

27 February 2019

**360 Capital Group (TGP)
HY19 Results
Positioned for Opportunity
Expansion of Strategy into Alternative Assets**

360 Capital Group (ASX: TGP) (Group or 360 Capital) is pleased to announce its financial results for the half year ended 31 December 2018.

Asia Pacific Data Centre Group

During the 6 months to 31 December 2018, the Group sold its major investment in Asia Pacific Data Centre Group for \$154.8 million plus a special distribution of \$1.55 million.

The Group achieved a net return of \$19.2 million on its investment (after all costs) from distributions and capital gains, equivalent to a 14.4% IRR return on equity during TGP's investment period. Furthermore, the sale of this investment freed up significant management time to focus on other activities.

Group key financial results highlights for the half year ended 31 December 2018:

- Statutory net profit of \$0.8m down on pcp as a result of the prior period reflecting significant unrealised gains on AJD assets during the prior period;
- Operating profit of \$3.2m down by \$2.9m pcp due to reduced investments and high cash balances;
- Statutory earnings per security (EPS) of 0.4cps;
- Operating EPS of 1.4cps;
- Distributions per security (DPS) of 2.0cps;
- NTA per security of \$0.96 comprising \$0.80 cps cash and receivables, \$0.09 cps into TOT
- Increase in ASX trading price from \$1.015 to \$1.05, a total shareholder return of 5.5% for the 6 months.

Capital Management

With the sale of the Group's stake in AJD, the Group repaid all its borrowings and is now debt free. As at 31 December 2018, the Group had \$143.2 million in cash.

Furthermore, post 31 December 2018, Centuria exercised and settled \$19.6 million in Retail Fund units, increasing the Group's cash to over \$160 million. The Group is scheduled to receive a further \$20.3 million from Centuria by June 2019.

With recent volatility and dis-allocation in capital markets, political uncertainty in certain markets creating some illiquidity, as well as the Australian real estate marketplace coming off its recent highs, the Group is well positioned to capitalise on opportunities when they arise.

The Group will deploy its capital into "sponsoring/underwriting" its businesses it is organically growing as well as invest in operating businesses in line with its new strategy as an investor and manager of alternative assets. To enable the Group to "sponsor/underwrite" these activities, we will also focus on expanding our unlisted wholesale fund raising capabilities through placement agents as well as our own distribution capability.

ASX Release

360 Capital to Expand to Become a Listed Investor and Manager of Alternative Assets

360 Capital was established in 2006 as a real estate investment and management group with an opportunistic but patient investment philosophy. It was not until 2009 before it made its first significant investment purchasing 20% of Trafalgar Corporate Group (now 360 Capital Group) and Becton’s FM platform in 2010.

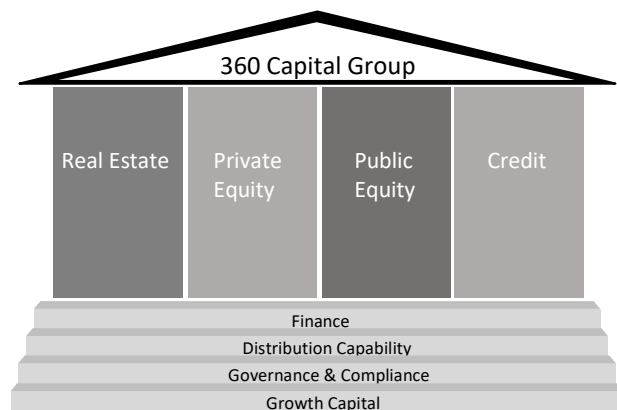
Since settling the sale of its real estate platform in 2017, the Group has been reviewing its strategy with a view to diversifying its investments and management expertise. It has also observed that in other markets, managers of alternative assets are growing in popularity, largely based around real estate as a cornerstone.

Furthermore, Australia is lacking managers of alternative assets, especially in the listed marketplace with only a few managers listed on the ASX.

Our investment philosophy has not changed as we will continue to be high conviction, aligned with our investors, patient, focused on returns and remain responsive and nimble. The alternative asset strategy is an expansion on our existing platform and will be opportunity lead and not FUM or timeline driven.

360 Capital is expanding from real estate into the following four pillar strategy:

- Real Estate (equity and credit)
- Private Equity
- Public Equity
- Credit Strategies



Real Estate – Equity and Credit

This has and will continue to be the backbone of the Group. Within Real Estate, our focus at present is on real estate credit strategies given our view on where we are at in the cycle. We see this strategy continuing for several years, however, the Group does expect to re-enter equity investing into real estate (initially through distress opportunities) before mainstream real estate investing again.

The Group, continues to build out its real estate credit activities, investing further capital into 360 Capital Total Return Fund (ASX: TOT), supporting TOT’s expansion in real estate credit investing, expanding the origination capability and growing AMF’s market as a non-bank originator. The Group has increased its ownership in TOT to 26.0% by the end of January 2019, including underwriting TOT’s DRP during the period. With TOT’s flexible investment strategy and the Group expanding into alternative assets, we will continue to focus to growing TOT as the Group’s listed real estate platform.

TGP through AMF Finance (a 50/50 JV between TGP and TOT) continues to grow its real estate credit platform, expanding AMF Finance origination capability and growing AMF’s market presence as a leading non-bank originator. Through TOT and private funds, AMF has originated over \$110

million in real estate credit transactions, with a strong pipeline of further opportunities arising from the restrictions APRA is placing on the Australian Banks.

Over the past 6 months, management has spent significant time discussing scaling this business with various operating and capital partners. These discussions are ongoing with a view to selecting the right partner for a long-term business plan.

New Real Estate Credit Funds

Post period, the Group has launched two new unlisted private credit funds and will be marketing these funds to global alternative managers, capital partners, local institutions, superannuation fund, private equity funds, as well as family offices.

The Group has launched the 360 Capital Construction Credit Fund to fund AMF's pipeline of construction financing transactions. TOT will transfer its Liverpool loan into the Fund and will commit up to \$25 million in co-investment in partnership with other private equity investors and family offices.

As a result of the deteriorating residential markets, developers are being left with unsold completed residential apartments (Residual Stock). The Group is looking to capitalise on this opportunity and has established the 360 Capital Residual Stock Credit Fund, once again TOT will transfer its residual stock loan in Perth into the Fund and will commit up to \$25 million in co-investment in partnership with other private equity investors and family offices.

These funds as well as other real estate credit opportunities will provide AMF Finance with establishment fees as well as management fees for TGP.

Private and Public Equity

The Group has been working up its investment strategies around private and public equity and has been investigating both equity platform acquisition opportunities as well as organic growth.

The Group has decided to organically grow an equities platform and has entered into a memorandum of understanding to start off a platform in a joint venture. The Group has committed \$10 million of co-investment into a new opportunistic equity fund. The Fund will be available to institutional and private clients only.

It is expected that the JV will be incorporated prior to 30 June 2019 and launched with the JV partner to be disclosed.

Credit Strategies

Like real estate credit investment strategies, we believe that there currently are and will continue to be opportunities to obtain superior risk adjusted returns from investing in credit (not just real estate credit). This strategy is also in line with other managers of alternative assets globally and can incorporate a wide range of credit products with the private credit market one of the fastest growing alternative asset classes.

The Group has applied for an Australian Credit Licence to enable the Group to opportunistically roll out its credit strategy.

Key Focus for balance of FY19

- TGP will make a 3.0cps fully franked special dividend in March 2019, and is not forecasting to make any further distributions for FY19;
- Roll out our real estate lending activities in AMF Finance to become a major real estate credit provider;
- Expand and diversify our capital sources to accommodate new business growth;
- Increase the size of TOT's capital base to improve liquidity and diversification of loan book and grow earnings;
- Launch the 360 Capital Residual Stock Credit Fund and 360 Capital Construction Credit Fund;
- Establish 360 Capital Equities Management JV and commence raising for the 360 Capital Core Plus Equity Fund;
- Investigate opportunities within the Group's credit strategies to establish and grow our 4th Pillar;
- Maintain high levels of liquidity to capitalise on opportunities as they arise;
- Remain patient and diligent with our capital, continue to monitor markets, look at growing revenue streams without using TGP capital.

Forecast DPS

Given the Group sitting on significant cash with an opportunistic reinvestment strategy, the Group is not able to provide forecast earnings per security at this stage. The Group currently has excess franking credits and will undertake a special 3.0 cps fully franked dividend in March 2019 to enable these franking credits to be placed in the hands of our securityholders. The Group is not forecasting to make any further distributions, except for the 3.0 cps special dividend, for the remainder of FY19.

More information on the Group can be found on the ASX's website at www.asx.com.au using the Group's ASX code "TGP", on the Group's website www.360capital.com.au, by calling the 360 Capital investor enquiry line on 1300 082 130 or emailing investor.relations@360capital.com.au

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About 360 Capital Group (ASX code TGP)

360 Capital Group is an ASX-listed, alternative asset investment and funds management group concentrating on strategic investment and active investment management of alternative assets. The Group actively invests in real estate debt and equity and is expanding its investment universe into public and private equity as well as investing in credit strategies.
