



360 Capital Group (ASX:TGP)

FY24 Results Presentation

23 August 2024



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Why invest in TGP?



Positioned for growth

- No legacy issues
- \$111.4 million cash to sponsor growth
- Only Australian real estate manager with both an ASX listed equity REIT and mortgage REIT

Disciplined track record of capitalising on opportunities in volatile markets

- Operate across debt and equity real estate markets
- Executed transactions involving >\$10bn in underlying real estate over past 18 years
- Capitalised on direct and corporate opportunities

Undervalued by capital markets

- Trading at 29.7% discount to NAV of \$0.79 per security
- 64.6% balance sheet assets in cash
- Small capital base to leverage growth
- Underlying funds well capitalised



1. Snapshot and key highlights



360 Capital Group (ASX:TGP) – FY24 financial highlights

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

\$0.3m

Statutory profit, up 101.5% on FY23 statutory loss of \$20.8m

\$6.7m

Operating profit¹ after tax down 33.0% from \$9.9 million FY23 profit

Aligned Management

360 Capital Group directors and KMP's own 50.6% of TGP securities

\$0.79

NAV per security, up from \$0.78 per security in June 2023

3.5cps

2.0cps fully franked dividend & 1.5cps distribution

Well Capitalised

TGP is ungeared and has \$111.4 million of cash (\$0.53 per security) to capitalise on opportunities

\$55.4m

Co-investments in 360 Capital managed funds, equivalent to \$0.26 per security

\$111.4m

Cash balance², equivalent to \$0.53 per security, with no borrowings

Simple Strategy

- Real estate equity investing and management
- Real estate credit investing and management

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.
2. Based on Segment Balance Sheet, refer Note 1. Segment Reporting, 360 Capital Group 2024 Annual Report.



360 Capital's Platform

Uniquely positioned as the only Australian real estate manager with both an ASX listed equity REIT and mortgage REIT

- Simplification strategy and cost out now complete
- Well capitalised manager and managed funds with no legacy issues
- Sustainable business, not reliant on market conditions or one-off fees
- Strategy to invest and manage across capital stack – debt and equity
- Strong alignment through ownership of manager and its funds
- Deep track record through cycles of generating returns

360 Capital Group (ASX:TGP)

TGP is a manager and investor of real estate funds.

FY25 DPS
Yield

5.4%¹

Gross Assets

\$172.4m

360 Capital REIT (ASX:TOT)

TOT is a ASX listed diversified equity REIT with a portfolio of well leased modern assets across Australia's Eastern States.

FY25 DPS
Yield

7.8%²

Fully franked

Gross Assets

\$207.4m

360 Capital Mortgage REIT (ASX:TCF)

TCF is one of only two ASX listed Mortgage REITs providing investors listed access to private credit investment opportunities.

FY25 DPU
Yield

9.2%³

Gross Assets

\$24.9m

1. Based on TGP FY25 Forecast DPS of 3.0cps divided by closing price on 28 June 2024 of \$0.555 per Security

2. Based on TOT FY25 Forecast DPS of 3.0cps divided by closing price on 28 June 2024 of \$0.385 per Security

3. Based on TCF FY25 Forecast DPS of 50.0cps divided by closing price on 28 June 2024 of \$5.45 per Unit



2. Platform overview



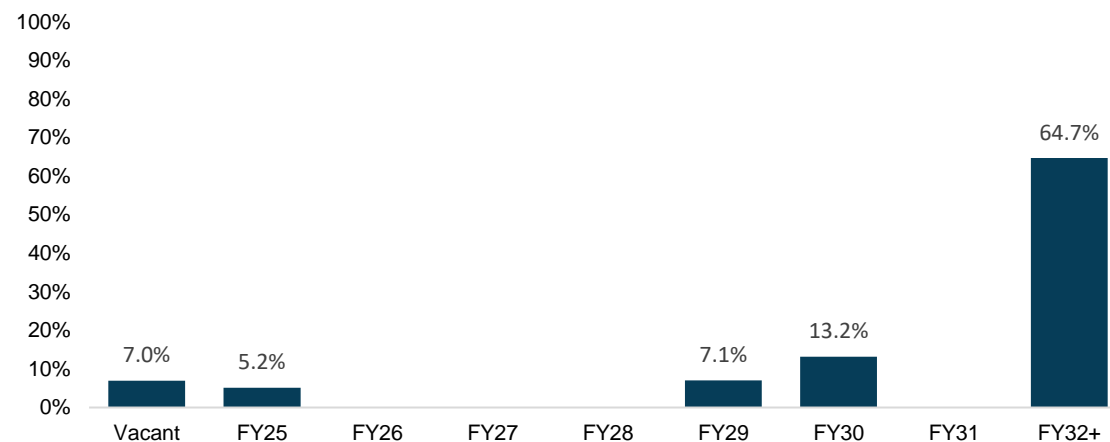
360 Capital REIT (ASX:TOT)

Core portfolio of diversified modern assets provides TGP with stable passive earnings from its co-investment enhanced with management fees

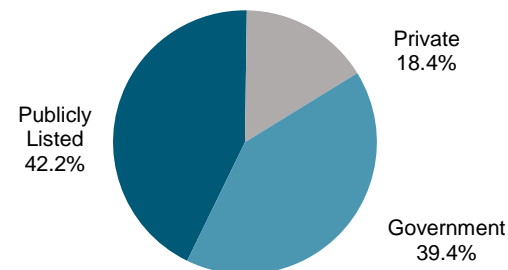
Portfolio occupancy 93.0% ²	Forecast FY25 distribution yield 7.8% ¹	Weighted average lease expiry 6.7 years ²	Gross asset value \$207.4m
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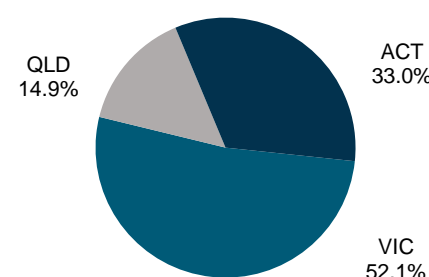
Lease expiry profile (by income)¹



Tenant mix



Geographical location



Key FY24 TOT statistics to TGP

Value of Group co-investment
\$50.3m @NTA of 61c
\$32.0m @ASX price 38.5c

FY24 distributions
\$2.6m

Base management fees
\$1.5m

Additional capital invested in FY24
\$19.3m

Group co-investment
39.5%³

1. Based on TOT FY25 Forecast DPS of 3.0cps divided by closing price on 28 June 2024 of \$0.385 per Security
 2. Weighted by gross income including car parking, rental guarantee, excluding outstanding incentives and including Heads of Agreement
 3. Post June 2024 DRP issuance



360 Capital Mortgage REIT (ASX:TCF)

One of only two ASX listed mortgage REITs in Australia

FY25 forecast distribution

50.0cps

Up 11.1% on FY24

Forecast FY25 distribution yield

9.2%¹

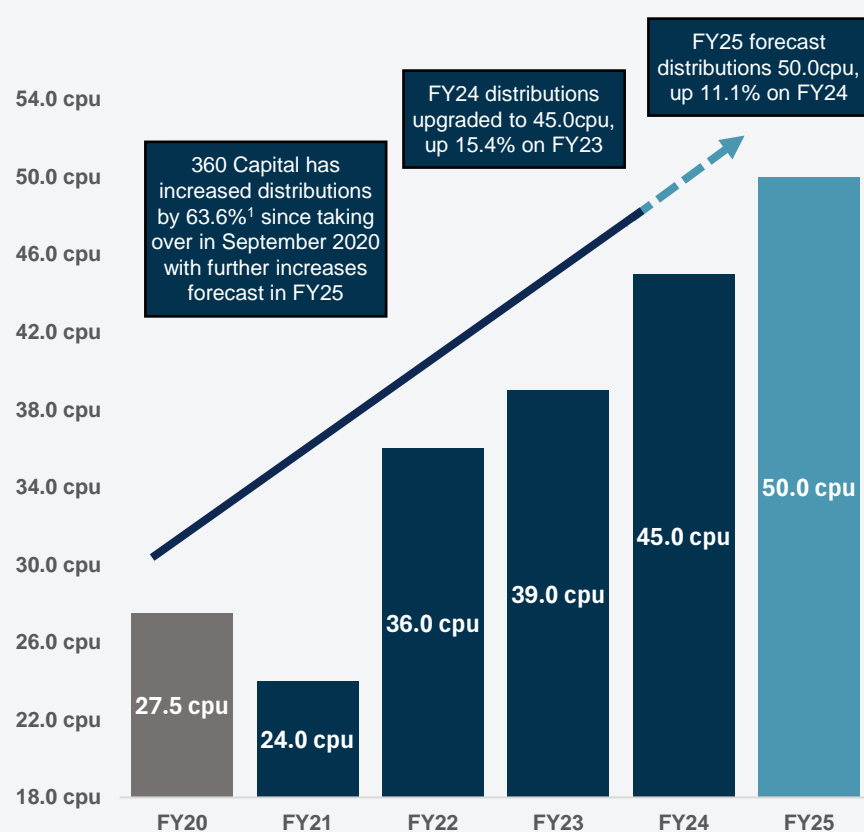
ASX trading discount to NTA

(8.2%)

Gross asset value

\$24.9m

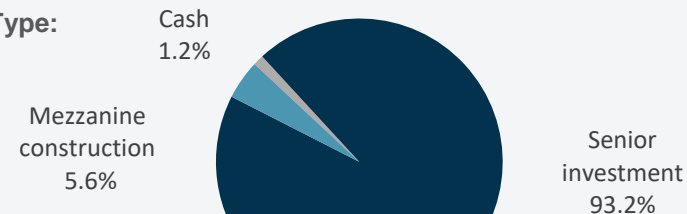
63.6% increase in distributions under 360 Capital



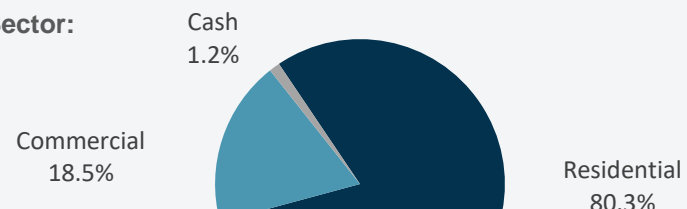
Key Statistics

Portfolio LVR	69.4%
Portfolio Weighted Average Interest Rate	12.1%
Portfolio Term to Maturity	11 months

By Type:



By Sector:



Key FY24 TCF statistics to TGP

Value of Group co-investment

\$4.8m	\$4.4m
@NTA of \$5.94	@ASX price \$5.45

FY24 distributions

\$0.3m

Base management fees

\$0.2m

Establishment fees

\$1.0m

Group TCF co-investment

19.6%

1. FY25 TCF forecast distribution yield based on FY25 forecast distribution of 50.0cps distribution divided by closing price of TCF on the ASX of \$5.45 as at 28 June 2024



360 Capital Private Credit Fund (PCF)

In partnership with 360 Capital Mortgage REIT (ASX:TCF)

- Contributory fund offering
- Allows investors access to individual deals via <https://www.360capital.com.au/privatecreditfund>
- Open to wholesale/sophisticated investors only
- Continue to expand wholesale product offering

Portfolio Snapshot:

68.2%

Portfolio LVR

92.7%

Senior loans

11.7%

W. Avg. Interest Rate

\$43.0m

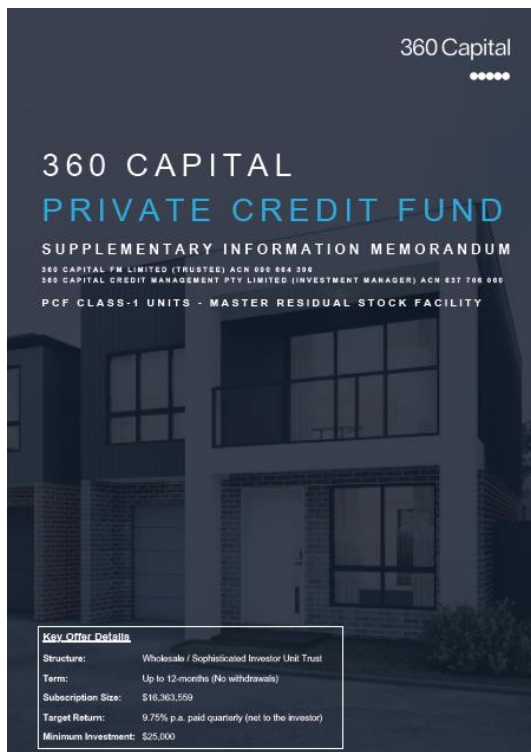
Loans written in FY24 across PCF and TCF

13 months

W. Avg. term to maturity

3 Loans

Increased diversification



Key Offer Details	
Structure:	Wholesale / Sophisticated Investor Unit Trust
Term:	Up to 12-months (No withdrawals)
Subscription Size:	\$16,363,559
Target Return:	9.75% p.a. paid quarterly (net to the investor)
Minimum Investment:	\$25,000



Key Offer Details	
Structure:	Wholesale / Sophisticated Investor Unit Trust
Term:	Up to 12-months (no withdrawals)
Subscription Size:	\$13.04 million
Target Return:	11.0% p.a. paid monthly in arrears (net to the investor)
Minimum Investment:	\$25,000



3. Track record



Real estate equity track record

Established & successful track record in real estate equity

18 years

Founded in 2006, 360 Capital has been successful in real estate equity investing through multiple economic and business cycles across direct and corporate transactions



13 Corporate Transactions

Total \$7.6 billion underlying assets



5

IPO's on ASX



>3.0bn

Direct property transaction



Multiple Sectors

Office, Retail, Industrial Hotels, Data Centres, Residential, Healthcare Digital Infrastructure

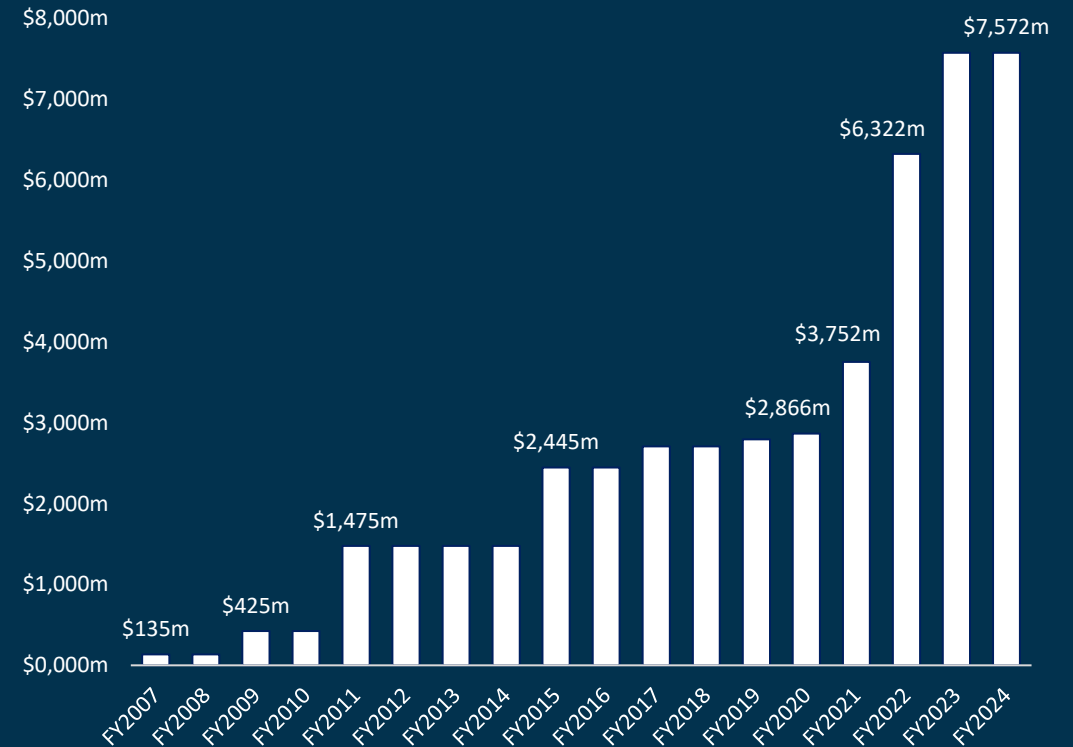


>\$800 million

Equity raised across listed and unlisted retail and wholesale investors



Cumulative Corporate Transaction Gross Assets





Real estate private credit track record

Established & successful track record in real estate credit

18 years

Founded in 2006, 360 Capital has been successful in investing through multiple economic and business cycles across the real estate capital stack.



>\$360m

Private credit transactions over the last 7-years



\$0

Capital lost or impaired



23 Transactions

Average loan size of \$15.7m



10.9%

Weighted average interest rate achieved over the past 7-years

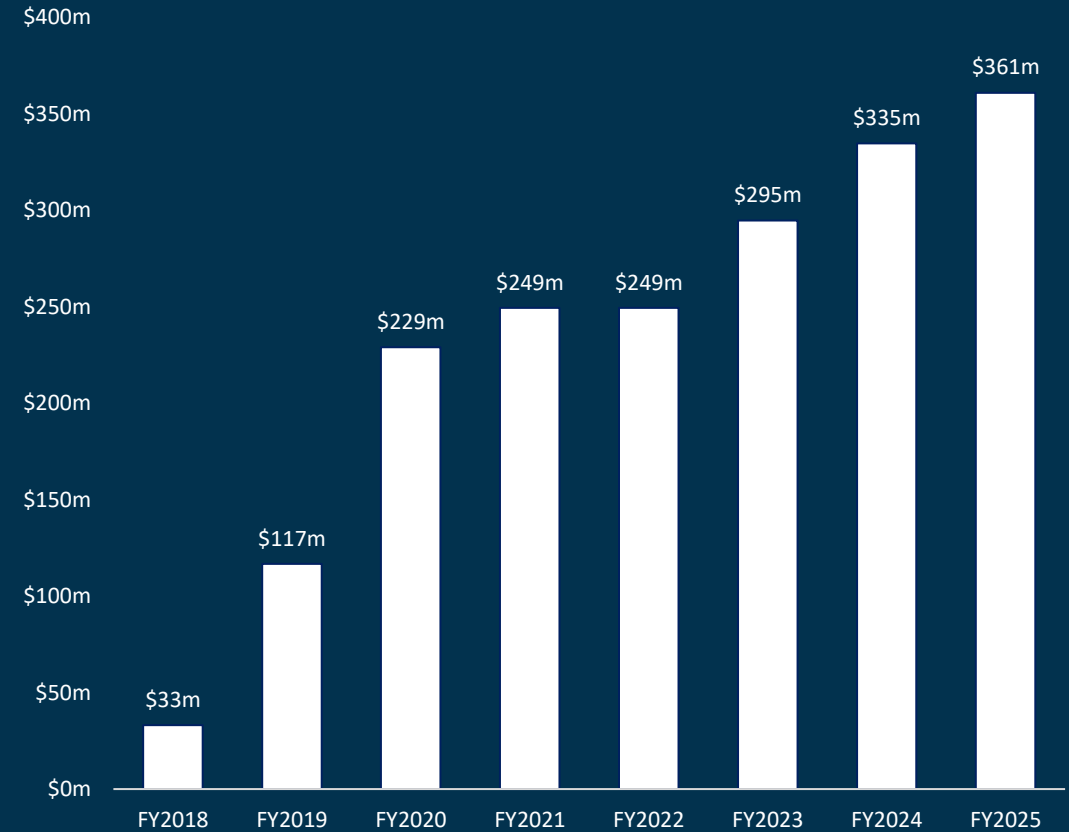


Deep network

Deep network of brokers, borrowers and intermediaries providing proprietary deal flow



Cumulative Private Credit AUM

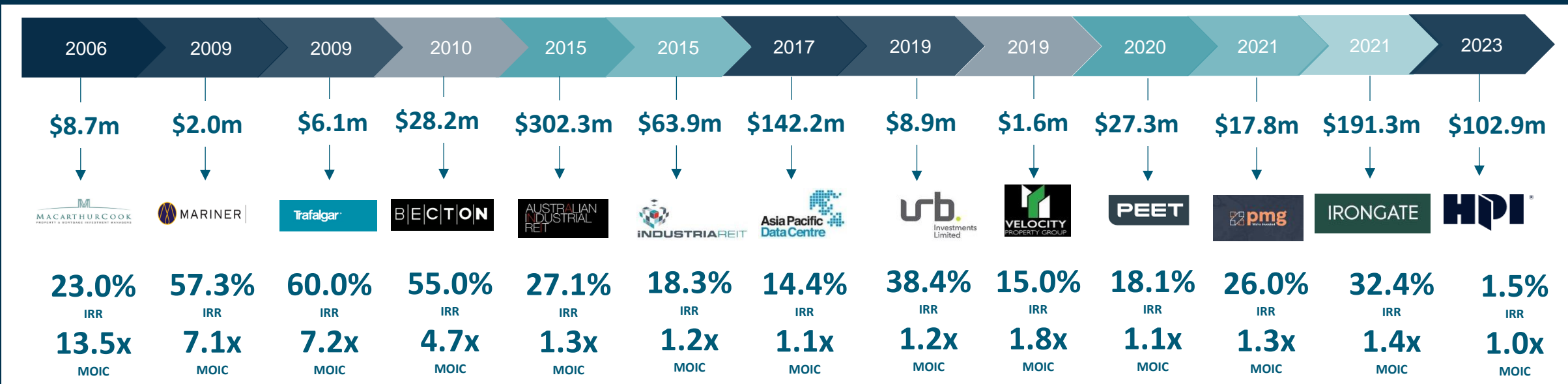




Real estate special situations and opportunistic track record

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

Total equity capital invested \$0.9bn	All transactions realised/ takeover \$1.26bn	Total profit on 12 transactions \$375m	Weighted average IRR on capital invested 23.8% IRR
Weighted average investment term 1.5 years	Weighted average MOIC on capital invested 1.5x MOIC	Total underlying assets in strategic acquisitions \$7.6bn	% Investments in listed securities 94%





4. Financials



FY24 profit & loss highlights

Statutory profit

\$0.3m

(June 2023: loss \$20.8m)

Statutory net profit of \$0.3 million represents a 101.5% improvement from the prior year's loss of \$20.8 million. The result includes a \$6.1 million gain on fair value of Hotel Property Investments (ASX:HPI) offset by a \$3.2 million share of equity accounted loss on 360 Capital REIT and a \$1.9 million write-off of an intangible asset.

Operating profit

\$6.7m

(June 2023: \$9.9 million)

Operating profit¹ of \$6.7 million (equating to 3.1cps) down from FY23 following the sale of HPI investment during 2H24 and one-off funds management fees in FY23. Expenses have reduced by a further \$1.2 million in FY24 from continued rationalisation and simplification of the business.

Distribution/dividend per security

3.5cps

(June 2023: 4.25cps, excluding special dividend)

FY24 dividend 2.0cps fully franked and 1.5cps distribution. Distributions/dividends lower in FY24 due to not receiving HPI distribution in 2H24 due to sale of HPI stake, lower returns from funds management and high levels of cash.

PROFIT & LOSS STATEMENT ²	FY24 (\$m)	FY23 (\$m)	Change (\$m)	Change (%)
Funds management revenue	2.8	5.1	(2.3)	
Investment revenue	5.8	7.5	(1.7)	
Finance revenue	2.3	3.0	(0.7)	
Total revenue	10.9	15.6	(4.7)	(30.1)%
Employment expenses	(2.9)	(3.2)	0.3	
Operating expenses	(1.3)	(2.2)	0.9	
Operating profit before tax	6.7	10.2	(3.5)	(34.3)%
Income tax expense	-	(0.3)	0.3	
Operating profit after tax	6.7	9.9	(3.2)	(33.0)%
Non-operating Items	(6.4)	(30.7)	24.3	
Statutory profit/(loss) attributable to securityholders	0.3	(20.8)	21.1	101.5%
Weighed average number of securities on issue	218.4	222.8	(4.4)	
Operating profit – cps	3.1	4.5	(1.4)	(31.1)%
Statutory profit/(loss) – cps	0.1	(9.3)	9.4	101.1%
Distribution/dividend – cps	3.5	4.25	(0.75)	(17.6)%

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.
2. The above report is prepared on an operating basis and excludes transactions associated with non-controlling interests. For full statutory accounts including disclosures together with operating to statutory reconciliation refer 360 Capital Group 2024 Annual Report.



FY24 balance sheet highlights

Cash
\$111.4m
 (Equivalent to \$0.53 per security)

The Group realised \$96.9 million from sale of its 14.8% stake in Hotel Property Investments (ASX:HPI) and invested a total of \$20.0 million during the period in increasing its stakes in TOT, TCF and \$7.7 million on the TGP buyback.

Net assets value
\$0.79
 per security
 (June 2023: \$0.78 per security)

Net Asset Value (NAV) up slightly from June 23 from sale of HPI securities being above 30 June 2023 carrying value, offset by TOT's negative revaluations and capital raising.

Co-investment in 360 Capital managed funds
\$55.4m
 (Equivalent to \$0.26 per security)

During FY24, the Group increased its ownership in TOT from 26.1% to 39.1%, TCF from 16.4% to 19.6% and continued to co-invest in 360 Capital Private Credit Fund. Post period, the Group increased its stake in TOT to 39.5% and invested a further \$26.2 million into private credit has been was sold down to \$16.0 million to date.

BALANCE SHEET ¹	30-Jun-24 (\$m)	30-Jun-23 (\$m)	Change (\$m)	Change (%)
Cash	111.4	38.8	72.6	
360 Capital REIT (ASX:TOT)	50.3	34.3	16.0	
360 Capital Mortgage REIT (ASX:TCF)	4.4	3.5	0.9	
360 Capital Private Credit Fund	0.7	-	0.7	
Hotel Property Investments (ASX:HPI)	-	90.8	(90.8)	
360 Capital Cardioscan Trust	-	3.7	(3.7)	
Receivables and other assets	3.0	8.7	(5.7)	
Intangibles	2.6	2.6	-	
Total assets	172.4	182.4	(10.0)	(5.5%)
Dividend/distributions payable	3.4	4.9	(1.5)	
Tax liabilities	-	0.1	(0.1)	
Other liabilities	2.8	3.2	(0.4)	
Total liabilities	6.2	8.2	(2.0)	(24.4%)
Net assets	166.2	174.2	(8.0)	(4.6%)
Securities on issue ('m) ²	210.8	224.7	(13.9)	
NAV per security	\$0.79	\$0.78	\$0.01	
NTA per security	\$0.78	\$0.75	\$0.03	

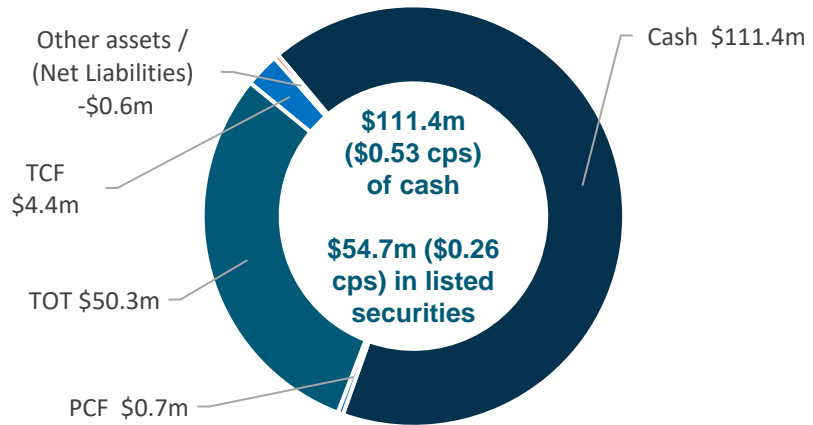
1. Disclosures represent the Segment Balance Sheet based on management accounts and does not include balances associated with non-controlling interests. Classifications of items may differ to statutory Financial Reports included in the 360 Capital Group 2024 Annual Report.

2. Excludes 18,000,000 securities issued under the Executive Incentive Plan.

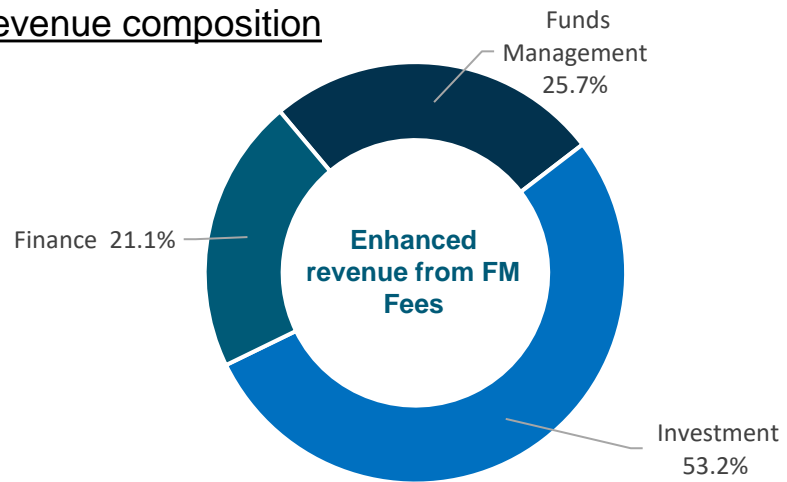


Financial analysis and ASX trading

Balance sheet composition

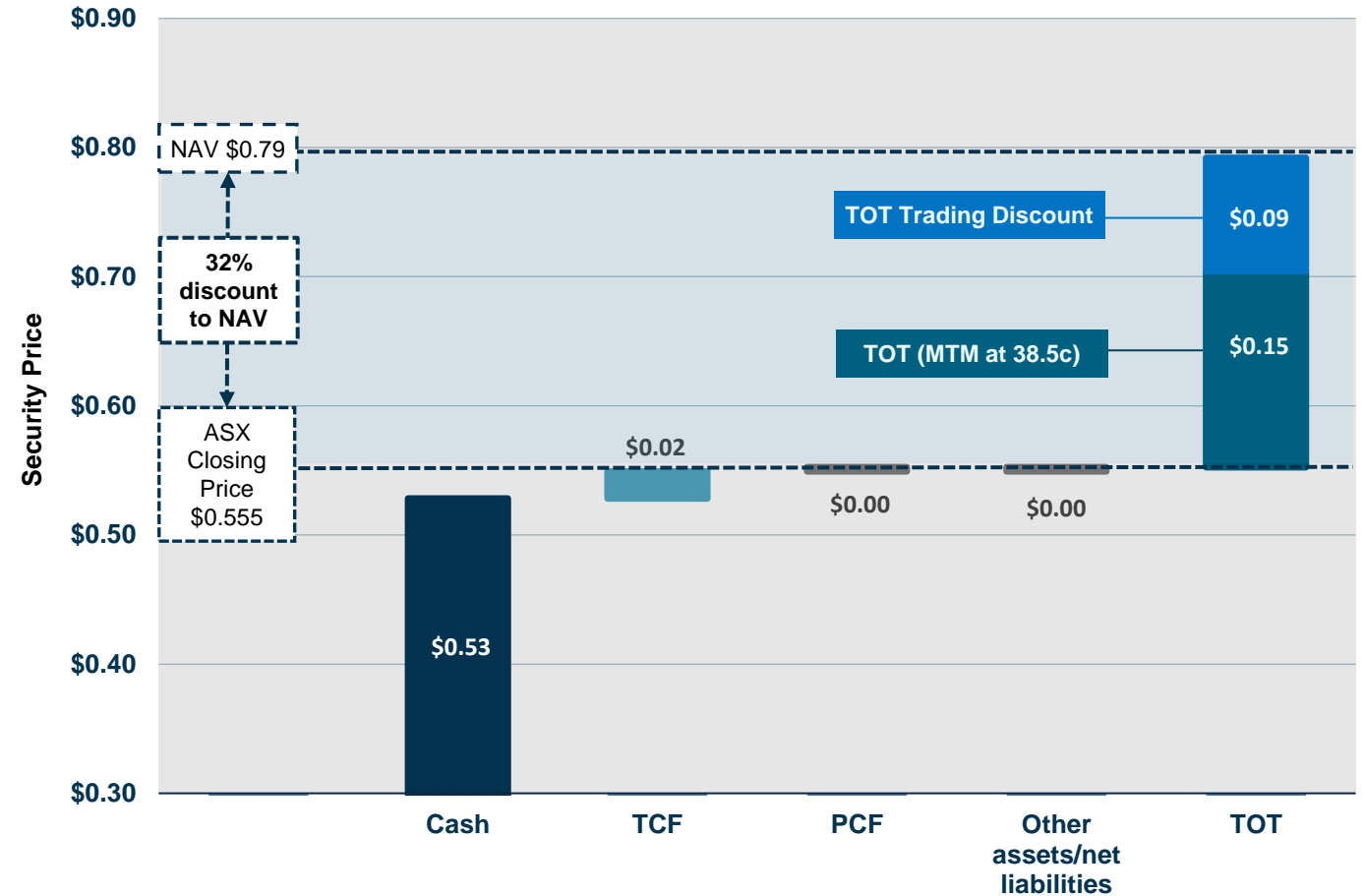


Revenue composition



ASX trading discount

TGP trading at 4.5% above cash backing and 32% discount to NAV





Capital management



Buyback

- Purchased a total of 13.9 million securities over FY24, equivalent 6.2% of the issued capital (excl. EIP securities)
- Total of \$7.7 million deployed into buyback at an average of \$0.56 per security being a 29.5% discount to the Group's 30 June 2024 NAV
- Securityholders approved both an on market and off market buyback of approximately 20% of Group's issued capital at 2023 AGM – 37.1 million securities remain available to be purchased under buyback

Capital commitments post 30 June 2024

- Post period, the Group has made the following investments:
 - \$0.6 million in TOT June 2024 DRP, increasing its stake to 39.5%
 - \$26.2m to underwrite a new senior loan investment in 360 Capital Private Credit Fund. Sold down to \$16.0 million to date
- The above commitments were funded from the Group's existing cash balance



5. Outlook, focus, guidance

Market Outlook

Our view on the market outlook has not improved – “Over the next 12 months, we believe that the Australian commercial real estate market will have the following characteristics”:

- Capital markets will continue to remain challenging with scarcity of capital for commercial real estate
 - Debt capital markets opening but at a cost, equity remains very expensive and selective
- Capitalisation rates likely to continue to soften resulting in continued valuation declines as lag effect starts to catch up
 - There is sufficient evidence of capitalisation rates softening, but we are closer to the bottom now than top and opportunistic opportunities are now presenting themselves
- Higher geared owners will become in focus with their lenders and will have to start to undertake capital management initiatives
 - Starting but lenders not calling in assets, especially income producing assets
- Interest rates likely to have peaked in Australia, but market too optimistic on rates falling materially as inflation harder to manage
 - Still our opinion, funds still relying on lower interest rate swaps to maintain distributions, but day of reckoning coming
- Replacement costs will continue to increase and likely to underpin long term value for modern assets
 - Construction cost increases still out pacing valuations



FY25 Key focuses and forecast dividend/distribution

- Group's dividend and distribution policy of distributing a minimum of 80% of operating earnings remains unchanged
- Forecasting dividends/distributions will be lower in FY25 at 3.0cps
- Given level of cash, uncertainty around transactional fee revenues, the size of the buyback and current market environment make earnings forecasting difficult, however majority of earnings locked in already, subject to markets remaining stable

- TOT Complete leasing of remaining vacancies within the portfolio
- Credit Continue to grow the loan portfolio within 360 Capital Mortgage REIT (ASX:TCF) and PCF (unlisted contributory mortgage fund) with private capital (HNW, family offices, other capital partners)
- Opportunistic Continue to look for and be prepared for opportunities and special situations across debt and equity as market volatility continues




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360 Capital **Identifying**
 strategic investment
opportunities



Disclaimer

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