



360 Capital Group (ASX:TGP) FY23 Results Presentation

24 August 2023



Table of Contents

1	Snapshot and key highlights	3
2	Platform overview	7
3	Financials	14
4	FY24 outlook and guidance	18



1. Snapshot and key highlights



Snapshot of FY23- value proposition

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

\$9.9m

Operating profit after tax
(down 68% from \$30.9 million profit on
pcp)

12.25cps

FY23 dividends/ distributions, (8.0cps
fully franked dividend/ 4.25cps ordinary
distribution)

\$90.8m

14.9% strategic stake in Hotel Property
Investments (ASX:HPI) via Strategic
Real Estate Partnership

\$38.8m

Cash as at 30 June 23, equivalent to
\$0.17 per security, ungeared with over
\$126 million of ASX listed securities

\$0.78

NAV per security, down from \$0.99 per
security in June 2022 due to 8.0cps
special distribution and devaluation of
co-investments

Aligned Team

Directors and KMP's own a total of
42.3% of the Group, KMP's 10 years each
at Group

(19.9%)

Trading price discount to NAV per
security (based on ASX closing
security price on 23 August 2023 vs
NAV of \$0.78 per security)

Simple Strategy

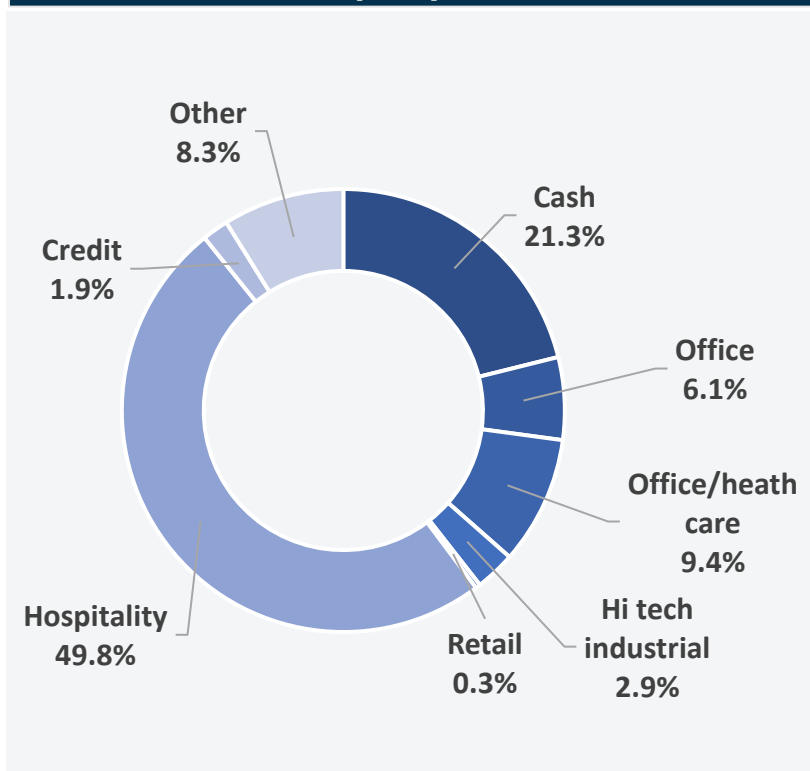
- Core real estate
- Real estate credit
- Opportunistic real estate
- Hospitality



360 Capital's platform

Core \$232.9m	Credit \$32.0m	Opportunistic/ Special Situations \$90.8m	Hospitality 7 hotels
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Group exposures



Funds management platform

360 Capital Group funds				
	Core	Credit	Opportunistic/ Special Situations	Hospitality
Public capital funds	360 Capital REIT (ASX: TOT)	360 Capital Mortgage REIT (ASX: TCF)		
Private capital funds	360 Capital Property REIT	360 Capital Private Credit Fund	SREP (14.9% Hotel Property Investments) (ASX: HPI)	56% Hotel Capital Partners



FY23 Key highlights

<p>Group</p>	<p>FY23 Group highlights</p> <ul style="list-style-type: none"> • Settled disposal of TGP's Irongate Group stake for \$92.0 million • Special fully franked dividend of 8.0cps from previous years profits • Completion of business simplification back to real estate in preparation for opportunities from recent market correction
<p>Core</p>	<p>FY23 funds management highlights</p> <p>360 Capital REIT:</p> <ul style="list-style-type: none"> • Completed transition to traditional A-REIT • Settled disposal of Irongate Group stake for \$165.3 million • Disposal of PMG Funds in New Zealand for \$21.6 million • Purchased three, modern assets for \$257.2 million from Irongate Group
<p>Credit</p>	<ul style="list-style-type: none"> • Expanded its real estate credit origination capability buying out remaining Dealt real estate debt platform shareholders • Transitioned TCF from corporate credit investing to real estate credit investing • Renamed TCF to 360 Capital Mortgage REIT (ASX:TCF) and became one of only two S&P GICS classified Mortgage REITs in Australia • Established 360 Capital Private Credit Fund (PCF) as an unlisted contributory mortgage fund • \$45.4m of real estate loans funded by TCF and Group in FY23, and a further \$19.4m post period
<p>Opportunistic/ special situations</p>	<ul style="list-style-type: none"> • Via SREP, the Group become the largest securityholder in Hotel Property Investments (ASX:HPI) purchasing a strategic 14.9% holding with a total value as at 30 June 2023 of \$90.8 million
<p>Hospitality</p>	<ul style="list-style-type: none"> • Hotel Capital Partners (HCP) appointed as asset manager of 5 further hotels over FY23 • Team expanded with Lucia Grambalova becoming shareholder and Chief Investment Officer of HCP • Continuing to advise and work with private capital investors on hotel and co-living opportunities.



2. Platform overview



Core – 360 Capital REIT (ASX:TOT)

Core portfolio of diversified modern assets that provides a base to scale TGP's real estate equity activities

Franking credit balance

7.6cps

Equivalent to over 3-years fully franked distributions

Forecast FY24 distribution yield

10.1%¹

Weighted average lease expiry

7.4 years

Gross asset value

\$232.9m

Diversified modern portfolio – positioned for growth

High-tech industrial – 15.7%



Office / healthcare – 50.1%



Office – 32.3%



Retail – 1.9%



Key FY23 TOT statistics to TGP

Value of group co-investment
\$34.3m

FY23 distributions
\$2.2m

Base management fees
\$1.7m

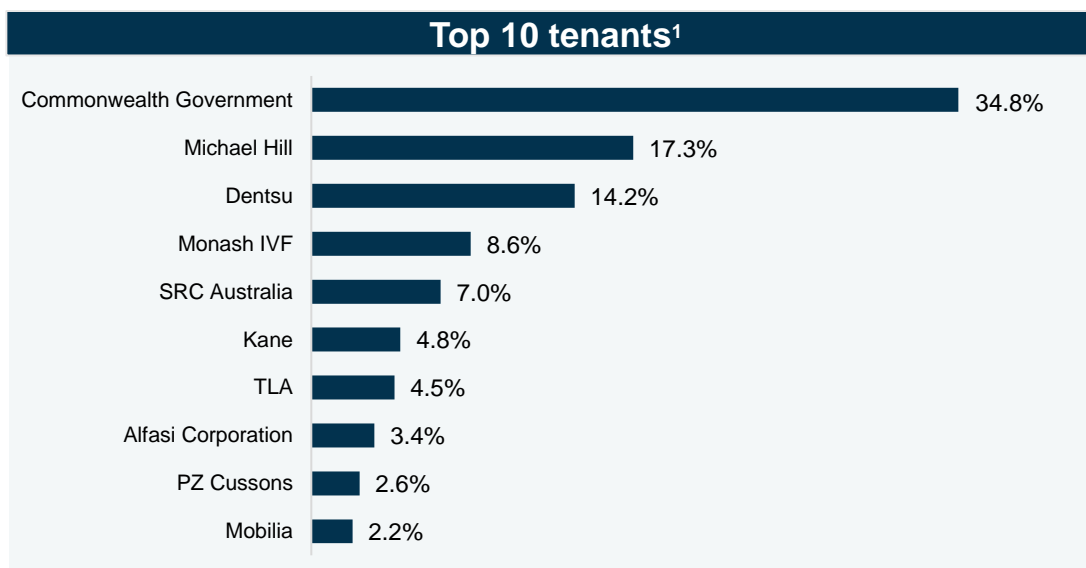
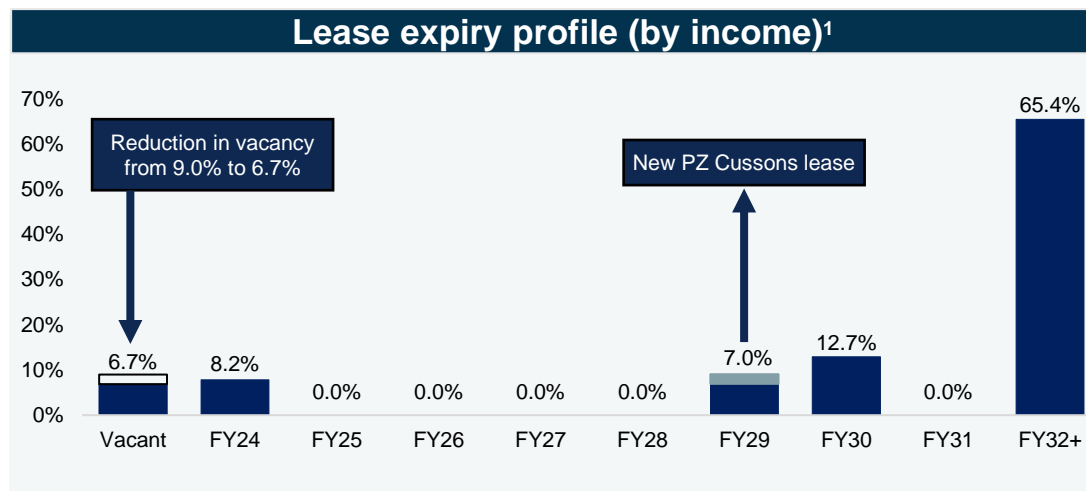
Acquisition fees
\$2.8m

Group co-investment
26.1%

1. FY24 TOT distribution yield based on FY24 forecast distribution of 6.0cps dividend by closing price of TOT on the ASX of \$0.595 as at 23 August 2023



Core – 360 Capital REIT (ASX:TOT)



¹ Weighted by Gross Income including car parking, rental guarantees and excluding outstanding incentives

Leasing

Scale

Trading price

Guidance

TOT's FY24 focus

Complete leasing of vacancy/rental guarantee space at:

- 510 Church Street, Cremorne VIC; and
- 38 Sydney Avenue, Canberra ACT

- Look for opportunities to increase size and scale of TOT including potential M&A activity across ASX listed and unlisted property trusts

- Continue to market TOT to new investors
- Gain S&P Real Estate classification
- Gain broker research coverage
- TOT is focused on closing trading discount including potentially using non-core assets sale proceeds and other capital management initiatives

- Forecast FY24 fully franked distribution of 6.0cps



Credit – 360 Capital Mortgage REIT (ASX:TCF) & 360 Capital Private Credit Fund

Listed and unlisted funds with no legacy issues provides a base to scale TGP’s real estate debt activities

FY23 distribution 39.0cps Up 8.3% on FY22	Forecast FY24 distribution yield 8.0%¹	FY23 deals originated \$45.4m	Gross asset value \$24.8m
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Australian CRE debt market size – ADIs



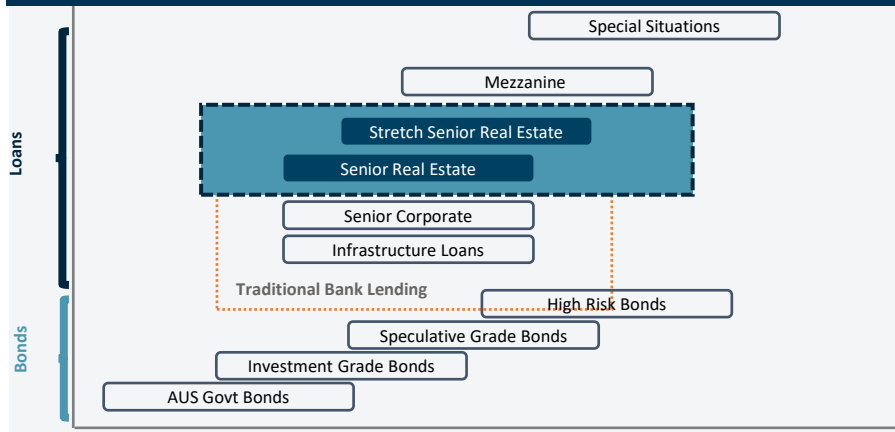
Market conditions driving non-bank sector

- Global banks retreating from Australia
- Australian banks reducing exposure to certain CRE exposures
- Interest rate environment makes CRE credit attractive investment
- Many existing non-bank lenders have redemptions, legacy issues and historic lower loan returns with higher risk loan books
- TCF one of only two ASX listed funds doing pure CRE credit

Key FY23 TCF statistics to TGP

Value of group co-investment \$3.5m
FY23 distributions \$0.26m
Base management fees \$0.21m
Establishment fees \$0.40m
Group co-investment 16.4%

Target market



FY23 key credit highlights

- Successful transitioned TCF from corporate credit investing to real estate credit investing and renamed to 360 Capital Mortgage REIT, becoming one of only two S&P GICS classified Mortgage REITs in Australia
- \$45.4m of real estate loans funded by TCF and Group in FY23, and a further \$19.4m post period by TCF and PCF
- Origination capability enhanced with full acquisition of dealt.com, CRE debt platform
- Commenced diversify TCF’s loan book through partial loan sell down program to third party investors via PCF

1. FY24 TCF distribution yield based on FY24 forecast distribution of 42.0cps divided by closing price of TCF on the ASX of \$5.22 as at 23 August 2023



Credit – 360 Capital Mortgage REIT (ASX:TCF) & 360 Capital Private Credit Fund



Current Platform portfolio statistics

Locations:	Western Sydney
Portfolio:	41 completed 4 and 5 bedroom houses and 2 and 3 bedroom apartments across several borrowers
Loan type:	First mortgage
Total facility limits:	\$28.6m
TCF/ PCF exposure:	74% TCF, 26% PCF
Interest rate:	5.0 - 6.5% over BBSW with interest rate floor paid monthly in advance
Term:	12 - 18 months
Security:	-Registered first mortgages (40) -First ranking general security deeds -Personal guarantees -Corporate guarantees
Loan to value ratio:	Up to 70%

Product demand

Platform scaling

Flexible platform

Product expansion

Credit platform's FY24 focus

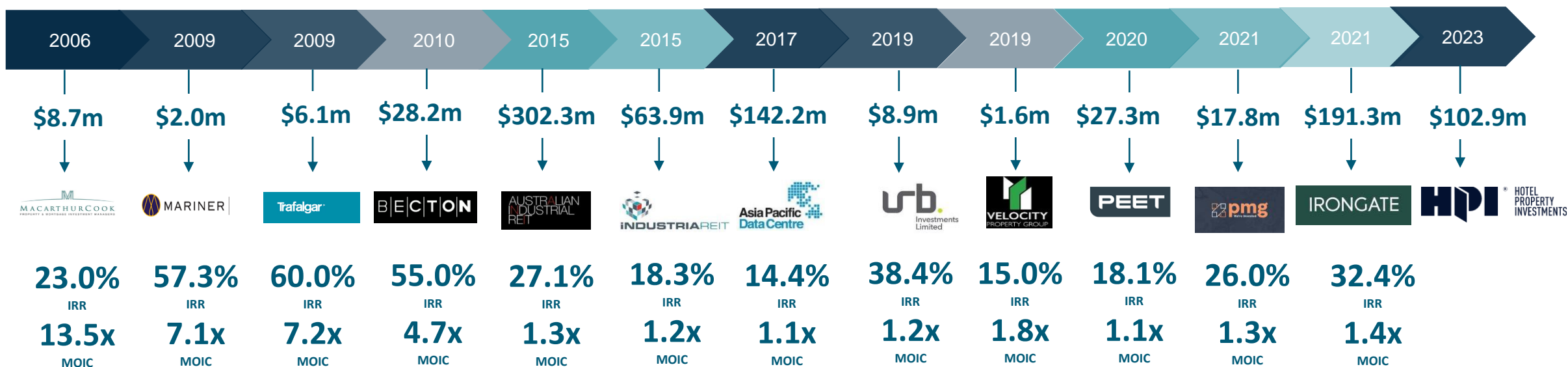
- Strong demand from investors seeking yield
- Investors and developers seek timely capital solutions to finance or refinance projects
- PCF provides ability to provide borrowers with bespoke capital solutions
- Acquisition of Dealt origination platform in FY23 provides efficiencies to scale credit platform
- PCF (deal by deal) and TCF (listed pooled fund) provide opportunity to scale capital inflows
- Flexible capital sources from both listed (360 Capital Mortgage REIT) and unlisted (360 Capital Private Credit)
- TGP can underwrite transactions through PCF
- Current focus on built form (investment and completed developments lending)
- Expansion into construction and development loans as supply chains normalise



Opportunistic- 360 Capital Strategic Real Estate Partners (SREP)

Disruption in capital markets providing opportunity to capitalise on Group's active investing history

Total equity capital invested >\$900m	All transactions realised/ takeover \$1.18bn	Total profit on 12 transactions \$373m	Weighted average IRR on capital invested 26.6% IRR
Weighted average investment term 1.6 years	Weighted average MOIC on capital invested 1.6x MOIC	Total underlying assets in strategic acquisitions \$6.3bn	% Investments in listed securities 93%





Opportunistic- SREP – HPI Investment

Portfolio value
\$1.25bn

Distribution Yield
6.27%¹

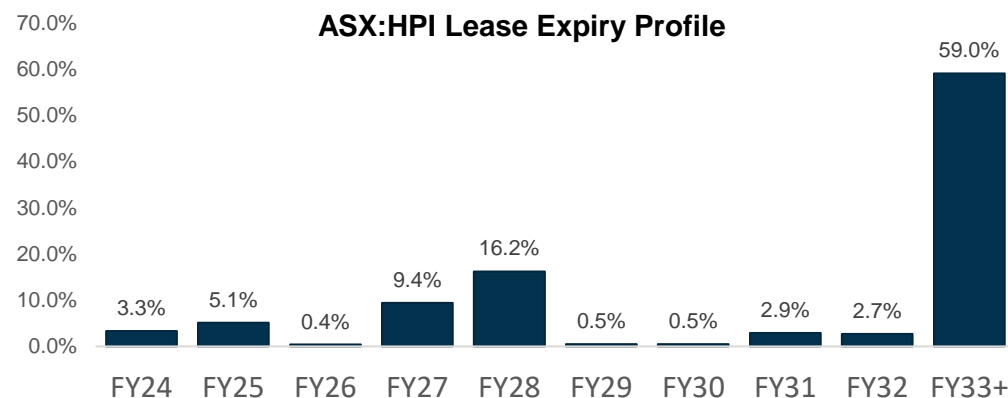
Trading discount to NTA
24.6%²

Market capitalisation
\$589m



Investment overview

- Only pure-play pub portfolio on ASX
- 39 properties leased to Queensland Venue Company (Coles/AVC JV) and 15 properties leased to Australian Venue Company(AVC) with majority of leases with annual CPI linked reviews
- Underlying business value in operator provides capital protection/ upside at lease expiry and linked to real estate –
 - Under the majority of leases, liquor and gaming licenses revert to the landlord
- Long dated debt and disciplined LVR provides stable capital structure with 68% of debt fixed



Key FY23 HPI statistics to TGP

Value of Group investment
\$90.8m

FY23 distributions
\$5.3m

Proportion of TGP's assets
49.8%

Period of ownership
9 months

Group ownership %
14.9%

1. FY24 HPI distribution yield based on FY24 forecast distribution of 19.0cps dividend by closing price of HPI on the ASX of \$3.03 as at 23 August 2023
 2. Discount based on HPI 30 June 2023 NTA of \$4.02 per security and HPI on the ASX of \$3.03 as at 23 August 2023



3. Financials



FY23 profit & loss highlights

Statutory net loss

\$20.8m

(2023: profit \$31.7m)

Statutory net loss of \$20.8 million represents a 165.6% decrease from the prior year. The result included a \$12.1 million fair value loss on the investment in Hotel Property Investments (ASX:HPI) together with a share of equity accounted loss on 360 Capital REIT of \$13.6 million.

Operating profit

\$9.9m

(2023: \$30.9 million)

Operating profit¹ of \$9.9 million (equating to 4.5cps) comprising \$7.5 million from distributions from listed investments together with \$5.1 million contribution from management fee revenue. Expenses have reduced by \$4.4 million or 44.9% following rationalisation and simplification of investment strategy resulting in reduction in head count.

Distributions per security

12.25cps

(2023: 6.0cps)

8.0cps (fully franked) special dividend paid in October 2022 getting franking credits into the hands of securityholders and 4.25cps distribution in line with Group's dividend and distribution policy of distributing a minimum of 80% of operating earnings.

PROFIT & LOSS STATEMENT	FY23 (\$m)	FY22 (\$m)	Change (\$m)	Change (%)
Funds management revenue	5.1	6.6	(1.5)	
Investment revenue	7.5	47.1	(39.6)	
Finance revenue	3.0	0.2	2.8	
Total revenue	15.6	53.9	(38.3)	(71.1)%
Employment expenses	(3.2)	(6.9)	3.7	
Operating expenses	(2.2)	(2.9)	0.7	
Operating profit before tax	10.2	44.1	(33.9)	(76.9)%
Income tax expense	(0.3)	(13.2)	12.9	
Operating profit after tax	9.9	30.9	(21.0)	(68.0)%
Non-operating Items	(30.7)	0.8	(31.5)	
Statutory profit attributable to securityholders	(20.8)	31.7	(52.5)	(165.6)%
Weighted average number of securities on issue	222.8	219.0	3.8	
Operating profit – cps	4.5	14.1	(9.6)	(68.1)%
Statutory profit (loss) – cps	(9.3)	14.5	(23.8)	(164.1)%
Distribution/dividend – cps	4.25	6.0	(1.75)	(29.2)%
Special dividend – cps	8.0	-	8.0	100.0%

1. Operating profit is a financial measure which is not prescribed by Australian Accounting Standards (AAS) and represents the profit under AAS adjusted for non-operating items. The above report is prepared on an operating basis. For full statutory accounts including disclosures together with operating to statutory reconciliation refer 360 Capital 2023 Annual Report.



FY23 balance sheet highlights

Invested during the year

\$102.9m

The Group realised proceeds on the disposal of Irongate Group securities of \$92.0 and invested \$102.9 into Hotel Property Investments (ASX:HPI).

Net assets value

\$0.78

per security
(Jun 2022: \$0.99)

Net Asset Value (NAV) down \$0.21 per security from June 22 following fair value write down of investments together with an \$0.08 per security Special Dividend paid during the year funded from profits from the Irongate Group investment recognised in the prior year.

Cash

\$38.8m

Cash reduced during FY23 with payment of Special Dividend, HPI investment and payment of tax. Cash to increase with realisation of final non-core asset expected by 31 December 2023, offset by any cash used for buyback.

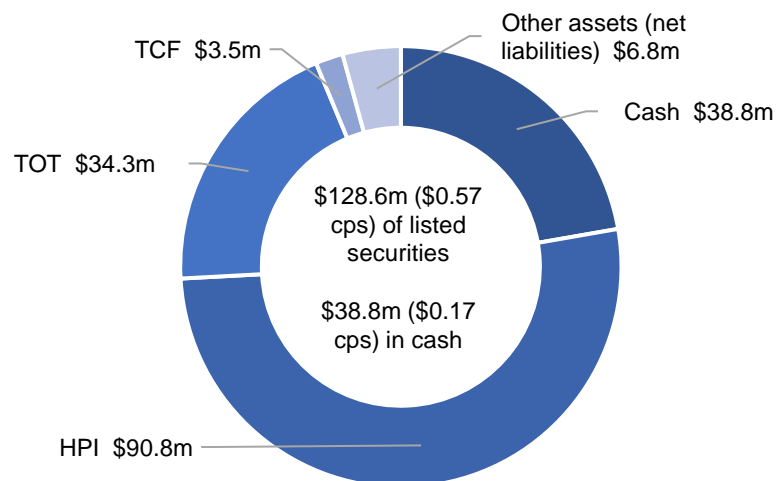
BALANCE SHEET	30-Jun-23 (\$m)	30-Jun-22 (\$m)	Change (\$m)	Change (%)
Cash	38.8	76.5	(37.7)	
360 Capital REIT (ASX:TOT)	34.3	45.3	(11.0)	
360 Capital Mortgage REIT (ASX:TCF)	3.5	3.6	(0.1)	
Hotel Property Investments (ASX:HPI)	90.8	-	90.8	
Irongate Group	-	92.0	(92.0)	
360 Capital Cardioscan Trust	3.7	5.5	(1.8)	
Dealt Platform	2.3	1.9	0.4	
Receivables and other assets	6.4	6.4	-	
Intangibles	2.6	2.6	-	
Total assets	182.4	233.8	(51.4)	(22.0%)
Dividend/distributions payable	4.9	3.3	1.6	
Tax liabilities	0.1	6.9	(6.8)	
Other liabilities	3.2	5.9	(2.7)	
Total liabilities	8.2	16.1	(7.9)	(49.1%)
Net assets	174.2	217.7	(43.5)	(20.0%)
Securities on issue	224.7	219.0	5.7	
NAV per security	\$0.78	\$0.99	(0.21)	
NTA per security	\$0.75	\$0.98	(0.23)	

Note: Above disclosures represent the Segment Balance Sheet based on management accounts and does not include balances associated with non-controlling interests. Classifications of items may differ to statutory Financial Reports included in the 360 Capital Group 2023 Annual Report.

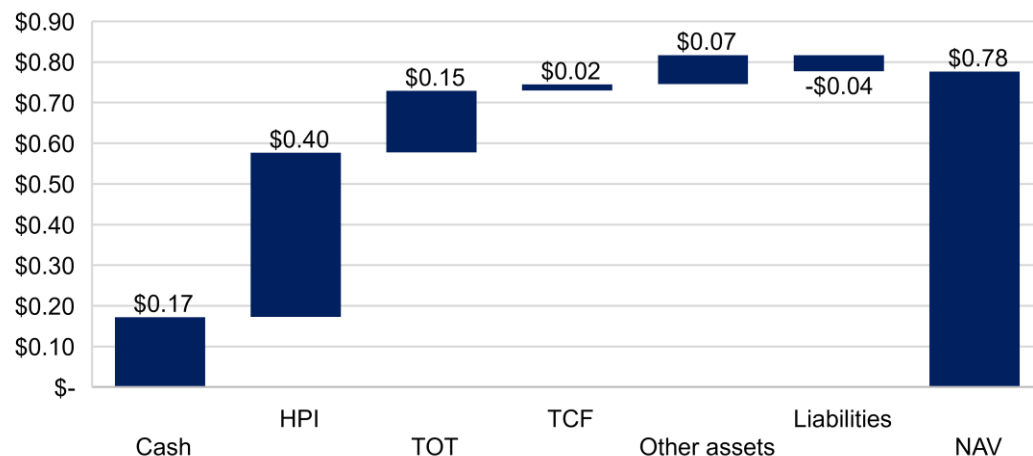


Financial analysis and capital management

Balance sheet breakdown



Net asset value breakdown (cps)



Analysis of revenue and expenses

Employment expenses

\$3.2m
 down
53.6%
 on FY22

Operating expenses

\$2.2m
 down
24.1%
 on FY22

Finance
 Revenue
 \$3.0m
 19%

Investment
 Revenue
 \$7.5m
 48%

Management
 Fee Revenue
 \$5.1m
 33%

Buyback

- Proposed buyback of up to 21,899,755 securities (subject to price)
- Approximately 9.0% of issued capital (15.6% of securities excluding Directors and KMPs)
- TGP currently trading at 19.9%¹ discount to NAV
- Directors and KMP's own 42.3% of securities and do not intend to participate in buyback
- Fully funded from Group's existing cash balance

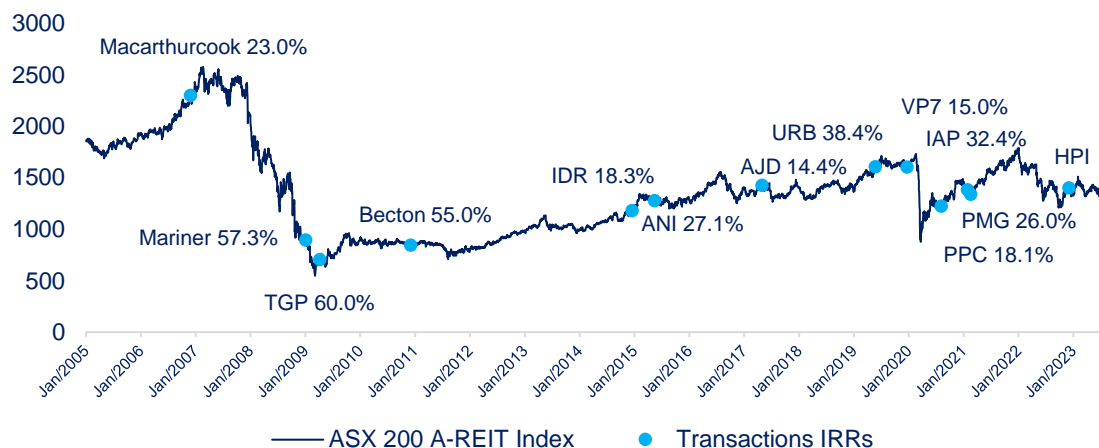


4. FY24 outlook and guidance

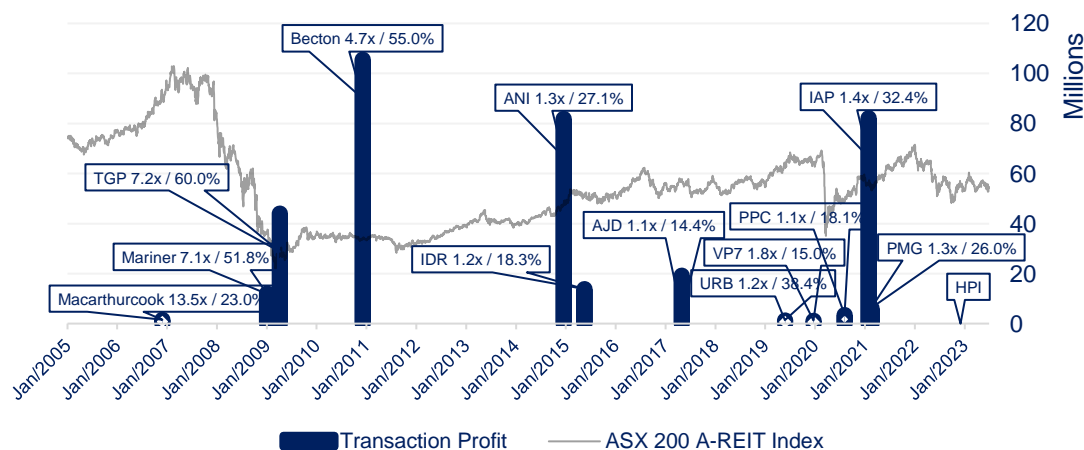


Market outlook and how 360 Capital will capitalise

ASX200 A-REIT Index / Transaction IRRs



ASX200 A-REIT Index and Transaction Profit MOICs / IRRs



Commercial real estate environment

- Commercial real estate conditions expected to continue to weaken in FY24
- Interest rates expected to peak late 2023, but potentially remain elevated placing pressure on under capitalised fund managers
- Both LVR and ICR pressures building
- Rental growth expected to continue with inflationary pressures
- Construction costs are going to limit supply, maintain rental levels needed
- Real estate with long secure cashflows expected to weather storm
- Bifurcation of assets going to payout as tenants, investors, financiers gravitate to new buildings
- Secondary asset values expected to fall quicker, usually owned in constrained capital structures

How is 360 Capital positioned for expected fallout?

- Exited all non-core assets/operations from Group through simplification strategy and no legacy issues to deal with allowing Group to focus on opportunities as they arise
- Investing across debt and equity gives flexibility to structure complex opportunities
- 360 Capital's history of dealing with complex opportunities in timely order creates deal flow to the Group which is expected to increase as markets deteriorate
- History of operating and transacting through the cycles over past 17 years gives 360 Capital an advantage over some other competitors
- Flexible funding sources across three ASX listed entities and private capital partners, strong management and Board position 360 Capital well to expand its platform



Strategic focus – platform positioned to be scaled

<p>Core</p>	<p>360 Capital REIT (ASX:TOT))</p> <ul style="list-style-type: none"> • Complete leasing of remaining vacancies and position TOT as a mainstream AREIT, improving trading performance • Investigate opportunities to scale TOT through M&A having regard to TOT high quality portfolio <p>Opportunistically scale core strategy through acquisition of subscale/undercapitalised fund managers Work with private capital on core investment opportunities</p>
<p>Credit</p>	<p>360 Capital Mortgage REIT (ASX:TCF)</p> <ul style="list-style-type: none"> • Grow TCF into mainstream mortgage REIT with public capital, diversifying portfolio and improving liquidity <p>360 Capital Private Credit Fund (PCF)</p> <ul style="list-style-type: none"> • Continue to grow PCF as contributory mortgage fund for private capital (HNW, family offices, other capital partners) • Partner with TCF in continuing to build out its mortgage book, scale origination through www.dealt.com
<p>Opportunistic/special situations</p>	<ul style="list-style-type: none"> • Continue to expand SREP strategy with capital partners • Capitalise on potential mispricing and consolidation of AREIT sector • Work with third party capital partners on special situations/capital solutions/repositioning opportunities • Participate in expected fallout from unlisted funds and fund managers
<p>Forecast FY24 distribution</p>	<ul style="list-style-type: none"> • Forecast 6 months to 31 December 2023, 2.0cps, with distributions continuing to be paid 6 monthly • Group's dividend and distribution policy of distributing a minimum of 80% of operating earnings remains unchanged • Given level of cash, uncertainty around transactional fee revenues and current market environment make earnings forecasting difficult




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360 Capital **Identifying**
 strategic investment
opportunities



Disclaimer

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