Important disclosures are provided in the appendix of this report.

Fund Research

360 Capital Mortgage REIT (ASX: TCF)

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Overview

The 360 Capital Mortgage REIT (ASX: TCF; the ‘Fund’) is a listed investment trust providing investors with regular monthly income from private credit investments secured by Australian real estate. TCF was previously known as 360 Capital Enhanced Income Fund before being renamed in July 2023 and reclassified as a Mortgage Real Estate Investment Trust (M-REIT) in August 2023. As a result, it is one of only two listed M-REITs on the ASX.

TCF is managed by 360 Capital Group (the ‘Manager’), an investment and funds management group specialising in real estate assets across both equity and credit opportunities. Founded in 2006, 360 Capital benefits from a seasoned track record executing over $6 billion of real estate transactions across the past 19 years. There is strong and long-term sponsor alignment with 360 Capital Group (and Tony Pitt’s associated interests) being the largest unitholder of TCF at 9.9%.

In late 2024, TCF unit holders voted to appoint 360 Capital Mortgage REIT IM Pty Limited as Investment Manager under a new Investment Management Agreement (IMA). Under the IMA, the Investment Manager receives a fee of 0.80% p.a. of the Fund's gross asset value (GAV), with the responsible entity (RE) retaining 0.05% p.a. of GAV. Notably, total fees charged to the Fund are expected to remain in line with pre-IMA levels.

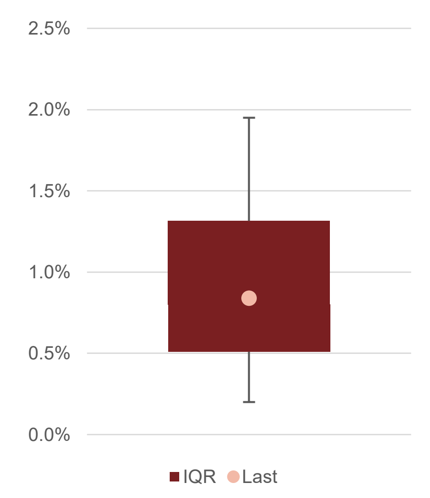
The Fund targets a return of 4.00% over the RBA cash rate from a portfolio of 5-15 investments (currently 6) diversified across geography, asset class and loan type. The strategy builds on 360’s broader private credit platform which has executed over $560 million of transactions, accumulating into a 9-year track record with no capital lost.

Figure 2. Monthly Net Returns* (%)

TCF	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2026	0.84												**0.84**
2025	0.96	0.81	0.84	0.79	0.94	0.99	0.89	0.98	0.93	0.84	0.79	0.84	**10.60**
2024	0.57	0.52	0.59	0.52	0.47	0.77	0.87	1.15	0.79	0.65	0.86	0.82	**8.58**
2023	0.64	0.57	0.62	0.60	0.72	0.20	0.51	0.79	0.69	0.76	0.60	0.77	**7.48**
2022	0.47	0.47	0.51	0.52	0.52	0.42	0.51	0.51	0.49	0.51	0.51	0.67	**6.10**
2021				0.52	0.49	0.51	0.59	0.51	0.51	0.51	0.51	0.57	**4.70**

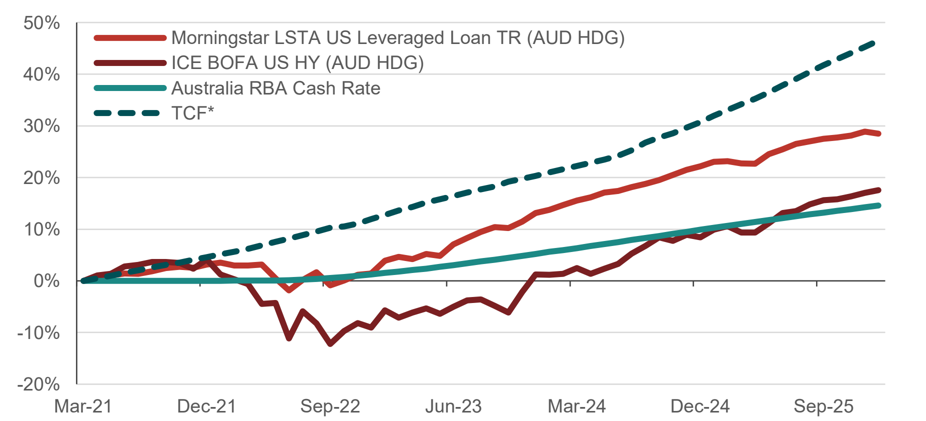
Source: BondAdviser, 360 Capital, as at 31 January 2026. May not sum due to rounding.
** Return is monthly net total return based on NAV plus distributions. **Assumes reinvestment of distributions**.*

Figure 1. Monthly Net Returns Box Plot



Source: BondAdviser, 360 Capital. TCF as at 31 January 2026.

Figure 3. TCF Relative Cumulative Performance*



Source: BondAdviser, 360 Capital, Bloomberg, as at 31 January 2026.
**Calculated from cumulative monthly net total returns of the Fund, based on NAV plus distributions.*

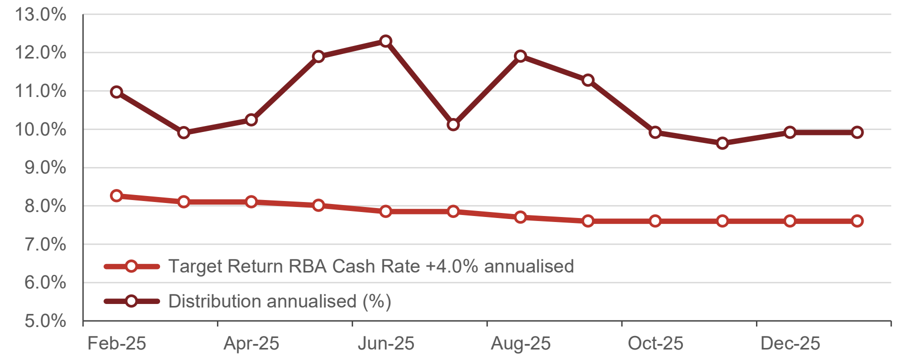
Product Assessment

Approved

360 Capital Mortgage REIT has delivered strong performance relative to its target return. We expect this to continue considering the current weighted average interest rate of the portfolio.

We initiated coverage of the **360 Capital Mortgage REIT (ASX: TCF)** – one of two M-REITs listed on the ASX – in November 2024 and performance has been solid. The Fund has consistently met its target of 4.00% over the RBA cash rate since it was set in September 2024 and has delivered a net return of 10.49% over the last 12 months to 31 January 2026 (which represents 6.84% over the RBA cash rate). We are confident that future outperformance is sustainable and will continue, with the current portfolio exhibiting a weighted average interest rate of 12.5% and 10.7% including cash (more than 6% over the RBA cash rate).

Figure 4. Annualised Monthly Distribution Versus Target Distribution (LTM)

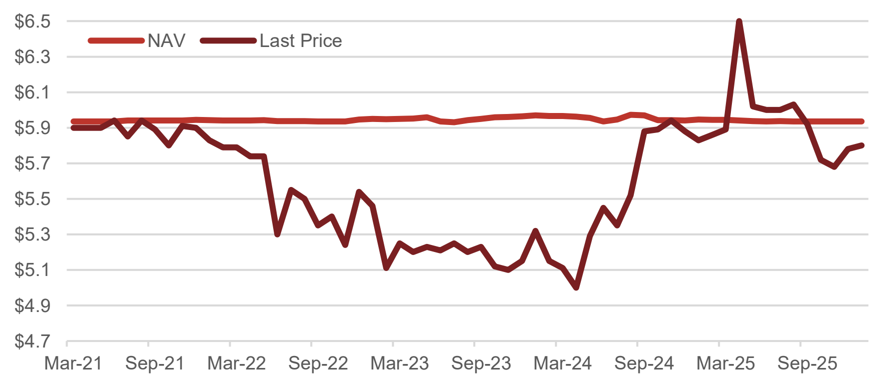


Source: BondAdviser, 360 Capital. As at 31 January 2026.

Strategic initiatives to close the gap between the unit price and NAV have been successful. This price support helps limit the discount to NAV.

Despite the strong underlying performance, the discount to NAV has modestly widened in recent months to -3% (as of 3 March 2026). In our view, this reflects broader market weakness as well as increased supply of ASX-listed private credit vehicles, rather than a reduction in confidence of the Manager. We argue this has been balanced by the Manager's capital management initiatives. Most notably, the Trust has implemented an equal access off-market buyback at NAV in late 2024 and since then, approximately $1.33 million of units have been repurchased at $5.94 per unit, providing tangible price support. This has been further supported by successive capital raisings since initiation of our coverage, with proceeds of over $30 million to drive secondary market liquidity and broaden the investor base.

Figure 5. TCF Net Asset Value versus Unit Price



Source: BondAdviser, 360 Capital. As at 31 January 2026.

While the Manager has successively doubled the Fund's size, the portfolio remains concentrated to a single borrower group.

While this has doubled the size of TCF, the investment strategy has remained consistent and underpinned by a conservative risk appetite (weighted average LVR of ~65%) focused on residential projects and short terms. The Manager is actively building toward a target portfolio of 10-15 holdings, and increased diversification toward this target would support upward pressure on our Product Assessment. In the interim, we note the portfolio includes meaningful exposure to a single borrower group, collectively representing approximately 70% of loans or 55% of the total portfolio including cash.

Several structural features meaningfully mitigate this concentration risk. First, the borrower-specific exposure is secured across 3 cross-collateralised residual stock facilities under the Master Residual Stock Facility agreement. Second, the Manager brings extensive workout capabilities spanning both debt and equity real estate, providing a credible path to project completion in adverse scenarios. Third, and importantly, 360 Capital has not impaired or lost capital across its entire 9-year private credit track record, accumulating over $560 million of transactions.

We also highlight the demonstrable asset-level liquidity of the underlying portfolio. Over CY25, TCF's residual stock loans generated $80.4 million in gross property sales (or approximately $6.7 million per month) across 58 individual houses, apartments and land lots, translating to $50.8 million in actual loan repayments. Critically, this is not theoretical liquidity, but evidence of real transactions clearing at prices that comfortably covered the outstanding debt. The granular nature of the security pool – 33 individually titled assets with an average debt of $1.15 million per security – means that repayment is not contingent on any single buyer, development approval or bulk-sale process. In a stress scenario, this transaction history provides a credible basis for recovery.

We affirm our Product Assessment on TCF as **Approved**.

Construction and Investment Process

There have been **no material changes** to the construction and investment process.

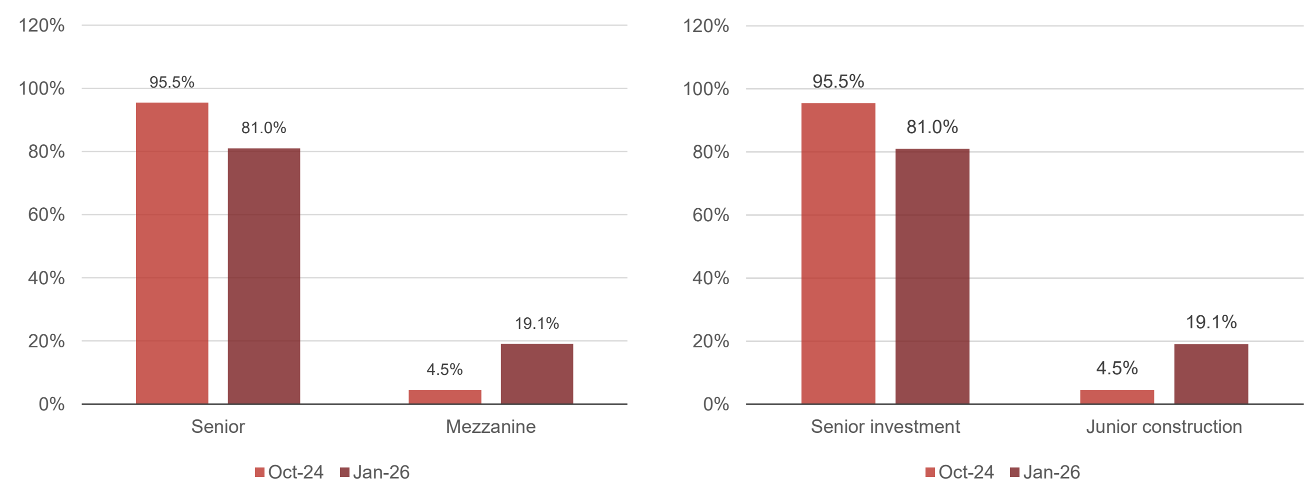
Portfolio Risk Management

In our view, the Manager has established an effective risk management framework for the TCF portfolio. Our analysis of the underlying assets supports this assessment, and we continue to view increased diversification as the primary pathway to further reducing idiosyncratic risk. In our *Quantitative Analysis* we simulate scenarios to test the credit profile of the portfolio, complementing our qualitative assessment in this section.

The portfolio currently consists of 6 loans, across 35 underlying mortgages, totalling $44.7 million (31 January 2026). Adjusting for co-investment with the PCF (in one of the loans), TCF's total exposure comes to $42.3 million (ex-cash). This compares to $24.4 million across 5 underlying loans when we initiated our coverage in November 2024. Over the same period, gross asset value (GAV) has grown 119% to $53.5 million, including a cash balance of $11.2 million, as the Manager continues building toward its target of 10-15 loans (the portfolio has held between 6-9 loans over the past 12 months, averaging 7). While concentration remains a key risk, this reflects the Manager's deliberate selectivity – prioritising risk-adjusted returns over loan growth for its own sake.

The portfolio (ex-cash) remains predominantly invested in senior financings (80.9%), with mezzanine exposure at 19.1%. While mezzanine weightings have increased since our previous update, this exposure is limited to apartments that are more than 90% complete and awaiting occupancy certificates. The portfolio is also currently 19.1% weighted to construction lending (ex. cash). In our view, this represents a modest migration up the risk spectrum but also note that the concentration of the portfolio means these weightings can fluctuate often based on the upcoming pipeline of opportunities. In this context, we note that TCF's mezzanine exposure is due to reach maturity at the end of March 2026.

Figure 6. TCF Portfolio Composition*



*Source: BondAdviser, 360 Capital. 31 January 2026. *Excluding Cash.*

In this context, we provide an overview of the 6 underlying loan exposures:

1. Completed houses and residential land lots in construction in Sydney, is TCF's largest exposure at 31% of the portfolio (or $13.3 million in nominal terms). The $15.6 million loan matures in June 2026 and represents a first mortgage on an

asset valued at $22.3mn. Additionally, the loan is cross-collateralised against other security properties and is subject to an LVR waterfall.

2. Residential land lots in Sydney, representing 19% of the portfolio (or $8 million in nominal terms). The $8.0 million loan matures in August 2026 and represents a first mortgage on an asset valued at $11.5 million. Additionally, the loan is cross-collateralised against other residential stock loans and is subject to an LVR waterfall.

3. The 72 residential apartments under construction in Sydney are the sole mezzanine exposure, accounting for 19% of the portfolio (or $8.1 million in nominal terms). The $8.1 million loan is set to mature March 2026 and represents a second mortgage on an asset valued at $10.8 million. Notably, construction was completed in November 2025 and the Manager aims to refinance this loan into a residual stock facility in the near term as units are progressively sold down.

4. A luxury residential property in Sydney, representing 11% of the portfolio (or $4.6 million in nominal terms). The $4.6 million loan is set to mature in November 2026 and represents a first mortgage on an asset valued at $9.4 million.

5. Residential free-standing dwellings in Sydney, representing 9% of the portfolio (or $3.7 million in nominal terms). The $3.7 million loan is set to mature in July 2027 and represents a first mortgage on an asset valued at $5.6 million.

6. A newly completed service station in NSW which represents 11% of the portfolio (or $4.7 million in nominal terms). The $4.7 million loan is set to mature in December 2026 and represents a first mortgage on an asset valued at $7.4 million.

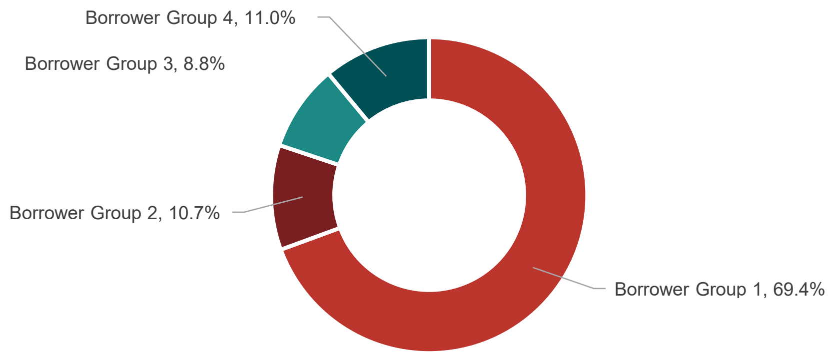
Figure 7. TCF Portfolio Overview

Description	Residual house and land lots	Residual land lots	Construction of 72 apartments	Existing luxury residential property	3 free-standing residential dwellings	Brand new service station with 12-year WALE	Total
Loan Type	Senior investment / construction	Senior investment	Junior construction	Senior investment	Senior investment	Senior investment	
Asset Valuation (Ex. GST)	$22.3mn	$11.5mn	$10.8mn	$9.4mn	$5.6mn	$7.4mn	**$67mn**
Property Sector	Residential	Residential	Residential	Residential	Residential	Commercial	
Geography	NSW	NSW	NSW	NSW	NSW	NSW	
Base Rate	0.0%	3.8%	0.0%	3.8%	0.0%	3.8%	
"All-In" Rate	11.8%	12.0%	19.0%	9.2%	10.5%	9.3%	**12.5%***
LVR	70.0%	70.0%	75.0%	48.4%	67.5%	63.0%	**67.6%***
Total Loan Principal	$15.6mn	$8.0mn	$8.1mn	$4.6mn	$3.7mn	$4.7mn	**$45mn**
Loan Maturity Date	04/06/2026	12/08/2026	16/03/2026	07/11/2026	13/07/2027	30/12/2026	
TCF Exposure - % of Loan	85%	100%	100%	100%	100%	100%	**94.7%**
TCF Exposure - $ of Loan	$13.3mn	$8.0mn	$8.1mn	$4.6mn	$3.7mn	$4.7mn	**$42mn**
% TCF Gross Assets	**25%**	**15%**	**15%**	**8%**	**7%**	**9%**	

Source: BondAdviser, 360 Capital. 31 January 2026.

While the position has moderated somewhat, the portfolio maintains a heavy concentration to a single counterparty. This borrower accounts for three of the 6 loans, equivalent to almost 70% of the portfolio (or $29.3mn in nominal terms). Positively, the borrower is an integrated developer with over two decades of experience, developing over 22,000 apartments and 3,500 houses through north-western Sydney and regional NSW and is also a repeat borrower of TCF. In our view, this risk is balanced by 3 cross-collateralised residual stock facilities which are secured against the Master Residual Stock Facility agreement and all other group loans. This implies the value of the underlying security would still need to fall over 20% for TCF to not receive full loan interest and capital in a worse-case default scenario.

Figure 8. TCF Portfolio Weighting by Borrower (ex. Cash)

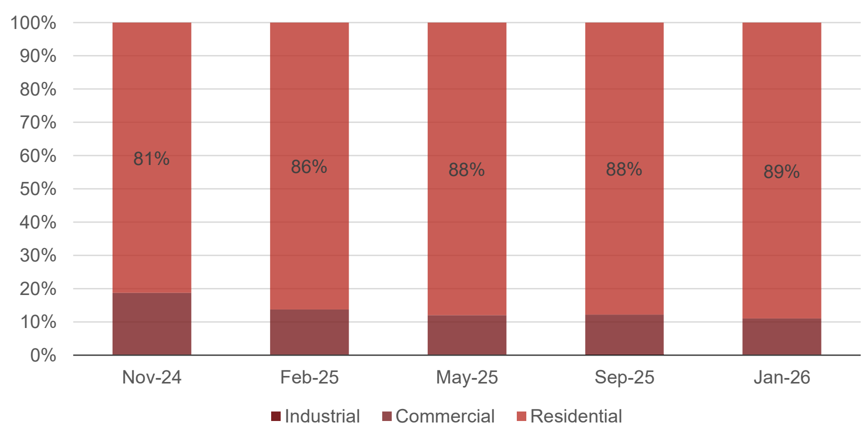


Source: BondAdviser, 360 Capital. As at 31 January 2026.

The portfolio remains concentrated to New South Wales (NSW) and thus, performance is closely linked to the State's economic conditions. This contrasts with a nationally diversified strategy, where geographic dispersion helps dilute region-specific idiosyncratic risks and reduces the likelihood of broad-based collateral stress. In this context, however, the portfolio's 89% weighting (ex-cash) toward residential real estate is a strength. This segment has historically been subject to far less cyclical pressure and continues to be supported by low unemployment, net migration, and limited supply.

Importantly, geographic diversification is expected to improve – consistent with the Manager's broader growth plans – which would further reduce correlation risk across exposures.

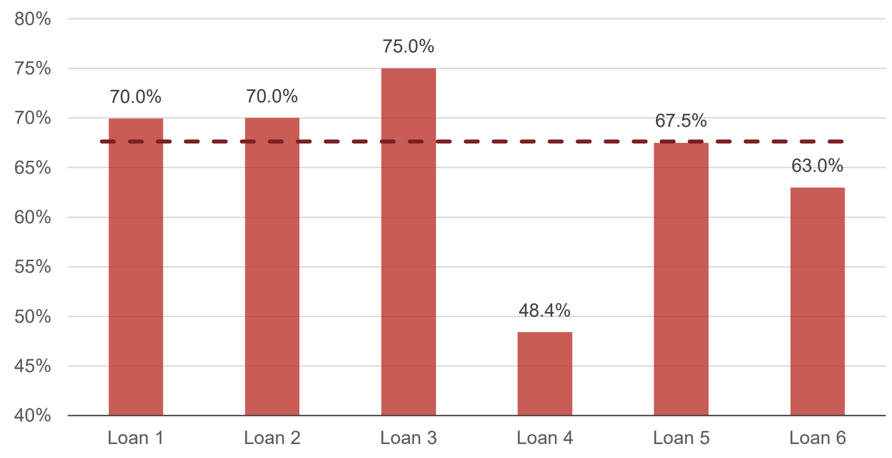
Figure 9. TCF Portfolio Weighting by Sector (ex. Cash)



Source: BondAdviser, 360 Capital. As at 31 January 2026.

More broadly, the TCF portfolio remains consistent with its investment strategy and is supported by full collateralisation of each individual loan. The weighted average LVR (ex-cash) was 67.6% as of 31 January 2026 – broadly in line with October 2024. This stands as the second line of defense, behind the covenant packages, and implies that the portfolio would only incur losses in an extreme drawdown scenario. We have provided an overview of the individual collateral packages in Figure 8 and take further comfort in the large sectoral exposure to residential projects (89% of the portfolio), particularly given the historical resilience of the asset type relative to non-residential property.

Figure 10. TCF LVR Ratios By Loan vs Weighted Average



Source: BondAdviser, 360 Capital. As at 31 January 2026.

Figure 11. TCF Loan Collateral Overview

Asset	Residual house and land lots	Residual land lots	Construction of 72 apartments	Existing luxury residential property	3 free-standing residential dwellings	Brand new service station with 12-year WALE
Ranking	First	First	Second	First	First	First
LVR	≤70%	≤70%	<75%	≤50%	≤67.5	<70%
Other Security	Cross-collateralised with other residual stock facilities of the Borrower. GSA from the Borrower.	Cross-collateralised with other residual stock facilities of the Borrower. GSA from the Borrower.	GSA from the Borrower.	GSA from the Borrower.	GSA from the Borrower.	GSA from the Borrower.
Guarantees	Personal and corporate from the Borrower.	Personal and corporate from the Borrower.	Personal and corporate from the Borrower.	Personal and corporate from the Borrower.	Personal (≤1.5x total facility) and corporate from the Borrower.	Personal from the Borrower.
Interest Floor	12.0%	12.0%	N/A	9.0%	9-months interest	9.25% plus 6-months interest
Loan Exit Strategy	Repayment from settlement of land lots.	Repayment from settlement of land lots.	360 Capital or third-party residual stock loan.	Repayment from development profits.	Refinancing from a major bank at construction commencement.	Repayment from sale or refinance of security property.
Other Disclosures	LVR must decline to 55% before any cash proceeds from sales are released to the borrower. 65% of proceeds to the Lender thereafter.	LVR must decline to 55% before any cash proceeds from sales are released to the borrower. 65% of proceeds to the Lender thereafter.	N/A	Option to rollover the facility for a further 12-months, subject to a minimum fee and 3-month minimum interest period.	Option to increase facility limit following anticipated settlements (subject to initial terms).	~$38k held in reserve as cover for 0.91x debt coverage (below 1.0x accepted standard).

Source: BondAdviser, 360 Capital. 31 January 2026.

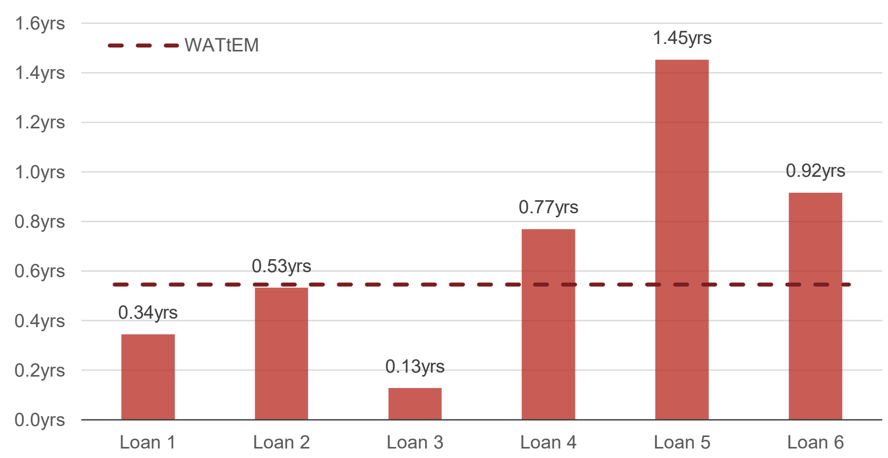
While this supports the likelihood of principal recovery in a default scenario, this is firstly mitigated by the structuring of the loan's covenants. Should a loan become non-performing, or foreclosure be required, there is a material risk of cash flow disruption, which could impair the Fund's ability to meet its targeted distributions. In this context, Management originates the underlying loans with tailored covenant packages on a case-by-case basis for each loan investment.

Management's ability to appropriately structure loan covenants is critical as they serve to provide early-warning signals, restrict risk-taking, and allow renegotiation of terms before value deterioration becomes irreversible. In this respect, we take comfort in the 360 Group's broader private credit track record of no capital losses or impairments over the past 9 years.

In our view, credit risk is further mitigated by the short maturity profile of the portfolio. As of 31 January 2026, the weighted average term to maturity was 0.55-yrs. By shortening time-to-repayment, the probability of a structural decline in the credit quality of the borrower declines, all else equal. It also gives the Manager the ability to frequently reassess risk and reprice loans based on prevailing market conditions. Additionally, for investors in the Fund, the maturity profile can be viewed as a source of internal liquidity, which can be used to meet redemption requests.

Notably, this is balanced against reinvestment risk. In an environment where spreads or base rates are compressing, management may be forced to redeploy capital into loans offering weaker yields, or to move up the risk spectrum to meet the distribution target. In this sense, it may be difficult to predict future returns. That said, reinvestment risk has been managed successively with TCF continuing to meet its target return since inception. This is despite TCF currently holding a large cash balance of $11.2 million (or 20.2% of the portfolio as of 31 January 2026).

Figure 12. TCF Term to Expected Maturity by Loan vs Weighted Average



Source: BondAdviser, 360 Capital. As at 31 January 2026. Weighted Average Term to Expected Maturity (WATtEM).

Lastly, we highlight that the portfolio exhibits limited interest rate sensitivity, primarily reflecting its short weighted average maturity. In addition, four of the underlying loans (representing 72% of the portfolio) are structured with floating-rate coupons, further reducing duration. Importantly, three of these facilities incorporate interest rate floors, which establish a minimum rate and preserve portfolio income in the event of a sharp decline in base rates. Together, the short tenor profile and prevalence of rate floors provide capital stability and earnings protection should base rates fall, while retaining upside in a rising interest rate environment.

Fund Governance

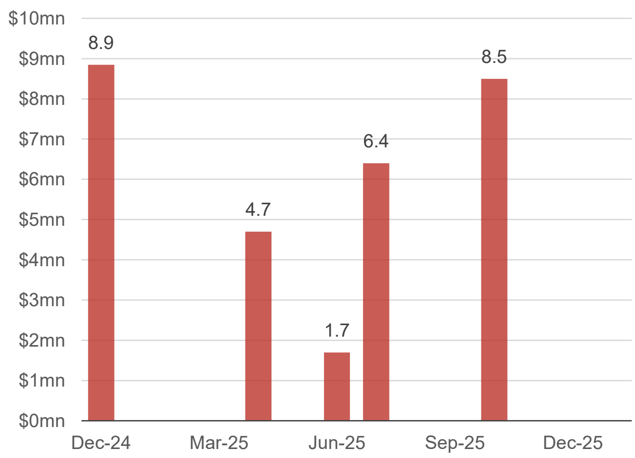
In September 2025, 360 Capital FM Limited (the Responsible Entity) announced its parent, namely 360 Capital Group (ASX: TGP), had received a takeover offer to acquire 100% of outstanding stapled securities of TGP by TT Investments. The transaction was successfully completed with an offer of $0.31 per TGP share, resulting in the Parent's delisting on 8 February 2026. We note TT Investments is associated with Tony Pitt, the Executive Chairman of TGP.

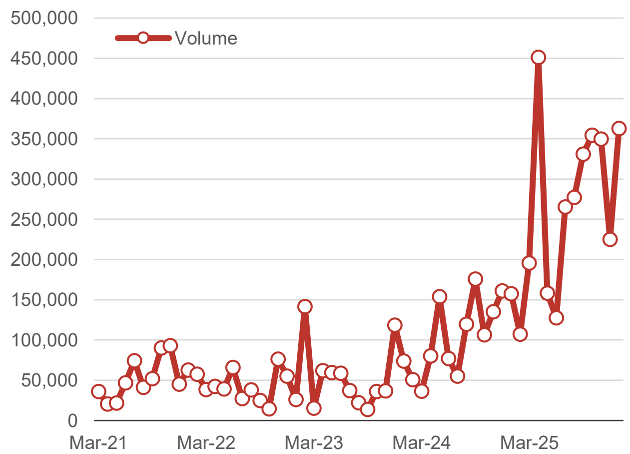
In our opinion, this has had a limited impact on the governance structure of TCF with 360 Capital FM Limited remaining the RE and Tony Pitt retaining his duties as executive director of the Board. It is our understanding TCF will remain a listed entity and therefore continue to be subject to ASX listing and governance rules.

The RE, through legal obligations, must act in the interest of beneficiaries (investors), and we expect 360 Capital FM Limited to fulfil these duties at an arm's length manner. However, we continue to view a lack of external oversight as a weakness, despite the independent Board representation. We also highlight one of the independent non-executive board members, Tony McGrath, announced his retirement effective 31 January 2026 and the Board will not seek a replacement. As a result, the 75% independent Board representation of RE has fallen to 66%, albeit this will remain a majority.

From a strategic perspective, the Manager conducted multiple capital raisings over the last 18 months, equating to over $30 million. The injection of new capital increases the free float and broadens the investor base, which in turn has created stronger secondary volumes. For investors this improves liquidity and supports price discovery. As illustrated, trading volumes stepped up meaningfully from 2024 into 2025.

Figure 13. TCF Capital Raisings and Secondary Trading Volume





Source: BondAdviser, 360 Capital. As at 31 January 2026.

Quantitative Analysis

Our Quantitative Analysis involves simulating the portfolio under benign conditions where credit rating migrations are average historically, and under a distressed scenario where defaults and downgrades are elevated. The latter reflects empirical input derived from the global financial crisis (GFC), reflecting the most distressed year for credit in recent decades. We note that this modelling uses empirical default, recoveries and rating migration rates experienced across corporate credit across each respective time period. Limited publicly available data and the inherent opacity of Australian commercial real estate lending (with a lack of publicly assigned ratings and consequently rating migration rates) makes quantitative analysis of expected credit loss inherently more challenging than for other, more developed asset classes. Therefore, actual return outcomes may deviate from our modelling which is assumption based.

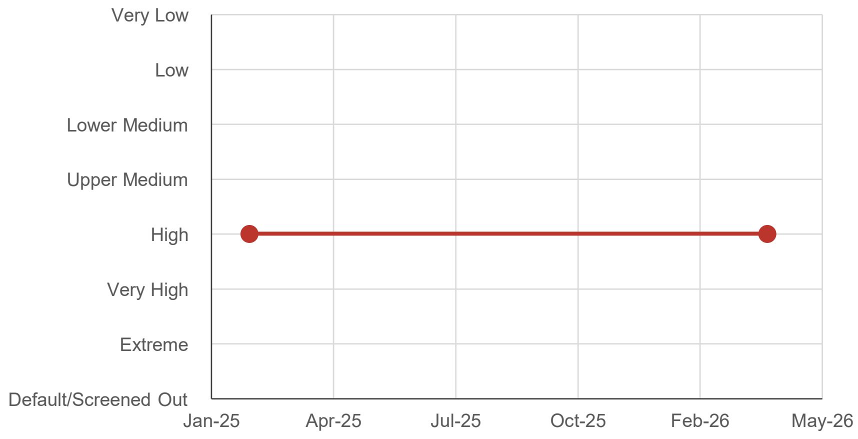
Under benign conditions, the portfolio return modelling is hindered by the level of concentration across six individual assets, with a particularly high weighting (ex-cash) to a mezzanine construction loan which we have rated conservatively. We note that the return modelling outcomes do not account 360's expertise in identifying attractive risk-adjusted investment opportunities and instead utilise broader inputs across the riskier spectrum of corporate credit.

Despite there being an elevated number of left tail return outcomes, over 81% of return simulations generated greater than or above the target return out of fees. The 99% and 95% VaR of -10.9% and -4.8% are relatively high for credit portfolios, but generally consistent with a concentrated portfolio of credit investments on the riskier spectrum of fixed income.

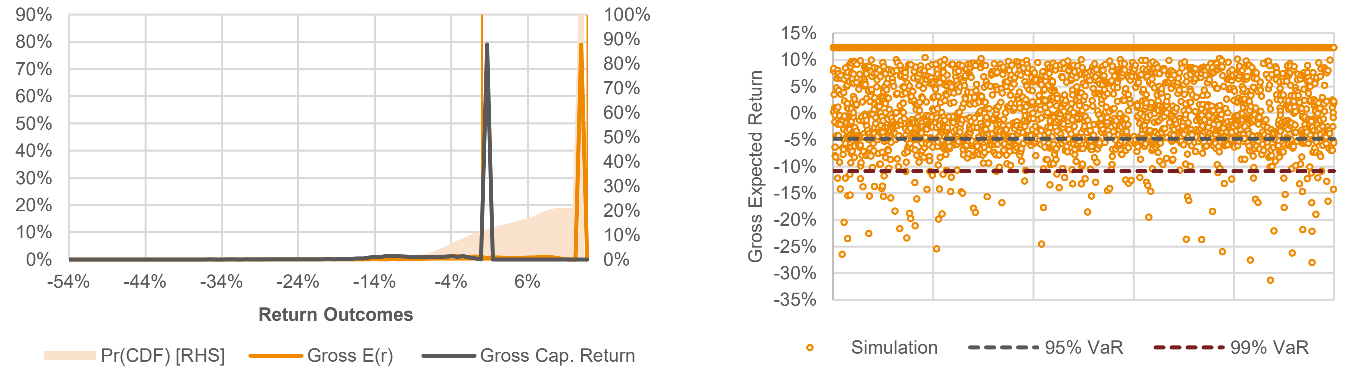
Under the distressed scenario – calibrated to GFC conditions, representing the most severe credit environment in recent decades – return modelling outcomes are unfavorable, also attributable to the high level of concentration to risky assets. Whilst 48% of simulations generate a net return above the target return, the simulated return probability distribution exhibits a fat negative tail with relatively higher probability of large losses under a distressed scenario than more diversified real estate funds. This is evident with a 99% and 95% VaR of -21.4% and -16.2%, respectively. That said, we note that 360 Capital was founded in 2006, importantly spanning the real estate cycle, and **has not lost or impaired capital across real estate credit.** This scenario analysis does not account for 360's expertise in managing real estate credit. Additionally, we consider the distressed scenario to be a conservative outer bound rather than a central expectation.

Based on our analysis, we assign the Fund a risk score of **High / BB**, reflecting significant borrower and asset concentration, offset by the underlying assets being secured in nature.

Figure 14. Risk Score

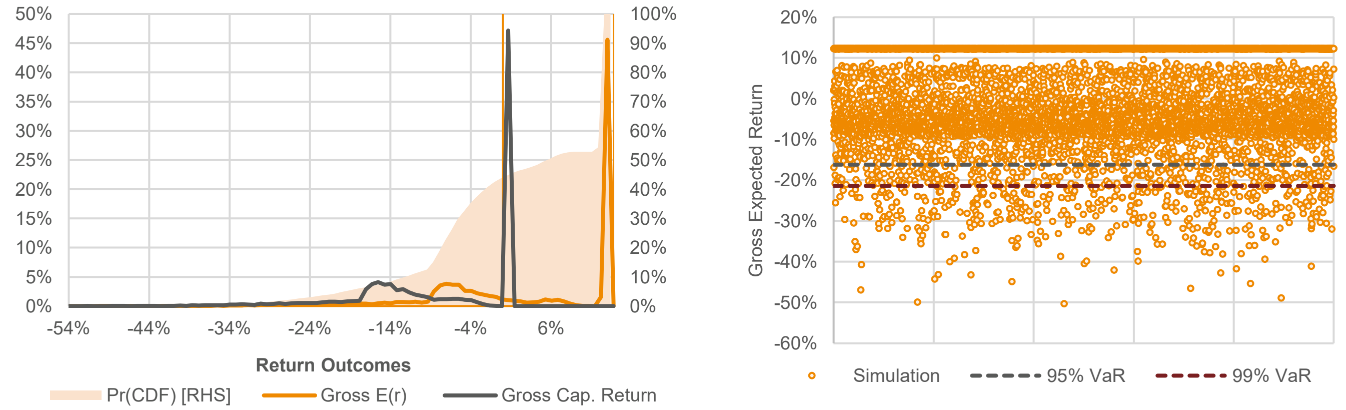


Scenario 1. Baseline Asset Assessment



Source: BondAdviser Estimates as of 31-Jan-26 portfolio. Excludes impact of management and origination fees. Gross capital returns excludes the value of coupons/income and is only modelling impairment or loss given default, based on historical credit data from Moody's.

Scenario 2. Distressed Asset Assessment



Source: BondAdviser Estimates as of 31-Jan-26 portfolio. Excludes impact of management and origination fees. Gross capital returns excludes the value of coupons/income and is only modelling impairment or loss given default, based on historical credit data from Moody's.

Reporting History

TCF Initiation Report – 20 November 2024

Alternative Investment Fund Research Methodology

Click here to view

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Report created on 16 April 2026.