Sale of Existing Assets

The Existing Assets are subject to a conditional contract for sale which will see a return of capital to the Fund available to be redeployed under the Fund's investment mandate. There is a risk that the rezoning condition of the contract is not satisfied and that the sale of the Existing Assets does not occur which could adversely impact the Fund. If the existing sale contract does not complete, the alternatives are to reposition the Properties for sale, or to pursue a leasing program to fill the Ricoh Australia tenancy upon expiry.

Breach of debt covenants

As at the date of this PDS, the Fund is in compliance with all covenants under its current Debt Facility. The Fund's debt covenants have income and asset value tests. Falling asset values, declining rental income or other unforeseen circumstances may cause covenants under the Fund's debt facility to be breached. A breach of a debt facility covenant may result in a financier enforcing its security over the relevant assets. The financier may require repayment of the facility, possibly prior to its expected expiry. This could result in an early sale of assets at a less than optimal sale price, for instance, in a depressed market, additional equity being required, or distributions being reduced or suspended to repay the borrowings.

Interest rates

The Fund's current Debt Facility expires on 31 October 2015. There is a risk that a replacement debt facility may not be available on the same terms upon extension or refinancing, or when new finance is sought. There is also a risk that interest rates may increase, however the Fund may enter into interest rate swap contracts to hedge some of the Fund's drawn debt balance. These risks may have a material, adverse impact on the Fund's activities, financial position and distributions in the future.

Lease expiry

In relation to the Existing Assets, the lease to Ricoh Australia, at 8 Rodborough Road, expires in September 2015 and Ricoh Australia have advised they do not intend to renew their lease. The other tenancies at 357-373 Warringah Road, Frenchs Forest are due to expire in February 2017 and there is no certainty that the options for renewal will be exercised. The Existing Assets are subject to a conditional contract for sale. Should these leases not be renewed or other satisfactory leases not be able to be entered into, the financial performance and financial position of the Fund could be adversely impacted.

Availability of suitable investment opportunities

The performance of the Fund is to a large extent dependent on the ability of the senior management team within 360 Capital to identify and source suitable investment opportunities. Such opportunities are subject to market conditions and other factors outside the control of the senior management team. Failure of the Responsible Entity to identify, source and enter into suitable investments will adversely affect returns available to Stapled Unitholders. As the Fund's investment mandate is opportunistic and not definitive it is not possible to quantify income and capital returns of any new investments.

Capital values

The ongoing value of an investment is influenced by changes in market conditions including supply, demand, capitalisation rates and rentals. There is no guarantee that an investment will achieve a capital gain on its sale or that the value of the investment will not fall as a result the assumptions which the relevant valuations are based proving to be correct.

Income returns

Distributions to Stapled Unitholders will include a degree of dependency upon the income return received in connection with the investments of the Fund. There is a risk that the contracts associated with investments may fall into default which could result in a reduction in income and additional expenses associated with enforcement action. Defaults may have an adverse impact on the net income and distributions of the Fund, its ability to satisfy its debt facility covenants, an investments capital value and potentially the NTA per Stapled Unit and the trading price per Stapled Unit.

The earnings of the Fund may be volatile due to the uncertain timing in relation to making opportunistic investments, receiving income from (if any), and realising of, these investments.

Liquidity

If it becomes necessary for the Fund to dispose of one or more of its investments (for example, to reduce the Fund's LVR) there is a risk that the Fund may not be able to realise sufficient assets in a timely manner or at an optimal sale price. This may adversely affect the NTA per Stapled Unit or trading price per Stapled Unit.

General fundamental exposures

Underlying risks in investments may include: changes in Australian and international economic conditions, inflation, changes in interest rates, changes in equity market conditions, environmental concerns, regulatory/compliance issues, geopolitical instability or changes in investor sentiment.

Due diligence

Some investments may be made based on limited due diligence conducted only in respect of publicly available information. This may increase the risk of individual investments and could lead to material adverse effects on the performance of the Fund.

Trading price of Stapled Units if the Fund is listed

The Fund is expected to be listed on ASX and trading in Stapled Units on a deferred settlement basis is expected to commence on or about 22 April 2015. Trading in Stapled Units on a normal basis is expected to commence on or about 24 April 2015. The market price of the Stapled Units will fluctuate due to numerous factors including general movements in interest rates, the Australian and international general investment markets, economic conditions, global geo-political events and hostilities, investor perceptions and other factors that may affect the financial performance and position of the Fund. The price of the Stapled Units may also fluctuate due to changes in the market rating of the Stapled Units relative to other listed and unlisted property investments, other investment options such as debentures or interest bearing deposits and investor sentiment towards the Fund. There can be no guarantee that liquidity will be maintained, and the number of potential buyers or sellers of the Stapled Units on the ASX at any given time may vary. This may increase the volatility of the market price of the Stapled Units and therefore affect the market price at which holders are able to buy or sell Stapled Units. Stapled Unitholders who wish to sell their Stapled Units may be unable to do so at a price acceptable to them. The market price of the Stapled Units could trade on the ASX at a discount to NTA per Stapled Unit.

Refinancing risk and gearing

The ability of the Fund to raise funds, including both debt and equity, on favourable terms (including fees and the interest rate margin payable) for future refinancing, capital expenditure, or acquisitions depends on a number of factors including general economic conditions, political, capital and credit market conditions and the reputation, performance and financial strength of the Fund. Any change in these factors could increase the cost of funding, or reduce the availability of funding, as well as increase the refinancing risk of the Fund for maturing debt facilities. The ability of the Fund to refinance its debt facilities as they fall due will depend upon market conditions, the performance of the assets of the Fund and the financial position of the tenants of property of the Fund. If the debt facilities are not refinanced, or need to be repaid,

it is possible that the Fund will need to realise assets for less than their fair value, which would impact the NTA per Stapled Unit. The Fund is a geared investment product. The level of the Fund's LVR will magnify the effect of any movements in the value of the property portfolio.

Ranking

If the Fund is wound-up, Stapled Unitholders will rank behind secured and unsecured creditors of the Fund. If there is a shortfall of funds on winding-up, there is a risk that Stapled Unitholders will receive less than the NTA per Stapled Unit.

Responsible Entity risk

By investing in the Fund, investment decisions are delegated to the Responsible Entity. The performance of the Fund is affected by the performance of the Responsible Entity and that of the external service providers engaged by the Responsible Entity and is therefore not assured.

Conflict of interest risk

The Responsible Entity is a member of the 360 Capital Group. The directors of the 360 Capital Group are the same as the Directors of the Responsible Entity. This creates the potential for a conflict of interest in assessing and procuring investment opportunities. 360 Capital will follow formal procedures to ensure that an investment opportunity sourced by 360 Capital is offered to the most appropriate 360 Capital entity based on the relevant entity's investment mandate. Please refer to section 12.4 for more information.

Dilution

Future capital raisings and equity-funded acquisitions made by the Fund may dilute the holdings of Stapled Unitholders. In the normal course of managing the Fund the Responsible Entity is seeking to increase distribution income to Stapled Unitholders and provide the potential for capital growth. In order to provide this growth, capital raisings may be undertaken to acquire property investments. In certain circumstances, a capital raising may need to be undertaken to reduce debt in order for the Fund to remain compliant with its debt covenants.

Distributions may vary

The ability of the Fund to pay distributions is dependent upon it having sufficient cash resources and distributable income. Whilst the level of income derived from direct property investments from year to year is expected to be relatively certain, default in payment of rent by any of the lessees of the properties, variances in the costs of operating the Fund, or variances in returns from other investments held or made by the Fund, may affect the level of income available for distribution as well as the timing of distributions.

Natural Phenomena (including flooding, terrorist attacks or force majeure events)

There is a risk that natural phenomena may affect an investment. There are certain events for which insurance cover is not available or for which the Fund does not have cover. If the Fund is affected by an event for which it has no insurance cover, this would result in a loss of capital and a reduction to the Fund's NTA and Unitholder returns. This could also result in an increase in insurance premiums applicable to other areas of cover.

Property contamination

Property income, distributions or property valuations could be adversely affected by discovery of an environmental contamination or incorrect assessment of costs associated with an environmental contamination or with property preservation. This risk may occur irrespective of whether the contamination was caused by the Fund or prior owners.

6.3 General investment risks**Economy and market conditions**

There is the risk that changes in economic and market conditions may affect asset returns and values, and may decrease the Stapled Unit price. The overall performance of the Stapled Units may be affected by changing economic or property market conditions. These may include movements in interest rates, exchange rates, securities markets, inflation, consumer spending, employment and the performance of individual local, state, national and international economies.

Insurance

Any losses incurred due to uninsured risks may adversely affect the performance of the Fund. Increases in insurance premiums may also affect the performance of the Fund. Insurance premium increases could occur if the Fund claims under any insurance policy for significant losses. Any failure by the company or companies providing insurance (or reinsurance) may adversely affect the ability of the Fund to make claims under its insurance. All insurance policies have a minimum excess.

Litigation

In the ordinary course of operations, the Fund or the Responsible Entity may be involved in disputes and possible litigation. These include disputes, environmental and occupational health and safety claims, industrial disputes, native title claims, and any legal claims or third party losses. It is possible that a material or costly dispute or litigation could affect the value of the assets or expected income of the Fund.

Taxation treatment of Stapled Units may change

Investors should be aware that changes in Australian taxation law (including changes in interpretation or application of the law by the courts or taxation authorities in Australia) may materially affect the taxation treatment of an investment in Stapled Units, the holding or disposal of Stapled Units or the treatment of distributions and the financial performance, financial position, cash flows, distributions, growth prospects and the quoted price of Stapled Units.

Legal and regulatory matters

There is the risk that changes in any law, regulation or government policy affecting the operations of the Fund (which may or may not have a retrospective effect) will have an effect on the investment portfolio and/or the performance of the Fund. This may include changes to taxation regimes.

Forward looking statements

There can be no guarantee that the assumptions and contingencies on which the forward looking statements, opinions and estimates are based will ultimately prove to be valid or accurate. The forward looking statements, opinions and estimates depend on various factors, many of which are outside the control of the Responsible Entity.

07

DETAILS OF THE OFFER



7.1 Overview of the Offer

The Responsible Entity intends to raise between \$25.0 million to \$40.0 million by offering 20.0 million to 32.0 million Stapled Units at an Offer Price \$1.25 per Stapled Unit.

The Joint Lead Managers and the Responsible Entity have received commitments for \$25.0 million from a number of Institutional Investors as at the date of the lodgement of the PDS.

7.2 Purpose of the Offer

The proceeds of the Offer will be applied to:

- acquire new investments;
- repay debt to position the Fund to pursue its new investment mandate; and
- pay Transaction costs.

7.3 Sources and uses

Source of funds	\$25m Offer size	\$40m Offer size
Offer	25.0	40.0
Total	25.0	40.0

Use of funds	\$25m Offer size	\$40m Offer size
Invest in listed A-REITs	5.1	19.7
Repayment of debt	14.9	14.9
Working Capital	3.8	3.8
Transaction costs	1.2	1.6
Total	25.0	40.0

7.4 Structure of the Offer

The Offer will comprise:

- the Institutional Offer, which consists of an invitation to certain Institutional Investors in Australia and a number of other authorised jurisdictions to apply for Stapled Units;
- the Broker Firm Offer, which is open to Australian and New Zealand resident investors who have received a firm allocation from their Broker; and
- the General Offer to unitholders in 360 Capital managed funds or 360 Capital Group securityholders and to other Australian and New Zealand residents other than those participating in the Institutional Offer and the Broker Firm Offer.

7.5 Rights attaching to Stapled Units

Stapled Units issued under the Offer will rank equally with all other Stapled Units. A summary of the rights attached to Stapled Securities is set out in section 11.

7.6 Joint Lead Managers

The Responsible Entity has appointed Moelis and Morgans to act as Joint Lead Managers to the Offer.

7.7 Allocation Policy

The allocation of Stapled Units between the Broker Firm Offer, the General Offer and the Institutional Offer will be determined by the Responsible Entity having regard to factors including:

- desire to foster a stable Stapled Unit register over the long term;
- desire for a liquid and informed trading market for the Stapled Units;
- ability of Institutional Investors who participate in the Institutional Offer and Australian and New Zealand retail investors who participate in the Broker Firm Offer to participate in potential future equity raisings;
- overall level of demand for Stapled Units between the Institutional Offer, the General Offer and the Broker Firm Offer; and
- any other factors that the Responsible Entity considers appropriate.

The Responsible Entity has absolute discretion regarding the allocation of Stapled Units to Applicants in the Offer and may reject an Application, or allocate fewer Stapled Units than applied for, in its absolute discretion.

7.8 Conditions of the Offer

The issue of Stapled Units to Applicants under this PDS is conditional on the valid Applications being received for Stapled Units from investors under this PDS and/or from the Institutional Offer so that at least \$25.0 million is raised and ASX notifies the Responsible Entity that it is satisfied that the relevant requirements of Chapters 1 and 2 of the ASX Listing Rules have been satisfied for the purpose of admission of the Fund to ASX and the quotation of Stapled Units on ASX.

7.9 How to apply for Stapled Units

(1) How to apply under the General Offer

To make an investment in Stapled Units under the General Offer, you must complete and return the Application Form as set out on page 79 with the requisite Application Monies or pay your Application Monies by following the instructions set out on the Application Form.

The Responsible Entity's decision as to the number of Stapled Units to be allocated to you will be final.

You should complete the Application Form in accordance with the instructions on the Application Form and return it accompanied by a cheque.

Your cheque must be:

- for an amount equal to the full Application Monies (being \$1.25 multiplied by the number of Stapled Units that you are applying for);
- in Australian currency drawn on an Australian branch of a financial institution; and made payable to "360 Capital Total Return Fund Applications Account" and crossed "Not Negotiable".

You should ensure that sufficient funds are held in any relevant account(s) to cover the full amount of the Application Monies. If the amount of your payment for Application Monies is insufficient to pay in full for the number of Stapled Units you have applied for in your Application Form, you will be taken to have applied for such lower number of whole Stapled Units as your cleared Application Monies will pay for (and to have specified that number of Stapled Units on your Application Form). Alternatively, your Application will not be accepted.

To participate in the General Offer, your payment must be received no later than the close of the Offer at 5.00pm (AEST) on 16 April 2015. Stapled Unitholders should return their completed Application Form together with Application Monies:

- BY MAIL to the following address:
360 Capital Total Return Fund
Boardroom (Victoria) Pty Limited
GPO Box 3993
Sydney NSW 2001

Applications will only be accepted by mail. Applications will not be accepted in person.

(2) How to apply under the Broker Firm Offer

The Broker Firm Offer is open to Australian and New Zealand resident investors who have a registered address in Australia and New Zealand and have received a firm allocation from their Broker. If you been offered a firm allocation by a Broker, you will be treated as a Broker Firm Offer Applicant in respect of that allocation.

If you have received an allocation of Stapled Units from your Broker and wish to apply for Stapled Units under the Broker Firm Offer, you should contact your Broker for information about how to submit your Application Form and for payment instructions. Application Forms must be completed in accordance with the instructions given to you by your Broker.

Your Broker will act as your agent and it is your Broker's responsibility to ensure that your Application Form and Application Monies are received before 5.00pm (AEST) on 16 April 2015 or any earlier closing date as determined by your Broker. Applicants under the Broker Firm Offer must send their Application Forms to their Broker and not to the Registry.

(3) How to apply under the Institutional Offer

The Joint Lead Managers will separately advise Institutional Investors of the Application procedures for the Institutional Offer.

Minimum and maximum Application amounts

The Minimum Application Amount for the Offer is \$2,000 and in increments of at least \$500 thereafter. There is no maximum number or value of Stapled Units that may be applied for under the Offer although the Responsible Entity may scale back Applications in its absolute discretion.

7.10 General

Foreign persons

The PDS and the accompanying Application Form 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. By submitting an Application Form and/or paying or transferring Application Monies, you represent and warrant that there has been no breach of such laws.

The distribution of this PDS outside of Australia or New Zealand may be restricted by law and persons who come into possession of it should seek advice and observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws. The Responsible Entity disclaims all liabilities to such a person.

Warranties made on acceptance of the Offer

By completing and returning the Application Form and paying the Application Monies, you will be deemed to have acknowledged, agreed, represented and warranted that you, and each person on whose behalf you are acting:

- acknowledge that you have fully read and understood both this PDS and the Application Form in their entirety and you acknowledge the matters and make the warranties and representations and agreements contained in this PDS and the Application Form;
- agree to be bound by the terms of the Offer, the provisions of this PDS and the Constitution;
- authorise the Responsible Entity to register you as the holder(s) of the Stapled Units allotted to you;
- declare that all details and statements in the Application Form are complete and accurate;
- declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Application Form;
- acknowledge that once the Responsible Entity receives your Application Form and/or any payment of Application Monies, you may not withdraw your Application or Application Monies except as allowed by law;
- agree to apply for and be issued up to the number of Stapled Units specified in the Application Form, or for which you have submitted payment of any Application Monies;
- authorise the Responsible Entity, the Joint Lead Managers, the Registry and their respective officers or agents to do anything on your behalf necessary for Stapled Units to be issued to you, including to act on instructions of the Registry and to use the contact details set out in your Application Form;
- acknowledge that the information contained in this PDS and the Application Form is not investment advice or financial product advice, nor has this information been prepared taking into account your investment objectives, financial circumstances or particular needs or circumstances. You acknowledge that this PDS and the Application Form is not a recommendation that Stapled Units are suitable for you given your investment objectives, financial situation or particular needs;
- acknowledge that this PDS may not contain all of the information that you may require in order to assess an investment in the Fund and is given in the context of the Fund's ongoing continuous disclosure announcements to ASX;
- acknowledge the summary of the key risks in section 6 of the PDS and that investments in the Fund are subject to risk;

- acknowledge that none of the Responsible Entity, the Joint Lead Managers, or their respective related bodies corporate, affiliates or respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantee the performance of the Fund, nor do they guarantee the repayment of capital from the Fund;
- authorise the Responsible Entity to correct any errors in your Application Form or other form provided by you; and
- represent and warrant that the law of any place does not prohibit you from being given this PDS and the Application Form, nor does it prohibit you from making an application for Stapled Units and are eligible under all applicable laws to receive this PDS without any lodgement, filing, registration or qualification.

By completing and returning the Application Form and paying the Application Monies, you will also be deemed to have acknowledged, agreed, represented and warranted on your own behalf and on behalf of each person on whose account you are acting that you are eligible to participate in the Offer and:

- you are not in the United States and you are not acting on behalf of a person in the United States and are not otherwise a person to whom it would be illegal to make an offer of or issue of Stapled Units under the Offer and under any applicable laws and regulations;
- you understand and acknowledge that the Stapled Units have not been, nor will be, registered under the Securities Act or the securities laws of any state or other jurisdiction in the United States, or in any other jurisdiction outside Australia and New Zealand. Accordingly, the Stapled Units may not be offered or sold to, persons in the United States or any jurisdiction other than Australia and New Zealand;
- you and each person on whose account you are acting have not and will not send this PDS or Application Form or any other materials relating to the Offer to any person in the United States;
- if in the future you decide to sell or otherwise transfer the Stapled Units, you will only do so in regular way transactions on ASX where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States; and
- if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Application Form is not in the United States, and you have not sent this PDS, the Application Form or any information relating to the Offer to any such person in the United States.

No withdrawals

You cannot withdraw your application once it has been accepted. Cooling-off rights do not apply to an investment in the Stapled Units. The Responsible Entity reserves the right to withdraw the Offer at any time before the issue of Stapled Units to Stapled Unitholders, in which case the Responsible Entity will refund any Application Monies already received in accordance with the Corporations Act and will do so without interest being payable to Applicants.

Confirmation of your application and managing your holding

You may access information on your holding, the issue of Stapled Units from this Offer, and manage the standing instructions the Registry records on your holding on the Investor Centre website www.investorserve.com.au. To access the Investor Centre you will need your Security Reference Number (SRN) or Holder Identification Number (HIN) as shown on your Issuer Sponsored/CHESS statements.

7.11 Offer discretion

The Responsible Entity reserves the right to:

- close the Offer or any part of it early;
- extend the Offer or any part of it;
- accept late Applications either generally or in particular cases;
- reject any Application; and
- allocate any Applicant fewer Stapled Units than applied for in their Application.

7.12 No cooling off

Applicants should note there will not be a cooling off period in relation to Applications.

Once an Application has been lodged, it cannot be withdrawn. Should quotation of the Stapled Units be granted by ASX, Stapled Unitholders will have the opportunity to sell their Stapled Units at the prevailing market price, which may be different to the Offer Price.

7.13 Trading of Stapled Units on ASX

The Responsible Entity will apply for quotation of the Stapled Units on ASX within seven days of the date of this PDS. If the required approvals from the ASX are not given within three months after the Application was made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

It is expected that, subject to receipt of the required approvals from ASX, trading of Stapled Units will commence on a normal settlement basis on or about 24 April 2015.

7.14 ASX

Neither ASX nor any of its officers takes any responsibility for the content of this PDS or for the investment in the Fund.

7.15 ASX quotation

Following the issue of Stapled Units under the Offer (expected to occur on or about 22 April 2015), the Registry will send successful Applicants a holding statement detailing the number of Stapled Units issued to them under the Offer and the total number of Stapled Units held. It is expected that holding statements will be dispatched on or about 23 April 2015. It is the responsibility of Applicants to confirm their allocation of Stapled Units prior to trading in Stapled Units. Applicants can confirm their allocation of Stapled Units by calling the 360 Capital Information Line on 1800 182 257 (within Australia) or +61 2 9290 9600 (from outside Australia) or emailing investor.relations@360capital.com.au. A Stapled Unitholder who sells Stapled Units before they receive their holding statement does so at their own risk.

7.16 CHESS

The Responsible Entity will apply for the Stapled Units to participate in CHESS, in accordance with the ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an automated transfer and settlement system for transactions in units quoted on ASX under which transfers are effected in a paperless form.

The Responsible Entity in accordance with the ASX Listing Rules and the ASX Settlement Operating Rules, maintains an electronic CHESS sub-register (for Stapled Unitholders who are participants in CHESS or sponsored by such a participant) and an electronic issuer sponsored sub-register (for all other Stapled Unitholders). These two sub-registers together make up the Fund's principal register of Stapled Unitholders. Following allocation of the Stapled Units to successful Applicants, Stapled Unitholders will be sent holding statements that sets out the number of Stapled Units that have been allocated and the Stapled Unitholders' Holder Identification Number, or in the case of issuer sponsored holders, the Stapled Unitholder's Reference Number.

Stapled Unitholders will receive statements showing any changes to their holding of Stapled Units. Certificates will not be issued for the Stapled Units. A Stapled Unitholder who wishes to have their Stapled Units sponsored by a CHESS participant should forward their initial statement of holding and Reference Number (upon receipt) to their broker who will transfer their holding onto the CHESS sub-register.

7.17 Brokerage, commission and stamp duty

No brokerage, commission or stamp duty is payable by Applicants who apply for Stapled Units under the Offer.

Investors who buy or sell Stapled Units on ASX may be subject to brokerage and other transaction costs. Under current legislation, there is no stamp duty payable on the sale or purchase of Stapled Units quoted on ASX provided that no investor (together with any related or associated persons or any other persons in an associated transaction, for the purposes of stamp duty law) holds 90% or more of the interests in the Fund.

7.18 Taxation Issues

A summary of Australian tax consequences of investing in the Fund is contained in section 10.

However, the summary provides general information only. Applicants should make their own enquiries in relation to the taxation consequences of investing, taking into account their own circumstances. Applicants should obtain and only rely on professional taxation advice if they are in doubt about the consequences of investing in the Fund, from a taxation perspective.

7.19 Enquiries

If you have enquiries or questions about this PDS or the Offer, you should contact the 360 Capital Information Line on 1800 182 257 (within Australia) or +61 2 9290 9600 (from outside Australia).

If you have any queries or uncertainties relating to aspects of this PDS or the Offer, please consult your broker, accountant or other independent financial adviser before deciding whether to invest.



08

**FEEES AND
OTHER COSTS**

8 Fees and other costs of the Fund

Consumer advisory warning

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your Fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100 000 to \$80 000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the Fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities & Investments Commission (ASIC) website (www.fido.asic.gov.au) has a managed investment fee calculator to help you check out different fee options.

8.1 Fees and other costs

This section shows fees and other costs that you may be charged. These fees and costs will be deducted from the Fund's monies prior to distribution of income to Stapled Unitholders unless specified otherwise. There is therefore no separate payment required by investors in relation to any of the fees and costs listed below.

Information regarding tax is set out in section 10.

Unless otherwise stated, the fees and costs set out below show the net effect of GST i.e. inclusive of 10% GST less any input tax credits, including reduced input tax credits.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

A further description of the fees and costs outlined in the table below is provided in section 8.3.

Type of fee or cost	Amount	How and when paid
Fees when your money moves in or out of the Fund		
Establishment fee The fee to open your investment	Nil	There is no establishment fee.
Contribution fee The fee on each amount contributed to your investment	Nil	There is no contribution fee.
Withdrawal fee The fee on each amount you take out of your investment	Nil	There is no withdrawal fee.
Exit fee The fee to close your investment	Nil	There is no exit fee.

Management costs

Ongoing management costs A fee for the management and operation of the Fund ¹	0.98% to 1.09% p.a. of the gross asset value of the assets of the Fund comprising: Management Fee of 0.65% p.a. of the gross asset value of the Fund during the relevant year plus expenses relating to the proper performance of the Responsible Entity's duties in connection with the Fund estimated to be approximately between 0.29% to 0.39% p.a. of the gross asset value of the Fund.	The Management Fee is payable quarterly in arrears. Ongoing expenses are reimbursable to the Responsible Entity from the Fund's assets when incurred from time to time.
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Service fees

Switching fee The fee charged on switching from one investment type to another	Nil	There is no switching fee.
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- ¹ Other fees and costs may be applicable in any particular year. Please refer to section 8.3 for further information in relation to the ongoing management costs and to the additional fees which may apply.

8.2 Example of annual fees and costs

The following table shows a breakdown of estimated ongoing Management Fees and costs for the 12 month period ending 30 June 2015. You should use these tables to compare this product with other managed investment products.

Example	%	Amount attributable to an investment of \$50,000 in the Fund plus contributions of \$5,000 during the year ¹
Contribution fee	Nil	Nil
Management costs comprising the Management Fee and estimated Fund costs and expenses	0.98% to 1.09% p.a. of the gross assets of the Fund ²	For every \$50,000 you have invested you will be charged between \$516 and \$585 each year ³
Equals cost of Fund		If you had an investment of \$50,000 at the beginning of the year and you invested an additional \$5,000 at the beginning of the year, you would be charged fees and expenses of between \$568 and \$644 for that year ³

- ¹ This table assumes that a total of \$50,000 is invested under the Offer (i.e. to acquire 40,000 Stapled Units at \$1.25 each). If you were to invest \$50,000 in Stapled Units subsequent to the Offer, the amount of fees applicable to that investment may differ from the amounts set out in this table if more or less than 40,000 Stapled Units are acquired. This table also assumes that the additional \$5,000 contribution is used to acquire Stapled Units at \$1.25 each. There is no guarantee that Stapled Units will be able to be acquired for \$1.25 subsequent to the Offer.
- ² This equates to an indirect cost ratio between 1.03% and 1.17% of the net asset value of the Fund.
- ³ Additional fees and expenses may apply in any given year, for example, where an asset is acquired or disposed of by the Fund. Please refer section 8.3 for additional information in relation to the management fee, Fund costs and expenses and additional fees (including the acquisition fee, the disposal fee and the performance fee) which may apply.

8.3 Additional explanation of fees and costs

Management costs

The management costs in the table above are the fees and costs paid for general administration of the Fund and comprise Management Fees and an estimate of all other expenses recoverable by the Responsible Entity.

Management Fees

The Responsible Entity is entitled to a Management Fee of 0.65% p.a. of the gross value of the assets of the Fund during the relevant year for its role in managing and administering the Fund. The maximum Management Fee payable to the Responsible Entity under the Constitution is 0.65% p.a. of the gross value of the assets of the Fund provided that the Management Fee will not be less than the lower of:

- \$150,000 p.a.; and
- 1.625% of the gross value of the assets of the Fund.

Despite this, the Responsible Entity intends to charge a management fee of 0.65% p.a. of the gross assets of the Fund.

Any increase in the Management Fee charged by the Responsible Entity, subject to the maximum fee set out in the Constitution, will only occur after providing Stapled Unitholders with 30 days prior written notice.

Expense recoveries

The Responsible Entity is entitled to recover all expenses properly incurred in managing and administering the Fund, including in relation to the following:

- costs incurred by the Responsible Entity in accordance with the Constitution;
- compliance committee costs;
- audit fees;
- legal fees;
- independent consultant report preparation fees;
- asset custody expenses; and
- bank fees, government fees and taxes.

The Responsible Entity estimates that the Fund will incur expenses of approximately 0.29% to 0.39% of the gross asset value of the Fund per annum. This estimate has been included in the tables set out in sections 8.1 and 8.2 above.

Performance fee

The Responsible Entity is entitled to a performance fee of 20% of any total return in excess of 12% p.a. The calculation of total return is based on actual distributions paid to Stapled Unitholders during the relevant financial year plus any increase in the trading price of Stapled Units in the relevant financial year multiplied by the number of Stapled Units on issue at the end of the Financial Year. The performance fee is payable yearly in arrears after the end of the relevant financial year. The performance fee will also be payable to the Responsible Entity upon termination of the Fund and upon the Responsible Entity ceasing to be the responsible entity of the Fund.

Performance fee example

Performance fee

This example is provided for information purposes only to illustrate the calculation of the performance fee. Actual results may vary significantly from those in this example.

Total Return = Closing Staple Unit trading price + Distribution – Opening Staple Unit Trading Price

Performance Hurdle = Opening Staple Unit Trading Price x 12%

Performance Fee = (Total Return – Performance Hurdle) x 20%

Performance fee calculation – 12 Month example

Per Staple Unit

A Opening Staple Unit trading Price	\$1.25
B Closing Staple Unit trading Price	\$1.35
C Distribution per Staple Unit (9% yield)	11.3 cents

Performance fee calculation per Staple Unit

Total Return = B + C – A	21.3 cents
Performance Hurdle = \$1.25 x 12%	15.0 cents
Performance Fee = (21.3 cents – 15.0 cents) x 20%	1.25 cents

Performance fee payable by the Fund is 0.4 cents multiplied by the number of Stapled Units on issue at the end of the relevant Financial Year.

Acquisition fee

The Responsible Entity will be entitled to an acquisition fee of up to 1.0% of the total purchase price of an investment of the Fund. The acquisition fee is payable upon the completion of the relevant acquisition. For example, if the Fund acquires an investment for \$10.0 million, the Responsible Entity will be entitled to an acquisition fee of \$100,000.

Disposal fee

The Responsible Entity will be entitled to a disposal fee of up to 1.0% of the total sale price of an investment sold by the Fund. The disposal fee is payable upon the completion of the relevant sale or disposal. For example, if the Fund sells an investment for \$15.0 million, the Responsible Entity will be entitled to a disposal fee of \$150,000.

Professional services fees

If the Responsible Entity or any of its associates provides additional services to the Fund in a professional capacity, it will also be entitled to receive fees for providing these services in accordance with the terms of the Constitution. These fees will be charged on an arms' length basis in accordance with the market rates for those services at the relevant time.

GST

Unless otherwise stated, all fees in this section of the PDS are inclusive of GST and reduced input tax credits. Where the Fund is entitled to input tax credit or reduced input tax credit under the GST legislation for GST paid in respect of the services provided to it, the cost to the Fund of paying GST will be reduced proportionally. For additional information in relation to the taxation implications of an investment in the Fund please see section 10.

8.4 Fees and costs associated with the Transaction

Fees and Costs	\$25m	\$40m
	Offer size	Offer size
Offer management fees and costs	0.6	1.0
Advisers' and consultants' fees and other costs	0.6	0.6
Total	1.2	1.6

8.5 Other expenses

The Fund will enter into agreements with third parties (which may include 360 Capital or its wholly owned subsidiaries) to provide property management and other services to the Fund from time to time. All such arrangements will be entered into on arm's length terms. Under these agreements, certain fees and expenses may be paid from the assets of the Fund to 360 Capital. These amounts are not included in the above tables as 'management costs' as they are of a kind that would typically be incurred if Stapled Unitholders acquired the relevant investments directly and not through the Fund.

8.6 Brokerage and commission

The Fund does not pay any brokerage or commission in respect of the issue of Stapled Units in the Fund.

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INDEPENDENT ACCOUNTANT'S REPORT





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Level 11, 1 Margaret St
Sydney NSW 2000
Australia

The Directors
360 Capital Investment Management Limited
Level 8
56 Pitt Street
SYDNEY NSW 2000

16 March 2015

Dear Sirs

INDEPENDENT ACCOUNTANT'S REPORT

INTRODUCTION

BDO Corporate Finance (East Coast) Pty Ltd (BDO) has been engaged by 360 Capital Investment Management Limited to prepare this Independent Accountant's Report (Report) in relation to certain financial information of 360 Capital Total Return Fund (the Fund) for inclusion in a product disclosure statement proposed to be issued on or about 16 March 2015 (PDS). The PDS is being issued in relation to an offer of up to 32,000,000 stapled units in the Fund at \$1.25 per unit.

Unless stated otherwise in this Report, expressions defined in the PDS have the same meaning in this Report.

This Report has been prepared for inclusion in the PDS. We disclaim any assumption of responsibility for any reliance on this Report or on the financial information to which it relates for any purpose other than that for which it was prepared.

SCOPE

This Report relates to the following financial information as set out in the PDS:

- The Pro Forma Statement of Financial Position as at 31 December 2014 of the Fund following the establishment of the fund - section 5 of the PDS.
- The Forecast Statement of Financial Performance for the year ending 30 June 2015, and three months ending 30 September 2015, of the Fund following the establishment of the fund - section 5 of the PDS.

PRO FORMA FINANCIAL INFORMATION

You have requested BDO to review the pro forma Statement of Financial Position as at 31 December 2014 of the Fund referred to as "the pro forma financial information".

The pro forma financial information has been prepared to reflect subsequent events and the effects of pro forma adjustments associated with the proposed transaction and capital raise. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the financial information and the events or transactions to which the pro forma adjustments relate, as if those events or transactions had occurred as at 31 December 2014. Due to its nature, the pro forma financial information does not represent the Fund's actual or prospective financial position.

BDO Corporate Finance (East Coast) Pty Ltd ABN 70 050 038 170 AFS Licence No. 247 420 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Corporate Finance (East Coast) Pty Ltd and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

**Directors' Responsibility**

The directors of 360 Capital Investment Management Limited are responsible for the preparation of the pro forma financial information, including the selection and determination of pro forma adjustments made to the financial information and included in the pro forma financial information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of financial information and pro forma financial information that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the financial information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

FORECAST FINANCIAL INFORMATION

This Report relates to the following financial information as set out in section 5 of the PDS being the forecast Statement of Financial Performance of the Fund for year ending 30 June 2015 and three months ending 30 September 2015. The forecast financial information has been prepared on the basis that the transaction was completed in March 2015.

The forecast financial Information is presented in an abbreviated form in the PDS insofar as it does not include all of the disclosures required by the Australian Accounting Standards (including the Australian Accounting Interpretations) applicable to annual financial reports prepared in accordance with the Corporations Act 2001 (*Cth*).

Scope of Review of the Forecast Financial Information

You have requested BDO to review the forecast Statement of Financial Performance of the Fund for the year ending 30 June 2015 and three months ending 30 September 2015 as described in section 5 of the PDS.

The directors' best-estimate assumptions underlying the forecast are described in section 5 of the PDS. The forecast financial information, to the extent possible, has been prepared on a consistent basis as the historical financial information and in accordance with the recognition and measurement principles contained in Australian Accounting Standards and the Fund's adopted accounting policies.

Directors' Responsibility

The directors of 360 Capital Investment Management Limited are responsible for the preparation of the six month forecast ending 30 June 2015, including the best-estimate assumptions underlying the forecast. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of a forecast that is free from material misstatement, whether due to fraud or error.



Our Responsibility

Our responsibility is to express limited assurance conclusions on the forecast, the best-estimate assumptions underlying the forecast, and the reasonableness of the forecast themselves, based on our review. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our limited assurance procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

Forecast Review Statement

Based on our limited assurance engagement, which is not a reasonable assurance engagement, nothing has come to our attention which causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the forecast Statement of Financial Performance of the Fund for the year ending 30 June 2015 and three months ending 30 September 2015 do not provide reasonable grounds for the forecast; and
- in all material respects, the forecast:
 - is not prepared on the basis of the directors' best-estimate assumptions as described in section 5 of the PDS; and
 - is not presented fairly in accordance with the stated basis of preparation, being in accordance with the recognition and measurement principles contained in Australian Accounting Standards; and
 - the Fund's adopted accounting policies; and
 - the forecast itself is unreasonable.

The forecast has been prepared by management and adopted by the directors in order to provide prospective investors with a guide to the potential financial performance of the Fund for year ending 30 June 2015 and three months ending 30 September 2015 (the forecast financial information has been prepared on the basis that the transaction is completed in March 2015). There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the forecast since anticipated events or transactions frequently do not occur as expected and the variation may be material.

The directors' best-estimate assumptions on which the forecast is based relate to future events and/or transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of 360 Capital Investment Management Limited. Evidence may be available to support the directors' best-estimate assumptions on which the forecast is based however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the directors' best-estimate assumptions. The limited assurance conclusion expressed in this Report has been formed on the above basis.



Prospective investors should be aware of the material risks and uncertainties in relation to an investment in the Fund, which are detailed in the PDS, and the inherent uncertainty relating to the forecast. Accordingly, prospective investors should have regard to the investment risks as described in section 6 of the PDS.

We disclaim any assumption of responsibility for any reliance on this Report, or on the forecast to which it relates, for any purpose other than that for which it was prepared. We have assumed, and relied on representations from certain members of management of 360 Capital Investment Management Limited that all material information concerning the prospects and proposed operations of the Fund and accurate in all respects. We have no reason to believe that those representations are false.

SUBSEQUENT EVENTS

Apart from the matters dealt with in this Report, and having regard to the scope of this Report and the information provided by the Directors, to the best of our knowledge and belief, no material transaction or event outside of the ordinary business of the Fund not described in the PDS, has come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

INDEPENDENCE

BDO is a member of BDO International Ltd. BDO does not have any interest in the outcome of the PDS other than in connection with the preparation of this Report and participation in due diligence procedures, for which professional fees will be received.

GENERAL ADVICE WARNING

This Report has been prepared, and included in the PDS, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to be a substitute for professional advice and potential investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, potential investors should consider whether it is appropriate for their objectives, financial situation or needs.

Without modifying our conclusions, the purpose of the financial information is for inclusion in the PDS. As a result, the financial information may not be suitable for use for another purpose.

BDO has consented to the inclusion of this Report in the PDS in the form and context in which it is included. At the date of this Report this consent has not been withdrawn. However, BDO has not authorised the issue of the PDS. Accordingly, BDO makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from the PDS.

FINANCIAL SERVICES GUIDE

Our Financial Services Guide follows this Report. This guide is designed to assist retail clients in their use of any general financial product advice in our Report.

Yours faithfully

BDO Corporate Finance (East Coast) Pty Ltd

A handwritten signature in black ink, appearing to read 'S. Stevens', written over a horizontal line.

Sebastian Stevens
Director



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Level 11, 1 Margaret St
Sydney NSW 2000

Australia

This Financial Services Guide is issued in relation to an independent accountant's report (IAR) prepared by BDO Corporate Finance (East Coast) Pty Ltd (ABN 70 050 038 170) (BDOCF) at the request of the Directors of 360 Capital Investment Management Limited (CIML).

Engagement

The IAR is intended to accompany the product disclosure statement and prospectus proposed to be issued on or about 16 March 2015 (PDS). The PDS is being issued in relation to an offer of up to 32,000,000 stapled units in the Fund at \$1.25 per security.

Financial Services Guide

BDOCF holds an Australian Financial Services Licence (License No: 247420) (Licence). As a result of our IAR being provided to you BDOCF is required to issue to you, as a retail client, a Financial Services Guide (FSG). The FSG includes information on the use of general financial product advice and is issued so as to comply with our obligations as holder of an Australian Financial Services Licence.

Financial services BDOCF is licensed to provide

The Licence authorises BDOCF to provide reports for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues, to carry on a financial services business to provide general financial product advice for securities and certain derivatives (limited to old law securities, options contracts and warrants) to retail and wholesale clients.

BDOCF provides financial product advice by virtue of an engagement to issue the IAR in connection with the issue of securities of another person.

Our IAR includes a description of the circumstances of our engagement and identifies the party who has engaged us. You have not engaged us directly but will be provided with a copy of our IAR (as a retail client) because of your connection with the matters on which our IAR has been issued.

Our IAR is provided on our own behalf as an Australian Financial Services Licensee authorised to provide the financial product advice contained in the IAR.

General financial product advice

Our IAR provides general financial product advice only, and does not provide personal financial product advice, because it has been prepared without taking into account your particular personal circumstances or objectives (either financial or otherwise), your financial position or your needs.

Some individuals may place a different emphasis on various aspects of potential investments.

An individual's decision in relation to voting on the transaction described in the Documents may be influenced by their particular circumstances and, therefore, individuals should seek independent advice.

Benefits that BDOCF may receive

BDOCF will receive a fee based on the time spent in the preparation of the IAR in the amount of approximately \$32,000 (plus GST and disbursements). BDOCF will not receive any fee contingent upon the outcome of the proposed transaction, and accordingly, does not have any pecuniary or other interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased opinion in relation to the transaction.

Remuneration or other benefits received by our employees

All our employees receive a salary. Employees may be eligible for bonuses based on overall productivity and contribution to the operation of BDOCF or related entities but any bonuses are not directly connected with any assignment and in particular are not directly related to the engagement for which our IAR was provided.

Referrals

BDOCF does not pay commissions or provide any other benefits to any parties or person for referring customers to us in connection with the reports that BDOCF is licensed to provide.

Associations and relationships

BDOCF is the licensed corporate finance arm of BDO East Coast Partnership, Chartered Accountants and Business Advisers. The directors of BDOCF may also be partners in BDO East Coast Partnership, Chartered Accountants and Business Advisers.

BDO East Coast Partnership, Chartered Accountants and Business Advisers is comprised of a number of related entities that provide audit, accounting, tax and financial advisory services to a wide range of clients.

BDOCF's contact details are as set out on our letterhead.

BDOCF is unaware of any matter or circumstance that would preclude it from preparing the IAR on the grounds of independence under regulatory or professional requirements. In particular, BDOCF has had regard to the provisions of applicable pronouncements and other guidance statements relating to professional independence issued by Australian professional accounting bodies and Australian Securities and Investments Commission (ASIC).

Complaints resolution

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Complaints Officer, BDO Corporate Finance (East Coast) Pty Ltd, Level 11, 1 Margaret Street, Sydney NSW 2000.

On receipt of a written complaint we will record the complaint, acknowledge receipt of the complaint and seek to resolve the complaint as soon as practical. If we cannot reach a satisfactory resolution, you can raise your concerns with the Financial Ombudsman Service Limited (FOS). FOS is an independent body established to provide advice and assistance in helping resolve complaints relating to the financial services industry. BDOCF is a member of FOS. FOS may be contacted directly via the details set out below.

Financial Ombudsman Service Limited

GPO Box 3

Melbourne VIC 3001

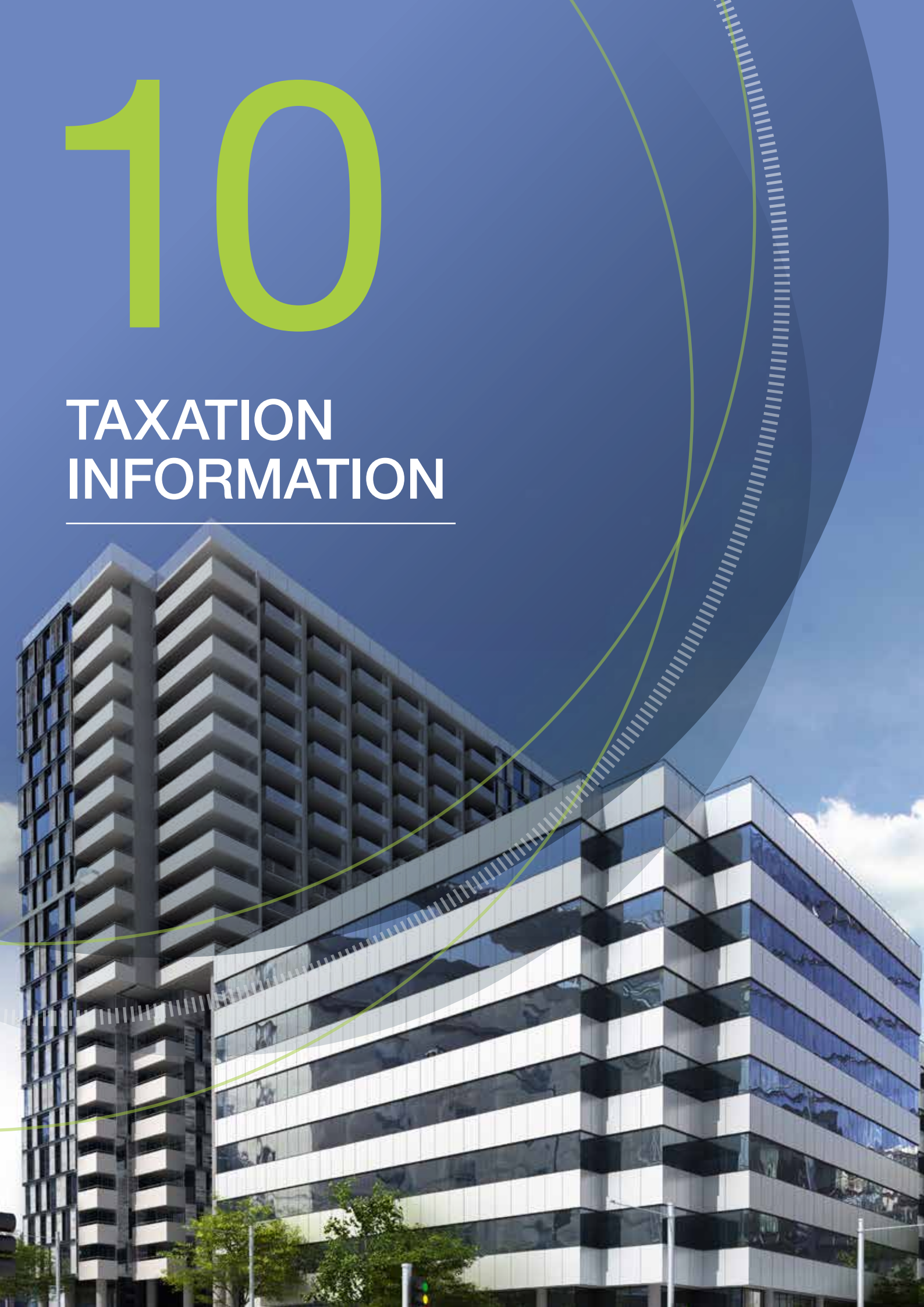
Toll free: 1300 78 08 08

Email: info@fos.org.au

BDO Corporate Finance (East Coast) Pty Ltd ABN 70 050 038 170 AFS Licence No. 247 420 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Corporate Finance (East Coast) Pty Ltd and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

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TAXATION INFORMATION





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17 March 2015

The Directors
360 Capital Investment Management Limited
As Responsible Entity of the stapled fund comprising
360 Capital Total Return Passive Fund
360 Capital Total Return Active Fund
Level 8, 56 Pitt Street
SYDNEY NSW 2000

Proposed capital raising by the 360 Capital Total Return Fund Taxation Report

Dear Sirs

This report has been prepared at the request of 360 Capital Investment Management Limited as Responsible Entity of the stapled fund comprising 360 Capital Total Return Passive Fund and 360 Capital Total Return Active Fund ("**the Fund**") for inclusion in Section 10 of the Product Disclosure Statement ("**PDS**") to be dated on or about 17 March 2015 for potential applicants ("**Stapled Unitholders**") to acquire Stapled Units in the Fund ("**the Offer**").

This report provides information of a general nature only, in relation to the Australian income tax implications relating to the acceptance of the Offer for Australian resident individuals who will hold their units in the Fund on capital account and not as trading stock or otherwise on revenue account. The information contained in this report is based on the taxation law as at the date of this report and is not intended to be an authoritative or complete statement of the law applicable to the circumstances of every potential Stapled Unitholder in the Fund.

The information contained in this report is based on the *Income Tax Assessment Act 1936* ("**ITAA 1936**") and the *Income Tax Assessment Act 1997* ("**ITAA 1997**"), established interpretations of legislation, applicable case law and published Australian Taxation Office ("**ATO**") statements of administrative practice as at the date of this report.

Australian Income Tax Legislation may be amended at any time and therefore the taxation consequences discussed in this report may alter if there is a change in the taxation law after the date of this report. We have not been retained nor are we obliged to monitor or update the information in this report for any future legislative changes which may affect the correctness of the information after the date of this report.

We note that there is current reform and on-going consultation between industry and the Australian Treasury in relation to a proposed new tax system for managed investment trusts ("**MITs**"). To date, no legislation has been tabled to Parliament. Stapled Unitholders should continue to monitor the taxation consequences that may arise as part of this reform process to their specific circumstances.

The taxation consequences for a particular Stapled Unitholder may vary depending on the particular circumstances of the Stapled Unitholder. Accordingly, the information contained in this report, being of a general nature only, does not constitute taxation advice and cannot be relied upon as such. We disclaim all liability to any Stapled Unitholder for all costs, loss, damage and liability that the Stapled Unitholder may suffer or incur arising from or relating to or in any way connected with the contents of our report or the provision of our report to the Stapled Unitholder or the reliance on our report by the Stapled Unitholder.

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Stapled Unitholders should seek appropriate independent professional taxation advice that considers the taxation implications of the Offer to their own specific circumstances.

This report does not constitute financial product advice as defined in the *Corporations Act 2001*. The partnership of Ernst & Young is not required to hold an Australian Financial Services Licence ("AFSL") under the *Corporations Act 2001* to provide this taxation advice. This report is confined to income taxation issues which are only one part of the many matters that Stapled Unitholders need to consider when making a decision about participating in the Offer. Before making a decision about their investment, Stapled Unitholders should consider taking advice from a holder of an AFSL.

Capitalised items that are not otherwise defined in this report are defined in accordance with the PDS.

Acquisition of units in the Fund

Upon accepting the Offer and making a valid application, Stapled Unitholders will acquire Stapled Units in the Fund that consist of:

- ▶ a 360 Capital Total Return Passive Fund ("TRPF") unit; and
- ▶ a 360 Capital Total Return Active Fund ("TRAF") unit.

For Australian income tax purposes, the TRAF and TRPF trusts are separate and distinct entities. Each unit in TRPF and TRAF will be a separate capital gains tax ("CGT") asset.

The Stapled Units will be treated for CGT purposes (including the CGT discount rules) as having been acquired when the Responsible Entity issues or allots the Stapled Units to the Stapled Unitholder.

The cost base of the units in TRAF acquired by Stapled Unitholders will comprise the amount paid by Stapled Unitholders for those units plus certain incidental costs incurred in respect of the acquisition.

The cost base of the units in TRPF acquired by Stapled Unitholders will comprise the amount paid by Stapled Unitholders for those units plus certain incidental costs incurred in respect of the acquisition.

Taxation of distributions

Following the issue of the Stapled Units, Stapled Unitholders may in the future receive trust distributions from the Fund. Each distribution may consist of distributions from TRAF, TRPF or both. The composition of the distributions will be outlined in a distribution statement that will be issued to the Stapled Unitholders.

Distributions from TRAF

Generally, the taxation treatment of distributions will depend on whether TRAF is a public trading trust in a particular year under Division 6C of the ITAA 1936, or a "flow through" trust under Division 6 of the ITAA 1936. We have been advised that it is intended that TRAF will be a public trading trust. We note that the tests to determine whether TRAF is a public trading trust are applied on a year by year basis.

If TRAF is a public trading trust at any time during an income year, it will be treated as a company for most Australian income tax purposes and will be liable to Australian income tax on its net income at the corporate tax rate (currently 30%). Distributions to Stapled Unitholders will be assessable on the same basis as corporate dividends (ie in the income year in which they are paid). The distributions may be either franked or unfranked.

Subject to our comments below, Stapled Unitholders may be required to gross up unit trust dividends included in assessable income for any franking credits attached to the unit trust dividends and may be entitled to a franking tax offset equal to the franking credit. Excess franking tax offsets of a Stapled

Unitholder (that is, where franking tax offsets exceed income tax payable) may give rise to tax refunds for certain Stapled Unitholders.

The franking credits attached to a unit trust distribution may be available as a tax offset against the income tax payable on the Stapled Unitholder's total assessable income for an income year. However, Stapled Unitholders should be aware that the availability of a tax offset in relation to franking credits attached to a unit trust distribution is subject to the "holding period rule" which, in summary, provides that the Stapled Unitholder must have held their interests in TRAF "at risk" for more than 45 days (disregarding the days of acquisition and disposal). If a Stapled Unitholder does not satisfy the holding period rule, the amount of the franking credit attached to a unit trust distribution would not be included in the assessable income of the Stapled Unitholder and the Stapled Unitholder would not be entitled to the franking tax offset.

Stapled Unitholders should obtain their own independent advice as to the application of the holding period rule to their own specific circumstances.

The rate of tax payable by each Stapled Unitholder will depend on the individual circumstances of the Stapled Unitholder.

Distributions from TRPF

We have been advised that it is intended that TRPF will be a "flow through" trust (and not a public trading trust) such that TRPF will not be liable to pay tax on the net income it derives each year. We understand that TRPF will be administered such that its Stapled Unitholders will be presently entitled to the income of the trust each year and that TRPF will engage only in "wholly eligible investment businesses".

Accordingly Stapled Unitholders will include their proportionate share of the net income of TRPF in their assessable income in the year in which they become presently entitled to their share of the income of TRPF.

To the extent that a Stapled Unitholder's share of the net income is attributable to a capital gain made by TRPF, the Stapled Unitholder will be treated as having made a capital gain equal to that amount. Where the capital gain is a discount capital gain, the Stapled Unitholder is treated as making a discount capital gain equal to twice the amount that is attributable to the discount gain. The Stapled Unitholder may be entitled to apply their relevant CGT discount percentage to the discount capital gain to the extent that it is included in their net capital gains made for the year. The CGT discount is 50% for individuals and trusts (conditions apply) and 1/3 for Australian complying superannuation funds.

Taxation of returns of capital / tax deferred distributions

TRAF

Certain distributions from TRAF may be treated as a return of capital. Returns of capital are not treated as assessable dividends but are applied to reduce the cost base of the Stapled Unitholder's units in TRAF. A capital gain will arise where the return of capital exceeds the cost base of the TRAF units.

TRPF

Where the TRPF distribution that a Stapled Unitholder receives exceeds their share of the net income of the trust, the excess may constitute a CGT concession or tax deferred amount. CGT concession and tax deferred amounts are generally non-assessable to the Stapled Unitholder.

The Stapled Unitholder's cost base in the TRPF units will be reduced by the amount of the tax deferred distribution. In the event that any tax deferred distributions cumulatively exceed the cost base of a



Stapled Unitholder's units in TRPF (such that the Stapled Unitholder no longer has any cost base in the units owned), a capital gain may arise to the extent of the excess in the hands of the Stapled Unitholder.

Disposal of units in the Fund

On any future disposal of Stapled Units in the Fund, a Stapled Unitholder will be disposing of the underlying TRAF units and TRPF units. The Stapled Unitholders will:

- ▶ make a capital gain if the applicable capital proceeds are greater than the cost base of the TRAF units or TRPF units; or
- ▶ make a capital loss if the applicable capital proceeds are less than the reduced cost base of the TRAF units or TRPF units.

The time of the CGT event will be the date when the Stapled Unitholder enters into the contract for the disposal of the Stapled Units.

Stapled Unitholders must include any realised capital gain or loss in their net capital gain calculation for the income year.

The capital proceeds received in respect of the disposal of each Stapled Unit will need to be apportioned on a reasonable basis as capital proceeds received in respect of the disposal of those underlying TRAF and TRPF units. The relative market values of the units at the time of disposal may be considered a reasonable basis for apportioning the capital proceeds received by a Stapled Unitholder.

In determining the cost base or reduced cost base of the Stapled Units, a Stapled Unitholder will need to take into account any returns of capital and tax deferred distributions received in respect of their units.

Certain Stapled Unitholders may be entitled to apply the relevant CGT discount to a capital gain to the extent that it is included in their net capital gain for the income year provided that they have held their units for a continuous period of at least 12 months.

Tax file Numbers and Australian Business Numbers

Stapled Unitholders are not required by law to provide a Tax File Number ("TFN") to the Responsible Entity. However, if a TFN is not quoted, or no appropriate TFN exemption information is provided, the Responsible Entity of TRPF is required to deduct from any income distribution entitlement, tax at the highest marginal tax rate plus Medicare levy (currently 49%).

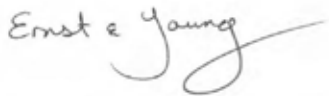
Furthermore, where no TFN is quoted, TRAF will be required to deduct tax from the unfranked portion of its distribution at the highest marginal tax rate plus Medicare levy (currently 49%).

For a Stapled Unitholder that made the investment in the Fund in the course of an enterprise carried on by it, it may quote its Australian Business Number ("ABN") rather than its TFN.

GST

No GST should generally be payable by a Stapled Unitholder in respect of accepting the Offer and acquiring Stapled Units.

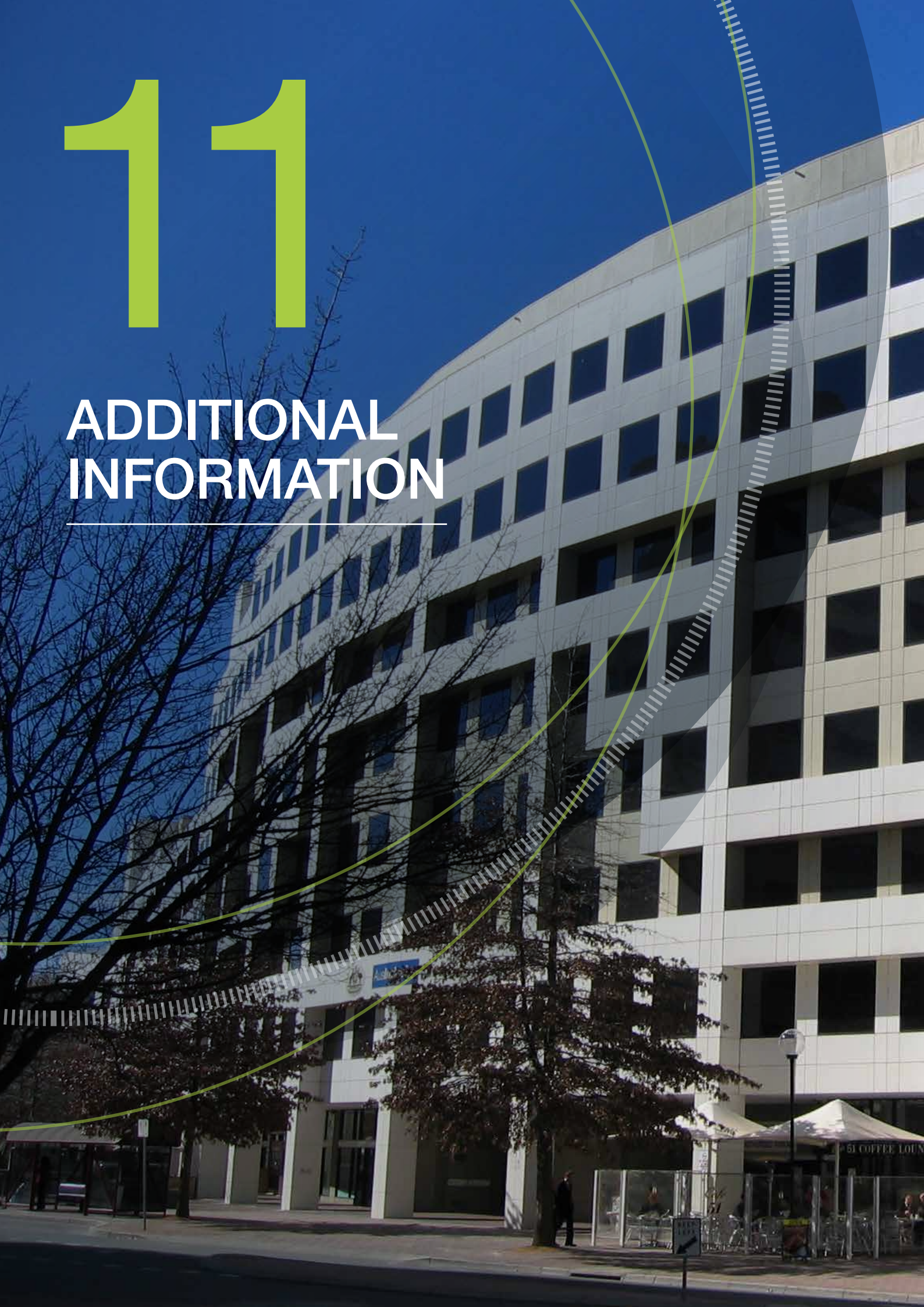
Yours faithfully



Ernst & Young

11

ADDITIONAL INFORMATION



11.1 Summary of the constitutions of TRPF and TRAF

The Fund is a stapled entity comprising TRPF and TRAF. TRPF and TRAF are both managed investment schemes registered with ASIC in accordance with Chapter 5C of the Corporations Act. Both have been established in the form of a unit trust. The responsible entity of both the TRPF and of the TRAF is 360 Capital Investment Management Limited. The main rules governing both TRPF and the TRAF are set out in each of their individual constitutions as amended from time to time. The constitutions of TRPF and TRAF are both identical. The Corporations Act, exemptions and declarations given by ASIC and the general law of trusts are also relevant to the rights and obligations of the Responsible Entity and unitholders, and affect the way the constitutions are interpreted.

Units issued by the TRPF will be stapled to units issued by the TRAF. This means that the unitholders of each fund will be the same and hold the same number of units in each fund. The constitution of the TRPF applies in relation to units issued by TRPF and the obligations of its responsible entity and the constitution of the TRAF applies in relation to its units and its responsible entity. However, both constitutions have stapling provisions and these provisions, as well as the provisions of the Stapling Deed (see section 11.2), apply to co-ordinate the governance of each fund and the issue (including pricing), transfer, redemption, buy back and restructure of the units of each fund.

A summary of the constitutions of TRPF and TRAF are set out below:

- the responsible entity may issue units of different classes at the price and terms determined in accordance with the constitution;
- subject to the terms of any particular class of unit, a unitholder who is a unitholder on the relevant record date will be entitled to share in any distribution on a pro rata basis;
- subject to law, the responsible entity has all the powers in respect of the fund which it would have if it was the owner of the fund's assets;
- if the fund is wound up, unitholders will be entitled to participate, subject to the terms of any particular class of unit, pro rata in any surplus fund assets;
- the responsible entity and its related bodies corporate may hold units and contract with itself in another capacity and may contract with related entities for the provision of services to the fund and paid for by the fund;
- the constitution provides that the responsible entity will be entitled to be paid out of the income or capital of the fund certain fees which are detailed in section 8 of this PDS; and
- the responsible entity is entitled to be indemnified out of the assets of the fund for any liability incurred by it in properly performing or exercising its powers.

11.2 Summary of the Stapling Deed

Each of the constitutions of TRPF and TRAF contain stapling provisions which bind the unitholders of each fund and the Responsible Entity and apply whenever units in the relevant fund are stapled. Similar provisions are included in a Stapling Deed which binds 360 Capital Investment Management Limited in its capacity as responsible entity of the TRPF and the 360 Capital Investment Management Limited in its capacity as responsible entity of TRAF.

The stapling provisions principally co-ordinate dealings in Stapled Units including re-organisation, issue, disposal, redemption, buy back, unstapling and operation of a single register for Stapled Units. The Stapling Deed also includes an agreement between the responsible entities to co-operate and co-ordinate, including in relation to governance, disclosures to ASIC, ASX and Stapled Unitholders, accounting and valuation policies, valuations, meetings, announcement and payment of dividends, any distribution re-investment plans and corporate acts such as issues, placement, redemptions and buy backs.

The Stapling Deed includes "group" cost incurring and re-imbursement and contemplates cross-lending between funds. Each responsible entity must give notice to and consult with the other in relation to their intention to buy or sell assets valued at or above 5% of net tangible assets of the acquiring/disposing fund. Similarly, neither fund will borrow or raise money except following consultation. A borrowing may be undertaken jointly even though one fund receives the proceeds. In such case, the fund receiving the proceeds indemnifies the joint borrower in respect of repayment of the loan.

The Responsible Entity agrees that while stapling continues it will provide financial assistance to both TRPF and TRAF (provided it is in the interests of the Stapled Unitholders as a whole), including providing financial accommodation, and guarantees and entering into joint borrowings.

The Responsible Entity agrees that while stapling continues, subject to the Corporations Act and Listing Rules and any applicable relief, to exercise its powers and discretions in the interests of the Stapled Unitholders of the stapled funds as a whole and not only in the interests of the holders of units in their relevant fund.

Unstapling of the Stapled Units may only occur if all of the following occur:

- the responsible entity determines it is not contrary to the rights of Stapled Unitholders;
- the unstapling is approved by ordinary resolution of the holders of the Stapled Units; and
- ASX gives its written permission.

Upon unstapling, the Responsible Entity will operate each of TRPF and TRAF as separate entities in accordance with their investment objectives and in the best interests of their respective members.

11.3 History of the Fund

The Fund was established in October 2014.

Prior to the completion of the Offer, the Stapled Unitholders of the Fund will be the former unitholders of the CVC Property Fund which holds the Existing Assets. On 21 January 2015, unitholders in the CVC Property Fund approved a set of resolutions which allow for the following steps to occur conditional on completion of the Offer and the listing of the Fund on the ASX:

- 360 Capital to acquire \$5 million worth of ordinary units from CVC Group which will ultimately give 360 Capital a maximum interest of 14.5% in the Fund;
- the responsible entity of CVC Property Fund to be replaced with 360 Capital Investment Management Limited;
- Existing CVC Property Fund unitholders will be issued new A Class units to preserve for them certain rights resulting from the sale of the Existing Assets (refer to section 5 and 11.4 for further details);
- the Fund to acquire all of the ordinary units in the CVC Property Fund via a trust scheme of arrangement (including ordinary units held by 360 Capital and its associates) in exchange for the issue of Stapled Units in the Fund and the CVC Property Fund will continue as a sub-fund of the Fund. Following the completion of the trust scheme of arrangement, unitholders in the CVC Property Fund will hold between 7.3% to 10.5% of the Stapled Units depending on the amount raised under the Offer;
- CVC Property Fund will be delisted from ASX; and
- the Fund will be listed on ASX.

11.4 A Class Units

The Fund holds all the units in the CVC Property Fund except for A Class Units. A Class Units will be issued to unitholders of the CVC Property Fund prior to the Fund acquiring its interest in the CVC Property Fund.

The Existing Assets are held by the CVC Property Fund which is wholly owned by the Fund save for A Class Units. The Existing Assets are subject to a conditional contract for sale at a price up to \$32.0 million. As the sale contract for the Existing Assets was negotiated and signed prior to the formation of the Fund, the Responsible Entity has agreed that the potential up-side of that sale over the Independent Valuation of \$26.0 million be preserved for Existing Unitholders of the CVC Property Fund. Therefore any amount (net of costs incurred) resulting from the sale of the Existing Assets under the existing contract for sale in excess of \$26.0 million will be paid to A Class Unitholders and not the Fund. The A Class Units will not be listed on ASX.

Outside of the existing conditional contract for sale, if the Existing Assets are rezoned and subsequently sold within six months of the expiry of the existing contract for sale, then Stapled Unitholders are entitled to 90% of the first \$2.0 million in profit over the Independent Valuation and 18% of any further profit above \$2.0 million.

If the Existing Assets are sold within two years of the issue of the A Class units without rezoning, A Class unitholders are entitled to 10% of the profits.

Other than as set out above, A Class Units will be redeemed after a period of two years from the date of issue of the A Class units, and have no entitlement to the assets of the CVC Property Fund or the Fund and will not be entitled to any distribution of income or capital from the Fund or the CVC Property Fund.

11.5 Summary of contract for sale of Existing Assets

CVC Property Managers Limited as responsible entity of CVC Property Fund has entered into a conditional contract for sale to sell its 100% interest in 357-353 Warringah Road and 8 Rodborough Road, Frenchs Forest, NSW 2086 for a total consideration of \$32.0 million.

The contract for sale is subject to a number of conditions which must be satisfied by 1 October 2015. These conditions include the purchaser undertaking satisfactory due diligence enquiries and the purchaser obtaining rezoning approval for the Properties.

The other key terms of the contract for sale are as follows:

- the purchaser is relying on its own enquiries and investigations in relation to the quality and condition of the Properties and is buying the Properties on an "as is where is" basis;
- all fixtures and fittings in the Properties (other than those of the existing tenants) are included in the sale of the Properties;
- the vendor must seek the purchaser's written consent to deal with any of the tenancies after the contract date and prior to completion; and
- the purchase of the Properties are the supply of a going concern for GST purposes.

11.6 Commitments as at the date of this PDS

The Joint Lead Managers and the Responsible Entity have received commitments for \$25.0 million from a number of Institutional Investors as at the date of lodgement of the PDS. of Institutional Investors as at the date of the lodgement of the PDS.

11.7 Offer Management Agreement

On 17 March 2015, the Responsible Entity entered into the Offer Management Agreement with the Joint Lead Managers, under which the Joint Lead Managers have agreed to manage (but not underwrite) the Offer. The Joint Lead Managers will be remunerated by the Responsible Entity for providing these offer management services at market rates and may be reimbursed for certain expenses.

In respect of the fees payable for their services, the Joint Lead Managers will receive fees of between \$625,000 and \$1,000,000 (excluding GST).

In accordance with the Offer Management Agreement and as is customary with these types of arrangements:

- the Responsible Entity has (subject to certain usual limitations) agreed to indemnify the Joint Lead Managers, their related bodies corporate and affiliates, and their directors, officers, partners, advisers and employees against any losses arising directly or indirectly in connection with the Offer, or a breach by the Responsible Entity of any provision, including representation or warranty of, the Offer Management Agreement;
- the Responsible Entity and the Joint Lead Managers have given representations, warranties and undertakings in connection with (among other things) the conduct of the Offer; and
- the Joint Lead Managers may (in certain circumstances, including having regard to the materiality of the relevant event) terminate the Offer Management Agreement and be released from their obligations under it on the occurrence of certain events on or prior to the final settlement date of the Offer, including (but not limited to) where:
 - in a material respect a statement contained in the offer materials is or becomes misleading or deceptive or likely to mislead or deceive or the Offer materials omit any information they are required to contain (having regard to the relevant Corporations Act requirements) and the Responsible Entity fails to take acceptable corrective action;
 - the ASX does not approve the Listing of the Fund;
 - there are material adverse changes to the financial markets of key countries, certain falls in the ASX/S&P 300 Index, hostilities commence or escalate in key countries or a major terrorist act is perpetrated anywhere in the world;
 - the Fund or the Responsible Entity breaches law; and
 - there is a material adverse change, or event involving a prospective material adverse change, in the assets, liabilities, financial position or performance, profits, losses or prospects of the Fund.

Please note that the above is not an exhaustive list of the termination events in the Offer Management Agreement.

None of the Joint Lead Managers (whether in that capacity, or otherwise) nor any of their related bodies corporate and affiliates, nor any of their respective directors, officers, partners, employees, representatives or agents has authorised or caused the issue of this PDS and takes no responsibility for any information in this PDS or any action taken by you on the basis of such information, and have not made or purported to make any statement in this PDS and there is no statement in this PDS which is based on any statement by any of them. To the maximum extent permitted by law, the Joint Lead Managers (whether in that capacity, or otherwise) and each of their related bodies corporate and affiliates and each of their respective directors, officers, partners, employees, representatives or agents excludes and disclaims all liability, for any expenses, losses, damages or costs incurred by you as a result of your participation in the Offer and the information in this PDS being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise.

11.8 Capital structure

	Units on issue as at the date of this PDS	Units issued or consolidated as part of the Offer ¹	Units proposed to be on issue at the date the Fund is admitted to ASX ¹
Ordinary units in the CVC Property Fund ²	767,850,204	-760,171,702	7,678,502
A Class Units in the CVC Property Fund	nil	767,850,204	767,850,204
Stapled Units in the Fund	nil	39,678,502	39,678,502

1 Assuming \$40.0 million is raised pursuant to the Offer. If only \$25.0 million is raised pursuant to the Offer, 27,678,502 Stapled Units will be issued.

2 As part of the trust scheme, ordinary units in the CVC Property Fund will be consolidated on a 100:1 basis and will be exchanged for Stapled Units in the Fund.

It is not proposed that any Stapled Units will be issued following admission of the Fund to the ASX pursuant to any existing material contracts or agreements.

11.9 Consents

The persons listed in the following table have given their written consent and have not, before the date of this PDS, withdrawn their written consent to:

- be named in this PDS in the form and context in which they are named;
- the inclusion of their respective reports or statements noted next to their names and the references to those reports or statements in the form and context in which they are included in this PDS; and
- the inclusion of other statements in this PDS which are based on or referable to statements made in those reports or statements, or which are based or referable to other statements made by those persons in the form and context in which they are included.

Name of person	Named as	Report or statement
BDO Corporate Finance (East Coast) Pty Ltd	Independent Accountant	Independent Accountant's Report in section 9
Moelis Australia Advisory Pty Ltd	Joint Lead Manager	N/A
Morgans Corporate Ltd	Joint Lead Manager	N/A
Jones Lang Lasalle	Valuer	N/A
Ernst & Young	Auditor	N/A
Ernst & Young	Tax	Tax Information in section 10
Boardroom (Victoria) Pty Limited	Registry	N/A
NAB	Lender	N/A

Each of the parties referred to in this section 11.9:

- has not authorised or caused the issue of this PDS;
- does not make, or purport to make, any statement in this PDS other than as specified in this section;
- has not made any statement on which a statement in this PDS is based, other than as specified in this section; and
- to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this PDS other than the reference to its name and the statement (if any) included in this PDS with the consent of that party as specified in this section.

11.10 Directors' Consents

Each Director of the Board has consented to the lodgement with ASIC and issue of this PDS.

11.11 Accessing information about the Fund

The Responsible Entity will provide regular communication to Stapled Unitholders. The Fund will have a dedicated section on the 360 Capital website (www.360capital.com.au) which provides up to date information on the Fund including access to half-year and annual reports and distribution information.

As a disclosing entity, the Fund is subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC in relation to the Fund may be obtained from, or inspected at, an ASIC office. You have a right to obtain a copy of the following documents:

- the annual financial report most recently lodged with ASIC by the Fund;
- any half year financial report most recently lodged with ASIC by the Fund; and
- any continuous disclosure notices given by the Fund after lodgement of that annual report and before the date of this PDS.

Once the Fund is admitted to the official list of ASX, the Fund will be required to make these disclosures to ASX and this information is accessible from ASX's website at www.asx.com.au.

11.12 ASX Listing Rules waivers

In order to conduct the Offer, the Responsible Entity sought certain waivers from ASX Listing Rules. ASX has provided the Responsible Entity with the following in-principle waivers from the ASX Listing Rules:

- a waiver from ASX Listing Rule 1.1 condition 7 to the extent necessary that there need not be the minimum number of holders of securities with a value of at least \$2,000 in each of TRAF and TRPF on condition that each unit in TRPF is stapled to a unit in TRAF and there is at least the minimum number of holders of securities, each holding a parcel of Stapled Units with a value of at least \$2,000;
- a waiver from ASX Listing Rule 1.1 condition 8 to the extent necessary not to require each of TRAF and TRPF to comply with ASX Listing Rule 1.3, on condition that each unit in TRAF is stapled to unit in TRPF and together TRPF and TRAF meet the tests in ASX Listing Rule 1.3;

- a waiver from ASX Listing Rule 2.1 condition 2 to the extent necessary not to require the issue or sale price of units in TRPF and TRAF separately to be at least 20 cents in cash, on condition that each unit in TRPF is stapled to a unit in TRAF and each Stapled Unit has an issue or sale price of at least 20 cents;
- a waiver from ASX Listing Rule 6.24 in respect of clause 1 of Appendix 6A to the extent necessary that the rate of a distribution from the Fund need not be advised to ASX when the distribution and record date attaching to the distribution is announced, on condition that an estimated distribution rate is advised to ASX at the time of the announcement and the actual rate is advised to ASX as soon as it becomes known;
- a waiver from ASX Listing Rule 8.10 to the extent necessary to permit the Responsible Entity to refuse to register a transfer of a unit in TRPF if it is not accompanied by a transfer of a unit in TRAF or a unit in TRAF if it is not accompanied by a transfer of a unit in TRPF; and
- a waiver from ASX Listing Rule 10.1 to the extent necessary to allow the transfer of substantial assets between TRAF and TRPF and their wholly owned subsidiaries, without security holder approval, on the condition that each unit in TRPF is stapled to a unit in TRAF and neither TRPF or TRAF issue any other equity securities that are not stapled to corresponding securities of the other entity.

11.13 ASIC relief

In order to conduct the Offer, the Responsible Entity sought certain relief from provisions of the Corporations Act from ASIC. ASIC has granted the Responsible Entity the following relief:

- an exemption in accordance with section 601QA(1) of the Corporations Act from compliance with part 5C.7 of the Corporations Act to enable TRAF to provide financial benefits to TRPF and its controlled entities, and vice versa, and for the management of investments on a group basis rather than having to consider the separate trust components of the Fund; and
- a modification to section 601FC(1)(c) and section 601FD(1)(c) of the Corporations Act to enable the Responsible Entity to consider the interests of all holders of Stapled Units in the Fund rather than merely the interests of either the unitholders in TRAF or TRPF.

11.14 Issue price disclosure

The Responsible Entity confirms that each Stapled Unit in the Fund, including Stapled Units to be issued pursuant to this Offer, has an issue price of at least \$0.20.

12

CORPORATE GOVERNANCE AND FUND POLICIES



12.1 ASX Corporate Governance Council's Corporate Governance Principles

To the extent they are applicable and appropriate for an entity of the size and nature of the Fund, the Responsible Entity has adopted ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edn) (as modified by the ASX Corporate Governance Council when applied to externally managed listed entities such as the Fund).

In accordance with ASX Listing Rule 4.10.3, set out below are the ASX Corporate Governance Council's eight principals of corporate governance and the extent to which the Fund has sought to comply with the recommendations for each.

Further details of the Fund's corporate governance regime can be found on the Fund's website and will be included in the Fund's annual report.

Principle 1: Lay solid foundations for management and oversight

Recommendation	Fund's response
<p>1.1 The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; and</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>The business of the Fund is managed under the direction of the Board of the Responsible Entity comprising Mr Andrew Moffat, Mr John Ballhausen, Mr David van Aanholt, Mr Graham Lenzner and Mr Tony Pitt.</p> <p>The Board meets on a regular basis and is required to discuss pertinent business developments and issues, and review the operations and performance of the Fund.</p> <p>Provision is made at each regular meeting of the Board for the consideration of critical compliance and risk management issues of the Fund as they arise.</p> <p>The conduct of the Board is governed by the Constitution of the Fund, the constitution of the Responsible Entity, the Corporations Act and the Responsible Entity's Board Charter.</p> <p>Pursuant to the Board Charter, the Board of the Responsible Entity will seek to ensure that the investment strategy of the Fund is aligned with the expectations of Stapled Unitholders and the Fund is effectively managed in a manner that is properly focused on its investment strategy as well as conforming to regulatory and ethical requirements.</p> <p>The primary objectives of the Board of the Responsible Entity will be to:</p> <ul style="list-style-type: none"> • set and review the strategic direction of the Fund; • approve and monitor key budgets, business plans, financial statements and financial policies; • approve all material transactions; • establish, promote and maintain proper processes and controls to maintain the integrity of financial accounting, financial records and reporting; • develop and implement key corporate policies, procedures and controls as necessary to ensure appropriate standards of accountability, risk management and corporate governance and responsibility; • ensure that Stapled Unitholders receive high quality, relevant and accurate information in a timely manner; • determine and adopt the Fund's distribution policy in accordance with the Fund's Constitution; and • ensure that the Responsible Entity complies with its AFSL and other rules and regulations in respect of its management of the Fund. <p>The Board has delegated responsibility for the day-to-day management of the Fund to the Managing Director and the Responsible Managers under the Responsible Entity's AFSL.</p>

Recommendation	Fund's response
	<p>The Responsible Entity operates with a flat management structure with the Managing Director delegating a number of the functions, activities and duties required to be performed by the Responsible Entity to executives and personnel of the Responsible Entity and external service providers.</p> <p>The assessments of executive performance are based on reports received from the Managing Director and the consideration of issues by Directors at Board meetings.</p> <p>The Board oversees the performance evaluation of the management team. This is based on the business performance of the Responsible Entity, whether strategic objectives are being achieved and the development of management and personnel.</p>
<p>1.2 A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p>	<p>Not applicable, as the Fund is externally managed.</p>
<p>1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	<p>Not applicable, as the Fund is externally managed.</p>
<p>1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	<p>Not applicable, as the Fund is externally managed.</p>
<p>1.5 A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it;</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators" as defined in and published under that Act.</p>	<p>Not applicable, as the Fund is externally managed.</p>

Recommendation	Fund's response
<p>1.6 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Not applicable, as the Fund is externally managed.
<p>1.7 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Not applicable, as the Fund is externally managed.

Principle 2: Structure the board to add value

Recommendation	Fund's response
<p>2.1 The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge and diversity to enable it to discharge its duties and responsibilities effectively.</p>	Not applicable, as the Fund is externally managed.
<p>2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	Not applicable, as the Fund is externally managed.

Recommendation	Fund's response																		
2.3 A listed entity should disclose:	The current Directors of the Responsible Entity comprise:																		
(a) the names of the directors considered by the board to be independent directors;	<table><tr><th>Name</th><th>Position</th><th>Length of Service</th></tr><tr><td>Mr Andrew Moffat</td><td>Independent Director</td><td>4 years (appointed 16 February 2011)</td></tr><tr><td>Mr John Ballhausen</td><td>Independent Director</td><td>4 years (appointed 16 February 2011)</td></tr><tr><td>Mr David van Aanholt</td><td>Independent Director and Board Chairperson</td><td>4 years (appointed 16 February 2011)</td></tr><tr><td>Mr Graham Lenzner</td><td>Independent Director</td><td>2 years (appointed 1 October 2013)</td></tr><tr><td>Mr Tony Pitt</td><td>Managing Director</td><td>7 years (appointed 22 September 2008)</td></tr></table>	Name	Position	Length of Service	Mr Andrew Moffat	Independent Director	4 years (appointed 16 February 2011)	Mr John Ballhausen	Independent Director	4 years (appointed 16 February 2011)	Mr David van Aanholt	Independent Director and Board Chairperson	4 years (appointed 16 February 2011)	Mr Graham Lenzner	Independent Director	2 years (appointed 1 October 2013)	Mr Tony Pitt	Managing Director	7 years (appointed 22 September 2008)
Name	Position	Length of Service																	
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Mr David van Aanholt	Independent Director and Board Chairperson	4 years (appointed 16 February 2011)																	
Mr Graham Lenzner	Independent Director	2 years (appointed 1 October 2013)																	
Mr Tony Pitt	Managing Director	7 years (appointed 22 September 2008)																	
(b) if a director has an interest, position, association or relationship of the type that might cause doubts about the independence of the director but the board is of the opinion that it does not compromise the independent of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and																			
(c) the length of service of each director.	<p>In determining the independence of Directors, the Board has adopted the criteria set out in section 601JA(2) of the Corporations Act.</p> <p>There are no interests, positions, associations or relationships which prejudice the independence of the independent Directors listed above.</p>																		
2.4 A majority of the board of a listed entity should be independent directors.	Not applicable, as the Fund is externally managed.																		
2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Not applicable, as the Fund is externally managed.																		
2.6 A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Not applicable, as the Fund is externally managed.																		

Principle 3: Act ethically and responsibly

Recommendation	Fund's response
3.1 A listed entity should:	The Responsible Entity has adopted a Code of Conduct that sets out the minimum acceptable standards of behaviour. Directors, senior executives and employees are required to act with honesty, decency and integrity at all times.
(a) have a code of conduct for its directors, senior executives and employees; and	
(b) disclose that code or a summary of it.	<p>In addition, the Responsible Entity aims to promote transparency and market confidence in 360 Capital and the Fund by ensuring that key management personnel and employees of 360 Capital know their responsibilities when dealing in the Fund's and 360 Capital securities. Securities dealings by Directors (including dealing by Directors in Stapled Units and 360 Capital securities) are subject to the restrictions of the Responsible Entity's Personal Dealing – Share Trading Policy. All dealings in Fund and 360 Capital Group securities are reported to the Board in a Register of Directors' Interests.</p> <p>The Code of Conduct and the Personal Dealing – Share Trading Policy are available at www.360capital.com.au</p>

Principle 4: Safeguard integrity in corporate reporting

Recommendation	Fund's response
<p>4.1 The board a listed entity:</p> <p>(a) have an audit committee which:</p> <ol style="list-style-type: none"> (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclosed: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>The Board of the Responsible Entity has established an Audit Committee in order to perform its role as Responsible Entity of the Fund.</p> <p>The Audit Committee comprises three non-executive, independent Directors.</p> <p>The chairperson of the Audit Committee is appointed by the Audit Committee and must be a non-executive Director who is not the chairperson of the Board of the Responsible Entity. The chairperson reports the activities of the Audit Committee to the Board after each Committee meeting.</p> <p>The Board has adopted an Audit Committee Charter which sets out the Audit Committee's role and responsibilities. The Audit Committee's duties and responsibilities include:</p> <ul style="list-style-type: none"> • monitoring and reviewing compliance with laws and regulations (including the Fund's compliance plan); • monitoring and reviewing the accuracy and reliability of management and financial reporting; • reporting to the Board of the Responsible Entity on the half-year and annual reports and financial statements of the Fund; • facilitating an effective and efficient audit (including making recommendations regarding the appointment, evolution and removal of the Fund's external auditor); • monitoring and reviewing the effectiveness of the Fund's internal control environment, including the effectiveness of internal control procedures; and • monitoring the adequacy and effectiveness of compliance systems in relation to the legal exposures of the Fund. <p>The Audit Committee will meet with external auditors at least annually (and more frequently if required) to review the adequacy of existing external audit arrangements and the scope of the audit. The external auditors will have a direct line of communication at any time to either the Chairman of the Audit Committee or the Chairman of the Board of the Responsible Entity.</p> <p>The external auditors and Chief Financial Officer may be invited to attend Audit Committee meetings at the discretion of the Audit Committee. The Audit Committee may meet with the external auditors at any time without management being present.</p> <p>The Audit Committee reviews the performance and independence of the external auditor, and makes recommendations to the Board on the appointment, reappointment, replacement, and remuneration of external auditors.</p> <p>The external auditor is required to rotate the partner responsible for the Fund audit and review at least once every 5 years.</p> <p>The names and qualifications and experience of the Audit Committee members and the Audit Committee Charter are available at www.360capital.com.au.</p>
<p>4.2 The board a listed entity should, before it approves the listed entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>Financial reports for the Fund are prepared by the Responsible Entity's Chief Financial Officer in collaboration with senior management and the Managing Director. Before the Board of the Responsible Entity approves the Fund's financial statements for a financial period, it receives from the Responsible Entity's CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>

Recommendation	Fund's response
4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Not applicable, as the Fund does not hold an AGM.

Principle 5: Make timely and balanced disclosure

Recommendation	Fund's response
5.1 A listed entity:	The Responsible Entity's Communications Policy includes a written policy for ensuring that the Fund complies with its continuous disclosure obligations under the ASX Listing Rules.
(a) have a written policy for complying with the entity's continuous disclosure obligations under the ASX Listing Rules; and	The Communications Policy reflects the Board's commitment to ensuring that information that is expected to have a material effect on the price or value of the Fund's Stapled Units is immediately notified to the ASX for dissemination to the market in accordance with the continuous disclosure requirements of the Corporations Act and the ASX Listing Rules.
(b) disclose that policy or a summary of it.	A copy of the Communications Policy is available at www.360capital.com.au .

Principle 6: Respect the rights of security holders

Recommendation	Fund's response
6.1 A listed entity should provide information about the listed entity and its governance to investors via its website.	<p>The Responsible Entity includes all relevant corporate governance information in relation to the Fund on the Fund's website (www.360capital.com.au).</p> <p>This website includes information about the Responsible Entity's Directors and senior executives and all other corporate governance policies.</p> <p>The website will also include summaries of the Fund's annual reports and financial statements, copies of the Fund's announcements to ASX, copies of notices of meetings of Stapled Unitholders and copies of media releases the Responsible Entity makes on behalf of the Fund.</p>
6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	The Fund will have an investor relations program which will allow investors and other financial market participants to gain a greater undertaking of the Fund's business, governance, financial performance and prospects. It will allow the Fund to communicate with the market and also allow Stapled Unitholders and other market participants to express their views to the Responsible Entity on matters of concern or interest to them. The Responsible Entity will respond to any enquiries Stapled Unitholders may make from time to time and will also meet with Stapled Unitholders on request, where the Responsible Entity believes that this is appropriate.
6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Not applicable, as the Fund does not hold periodic meetings of security holders.
6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	The Responsible Entity gives Stapled Unitholders the option to (where appropriate) receive communications from, and send communications to, the Responsible Entity and the Registry electronically.

Principle 7: Recognise and manage risk

Recommendation	Fund's response
<p>7.1 The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>The Board does not have a committee to oversee risk.</p> <p>The Board has adopted a Risk Management Statement which outlines the key material risks faced by the Responsible Entity and documents the framework and process for identifying, monitoring and mitigating risks.</p> <p>Risk management is a continuous process with the Managing Director and members of the Responsible Entity's management team constantly interacting with staff which provides a foundation for monitoring issues on a day-to-day basis.</p> <p>Material business risks are documented in a risk register which is updated as necessary during management team meetings for any significant new risks or developments on existing risks.</p> <p>While risk identification, assessment and response decisions are made at regular management team meetings, ultimate responsibility for risk oversight and risk management rests with the Board. Managers report to the Board through their quarterly compliance returns on new risks identified for their area of responsibility which have been considered by the management team.</p>
<p>7.2 The board a listed entity, or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>The Board reviews the Responsible Entity's risk management framework at least annually so that the Board can satisfy itself that it continues to be sound.</p>
<p>7.3 A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; and</p> <p>(b) if it does not have an internal audit functions, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>The Responsible Entity does not have an internal audit function. As the Responsible Entity is part of 360 Capital, the Responsible Entity and the Fund will be incorporated into 360 Capital's annual audit plan where applicable. 360 Capital has an audit and risk committee which receives and reviews reports regarding material business risk as part of 360 Capital's risk management process.</p>
<p>7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if the Fund does, how the Responsible Entity manages or intends to manage those risks.</p>	<p>Section 6 of this PDS discloses to what extent the Fund's will have any material exposure to economic, environmental and social sustainability risks and how the Responsible Entity intends to manage those risks.</p>

Principle 8: Remunerate fairly and responsibly

Recommendation	Fund's response
An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.	<p>Details of the Responsible Entity's remuneration in relation to the Fund is set out in section 8 of this PDS.</p> <p>The Responsible Entity is entitled to claim the Management Fee, reimbursement for all expenses reasonably and properly incurred in relation to the Fund or in performing its obligations under the Constitution, a performance fee and investment acquisition and disposal fees.</p> <p>The fees payable to the Responsible Entity and the expenses for which the Responsible Entity may be reimbursed are set out in clause 23 of the Constitution.</p>

12.2 Compliance Plan

The Fund has adopted a compliance plan which identifies its key compliance obligations and the measures necessary to address them. The compliance plan will be audited annually by the Fund's auditor in accordance with the provisions of the Corporations Act. The compliance plan is the document which outlines the systems, measures and procedures that have been adopted by the Responsible Entity to enable it to comply with the provisions of the Corporations Act, ASIC policy, and the Constitution. It deals with a range of issues including compliance monitoring by the Board which meets periodically to oversee the Responsible Entity's compliance activities. Matters covered in detail in the compliance plan include procedures for complaints handling, the processing of applications, transfers and distributions, the monitoring and resolution of suspected breaches of the Corporations Act, accounts and record keeping, valuations, registry systems, audits, related party transactions, conflicts of interest and disclosure reporting requirements.

12.3 Compliance Committee

As more than half of the Directors of the Board of the Responsible Entity are independent external directors, there is no legal requirement to have a compliance committee. Provision is made in the ordinary meeting agendas for the Board to consider critical compliance and risk management issues as they arise. Standard compliance and risk management reporting to the Board occurs on a quarterly basis in the second month following each quarter.

12.4 Conflicts Policy and investment opportunity allocation protocols

Actual or potential conflicts and related party matters will be considered by the Board of the Responsible Entity in accordance with the Responsible Entity's Conflicts Policy. The Conflicts Policy addresses conflicts of interest, including:

- dealings with related parties;
- any proposal to acquire investments for the Fund or dispose of investments of the Fund, where any counterparty having a direct or indirect interest in the applicable property is either:
 - a related body corporate of any 360 Capital entity or any director of a 360 Capital entity or their associates; or
 - any fund or account managed by a related body corporate of a 360 Capital entity; and
- any agreements between the Fund and a 360 Capital entity.

In addition, as 360 Capital and its subsidiaries manage a number of funds and investment vehicles, once 360 Capital has sourced a particular investment opportunity, it follows formal procedures to ensure that the asset or investment opportunity is offered to the most appropriate 360 Capital entity or fund based on the relevant fund's or entity's investment mandate. This means that assets or investment opportunities sourced by 360 Capital may not be exclusively offered to the Fund.

12.5 The Fund's Valuation Policy

360 Capital has a framework in place for the valuation of all investment properties and assets it manages as set out in the Valuation Policy adopted by the Board of the Responsible Entity. The policy outlines the process of how 360 Capital determines the fair market value of these assets.

Investment properties are generally carried at their fair market value in accordance with applicable accounting standards. Independent external valuations of direct property investments are obtained once in a 24 month period or earlier if an internal valuation differs materially from the current carrying value of a property. A formal selection process applies with an approved panel of valuers. The panel of valuers must meet pre-determined criteria required by the Responsible Entity. A rotation policy is embedded into the valuation process. As such, an external valuer may undertake the valuation on a property no more than three consecutive times after which a new external valuer must be appointed. Properties that are part of a portfolio of assets may be staggered throughout the 24 month period as long as each property is externally valued once.

At each reporting period an internal valuation (Responsible Entity's valuation) will be performed. To the extent that an external valuation has been undertaken, reliance can be placed on that valuation, however the Responsible Entity must consider all inputs into that valuation and confirm whether they are still appropriate and valid. A Property purchased within the most current financial year can be valued either externally or via a Responsible Entity's valuation.

12.6 Ethical considerations

The Fund does not take into account labour standards or environmental, social or ethical considerations for the purpose of selecting, retaining or realising the Fund's investments. However, sometimes these matters may indirectly affect the economic factors upon which investment decisions are based.

12.7 Anti-money laundering and Counter-terrorism financing

Notwithstanding any other provision of this PDS, each Stapled Unitholder agrees to provide any information and documents reasonably requested by the Responsible Entity to comply with the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) and any other applicable anti-money laundering or counter-terrorism financing laws of any country including, without limitation, any applicable laws imposing "know your customer" or other identification checks or procedures to which the Responsible Entity is subject pursuant to the laws of any country in respect of the Fund (AML/CTF Laws).

If the Responsible Entity forms the view that, in its reasonable opinion, it is required to disclose information to any person in order to comply with its obligations under the AML/CTF Laws, to the extent permitted by law, each Stapled Unitholder agrees that such disclosure will not be a breach of any obligation or duty, whether such obligation or duty is imposed by contract or law, owed by that party to any other responsible entity or Stapled Unitholder, and that party will be released from any claim made against them in respect of such disclosure.

12.8 Customer service and complaints

The Responsible Entity is committed to striving for excellence in relation to its products and services and wants to ensure that it responds to investors' concerns as quickly and efficiently as possible. Despite its best endeavours, the Responsible Entity realises that complaints will occur from time to time and, to this end, has in place comprehensive complaints resolution processes to ensure they are resolved with minimum inconvenience to all parties. If you have a complaint, please contact the Responsible Entity on 1800 182 257 (free call from within Australia) or +61 2 9290 9600 (from outside Australia) or email investor.relations@360capital.com.au.

We will either try to resolve your complaint or put you in contact with someone who is better placed to resolve the complaint. If you are not satisfied with the response you receive or if you wish to submit a written complaint, you may write to us at:

The Complaints Officer
360 Capital Investment Management Limited
GPO Box 5483
Sydney NSW 2001

Please provide the detail and reason for your complaint and we will attempt to resolve the matter and respond within 45 days of receipt. If you are dissatisfied with our response, you may raise the matter directly with the Financial Ombudsman Service (FOS). Its contact details are:

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001

Telephone: 1300 780 808 (within Australia) or
+61 3 9613 7366 (from outside Australia)

Fax: +61 3 9613 6399

Email: info@fos.org.au

Please note that a complaint must have gone through the Responsible Entity's complaints handling process before it will be considered by FOS.

12.9 Privacy and use of personal information

You do not need to give us any personal information requested in the Application Form or in any other document or communication relating to the products or services we supply you. However, without this information, we may not be able to process your Application or provide you with an appropriate level of service.

By completing the Application Form, you agree to the 360 Capital Group:

- collecting, holding and using your personal information to process your Application as well as administering and managing the Fund. This includes monitoring, auditing and evaluating the Fund, modelling data, testing data, communicating with you and dealing with any complaints or enquiries;
- providing your personal information to other entities in the 360 Capital as well as to external service providers situated in Australia or offshore, which provide services in connection with the Fund provided they agree to treat your information in accordance with the *Privacy Act 1988* (Cth) (Privacy Act). These may include for example, mail houses or professional advisers;
- using your personal information to offer products or services that may be of interest to you unless you request us not to (including for the purposes of the *Spam Act 2003* (Cth), via commercial emails);
- supplying your financial adviser with information about your investment if a financial adviser's stamp appears on an Application Form or there is evidence of their status; and
- disclosing your personal information to other parties if we believe that the law requires or permits us to do so, or to any person proposing to acquire an interest in our business, provided they agree to treat your information in accordance with the Privacy Act.

Other entities in the 360 Capital Group may use your personal information to offer products or services that may be of interest to you unless you request us not to allow this. Should you not wish to receive this information, please email investor.relations@360capital.com.au.

We will not sell your personal information to other organisations to enable them to offer products or services to you.

Information you provide in an Application Form is collated by Boardroom (Victoria) Pty Limited as the Fund's Registry provider. The Registry's Privacy Policy can be viewed on its website www.boardroomlimited.com.au

Under the Privacy Act, you may request access to any of your personal information that we hold. You can contact us to make a request relating to the privacy of your personal information by contacting:

The Privacy Officer
360 Capital Investment Management Limited
GPO Box 5483
Sydney NSW 2001

A copy of the 360 Capital's Privacy Policy can be found at www.360capital.com.au

Term	Definition
\$ or A\$ or cents	Australian currency
360 Capital	The stapled entity comprising 360 Capital Group Limited ACN 113 569 136 and 360 Capital Investment Trust ARSN 104 552 598 and each of their subsidiaries
A Class Units	The A class units to be issued to unitholders in the CVC Property Fund as described in section 11.4
A-REIT	Australian Real Estate Investment Trust
AASB	Australian Accounting Standards Board
Active Fund or TRAF	360 Capital Total Return Active Fund ARSN 602 304 432
AEST	Australian Eastern Standard Time being the time applicable in Sydney, New South Wales, Australia
AFSL	Australian Financial Services License
AML/CTF Laws	<i>The Anti-Money Laundering and Counter-Terrorism Financing Act 2006</i> (Cth) and any other applicable anti-money laundering or counter-terrorism financing laws of any country including, without limitation, any applicable laws imposing "know your customer" or other identification checks or procedures to which the Responsible Entity is subject pursuant to the laws of any country in respect of the Fund
Applicant	A person who subscribes for Stapled Units under the Offer
Application	An application to subscribe for Stapled Units under the Offer, made by an Applicant using an Application Form
Application Form	The paper and electronic application form enclosed with, attached to or accompanying this PDS
Application Monies	Monies paid by an Applicant in respect of their subscription for Stapled Units in the Fund
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited ACN 008 624 691 or the market operated by it as the context requires
ASX Listing Rules	The official listing rules of the ASX from time to time as modified by any express written confirmation, waiver or exemption given by the ASX
Board or Board of the Responsible Entity	The board of Directors of the Responsible Entity
Broker	Any broker that has received an allocation of Stapled Units
Broker Firm Offer	The offer under this PDS to Australian and New Zealand resident investors who have received a firm allocation from their Broker
Business Day(s)	A day other than a Saturday or Sunday on which trading banks are open for general banking business in Sydney and Melbourne and the ASX is conducting trading in Sydney and Melbourne
CGT	Capital Gains Tax
CHESS	Clearing House Electronic Sub-register System
Constitution	The constitutions of the Passive Fund and the Active Fund, as amended from time to time
Corporations Act	<i>Corporations Act 2001</i> (Cth) as amended from time to time
CPI	Consumer Price Index
CPU	Cents per Stapled Unit
CVC Property Fund	CVC Property Fund ARSN 107 276 184 (to be renamed 360 Capital Total Return Sub-Fund)
Debt Facility	The debt facility agreement between the Fund and the Lender
Director/s	A director of the Responsible Entity
Distribution Yield	The rate of return derived by dividing the distribution per Stapled Unit by the Offer Price of the Stapled Unit
DPU	Distributions per Unit
EBITDA	Earnings before interest, tax, depreciation and amortisation
EPU	Earnings per Unit
Existing Assets	The remaining assets within the CVC Property Fund, being 357 Warringah Road and 8 Rodborough Road, Frenchs Forest, Sydney, New South Wales
Forecast Period	The 12 months to 30 June 2015, and three months ending 30 September 2015
FOS	Financial Ombudsman Service
Fund	360 Capital Total Return Fund (the stapled entity comprising the Active Fund and the Passive Fund)
Fund Investment Committee	The committee described in section 2.8
FY	Financial year
General Offer	The offer under this PDS to all persons resident in Australia and New Zealand other than to persons participating in the Broker Firm Offer or the Institutional Offer
GST	Goods and services tax (Australia)
ICR	Interest Cover Ratio – Net income received divided by interest expense incurred on the Debt Facility, based on the financial year to date

GLOSSARY

(CONTINUED)

Term	Definition
IFRS	International Financial Reporting Standards
Independent Accountant	BDO Corporate Finance (East Coast) Pty Ltd ACN 050 038 170, the provider of the Independent Accountant's Report as detailed in section 9
Independent Valuation	The independent property valuation of: <ul style="list-style-type: none"> 357-373 Warringah Road, Frenchs Forest, NSW; and 8 Rodborough Road, Frenchs Forest, NSW; dated 21 January 2014
Institutional Investor	A wholesale client for the purposes of Section 761G of the Corporations Act
Institutional Offer	The institutional component of the Offer as described in section 7
Issuer	The Responsible Entity
Joint Lead Managers	Moelis and Morgans
Lender	NAB
Listing	The listing of the Fund on the ASX, proposed to occur on 22 April 2015
LVR	Loan to value ratio being interest bearing liabilities divided by total property values
Management Fee(s)	Fee which the Responsible Entity is entitled to for its role in managing and administering the Fund
Minimum Application Amount	\$2,000 and thereafter in increments of \$500
Moelis	Moelis Australia Advisory Pty Ltd ACN 142 008 446
Morgans	Morgans Corporate Limited ACN 010 539 607
NAB	National Australia Bank Limited ACN 004 044 937
NABERS	National Australian Built Environmental Rating System
Stapled Unit	A Stapled Unit offered on the basis of, and under the terms of the Offer
NLA	Net Lettable Area
NTA	Net Tangible Assets
Offer	The offer of Stapled Units under this PDS comprising the Institutional Offer, the Broker Firm Offer and the General Offer
Offer Management Agreement	The offer management agreement between Issuer and the Joint Lead Managers, as summarised in section 11.7
Offer Price	\$1.25 per Stapled Unit
Operating Earnings	Net profit after tax excluding specific non-cash adjustments, such as fair value adjustments of investment properties, rental guarantees and derivative financial instruments, straight-lining of rental income, amortisation of incentives, leasing fees and borrowing costs, cash received from rental guarantees and non-recurring items, including Transaction costs
Passive Fund or TRPF	360 Capital Total Return Passive Fund ARSN 602 303 613
PDS	This document
Property/ies	A property or properties owned by the Fund
Registry	Boardroom (Victoria) Pty Limited ACN 003 209 836
Responsible Entity	360 Capital Investment Management Limited ACN 133 363 185 192 AFSL 340 304
Sqm	Square metres
Stapled Unit	A stapled unit in the Fund comprising a unit in the Active Fund stapled to a unit in the Passive Fund
Stapled Unitholder	The holder of a Stapled Unit in the Fund
Stapling Deed	The Stapling Deed for the Fund summarised in section 11.2
TFN	Tax File Number
TGP	The ASX code of 360 Capital
Transaction	The completion of the Offer
US	United States
WACR	Weighted Average Capitalisation Rate
WALE	Weighted Average Lease Expiry

General Offer Application Form

This is an Application Form for Stapled Units in the 360 Capital Total Return Fund (the stapled entity comprising the 360 Capital Total Return Passive Fund ARSN 602 304 432 and the 360 Total Return Active Fund ARSN 602 303 613 (Fund) on the terms set out in the Product Disclosure Statement (PDS) dated 17 March 2015. Defined terms in the PDS have the same meaning in this Application Form. You may apply for a minimum of 1,600 Stapled Units and multiples of 400 Stapled Units thereafter. This Application Form and your cheque or bank draft must be received by **5.00pm (AEST) on 16 April 2015**.

This Application Form is important. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. The PDS dated 17 March 2015 contains information relevant to a decision to invest in the Stapled Units of the Fund and you should read the entire PDS carefully before applying for Stapled Units.

To meet the requirements of the *Corporations Act 2001* (Cth), this Application Form must not be distributed to another person unless included in, or accompanied by the PDS dated 17 March 2015. A person who gives another person access to this Application Form must, at the same time and by the same means, give the other person access to the PDS. The Fund will send you a free paper copy of the PDS if you have received an electronic PDS and you ask for a paper copy before the PDS expires.

PLEASE FOLLOW THE INSTRUCTIONS TO COMPLETE THIS APPLICATION FORM (SEE REVERSE) AND PRINT CLEARLY IN CAPITAL LETTERS USING BLACK OR BLUE PEN.

A Number of Stapled Units you are applying for

x \$1.25 per Stapled Unit =

B Total amount payable

Minimum of 1,600 Stapled Units to be applied for and thereafter in multiples of 400 Stapled Units.

C Write the name(s) you wish to register the Stapled Units in (see reverse for instructions)

Applicant #1

Name of Applicant #2 or <Account Designation>

Name of Applicant #3 or <Account Designation>

D Write your postal address here

Number/Street

Suburb/Town

State

Postcode

E CHESS participant – Holder Identification Number (HIN)

Important please note if the name and address details above in sections C and D do not match exactly with your registration details held at CHESS, any Securities issued as a result of your Application will be held on the Issuer Sponsored subregister.

F Enter your Tax File Number(s), ABN, or exemption category

Applicant #1

Applicant #2

Applicant #3

G Cheque payment details – PIN CHEQUE(S) HERE.

Please enter details of the cheque(s) that accompany this application.

Name of drawer of cheque

Cheque no.

BSB no.

Account no.

Cheque amount A\$

H Contact telephone number (daytime/work/mobile)

I Email address

DECLARATION

By submitting this Application Form with your Application Amount, I/we declare that I/we:

- ✓ have received and read the Product Disclosure Statement dated 17 March 2015 (PDS) in full;
- ✓ have read the Privacy Policy (available at www.360capital.com.au and the privacy disclosures in section 12.9 of the PDS in full;
- ✓ have completed this Application Form in accordance with the PDS and the instructions on the reverse of the Application Form and declare that all details and statements made by me/us are complete and accurate;
- ✓ agree and consent to the Fund collecting, holding, using and disclosing my/our personal information in accordance with the Privacy Policy (available at www.360capital.com.au) and section 12.9 of the PDS;
- ✓ where I/we have been provided information about another individual, warrant that I/we have obtained that individual's consent to the transfer of their information to the Fund and have provided that individual with a copy of, or details as to where to obtain, the Privacy Policy;
- ✓ acknowledge that once the Fund accepts my/our Application Form, I/we may not withdraw it;
- ✓ apply for the number of Stapled Units that I/we apply for (or a lower number allocated in a manner allowed under the PDS);
- ✓ acknowledge that my/our application may be rejected by the Responsible Entity in its absolute discretion;
- ✓ authorise the Responsible Entity and its officers and agents to do anything on my/our behalf necessary (including the completion and execution of documents) to enable the Stapled Units to be allocated to me/us;
- ✓ am/are over 18 years of age;
- ✓ agree to be bound by the constitution of the Fund;
- ✓ acknowledge that neither the Fund nor any person or entity guarantees any particular rate of return on the Stapled Units, nor do they guarantee the repayment of capital;
- ✓ represent, warrant and agree that I/we am/are not in the United States or a US Person and am/are not acting for the account or benefit of a US Person; and
- ✓ represent, warrant and agree that I/we have not received this PDS outside Australia and am/are not acting on behalf of a person resident outside Australia or New Zealand unless the Stapled Units may be offered in my/our jurisdiction without contravention of the security laws of the jurisdiction or any need to register the PDS, the Stapled Units or the Offer.

GUIDE TO THE GENERAL OFFER APPLICATION FORM

YOU SHOULD READ THE PRODUCT DISCLOSURE STATEMENT CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

Please complete all relevant sections of the appropriate Application Form using BLOCK LETTERS. These instructions are cross-referenced to each section of the Application Form.

- A** If applying for Stapled Units insert the **number** of Stapled Units for which you wish to subscribe at Item **A** (not less than 1,600 Stapled Units and then in multiples of 400 Stapled Units). Multiply by A\$1.25 to calculate the total Application Amount for Stapled Units and enter the **A\$amount** at Item **B**.
- C** Write your **full name**. Initials are not acceptable for first names.
- D** Enter your **postal address** for all correspondence. All communications to you from the Company will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- E** If you are sponsored in CHESSE by a stockbroker or other CHESSE participant you may enter your CHESSE HIN if you would like the allocation to be directed to your HIN. **NB: your registration details provided must match your CHESSE account exactly.**
- F** Enter your Australian **tax file number** (TFN) or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN/ABN of each joint Applicant. Collection of TFN's is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form.
- G** Complete **cheque details** as requested. Make your cheque payable to 360 Capital Total Return Fund – Application Account. Cross it and mark it 'Note negotiable'. Cheques must be in Australian currency, and cheques must be drawn on an Australian bank.
- H** Enter your **contact details** so we may contact you regarding your Application Form or Application Monies.
- I** Enter your **email address** so we may contact you regarding your Application Form or Application Amount or other correspondence.

Correct Form of Registrable Title

Note that ONLY legal entities can hold the Stapled Units. The Application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Individual	Mr John David Smith	J D Smith
Company	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings	Mr John David Smith & Mrs Mary Jane Smith	John David & Mary Jane Smith
Trusts	Mr John David Smith <J D Smith Family A/C>	John Smith Family Trust
Deceased Estates	Mr Michael Peter Smith <Est Lte John Smith A/C>	John Smith (deceased)
Partnerships	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
Clubs/Unincorporated Bodies	Mr John David Smith <Smith Investment A/C>	Smith Investment Club
Superannuation Funds	John Smith Pty Limited <J Smith Super Fund A/C>	John Smith Superannuation Fund

Lodgment

Mail your completed Application Form with your cheque(s) or bank draft attached to one of the following addresses:

Mailing address:

360 Capital Total Return Fund
C/-Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

Delivery address:

360 Capital Total Return Fund
C/-Boardroom Pty Limited
Level 7, 207 Kent Street
SYDNEY NSW 2000

The Offer closes at 5.00pm (AEST) 16 April 2015.

It is not necessary to sign or otherwise execute the Application Form.

If you have any questions as to how to complete the Application Form, please contact 360 Capital information line on 1800 182 257 within Australia and + 61 2 9290 9600 outside Australia.

Privacy Statement

Boardroom Pty Limited advises that Chapter 2C of the Corporations Act 2001 (Cth) requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your share holding and if some or all of the information is not collected then it might not be possible to administer your share holding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on the Application Form

Our privacy policy is available on our website (<http://www.boardroomlimited.com.au/Privacy.html>)

Responsible Entity

360 Capital Investment Management Limited

ABN 38 133 363 185, AFSL 340304

Directors of Responsible Entity

David van Aanholt

Andrew Moffat

John Ballhausen

Graham Lenzner

Tony Pitt

Company Secretary

Alan Sutton

Registered Office

Level 8, 56 Pitt Street

Sydney NSW 2000

Legal Adviser

Clayton Utz

Level 15, 1 Bligh Street

Sydney NSW 2000

Fund Auditor

Ernst & Young

680 George Street

Sydney NSW 2000

Registry

Boardroom (Victoria) Pty Limited

GPO Box 3993

Sydney NSW 2001

Joint Lead Managers

Moelis Australia Advisory Pty Ltd

Level 27, Governor Phillip Tower

One Farrer Place

Sydney NSW 2000

Morgans Corporate Limited

Level 9, 88 Phillip Street

Sydney NSW 2000

