



ASX Release

23 August 2024

360 Capital Group (ASX: TGP)

Financial Year 2024 Results

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360 Capital Group (ASX: TGP) (**Group**) is pleased to announce its financial results and operational update for the year ended 30 June 2024.

The six months to December 2023 was one of the quietest periods in the Group's history given the current state of the commercial real estate market in Australia. This continued into the second half of the year with limited transactional activity, resulting in the "buy-sell" gap remaining, with a few opportunistic transactions providing some evidence of price softening for commercial real estate assets in Australia.

With the simplification strategy and cost out now completed, the Group is in a unique position as the only Australian real estate manager with both an ASX listed equity REIT and mortgage REIT. The Group is now a sustainable business that is not reliant on one-off fees and with its track record of investing through the cycles and strong balance sheet, it is ready to take advantage of opportunities expected to present in the near term.

Key financial highlights for FY24

- Statutory net profit attributable to securityholders of \$0.3 million up 101.5% (FY23: loss of \$20.8 million)
- Operating profit of \$6.7 million down 33.0% (FY23: \$9.9 million)
- Statutory profit of 0.1cps, up 101.1% (FY23: loss 9.3cps)
- Operating EPS of 3.1cps down 31.1% (FY23: 4.5cps)
- Distributions and dividends of 3.5cps down 17.6% (FY23: 4.25cps, excl. 8.0cps special dividend)
- NAV per security of \$0.79 up 1.3% (June 2023: \$0.78)

The Group obtained securityholder approval at its AGM on 27 November 2023 to buyback a total of 48.3 million securities representing approximately 20% of the Group's issued securities. With the securities brought back to date under this buyback, the Group can buy back up to a further 37.1 million securities as at 30 June 2024.

During the second half of FY24, the Group sold its investment in Hotel Property Investments (ASX:HPI) for \$96.9 million, increasing its cash balance.

Given the trading discount of the Group's securities on the ASX, the quality of the Group's assets and high cash balance (being \$111.4 million in cash as at 30 June 2024), the Group brought back a total a total of 13.9 million securities during the year, equating to 6.2% of the Group's issued securities (excluding executive incentive plan securities) at an average price of \$0.56 per security.

The Group has no borrowings and its only debt exposure is in its managed fund being 360 Capital REIT was reduced due to a capital raising in 2H24, resulting in the Group having no look through net debt as at 30 June 2024.



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Funds Management

The Group's sold its remaining non-real estate managed fund, 360 Capital CardioScan Trust, including its 53.6% co-investment generating \$3.7 million in cash back to the Group during the year. With the sale of Cardioscan Trust, the Group's simplification strategy across funds management is now complete managing two ASX listed funds, 360 Capital REIT (ASX:TOT) and 360 Capital Mortgage REIT (ASX:TCF) as well as the unlisted 360 Capital Private Credit Fund (PCF).

Operating revenue from funds management activities was \$2.8 million for FY24, down 45.1% from \$5.1 million in FY23 which included one off acquisition fees.

During FY24, real estate lending slowed in line with a slowdown in construction starts across Australia, limited investment activity and many new entrants into the sector pushing lending rates lower for the risk involved. In July 2023, the Group established 360 Capital Private Credit Fund, an unlisted contributory mortgage fund where investors can invest in individual loans.

We are seeing improved market conditions for credit investing in FY25 and good demand from wholesale and high net worth investors for the loan investments in 360 Capital Private Credit Fund.

The Group generated \$1.0 million in establishment fees in FY24 from a total of \$43.0 million in new loans. The Group also generated \$0.2 million in management fees from 360 Capital Mortgage REIT and 360 Capital Private Credit Fund.

Principal Investments

As at 30 June 2024, the Group had a total of \$55.4 million in co-investments and principal investments as follows:

- 360 Capital REIT: \$50.3 million (based on NTA of TOT)
- 360 Capital Mortgage REIT: \$4.4 million (based on the ASX closing price of TCF)
- 360 Capital Private Credit Fund: \$0.7 million (based on NTA of each loan)

Over FY24, the Group increased its investment in 360 Capital REIT, investing a further \$19.3 million, through TOT's DRPs, on market purchases and taking up its full entitlement in TOT's entitlement offer capital raising in February 2024. This resulted in increasing its co-investment stake to 39.1%. Post period, the Group has increased its stake to 39.5% through TOT's June DRP.

As the Group manages and owns 39.5% of TOT, the Group equity accounts its co-investment at TOT's NTA equivalent to \$0.61 per TOT security. However, as at 30 June 2024 its ASX closing price was \$0.385 per security. The Group also increased its co-investment in TCF during the year, investing \$0.7 million to increase its ownership to 19.6%. As at 30 June 2024, the Group's co-investment stake was valued at \$4.4 million.

In March, the Group sold its 14.8% stake in Hotel Property Investments for \$96.9 million. Although this investment only generated a total return of 1.0% versus the Group's strategic stake historic IRR of over 26%, the sale provided the opportunity for the Group to continue to buy back further TGP securities at a discount to their intrinsic value and provided cash for other opportunities.



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The sale of HPI was 6.7% above the Group's June 2023 carrying value, offset partly by the TOT carrying value from the dilution of the TOT capital raising and TOT valuations. The Group's NAV increased slightly to \$0.79 per security as at 30 June 2024.

Post period, the Group underwrote a \$26.2 million senior loan in PCF, to be sold down through the Group's private client network, placed into TCF to ensure TCF remains fully invested and reduced through sale and repayment of the underlying security properties, which are recently completed, freestanding houses. As at the date of this announcement, the Group's exposure had reduced to \$16.0 million.

Opportunities and outlook

The Group expects markets to continue to deteriorate further in 2024 as the full effect of interest rate rises, coupled with the slowing economy impact the Australian commercial real estate markets and the general economy.

The start of FY25 is showing signs that we are closer to the bottom of the Australian commercial real estate market correction than the top and particularly in real estate credit investing, the Group is seeing risk adjusted opportunities and starting to execute on selective loan investments for PCF and TCF.

Key focuses for FY25 will be to complete leasing of remaining vacancies within the TOT portfolio, continue to grow the loan portfolio within TCF and PCF (unlisted contributory mortgage fund) with private capital (HNW, family offices, other capital partners), and be prepared for opportunities and special situations across debt and equity as market volatility continues.

The Board and management recognise the Group is subscale but have positioned the Group in a strong financial position and are taking a patient and long-term investment view.

The level of cash, uncertainty around transactional activity, the size of the buyback and current market environment, makes forecasting earnings difficult. Prior to deployment of the significant cash balance within the Group, the Group is forecasting that dividends/distributions will be approximately 3.0cps for FY25 in line with our dividend and distribution policy of distributing a minimum of 80% of operating earnings.

Authorised for release by 360 Capital Group Board.

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 by emailing investor.relations@360capital.com.au

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About 360 Capital Group (ASX: TGP)

360 Capital Group is an ASX-listed, investment and funds management group, focused on strategic and active investment management of real estate assets. Led by a highly experienced team, the Group operates in Australian investing across real estate equity and credit opportunities. We partner with our stakeholders to identify, invest and realise on opportunities.
