



ASX Release

3 July 2023

360 Capital REIT (ASX:TOT)

Fund Update – Independent Valuations and Leasing Update

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360 Capital FM Limited as Responsible Entity of the 360 Capital REIT (ASX:TOT or the **Fund**) is pleased to provide the following update:

30 June 2023 Unaudited Valuations

TOT has undertaken independent external valuations for two of its assets, representing approximately 50% of the portfolio by value, with an internal valuation undertaken on the remaining asset.

The valuations, which remain subject to the FY23 audit, have resulted in a valuation decrease of (-\$32.2m) as a result of softening in capitalisation rates, with the portfolio Weighted Average Capitalisation Rate (WACR) expanding by 67bp to 5.33%.

A summary of the unaudited 30 June 2023 valuations and movement from 31 December 2022 is provided below:

Property	Internal / External	New Valuations (\$m)	Movement since Dec 2022 (\$m)	Capitalisation Rate	Capitalisation Rate Movement
510 Church Street, Cremorne VIC	Internal	\$115.0	(\$20.0)	5.25%	(0.75%)
38 Sydney Ave, Canberra ACT	External	\$74.0	(\$7.7)	5.50%	(0.50%)
34 Southgate Ave, Cannon Hill QLD	External	\$36.0	(\$4.5)	5.25%	(0.75%)
Total / Avg.		\$225.0	(\$32.2)	5.33%	(0.67%)

The unaudited and preliminary Net Tangible Assets (**NTA**) impact of the revaluations is equivalent to a decline of approximately (-\$0.22) per security on the December 2022 audit reviewed NTA of \$1.15 per security.

Portfolio Update

The Fund's portfolio is either recently completed or in the case of 38 Sydney Ave, Canberra recently undergone a major refurbishment. Asset quality continues to be a key differentiator as tenants demand higher quality accommodation.



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The Fund is pleased to announce it has leased 800 sqm at 510 Church Street, Cremorne VIC for a term of 5.5 years to multinational consumer goods business, PZ Cussons. As a result of this leasing success, the Fund has commenced a speculative fit out of the remaining vacancy at the property which has led to significant tenant enquiry.

Vacancy on the Fund's Canberra asset remains under a rental guarantee until 30 June 2024 and with the recent Federal Budget being released, we have seen an increase in leasing enquiry from government departments over the remaining available space. The Fund remains confident of leasing this vacancy prior to the expiry of the rental guarantee in June 2024. The Fund is now 94.2% occupied (by area, including rental guarantee) with a weighted average lease term of 7.4 years (by income).

Portfolio Quality and Long-Term Value

Continued upward inflationary pressures have now made many new developments unviable as the economic rents required to replace assets are beyond current market rates. In the short term this has and will continue to constrain new supply, supporting rental growth over the medium term.

As the cycle progresses, bifurcation in asset quality will become more evident, as investors, financiers and occupiers place greater emphasis on modern assets with market leading sustainability credentials. TOT's recently built or refurbished portfolio is well positioned to benefit from this flight to quality.

FY24 Forecast Distributions

The Fund has a significant retained earnings and franking credits balance from past investments and is focused on distributing these franking credits back to securityholders in the form of fully franked distributions.

Given the recent and expected future leasing, near peak interest rates and retained earnings balance, the Fund is forecasting to maintain its current level of FY23 quarterly distributions for FY24. It is expected that the forecast FY24 distribution of 6.0 cps remains fully franked equating to a forecast fully franked distribution yield of 8.8% (based on the TOT 30 June 2023 closing price of \$0.68 per security).

The Fund will provide a further update at its FY23 results in August.

Authorised for release by, Glenn Butterworth, Company Secretary.

For further information in relation to the proposal please contact either

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About 360 Capital REIT (ASX: TOT)

The Fund has a demonstrated track record of consistent quarterly distributions, through a selective and disciplined investment philosophy, combined with access to real estate investment opportunities available to TOT through the 360 Capital Group, the manager of the Fund.