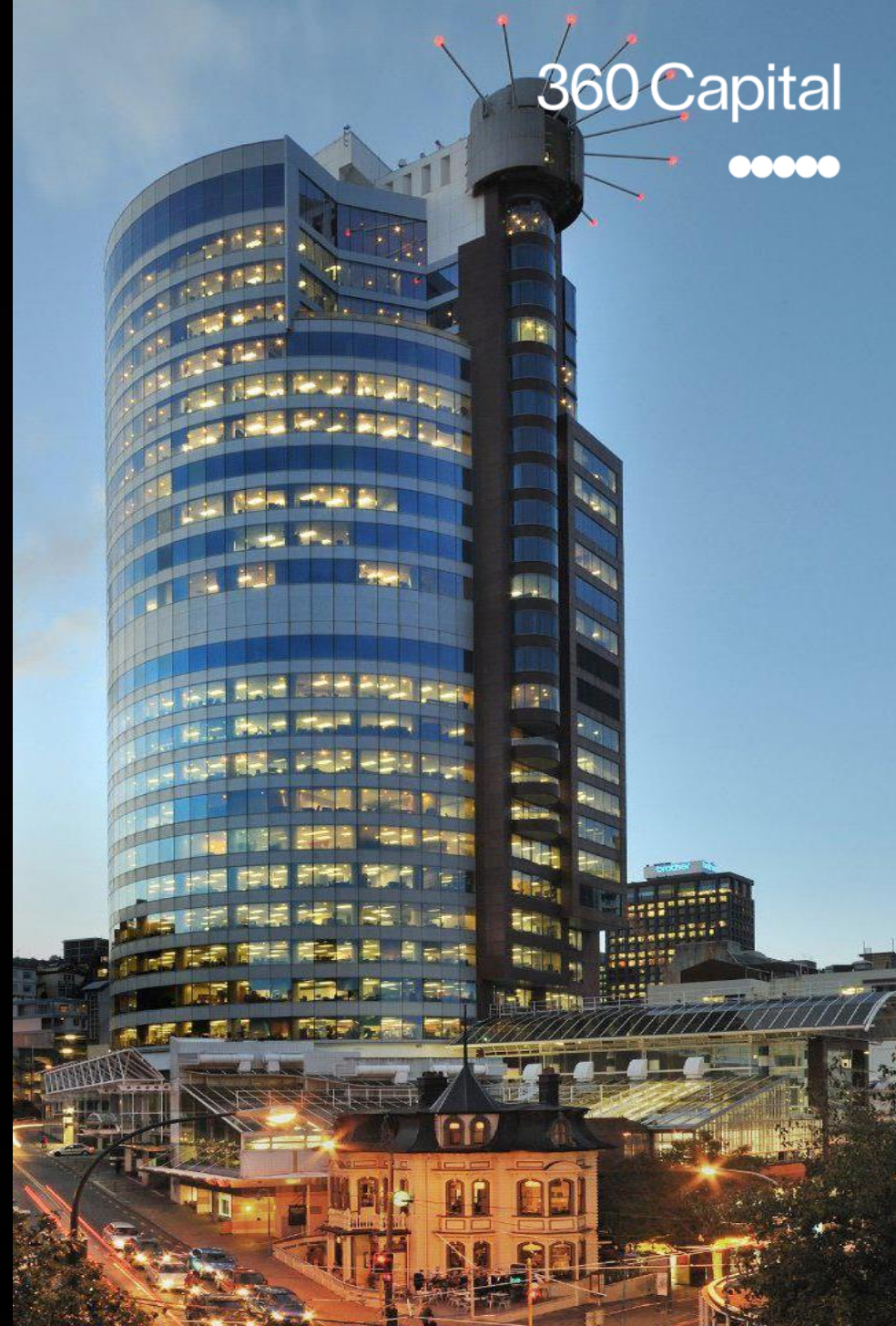


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# 360 Capital Group (ASX: TGP) HY22 Results Presentation

24 February 2022



# Table of contents

<b>1</b>	<b>Snapshot of HY22 results</b>	<b>4</b>
<b>2</b>	<b>HY22 key highlights</b>	<b>6</b>
<b>3</b>	<b>Funds management</b>	<b>8</b>
<b>4</b>	<b>Principal investments</b>	<b>11</b>
<b>5</b>	<b>HY22 financials</b>	<b>13</b>
<b>6</b>	<b>Proposed PMG Funds and Irongate Group transactions</b>	<b>16</b>
<b>7</b>	<b>Board and management changes</b>	<b>19</b>
<b>8</b>	<b>Creating value through capital deployment growing recurring earnings</b>	<b>21</b>
<b>9</b>	<b>FY22 key focuses and forecast guidance</b>	<b>24</b>



**“360 Capital Group is an ASX-listed, investment and funds management group, focused on strategic and active investment management of alternative assets”**

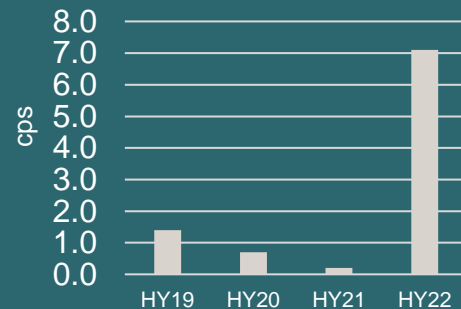
We operate predominantly in Australia and New Zealand investing and managing across three strategies:

- Real Assets
- Private Equity
- Credit

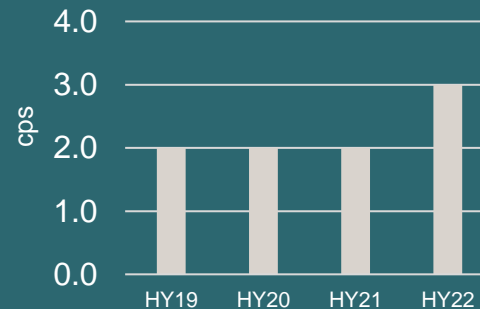
Through the creation of investment products for our investors and partners, 360 Capital Group generates and grows its recurring revenue across:

- Funds Management
- Principal Investing
- Principal Investment Realisations

Operating earnings



Distribution/dividend



NAV per security





# 1. Snapshot of HY22 results



## Snapshot of HY22 results



**\$25.7m**

Statutory net profit after tax  
(up from \$1.8 million on pcp)

**\$15.6m**

Operating net profit after tax  
(up from \$0.5 million on pcp)

**\$91.0m**

Cash (42cps), no borrowings

**\$1.00**

NAV per security  
(up 10% on pcp)

**3.0cps**

HY22 dividend  
(fully franked)  
(Up 50% on pcp)

**7.1cps**

HY22 operating  
earnings (after tax)  
(up 3,450% on pcp)

**15-16cps**

Upgraded FY22 forecast operating  
earnings (after tax)  
(up 257% on FY21)

**6.0cps**

FY22 & FY23 forecast annual  
dividend  
(fully franked)  
(Up 50% on FY21)

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## 2. HY22 key highlights

360 Capital



## HY22 key highlights



### Real assets

- 360 Capital REIT pure REIT strategy completed with IAP transaction
- TOT/TGP invested \$191.3 million into Irongate Group, Charter Hall to sell TOT/Group 4 assets for \$336 million
- Post period, TOT agreed to sell to Group 50% equity interest in PMG for NZ\$21.875 million
- Hotel Capital Partners (HCP) settled its first hotel acquisition for \$146.0 million and continues to build out its portfolio
- Group sold GDC co-investment and 50% share in investment manager as part of its simplification strategy

### Private equity

- Sold Digital Software Solutions for 1.8x multiple on its capital invested
- Group sold FibreconX co-investment and 50% share in investment manager as part of its simplification strategy
- Continue to monitor Cardiscan through Covid 19 pandemic
- Commence discussions with PE fund managers on how to work together

### Credit

- Established the 360 Capital Private Credit Fund (PCF)
- 360 Capital Enhanced Income Fund (ASX:TCF) completed a capital raising in December 2021
- TCF and PCF will settle \$23.0 million loan in early 2022
- Scale real estate debt investing through potential platform acquisitions to complement Dealt real estate debt platform

### TOT

Executing strategy to become pure REIT

### PMG

TGP to acquire 50% interest (NZ\$879m FUM)

### HCP

Growing organically with major mandate

### Digital infrastructure

Exit strategy financially completed

### Private equity

2 disposals HY22, considering partnering on PE strategy

### TCF

Capital raising/partnering with PCF

### Real estate credit

Initially acquiring scale and obtaining efficiencies with dealt.com.au

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## 3. Funds management





# Funds management analysis



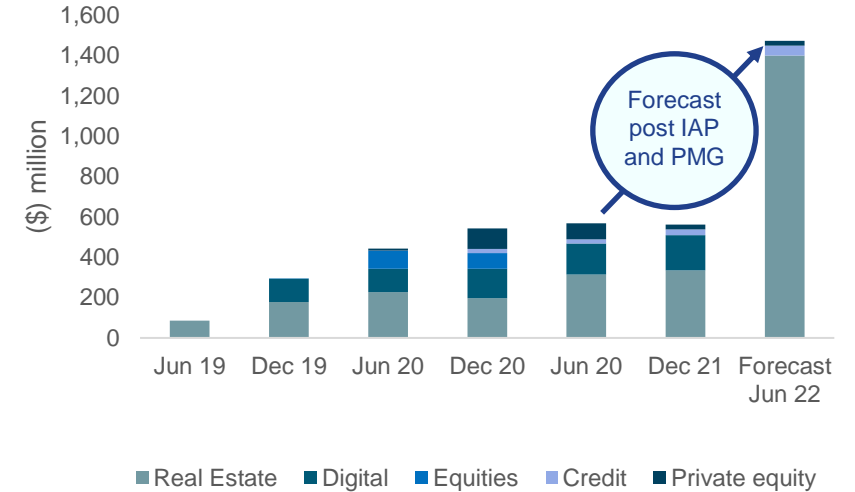
## Simplification strategy completed

- Closed down all public equity funds
- Exited Global Data Centre Group
- Sold interests in FibreconX

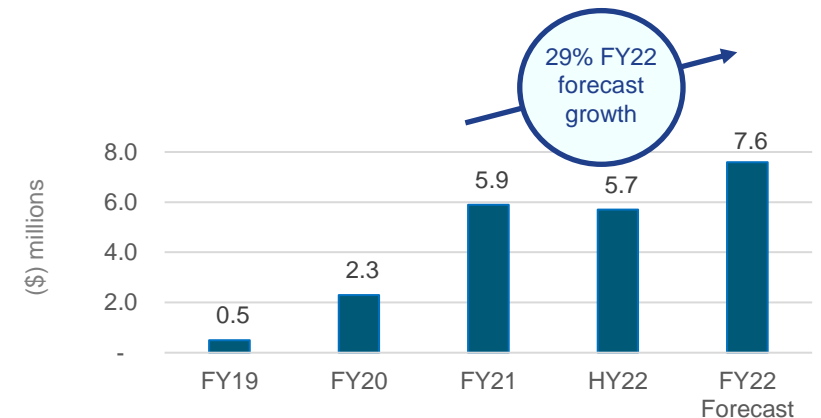
## FUM growth strategy through organic & platform acquisition

- Well capitalised with cash of approximately \$154 million (post IAP transaction) for funds management growth initiatives
- PMG acquisition increases FUM by NZ\$879 million, platform to grow TGP’s investment strategies in NZ
- IAP transaction Increases TOT’s assets to over \$260 million, warehousing 100 Willis Street, Wellington NZ for third party fund
- Credit and Private Equity strategies will continue to grow organically and through platform acquisitions
- The Group currently has FUM of \$563 million & targeting FUM >\$1.5 billion by 30 June 2022
- Revenue from funds management activities up 159% on pcp to \$5.7 million

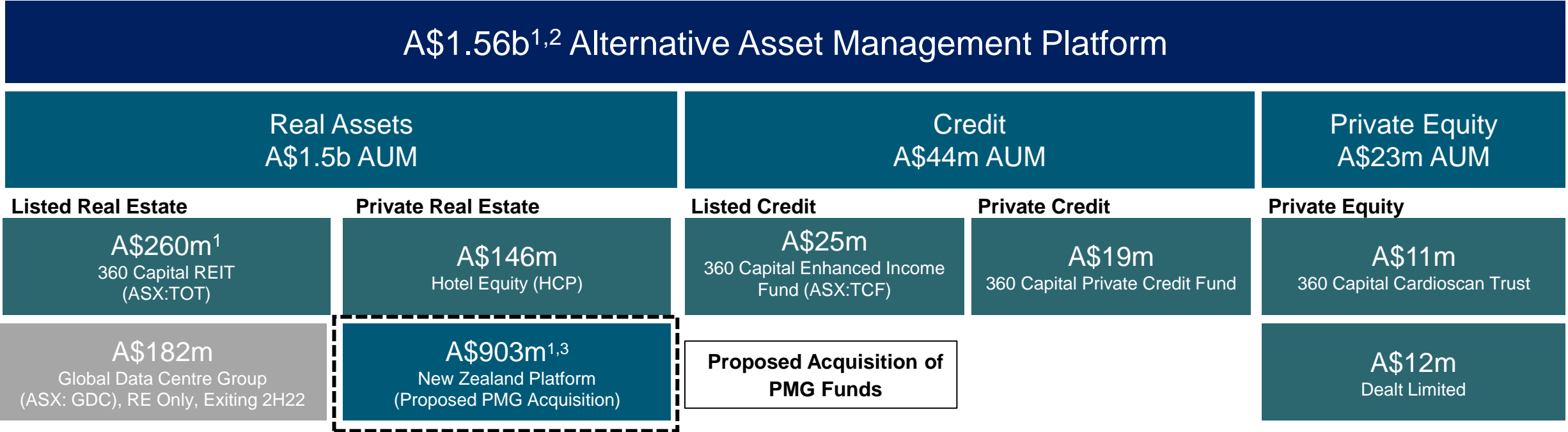
## Funds under management



## Revenue from funds management activities



# Funds management platform – post IAP and PMG Funds proposed transactions

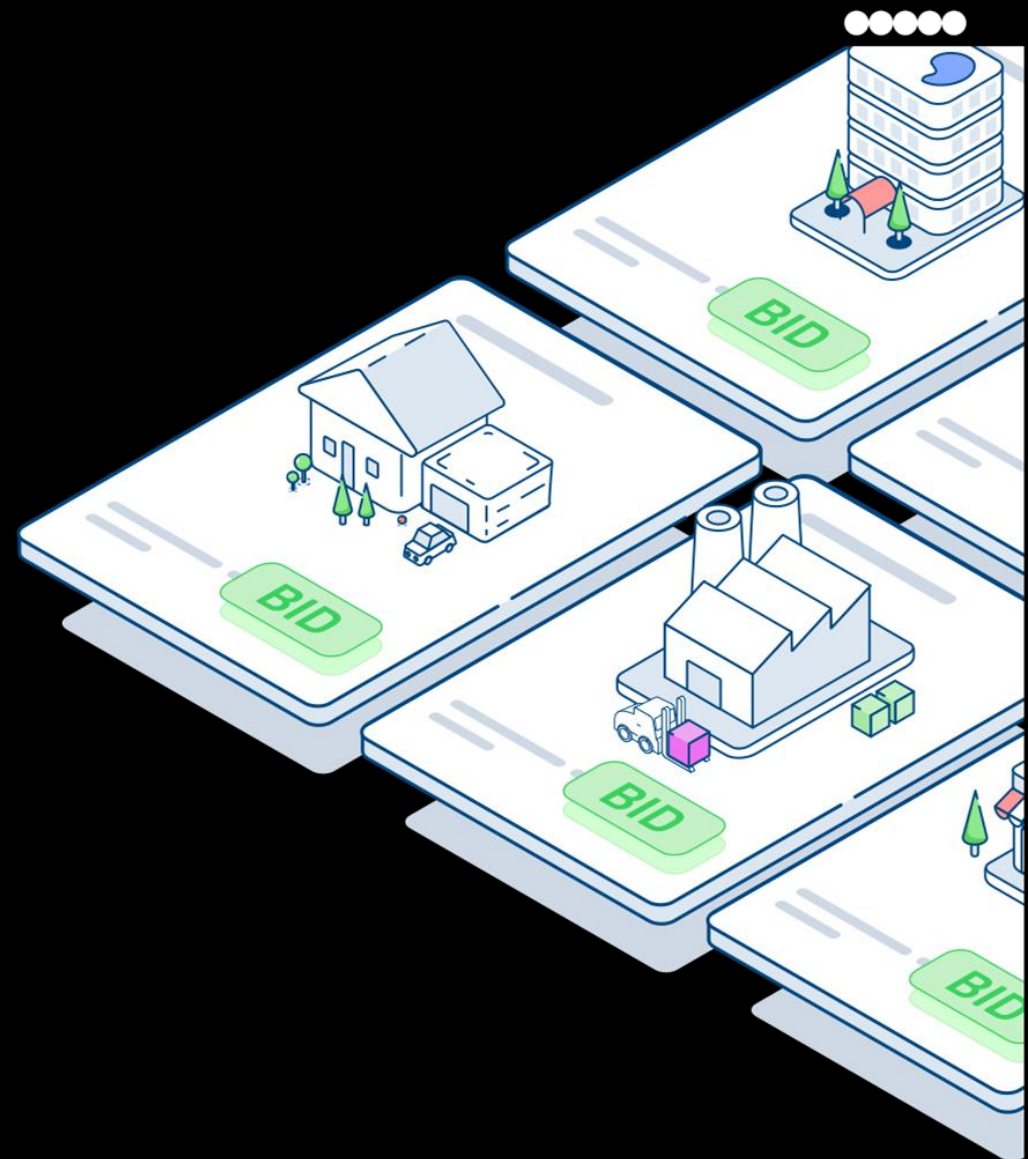


<sup>1</sup> Assumes the Charter Hall Scheme to acquire Irongate is successful

<sup>2</sup> Assumes TGP acquires PMG

<sup>3</sup> Assumes PMG manages 100 Willis St, Wellington

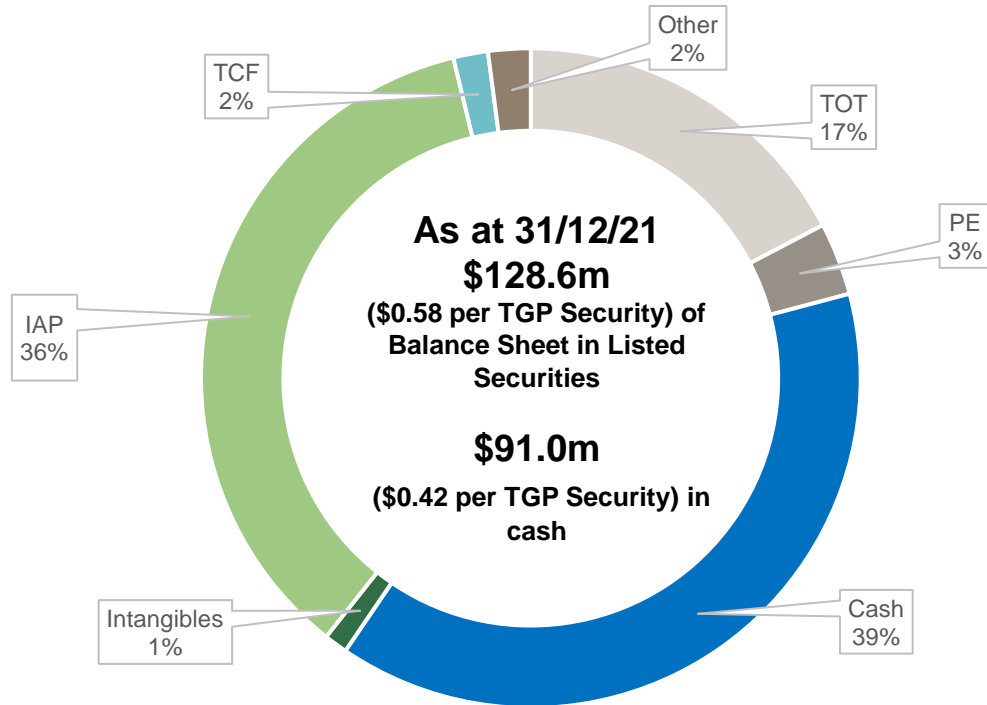
## 4. Principal investments



# Principal investments analysis



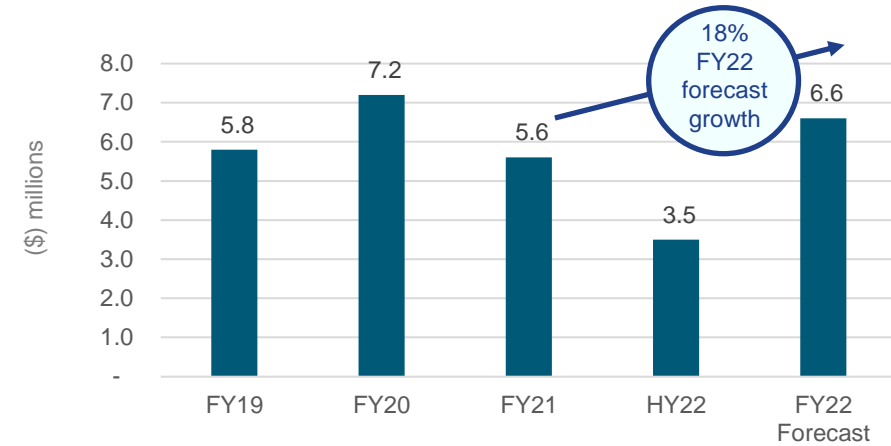
## Group balance sheet and principal exposure analysis



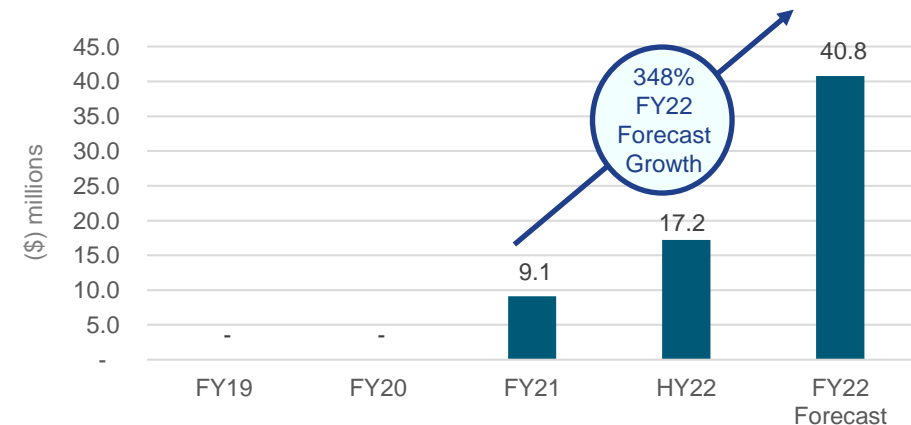
## Principal investments

- Invested a further \$4.3 million into TOT (ownership to 23.1%)
- Increase ownership in IAP to 7.1%
- Committed \$25.0 million revolving co-investment accelerate growth in credit strategies

## Income revenue from principal investment activities



## Realisations from principal investment activities



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## 5. HY22 financials

360 Capital



## Financials – 31 December 2021 balance sheet



Balance Sheet	Dec 21	Jun 21	Change	Change
	(\$m)	(\$m)	(\$m)	(%)
Cash	91.0	19.3	71.7	
Global Data Centre Group	-	42.6	(42.6)	
360 Capital REIT	40.8	31.7	9.1	
Irongate Group	83.8	50.1	33.7	
360 Capital Enhanced Income Fund	4.0	4.0	(0.0)	
CardioScan Trust	6.1	6.1	-	
FibreconX Trust	-	12.4	(12.4)	
Dealt Group	2.3	-	2.3	
Joint ventures	0.3	2.8	(2.5)	
Goodwill and intangible assets	2.6	2.6	-	
Receivables	1.0	32.6	(31.6)	
Other assets	3.5	4.2	(0.7)	
<b>Total Assets</b>	<b>235.4</b>	<b>208.4</b>	<b>27.0</b>	<b>13.0%</b>
Dividend/Distributions payable	3.3	2.3	1.0	
Other liabilities	14.2	7.7	6.5	
<b>Total Liabilities</b>	<b>17.5</b>	<b>10.0</b>	<b>7.5</b>	<b>74.9%</b>
<b>Net Assets</b>	<b>217.9</b>	<b>198.4</b>	<b>19.5</b>	<b>9.8%</b>
<b>Securities on issue '000</b> (excluding ESP securities)	218,998	218,998	-	
<b>NAV per security (\$)</b>	<b>\$ 1.00</b>	<b>\$ 0.91</b>	<b>\$ 0.09</b>	<b>9.8%</b>

Note: Segment Balance Sheet based on management accounts, excludes balances relating to non-controlled interests.

**\$91.0m**

Cash balance

Cash increased due to sale of digital infrastructure assets. Cash forecast to increase to approximately \$154 million post the sale of IAP stake and PMG acquisition

**\$83.8m**

IAP Strategic stake

Strategic investment in Irongate Group MTM 48.44m @ \$1.73. Post period CHC Indicative Proposal at \$1.90 equates to \$8.2 million uplift (\$5.8 million post tax)

**\$40.8m**

TOT Co-investment

TOT carrying value increased due to Group increasing its stake in TOT to 23.1% during period, and MTM @ \$1.73. on IAP. TOT to further benefit in 2H22 from CHC Proposal at \$1.90 per security

**\$1.00**

NAV per security

Net Asset Value (NAV) up \$0.09 per security from MTM of IAP and realised profits. NAV to increase to approximately \$1.03 post proposed sale of IAP stake to CHC

## Financials – HY22 profit and loss



Profit and Loss	Dec 21 (\$m)	Dec 20 (\$m)	Change (\$m)	Change (%)
Funds Management Revenue	5.7	2.2	3.5	159%
Investment Revenue	20.7	1.6	19.1	1194%
Finance Revenue	0.1	0.3	(0.2)	(64%)
<b>Total Revenue</b>	<b>26.5</b>	<b>4.1</b>	<b>22.4</b>	<b>547%</b>
Employment Expenses	(3.4)	(3.2)	(0.2)	6%
Operating Expenses	(1.3)	(1.1)	(0.2)	18%
<b>Operating Profit before Interest and Tax</b>	<b>21.8</b>	<b>(0.2)</b>	<b>22.0</b>	<b>11014%</b>
Interest Expense	-	-	-	0%
<b>Operating Profit before Tax</b>	<b>21.8</b>	<b>(0.2)</b>	<b>22.0</b>	<b>11014%</b>
Income tax (expense)/benefit	(6.2)	0.7	(6.9)	(986%)
<b>Operating Profit after Tax</b>	<b>15.6</b>	<b>0.5</b>	<b>15.1</b>	<b>3212%</b>
Non-operating items	10.1	1.3	8.8	677%
<b>Statutory profit attributable to Securityholders</b>	<b>25.7</b>	<b>1.8</b>	<b>23.9</b>	<b>1350%</b>
<b>Operating Profit</b>	<b>7.1 cps</b>	<b>0.2 cps</b>	<b>6.9 cps</b>	<b>3450%</b>
<b>Statutory Profit attributable to Securityholders</b>	<b>11.7 cps</b>	<b>0.8 cps</b>	<b>10.9 cps</b>	<b>1362%</b>
<b>Distribution/Dividend</b>	<b>3.0 cps</b>	<b>2.0 cps</b>	<b>1.0 cps</b>	<b>50%</b>

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

**\$5.7m**

Management fee revenue

Growth in FM revenue driven from FM simplification strategy and scaling. Focus is to continue to drive recurring revenue from base management fees

**\$20.7m**

Investment revenue

Investment revenue growth from IAP investment and realisation of FibreconX stake, offset by holding \$91.0 million of cash

**\$6.2m**

Tax expense

Tax expense high due to realisation of profit from investments owned by TGP company, namely FibreconX and FM revenue, resulting in franking credits

**7.1 cps**

Operating profit after tax (cents per security)

Operating profit after tax well above FY22 market guidance 6-7cps. <50% payout ratio of 3.0cps dividend fully franked due to tax expense

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## 6. Proposed PMG and Irongate Group transactions





## Proposed PMG transaction –cont.



### Proposed PMG (50% interest) acquisition

A\$903 million funds under management<sup>1</sup>

Pacific Property Fund	Gross assets NZ\$415m	Number of properties 20
PMG Generation Fund	Gross assets NZ\$204m	Number of properties 6
PMG Direct Office Fund	Gross assets NZ\$164m	Number of properties 7
PMG Direct Childcare Fund	Gross assets NZ\$51m	Number of properties 10
Standalone/special purpose funds	Gross assets NZ\$45m	Number of properties 2

### Proposed transaction with 360 Capital REIT

- TOT's REIT strategy and pending IAP transaction provided opportunity to buy 50% of PMG
- TOT and TGP each established its own Independent Board Committee
- Group's IBC made an offer of NZ\$21.875 million to purchase TOT's 50% interest it owns in PMG
- The Offer subject to due diligence, an independent expert opinions and TOT and TGP securityholder approval
- NZ\$879 million of unlisted, open ended real estate investment funds
- Remaining 50% share in PMG is owned by NZ staff and directors
- Scheduled for early April 2022 transaction completion
- Strong beachhead to grow NZ opportunities.



# Proposed Irongate Group transaction



## Proposed Transaction with Charter Hall Group

- Our IAP investment strategy was to obtain assets for funds if the opportunity arose
- TGP and TOT entered into a MOU with a Charter Hall Group partnership
- Charter Hall Partnership have made a non binding indicative offer to IAP Board for \$1.90 per security plus pay the March 22 distribution (estimated at \$0.0467 per security)
- MOU terms include (but not limited to) the following conditions:
  - TOT will purchase a portfolio \$254.0 million;
  - TGP will purchase a 50% share in 100 Willis Street, Wellington NZ for \$82.0 million and enter into a call option for remaining 50%; and
- Charter Hall Partnership currently an exclusivity due in order to convert its Indicative Proposal to a binding proposal
- TOT and TGP undertaking due diligence on 4 assets it is purchasing
- Expect transaction completed in late FY22
- IAP Transaction provides pre-tax profit of approximately \$23.6 million<sup>1</sup> for TGP and \$42.1 million<sup>1</sup> for TOT



Purchase price	WALE <sup>2</sup>	Implied cap rate <sup>3</sup>
<b>\$79.0m</b>	<b>9.3years</b>	<b>4.78%</b>



Purchase price	WALE <sup>2</sup>	Implied cap rate <sup>3</sup>
<b>\$38.0m</b>	<b>10years</b>	<b>4.74%</b>



Purchase price	WALE <sup>2</sup>	Implied cap rate <sup>3</sup>
<b>\$137.0</b>	<b>7.1years</b>	<b>4.39%</b>

<sup>1</sup> Subject to IAP Transaction being completed during the FY22 financial year as set out in the MOU with Charter Hall Group.

<sup>2</sup> Including rental guarantees

<sup>3</sup> Implied Cap Rate equals the last reported value multiplied by the last reported capitalisation rate, the result of which is divided by the Purchase Price stated above



## 7. Board and management changes



# Preparing Board for changing environment and new CEO

## Executive changes from 1 March 2022

### James Storey appointed Group CEO

- James has been with 360 Capital for approximately 10 years, initially as a Fund Manager and more recently as the Head of Real Assets
- As CEO, James will assume all day-to-day operational responsibilities for the Group from 1 March 2022 and will be supported by the Group KMPs

### Tony Pitt appointed Executive Chairman

- Tony will remain an executive of the Group, transition day-to-day responsibilities to James over the balance of this financial year
- Tony will focus on identifying opportunities, continue to build strategic relationships and ensure execution of the Group's strategy
- These changes have been driven by Tony who has confirmed to the Board that he is seeking to continue on a full-time basis
- Tony would like to increase his ownership of the Group (currently 32.0%) by purchasing further Group securities, on market, under the ownership creep provisions.

## Board changes from 1 March 2022

### Tony McGrath appointed Non-Executive Director

- As part of expanding and refreshing the Group's Board, Tony McGrath to be appointed as Non-Executive Director of the Group
- Tony has over 35 years of experience in corporate markets specialising in restructuring and insolvency

### Independent Directors and Board sub- committees

- David van Aanholt becomes the Independent Deputy Chairman
- Andrew Moffat and John Ballhausen remain Independent Non-Executive Directors
- Committees will be chaired by the following Independent Directors
  - Audit and Risk Committee                      Tony McGrath
  - Remuneration Committee                      Andrew Moffat
  - ESG Committee                                      John Ballhausen
  - TOT Investment Committee                      David van Aanholt



## 8. Creating value through capital deployment growing recurring earnings



# 360 Capital's principal investment history

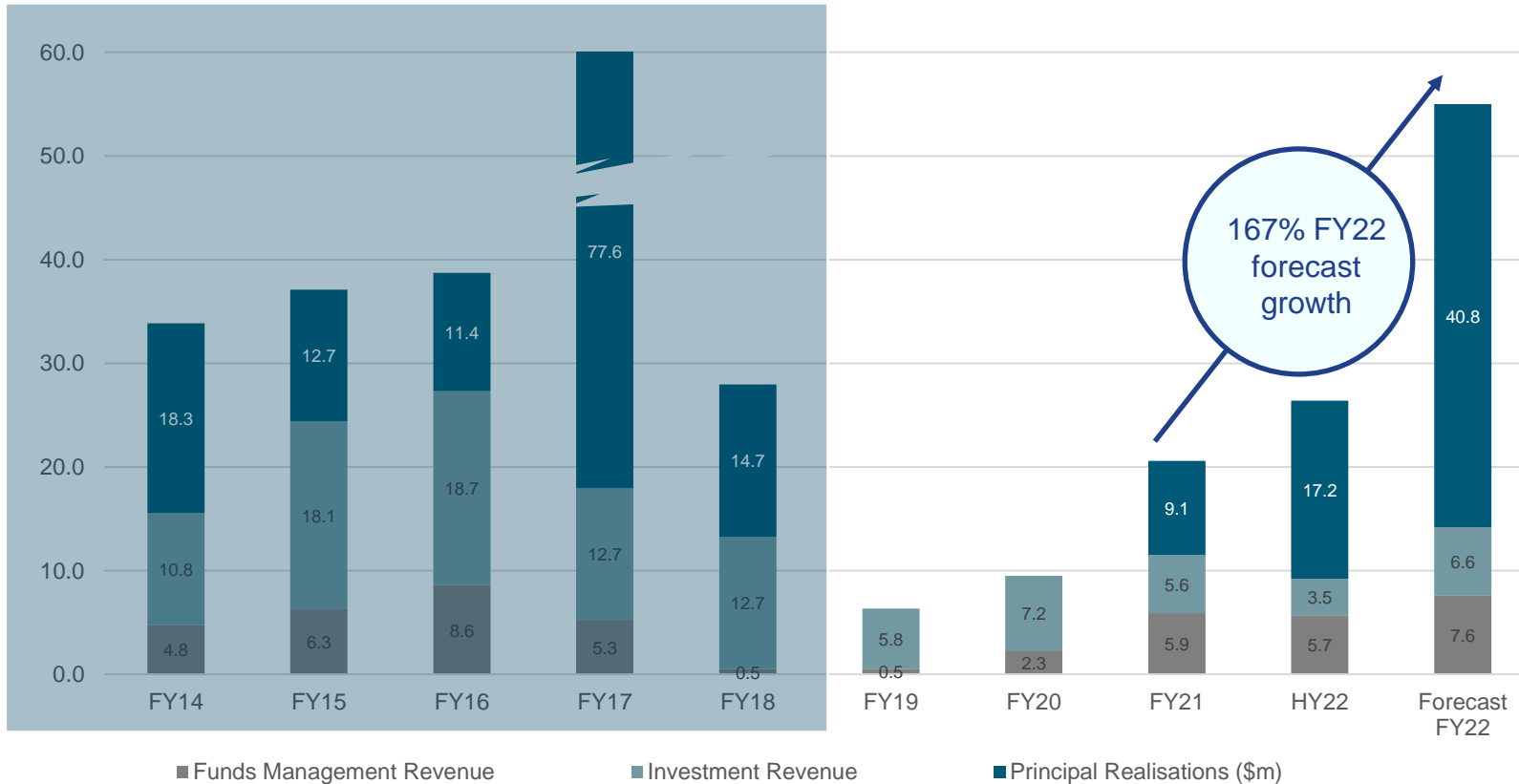


## Historic/forecast revenue composition

## Significant fully funded acquisitions in FY22 driving FY23 earnings

Geared FM business, Sold 2017

Rebuilding FM business



### TOT IAP Acquisition

- Acquisition fee from portfolio acquisition
- Increase in base management fee of 39% in FY23 through increased FUM
- Leasing and other fees

### PMG Acquisition

- Recurring dividends from Management Company
- Regular underwriting income from underwriting raisings
- Profit from asset warehousing activities

# Recurring revenue growth with strong balance sheet for acquisitions



## Cash to be used for acquisition pipeline focused on recurring revenues and value continuing creation

### Real Assets

Preliminary due diligence on multi fund platform acquisition  
TOT direct/portfolio acquisitions to grow earnings  
HCP organic strategy across hotel debt, equity, management

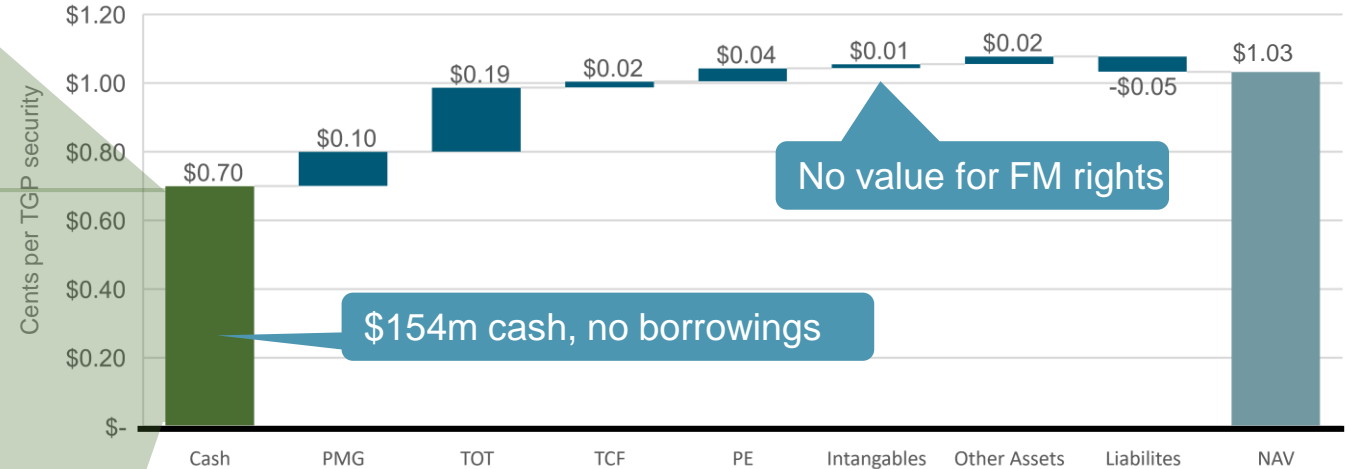
### Credit

Group provided \$25m revolving capital for TCF/PCF  
Preliminary due diligence on debt platform acquisition  
Distressed debt investments likely in FY23

### Private Equity

Decision to partner in PE than inhouse expertise  
Discussions with two PE FM platforms for partnership  
Continue to investigate acquisitions in PE which advance other parts of 360 Capital's business

## Proforma balance sheet post IAP and PMG transactions<sup>1</sup>

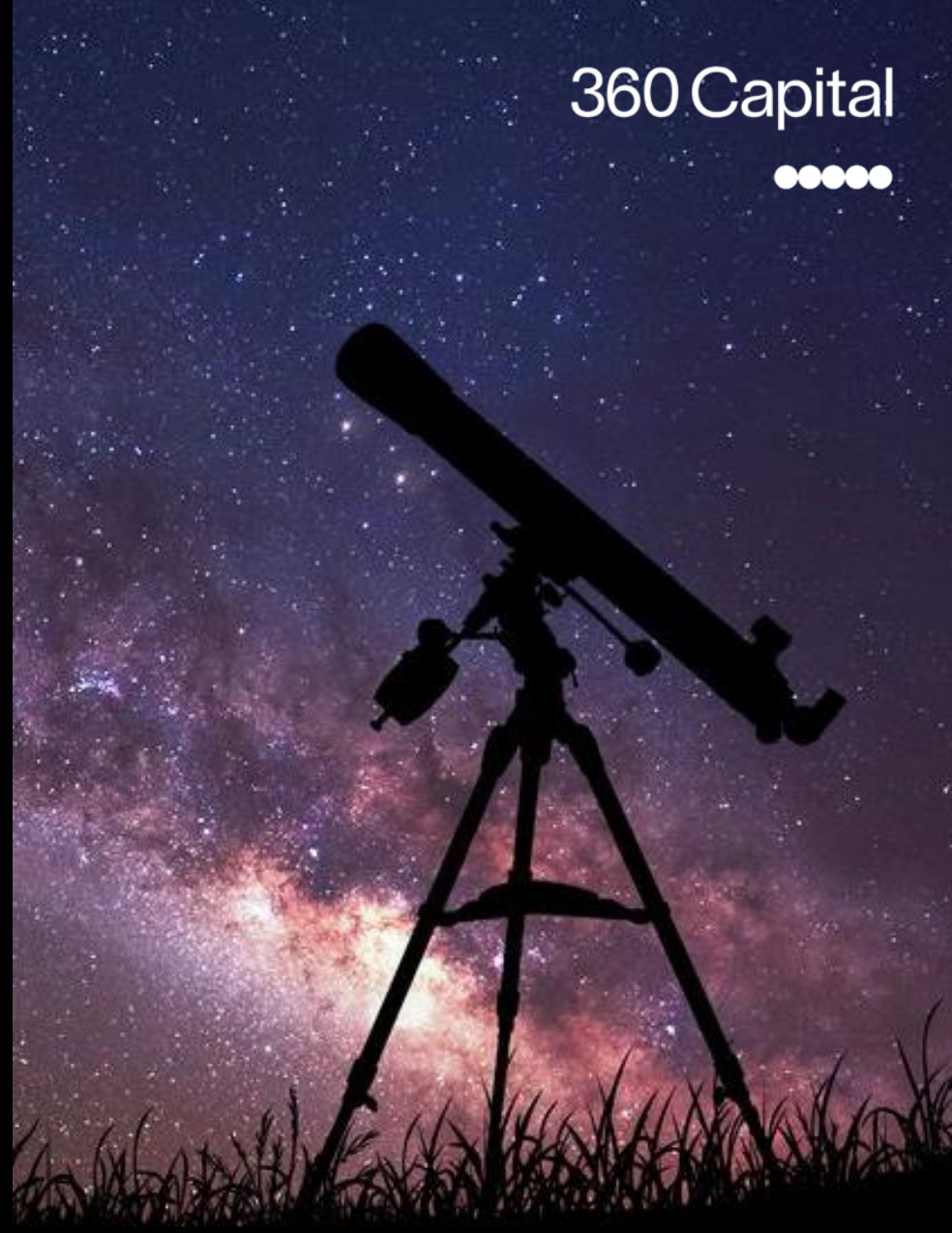


## Funds management activities highest ROE

- Group will focus its approximate \$154 million<sup>1</sup> of cash on funds management activities;
- Several funds management acquisition opportunities under consideration;
- Opportunity for 360 Capital to add value to existing business increasing our ROE;
- Focus is on building recurring revenues from base management fees, regular underwriting fees and other periodic fees;
- Long term capital value created by FUM growth

<sup>1</sup> Subject to IAP Transaction being completed during the FY22 financial year as set out in the MOU with Charter Hall Group, and the PMG transaction proceeding

## 9. FY22 key focuses and forecast guidance





# FY22 key focuses and guidance



## FY22 key focuses

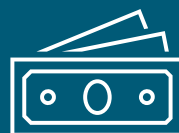
- Increase funds management activities to build recurring and growing revenue base;
- Complete the Proposed Irongate Transaction and ensure the assets are fully integrated into our operations;
- Complete the PMG Transaction and support PMG in its growth prospects;
- Continue to grow the Group's credit strategies across TCF, 360 Capital Private Credit Fund and real estate debt investing organically and through platform acquisitions;
- Continue to grow mandates with Hotel Capital Partners across Hotel debt and equity opportunities;
- Use TGP's strong balance sheet to continue to support funds management initiatives and potentially acquire funds management platforms which are in line with the overall Group investment strategy.

## FY22 earnings guidance



Operating earnings per security  
**15.0-16.0cps<sup>1</sup>**

## FY22 dividend guidance



Dividend per security  
**6.0cps**  
(Forecast to be fully franked)  
(Paid quarterly)

## FY23 Dividend/distribution guidance



Dividend per security  
**6.0cps<sup>1</sup>**  
(Dividend forecast to be fully franked) (Paid quarterly)

## TGP trading metrics



**6.6%**

Forecast FY22 & FY23 dividend (fully franked)<sup>2</sup>



**17.0%**

Forecast FY22 earnings yield (post tax)<sup>1,2</sup>



**9.0%**

Discount to NAV per security<sup>2</sup>

<sup>1</sup> Subject to IAP Transaction being completed during the FY22 financial year as set out in the MOU with Charter Hall Group

<sup>2</sup> Based on the closing price of \$0.91 as at 23 February 2022

## Disclaimer



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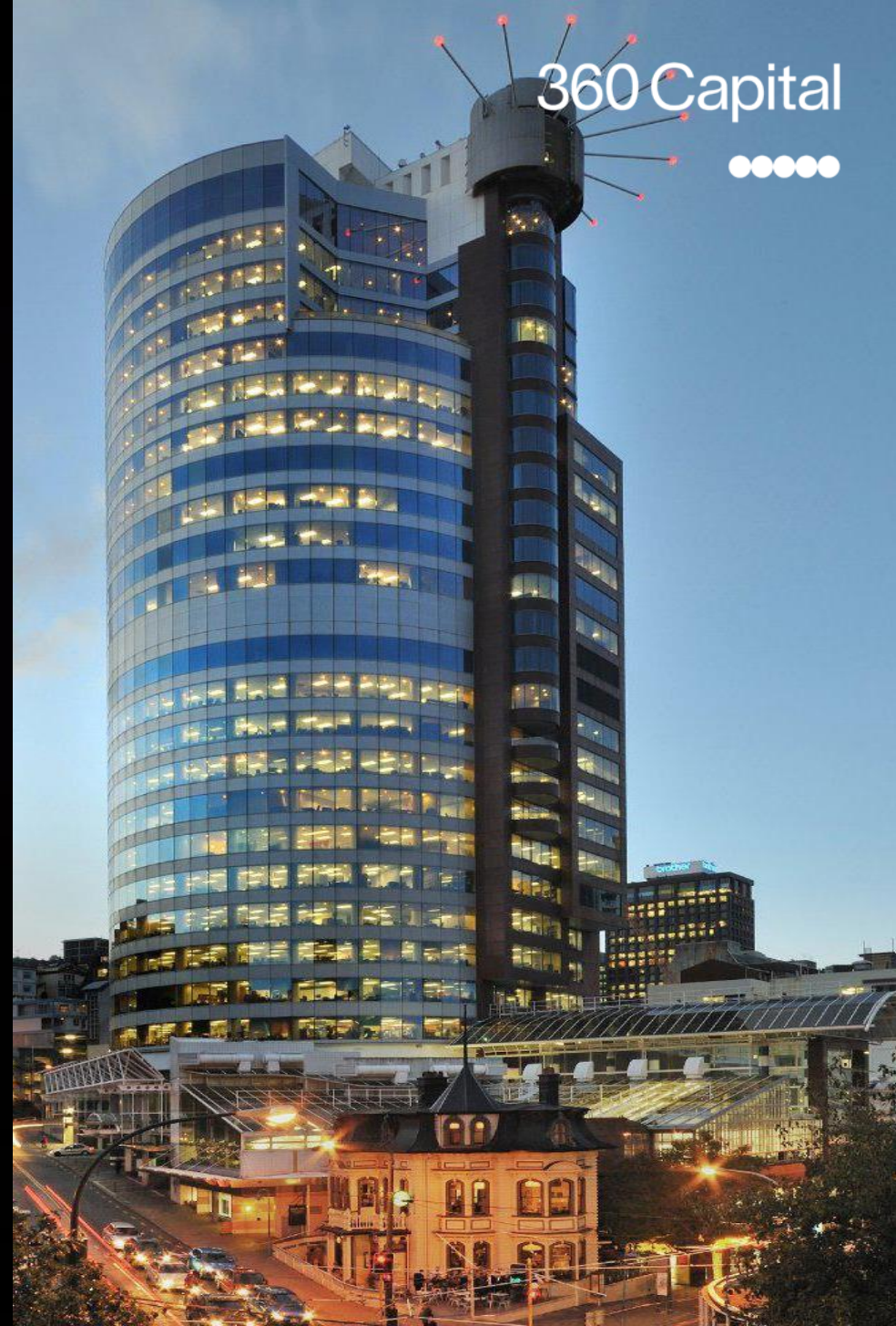
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**Identifying  
strategic investment  
opportunities**



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