



360 Capital Digital Infrastructure Fund (ASX: TDI)

2020 Half Year Results Presentation

Disclaimer



This presentation has been prepared by 360 Capital FM Limited (ACN 090 664 396) as responsible entity for 360 Capital Digital Infrastructure Fund (ARSN 635 566 531) (TDI).

All information in this presentation is current as at 27 February 2020 unless otherwise specified. It contains selected information and does not purport to be all-inclusive or to contain all of the information that may be relevant to any particular transaction. It should be read in conjunction with TDI's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at www.asx.com.au. The recipient acknowledges that circumstances may change and that this presentation may become outdated as a result. This presentation and the information in it are subject to change without notice.

This presentation is provided for general information purposes only, without taking into account the recipient's investment objectives, financial situation or needs. It is not a product disclosure statement, pathfinder document or any other disclosure document for the purposes of the Corporations Act 2001 (Cth) and has not been, and is not required to be, lodged with the Australian Securities & Investments Commission. It should not be relied upon by the recipient in considering the merits of TDI or the acquisition of securities in TDI.

Nothing in this presentation constitutes investment, legal, tax, accounting or other advice. TDI is not licensed to provide financial product advice (including personal financial product advice) and the information contained in this presentation does not constitute financial product advice. The recipient should consider its own financial situation, objectives and needs, and conduct its own independent investigation and assessment of the contents of this presentation, including obtaining investment, legal, tax, accounting and such other advice as it considers necessary or appropriate. It is not an offer to buy or sell, or a solicitation to invest in or refrain from investing in, securities in TDI or any other investment product.

360 Capital FM Limited and its related bodies corporate and other affiliates and their respective directors, employees, consultants and agents ('the RE') make no representation or warranty as to the accuracy, completeness, timeliness or reliability of the contents of this presentation. To the maximum extent permitted by law, no member of the RE accepts any liability (including, without limitation, any liability arising from fault or negligence on the part of any of them) for any loss whatsoever arising from the use of this presentation or its contents or otherwise arising in connection with it.

This presentation may contain forward-looking statements, forecasts, estimates and projections ('Forward Statements'). Forward Statements include those containing such words as "anticipate", "estimates", "will", "should", "could", "may", "expects", "plans" or similar expressions. Indications of and guidance or outlook on future revenues, distributions or financial position and performance or return or growth in underlying investments included in this presentation are also Forward Statements. No independent third party has reviewed the reasonableness of any such statements or assumptions.

No member of the RE represents or warrants that such Forward Statements will be achieved or will prove to be correct or gives any warranty as to the accuracy, completeness, likelihood of achievement or reasonableness of any Forward Statement, forecasts, projections, prospects, returns, or statements in relation to future matters contained in the information provided in this document. Except as required by law or regulation, the RE assumes no obligation to update Forward Statements. Such guidance, forecasts, projections, prospects, returns or statements are by their nature subject to significant unknown risk, uncertainties and contingencies, many of which are outside the control of the RE, that may cause actual future results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. Similarly, no representation or warranty is made that the assumptions on which the Forward Statements are based may be reasonable. No audit, review or verification has been undertaken by the RE. Past performance is not an indicator of future performance.

Table of Contents



1	Overview	4
2	Market Drivers and Investment Strategy	6
3	Investment Portfolio	
	-FibreconX	11
	-Guam	12
	-Hyperscale DC Convertible Note	13
	-Fujitsu Perth Data Centre	14
4	HY20 Financial Summary	15
5	Capital Management	18
6	Stapling Proposal	20
7	Meet Management	22
8	Guidance and Outlook	24



1. Overview



Highlights Since October 2019 ASX Listing

- Fund listed on ASX on 31 October 2019 with over 2000 investors
- Raised \$115m from IPO and pre-IPO
- Recognised \$4.5m gain on \$10.6m convertible note investment – minimum IRR on investment of 58.4%
- Forecast distributions of 4.5cpu per quarter for balance of 2H 2020
- Guam data centre construction on schedule, and signed a lease for 36 racks to large multinational on a 25-year term
- Fund launched FibreconX and committed \$35m for dark fibre rollout
- Proposed stapling to allow TDI to participate in more digital infrastructure deals
- Buyback to be reviewed post stapling, noting TDI trading at a 16.6%¹ discount to NTA

>\$54m

Cash

9.0 cpu

Forecast distribution
for 2H20

1. Discount to NTA based on TDI closing trading price of \$1.635, as at 26 Feb 2020



2. Market Drivers and Investment Strategy



Digital Infrastructure Market Drivers



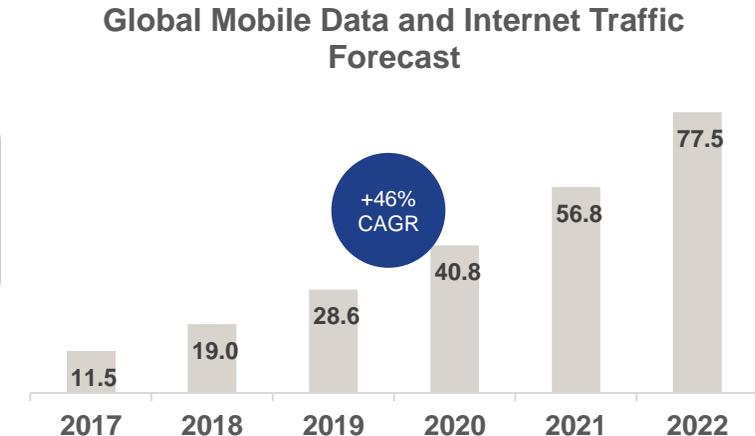
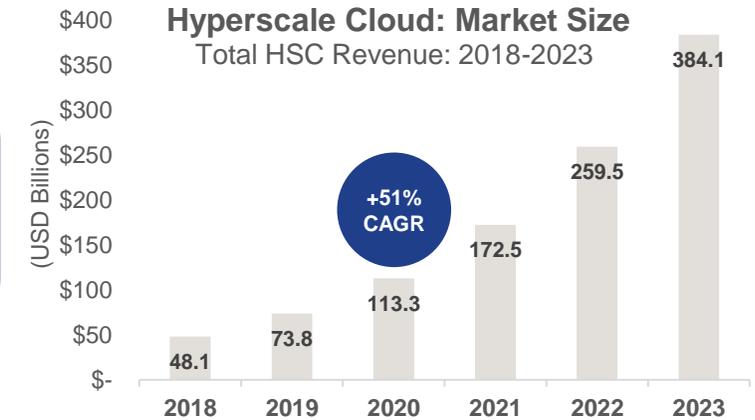
Global trends continue to drive long-term growth of internet, data and mobile traffic which needs to be stored, processed and transported.

There is also strong evidence that growth will continue and be buoyed by the following drivers:

- Cloud adoption
- Artificial Intelligence (AI)
- Gaming and UHD Video
- Internet of Things (IOT)
- 5G roll out
- Driverless cars

Q2 FY20:
Microsoft Azure
Cloud revenue
grew 62%

In 2017, mobile traffic
grew 71% with more
than 50% of traffic now
being video





“The digital revolution is creating a once in lifetime investment cycle in technology infrastructure assets to support the inexorable growth of cloud, Internet of Things and a hyper connected world.

In this new economy, datacentres are the digital factories, and connectivity, the shipping lanes and highways”



David Yuile
Managing Director
360 Capital Digital Infrastructure

What others are saying and doing

(Reuters 5th June 2019) - Digital Colony, a private equity firm raised USD\$4.05 billion to invest in digital infrastructure

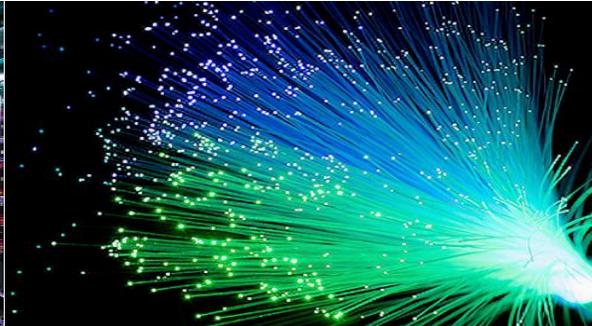
(AFR 10 Jan 2020) – Macquarie agrees to buy Airtrunk for \$3 billion

(Canalys 4 Feb 2020) - Cloud spending said to top \$30B in Q4 as Amazon, Microsoft battle for market share

Target Digital Infrastructure Segments



Data Centres



Fibre



Small Cell/5G

	Data Centres	Fibre	Small Cell/5G
Asset Description	Typically purpose-built, warehouse like, facilities with highly redundant power, large amounts of cooling, strong physical security connected to major telecommunication networks	Fibre optic cables are bundles of hundreds to thousands of glass-like strands	Multi tenant mono poles or building mounts with fibre and power
Typical Usage	A centralised location used to house and facilitate the operation of information technology infrastructure such as servers, storage devices and network equipment	High capacity network data links between key devices and high traffic locations such as data centres, wireless towers and buildings	Mounting antenna systems used for 5G network densification, CCTV cameras and air quality monitoring sensors
Sample Customers	<ul style="list-style-type: none"> ➢ Hyperscale Cloud ➢ Government and Enterprise ➢ Gaming and content providers ➢ System Integrators 	<ul style="list-style-type: none"> ➢ Cloud companies ➢ Telecom providers ➢ System Integrators 	<ul style="list-style-type: none"> ➢ Wireless Operators ➢ Local governments
Examples of major operators	<ul style="list-style-type: none"> ➢ Digital Realty ➢ Equinix ➢ NextDC ➢ Cyrus One ➢ Air Trunk 	<ul style="list-style-type: none"> ➢ Zayo ➢ Pipe/TPG ➢ Summit IG 	<ul style="list-style-type: none"> ➢ Crown Castle ➢ Emerge ➢ Axicom



3. Investment Portfolio





Investment Portfolio – FibreconX

- FibreconX Pty Ltd is the Fund's new dark fibre digital infrastructure business that will develop, own and operate new and innovative high fibre count networks
- The Fund has committed to an initial funding amount of \$35m to FibreconX which is sufficient to fully fund stage 1 of the business plan. The Fund will be majority owner post completion of stapling proposal
- Business is led by Mark Rafferty ex Group Executive TPG supported by several senior telco executives with more than 40 years combined experience
- FibreconX initial markets will be in Asia Pacific targeting buildings with large data concentrations such as data centres
- Australian telecommunications carrier license granted to FibreconX in January 2020
- Fund ROE expected to be mid teens post 18 month ramp up phase





Investment Portfolio – Guam Data Centre

- \$7.8m (18.7% interest) investment in operating company (Gateway Network Connections) which will own and operate a data centre in Piti, Guam (a US territory)
- Currently under construction and due to complete June 2020
- Stage 1 will have 59 racks/c0.8MW and Stage 2 will only require fit out to upgrade to 217 racks/1.8MW
- 36 racks in Stage 1 have been leased by a large US multinational on a 25 years term and GNC are in advanced commercial discussions two subsea cables for similar durations





Investment Portfolio – Hyperscale DC Convertible Note

- Initial investment of \$10.6m in a convertible note issued by a global hyperscale data centre operator
- Two year term note @ 10.0%p.a. interest rate
- Fund has agreed to allow the note to redeemed no later than 30 June 2020 based on a favorable offer of \$4.5m in addition to the principal
- This represents an IRR of approximately 58% depending on exact timing
- Fund will distribute all interest proceeds via distributions in Q3 and Q4 of 4.5 cpi each quarter
- Excellent relationship with operator and well positioned for other investment opportunities





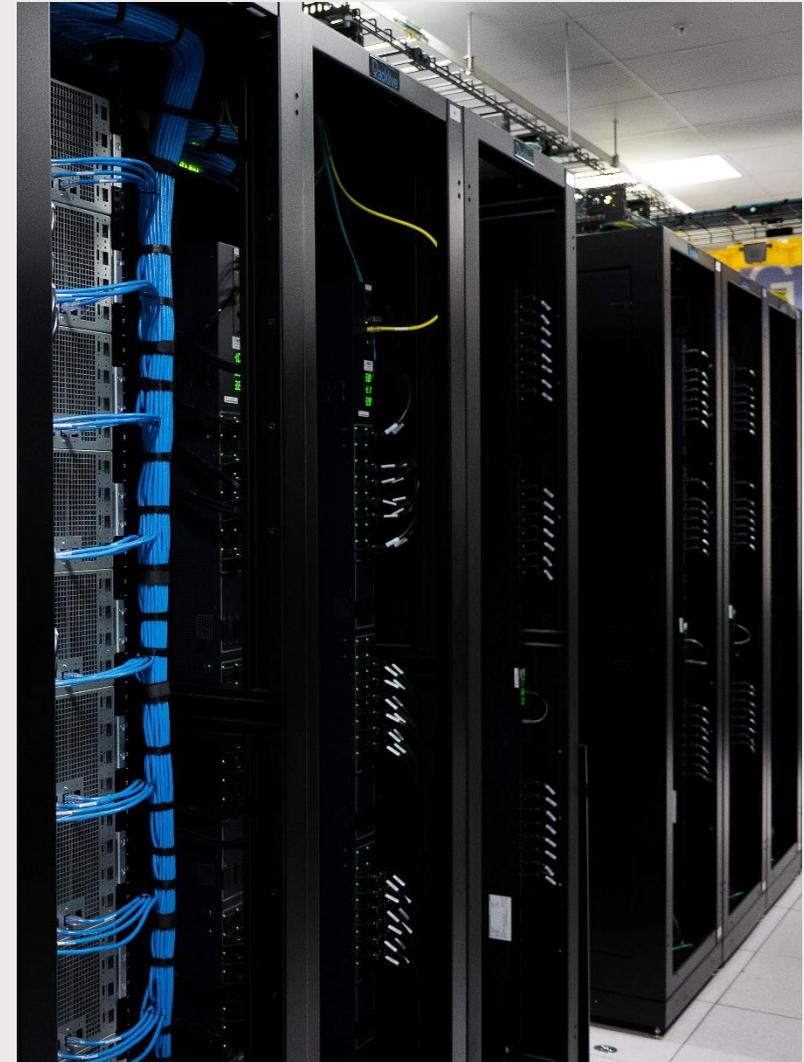
Investment Portfolio – Fujitsu Perth Data Centre

- Tier III certified data centre, located in Perth, Australia
- 100% leased for a term of 15 years to Fujitsu with approximately 6 years remaining on the lease
- Site area 9,441m² with a gross lettable area of 6,561m²
- Facility was constructed in 2010 as a purpose-built data centre and has been operational since
- The property was purchased for \$37.0m (plus costs) on an initial passing yield of 6.5%
- Property provides base level of distributions for Fund each quarter
- \$20m of gearing capacity available for this asset





4. HY20 Financial Summary



Balance Sheet



	31 Dec 19 (\$'000)	IPO (\$'000)	Change (\$'000)	Change (%)
Cash	54,380	55,000	(620)	
Convertible Note	15,057	10,600	4,457	
Investment Property	37,000	37,000	-	
Unlisted Equity Investment	7,792	7,800	(8)	
Other assets	390	-	390	
TOTAL ASSETS	114,619	110,400	4,219	3.8%
Other liabilities	283	-	283	
TOTAL LIABILITIES	283	-	283	100%
NET ASSETS	114,336	110,400	3,936	3.6%
Securities on issue ('000)	58,250	58,250	-	-
NTA per Unit	\$1.96	\$1.90	\$0.06	3.2%

\$54.4m

Cash balance

As at 31 December 2019, with further \$15.1m back in FY20 from convertible note investment available for deployment into the investment pipeline in H2FY20

\$20.0m

Debt capacity

As Fund is ungeared, \$20m bank debt capacity available from Malaga data centre

\$35.0m

Capital committed to FibreconX

FibreconX commitment progressively drawn over approximately 12-18 month development period

\$1.96

NTA per security

Net Tangible Assets (NTA) up \$0.06 since listing as a result of revaluation of convertible note

Profit and Loss



	31 Dec 19 (\$'000)
Rental from Investment Properties	734
Finance Revenue	131
TOTAL REVENUE	865
Operating expenses	419
OPERATING EARNINGS BEFORE INTEREST & TAX	446
Interest Expense	61
OPERATING PROFIT BEFORE TAX	385
Income Tax Expense	-
OPERATING PROFIT AFTER TAX ¹	385
Net FV gain on financial assets ²	4,543
Net FV loss on investment properties	(2,024)
Net foreign exchange losses	(212)
STATUTORY PROFIT AFTER TAX	2,692
OPERATING PROFIT (including realized gain on financial assets) ²	4,928
OPERATING EPU (Excluding realized gain on financial assets) ²	1.2 cpu
STATUTORY EPU	8.6 cpu
DISTRIBUTIONS/DIVIDENDS CPU	-

\$4.5m

Profit on convertible note redemption

The Fund will close out its convertible note with a global hyperscale data centre operator by 30 June 2020 and receive a payment \$4.5m³ in addition to face value of the note.

\$2.7m

Statutory NPAT attributable to unitholders

Statutory net profit attributable to unitholders primarily impacted by the \$4.5m gain on fair value of the financial assets (convertible note redemption premium) less \$2.0m loss on fair value of investment properties

\$0.4m

Operating profit

Operating profit of \$0.4m (equating to 1.2 cpu) excludes \$2.0m loss on fair value of investment properties and \$4.5m gain on fair value of financial assets (gain due to be realised in 2HFY20)

1.2 cpu

Earnings per unit

Operating Earnings per unit of 1.2 cpu for the period during the first 6 months of the Fund's operations

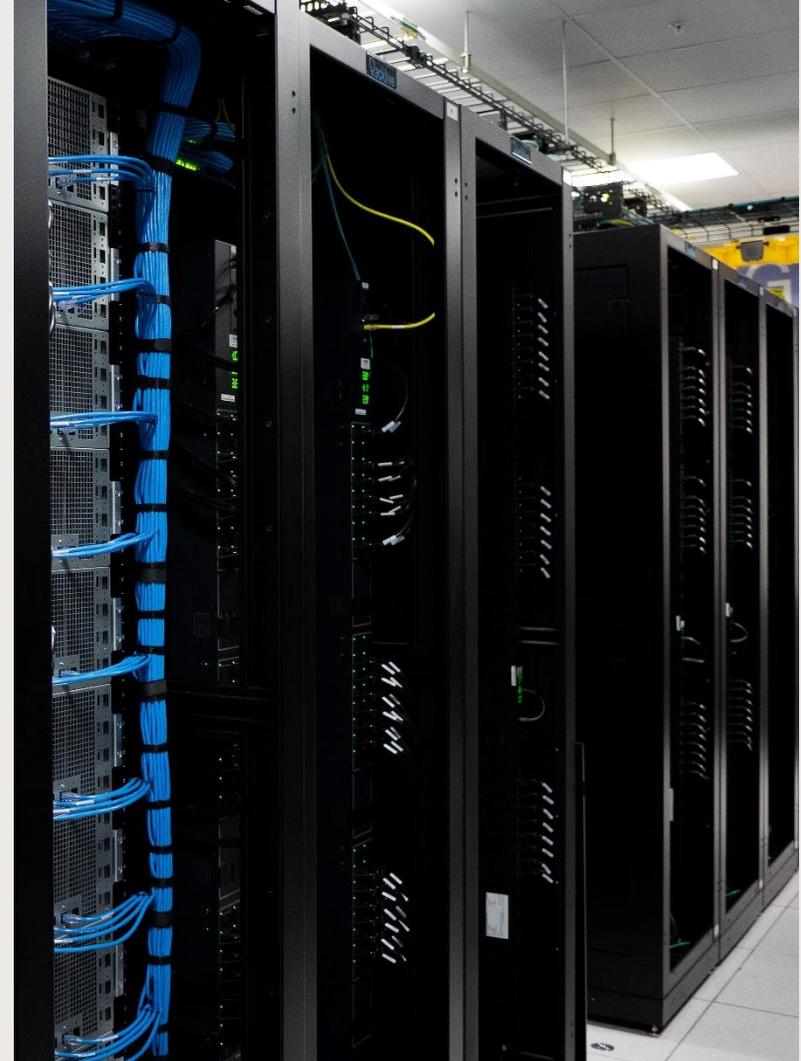
¹ Segment Profit and Loss based on management accounts. Refer to Note 1 in the Financial Report.

² The non operating FV gain on financial assets will be realised in operating profit no later than 30 June 2020

³ SGD \$4.2m based on exchange rate of 0.94

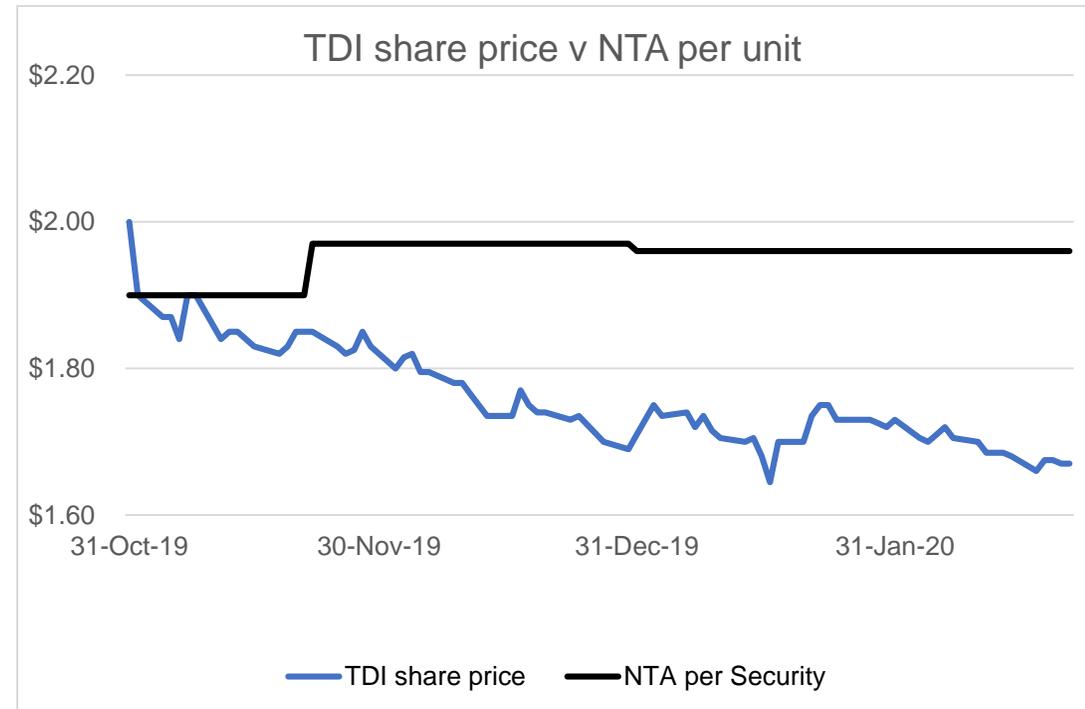


5. Capital Management



Capital Management – Unit Price and NTA disconnect

- TDI currently trading at a \$0.325 cpu (16.6%) discount to NTA¹ per Unit and has \$54.4m in cash as at December 2019
- On 22 January 2020, TDI announced a buyback of units and will review this position post stapling
- TDI provides public capital access to opportunities within the Fund and 360 Capital Digital Infrastructure Partners provides private capital access to Fund opportunities. This offers the manager optionality on where to draw capital from for opportunities
 - Currently TDI would not raise capital at current trading price as price does not reflect the longer-term value of the Funds assets
 - The Fund has several large capital partners seeking to put capital into 360 Capital Digital Infrastructure Partners to fund opportunities
 - In these cases, TDI unitholders would be diluted down
- Fund will provide capital for opportunities from most appropriate source of capital (either listed or unlisted)



1. Discount to NTA based on TDI closing trading price of \$1.635, as at 26 Feb 2020



6. Stapling Proposal

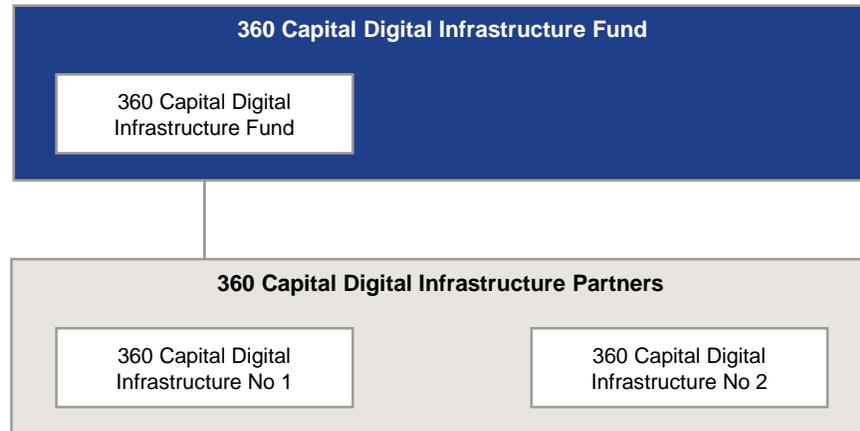


Stapling proposal: what does it mean for my investment?



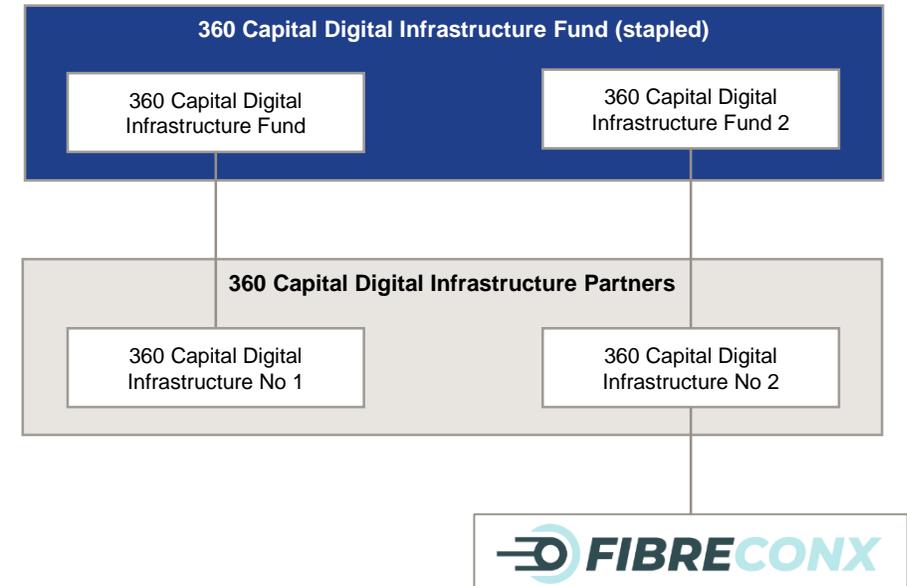
Current TDI Fund Structure

- Currently, TDI comprises a managed investment scheme only which limits TDI buying active businesses
- Currently, investors own units in a managed fund (360 Capital Digital Infrastructure Fund)
- The Fund does not pay tax with full flow through to investors. If it purchased an active business such as FibreconX, the tax structure of TDI would be compromised



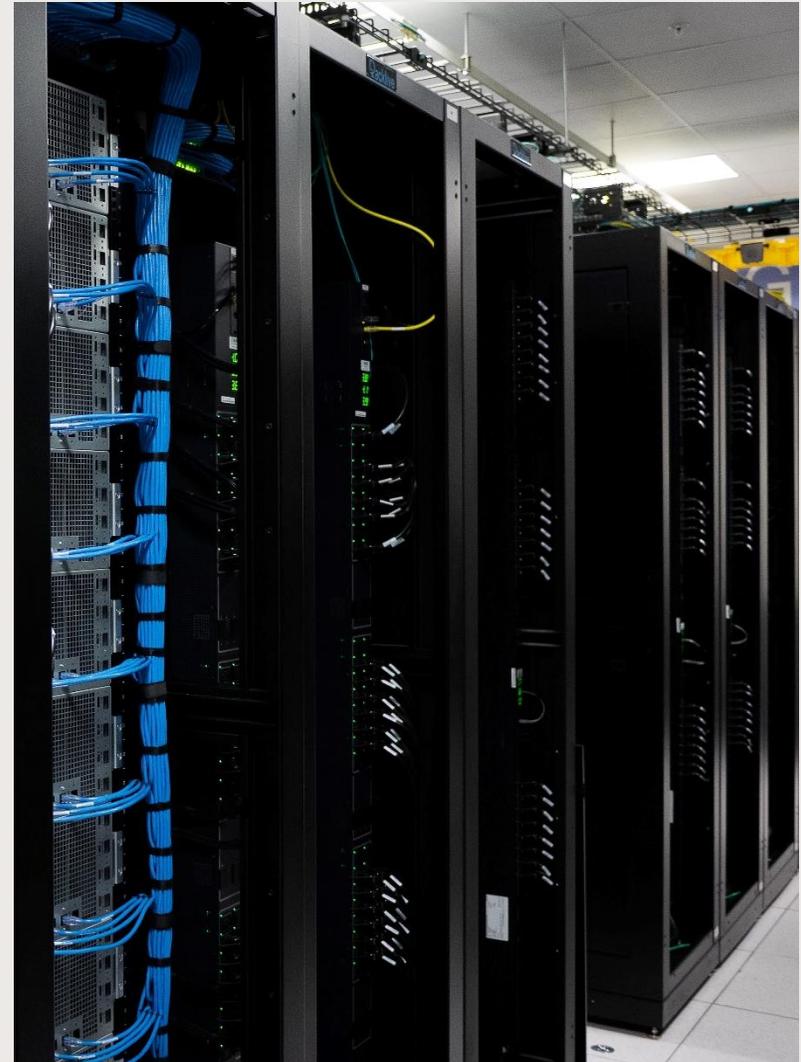
Proposed TDI Fund Structure

- Proposed to “staple” an active tax paying managed investment scheme to current 360 Capital Digital Infrastructure Fund
- Does not impact on investors investment value, but provide flexibility in allowing TDI to purchase more active digital infrastructure businesses in the active tax paying managed investment scheme, 360 Capital Digital Infrastructure Fund 2
- Structure more in line with existing infrastructure assets
- PDS outlining stapling proposal sent to investors outlining proposal in full detail





7. Meet Management



Meet Management



- The Fund Manager and other 360 Capital representatives will be presenting the results of TDI and other 360 Capital Funds at the following times and places
- Get to meet the management teams running your fund
- Presentations will include update on market conditions, opportunities for the Fund and outlook
- Get the opportunity to ask questions of your manager
- We look forward to meeting you and updating you on your fund.

Sydney	Friday, 20 March 2020 10am	Dexus Place, level 15 1 Farrer Place, Sydney
Melbourne	Monday, 23 March 2020 2pm	Dexus Place, level 14 385 Bourke St, Melbourne
Perth	Thursday, 26 March 2020 10am	Dexus Place, level 16 240 St Georges Terrace, Perth
Brisbane	Monday, 30 March 2020 2pm	Dexus Place, Level 31 1 Eagle Street Waterfront Place Brisbane
Adelaide	Wednesday, 1 April 2020 2pm	Mayfair Hotel 45 King William St, Adelaide

[Click here to RSVP](#) or visit www.360capital.com.au

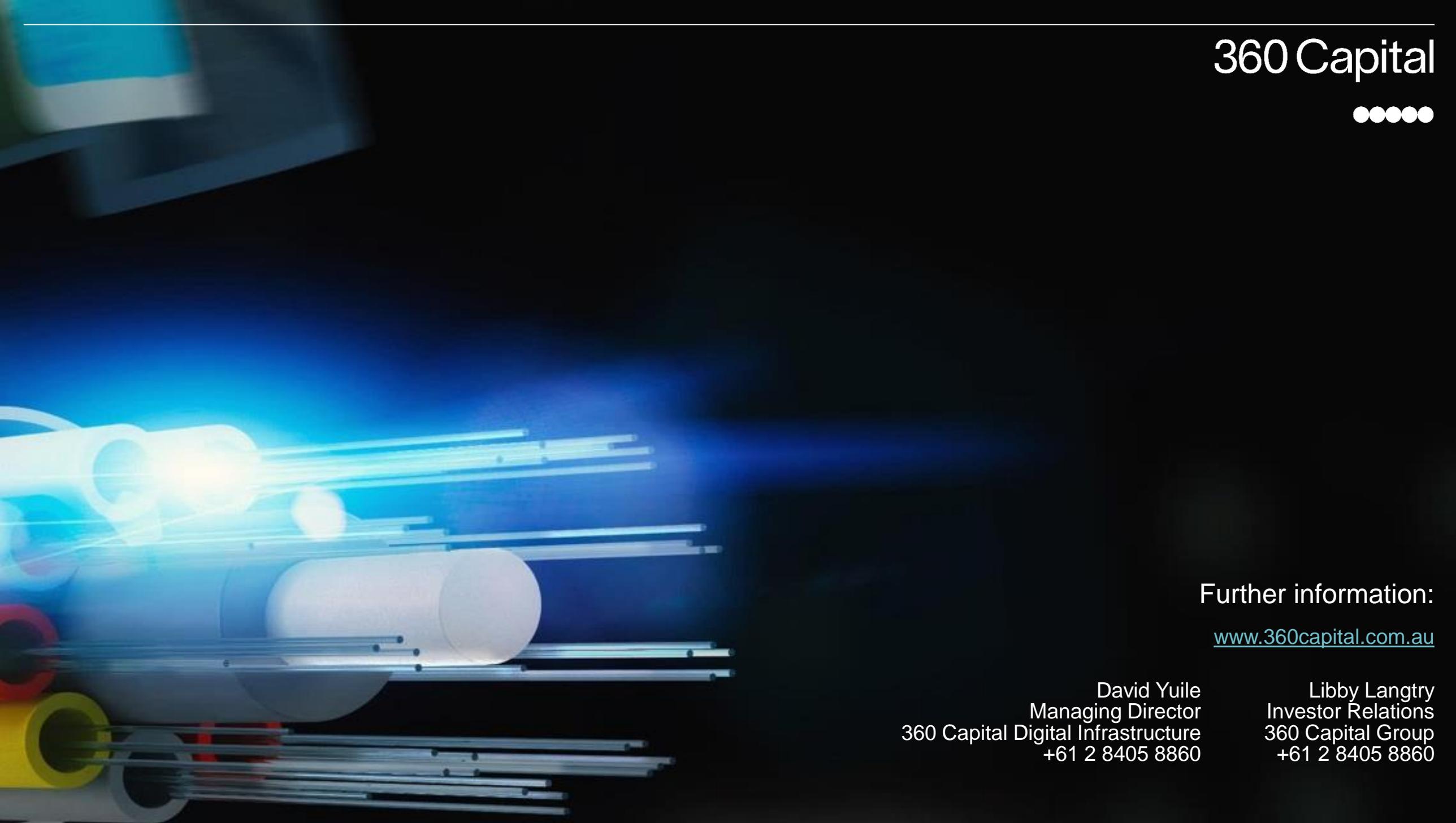


8. Guidance and Outlook



Guidance and Outlook

- Distributions forecast to be 9.0 cpu for 2H 2020
- Strong investment thematic expected to continue for digital infrastructure assets
- TDI expected to deploy balance of cash into investment pipeline (including \$35m into FibreconX) by June 2020
- Strong private capital interest into 360 Capital Digital Infrastructure Partners providing flexibility on potential funding of future pipeline
- Focus on restoring value back to TDI NTA of \$1.96
- TDI becoming stapled security, expected completion end March 2020



360 Capital



Further information:

www.360capital.com.au

David Yuile
Managing Director
360 Capital Digital Infrastructure
+61 2 8405 8860

Libby Langtry
Investor Relations
360 Capital Group
+61 2 8405 8860