ASX Release

18 August 2025

360 Capital REIT (ASX:TOT)

Financial results for year ending 30 June 2025

Values stabilising with income growth from active leasing and falling finance costs

360 Capital FM Limited as Responsible Entity for the 360 Capital REIT ("TOT" or the "Fund") is pleased to announce its financial results and operational update for the year ending 30 June 2025.

FY25 key highlights

- Completed 3-year extension to FY28 of existing debt facility at reduced interest cost
- Leased all remaining vacant space at 38 Sydney Avenue, Forrest ACT increasing its WALE to 9.0 years
- Disposed of remaining non-core assets being Home HQ stake for $3.3 million
- Asset values stabilising with all properties independently valued for 30 June 2025
- Reduced and simplified fee structure with new Investment Management Agreement

FY25 key financial highlights

- Statutory profit of $1.3 million up 106.0% on $21.9 million loss in FY24
- Operating profit of $5.2 million up 24.8% on $4.1 million in FY24
- Statutory earnings per security (eps) of 0.6cps up 104.5% on 13.3cps loss in FY24
- Operating eps of 2.4cps 14.3% above 2.1cps forecast, but down 4.0% on 2.5cps in FY24
- Fully franked distributions per security of 3.0cps in line with guidance

Property portfolio

TOT's property portfolio comprises three modern assets, located in Melbourne, Canberra and Brisbane with a Weighted Average Lease Expiry (WALE) of 6.4 years[1], average age of 4.7 years[2], and is 93.4% occupied with Level 2 at 510 Church Street, Cremorne VIC the only vacancy remaining in the portfolio.

The property portfolio has an average of 4.8 Star NABERS rated with strong tenant covenants and comprises:

- 510 Church Street, Cremorne VIC was completed in 2021 and is an office/healthcare facility, valued at $101.8 million (50% interest) comprising 19,719sqm of lettable area and 145 car parks;
- 38 Sydney Avenue, Forrest ACT refurbished in 2018, is an A-grade office building, valued at $67.2 million comprising 8,702sqm lettable area and 82 car parks; and
- 34 Southgate Avenue, Cannon Hill QLD completed in September 2022, comprising a 3,585sqm high-tech industrial facility, 155 car parks, valued at $32.0 million, occupied by Michael Hill International as its global headquarters.

[1] Weighted by gross income including car parking and excluding outstanding incentives

[2] Average age from the date of major refurbishment of 38 Sydney Avenue and completion date for remaining portfolio. Weighted by value.

The investment portfolio is well diversified, comprising 50.7% office/healthcare, 33.4% office and 15.9% high-tech industrial assets across the eastern states[3].

Leasing

Over FY25 the Fund completed the leasing over the remaining vacancies at 38 Sydney Avenue, Forrest, ACT comprising a total of 2,181sqm or 23.2% of the building with the following leases completed:

- CropLife Australia Limited has leased 754sqm for a term of 7 years commencing February 2025 with fixed 3.5% annual reviews.
- Commonwealth of Australia on behalf of Australian Centre for International Agricultural Research (ACIAR) over 1,427sqm for 12 years commencing 1 August 2025 with fixed 3.5% annual rent reviews.

Following the above leasing, the only remaining vacancy within the portfolio is Level 2 at 510 Church Street, Cremorne VIC comprising 2,582sqm. Although the Fund has completed a speculative fit-out over the tenancies, and we have been able to increase the availability of car parking to 17 spaces for these tenancies, leasing has continued to be slow given the current economic environment, prospective tenants are taking longer to commit and competition from the Melbourne CBD which is offering higher incentives.

Leasing level 2 is a key focus for the Fund for FY26.

In late June 2025, Dentsu have exercised a break right in their lease to hand back 1,039 sqm comprising part of level 6, effective from 1 August 2026. Under the lease, Dentsu is liable for certain payments as a result of the lease break and will remain in occupation over the balance of their space in the building. Given the aspect of the tenancy within the building, we expect this vacancy to be filled faster than Level 2 vacancy.

Valuations

The Fund undertook external valuations on all the properties in the portfolio for 30 June 2025, resulting in a decrease from $201.4m to $201.0m as follows:

Property	New Valuations ($m)	Movement since June 2024 ($m)	Movement since June 2024 (%)	Capitalisation Rate	Capitalisation Rate Movement
510 Church Street, Cremorne VIC	$101.8m	-$3.2m	-3.1%	6.38%	0.38%
34 Southgate Ave, Cannon Hill QLD	$32.0m	$2.0m	6.7%	7.00%	0.50%
38 Sydney Ave, Forrest ACT	$67.2m	$0.8m	1.2%	6.25%	-%
Total / Weighted Avg.	**$201.0m**	**-$0.4m**	**-0.2%**	**6.43%**	**0.27%**

[3] Weighted by value

The decrease was largely attributed to the weighted average capitalisation rate of the portfolio softened from 6.16% to 6.43%, however, this was offset by an increase of 6.4% in market rents over the past 12 months as economic rents (rents needed to commence a development which continue to increase with rising construction and development costs).

The market is showing signs of valuations stabilising with values now well below their replacement costs which is also placing a floor under rents. Coupled with interest rates starting to fall and greater transactional activity, confidence is starting to return to the commercial real estate market.

Capital management

The Fund continued its strategy to reduce its borrowings. During FY25, the Fund reduced borrowings by $1.6 million following the sale of its non-core stake in Home HQ in August 2024 and with proceeds from the June and September 2024 DRP, offset by capital expenditure mainly associated with the tenancy fit-outs associated with the leasing at 38 Sydney Avenue.

Given the limited capital expenditure needed going forward due to its high occupancy, modern portfolio and limited vacancies over the next few years, the Fund reduced its debt facility from $84.0 million to $80.0 million (drawn at $72.0 million as at 30 June 2025), increased the term of the facility to FY28 expiry and also negotiated a reduced margin further saving the Fund's interest expense.

The Fund has now suspended its DRP post its debt reduction and recent leasing success. As at 30 June 2025, TOT's gearing (net of cash) was 35.5%. The Fund remains in compliance with all debt covenants and is well within its LVR covenant of 55% (actual 35.7%) and its reduced ICR covenant of 1.5 times (actual 3.3 times).

Reduced fees and new Investment Management Agreement

On 6 February 2025, securityholders approved the Responsible Entity entering into a new Investment Management Agreement with a wholly owned subsidiary of 360 Capital Group, 360 Capital REIT IM Pty Limited. As a result, the total fees paid by TOT reduced by approximately $100,000 per annum and performance fees were also removed from the Fund's constitution.

Focus on FY26 and TOT Growth Prospects

Level 2 vacancy at 510 Church Street, Cremorne comprising 6.7% of the portfolio is the main focus for management with improvement in leasing enquiry as sub-lease space in Melbourne CBD becomes absorbed. Market conditions are expected to remain challenging in the short-term with the Fund assuming level 2 will be remaining 100% vacant in FY26 in its earnings forecasts below.

Following Dentsu exercising their lease break over 1,039 sqm on level 6 at 510 Church Street from FY27, management is now working with prospective tenants to lease this space prior to the expiry.

TOT has completed its capital management initiatives to reduce the Fund's gearing, which now sits at mid-point of range at 35.5% as at 30 June 2025 with minimal forecast capex.

On 30 June 2025, TOT closed at $0.395 per security on the ASX, representing a 31.9% discount to its NTA. With expected with the stabilisation of valuations, falling interest rates and increased confidence in the commercial real estate market, that this trading gap will decrease in the near term. We continue to assess various options to improve the relevance, diversification and trading performance of TOT.

FY26 Forecast Distributions and Earnings

The Fund is forecasting FY26 operating earnings to be 3.0 cps, an increase of 25.0% above FY25 earnings. The FY26 earnings increase is driven from leasing activity in FY25 and forecast RBA cuts to interest rates. FY26 assumes no leasing up during the year at 510 Church Street, which if achieved will increase earnings further.

The FY26 distribution is forecast to be 3.0cps (paid in equal quarterly instalments) in line with FY25. Unlike FY25 where distributions were fully franked, the Fund has decided to utilise the depreciation allowances from its modern portfolio which has allowed the Fund to forecast distributions to be 100% tax deferred for FY26.

The Fund still retains a significant franking balance which will continue to be available to provide franked distributions in the future.

Authorised for release by the Board of 360 Capital FM Limited.

More information on TOT can be found on the ASX's website at www.asx.com.au using the Fund's ASX code "TOT", on 360 Capital'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 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.