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REAL ASSETS
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## 360 Capital REIT (ASX: TOT) – FY2021 Results

**18 August 2021**

## Executing on Equity Strategy



360 Capital FM Limited as Responsible Entity for the 360 Capital REIT (the "Fund" or "TOT") is pleased to announce its financial results and operational update for the year ended 30 June 2021.

### FY21 Key highlights

- Acquired a 12.4% strategic stake in Irongate Group (ASX:IAP), a diversified Australian real estate fund with a funds management platform. Currently TOT holds 12.8%[1] in IAP which in conjunction with 360 Capital Group's (ASX:TGP) 6.5% holding, TGP and TOT has a current holding of 19.3%[1]
- TOT sold a 5.0% stake in PEET Limited (ASX:PPC) resulting in a distributable gain of $4.2m[2] on its investment, realising an IRR of 18.1%[3]
- Entered a 50% equity partnership with PMG for NZ$17.5m, a New Zealand real estate funds management business. PMG has grown Funds Under Management ("FUM") from NZ$665.7m[4] to NZ$781.2m[5], a NZ$115.5m increase or +17.3% over TOT's 6 months of ownership
- Active management of TOT's loan portfolio resulted in $42.4m in loan repayments during FY21, resulting in a 10.8% IRR and all direct real estate loans now repaid
- Settled a further 13 apartments in Gladesville during FY21, 20 of 23 apartments have now been sold at an average premium of 20.3% to purchase price
- During the year, $23.1m of non-core assets were sold including the $7.2m sale of the Penrith shopping centre and the $6.8m partial repayment of the VP7 loan

### Key financial highlights for the year ended 30 June 2021

- Statutory net profit of $9.2m down 11% on pcp reflecting the transition from real estate debt investing and redeployment of capital to equity investing during the year
- Operating profit of $8.6m up 11% on pcp following the redeployment of capital into real estate equity including the distributable gain on the disposal of the PEET Limited stake
- Statutory earnings per security (EPS) of 6.7cps down -30% on pcp reflecting transition to real estate equity investments and the higher weighted number of securities on issue compared to the pcp
- Operating EPS of 6.2 cps down -13% on pcp reflecting increase in operating profit offset by the higher weighted number of securities on issue compared to the pcp
- Distributions per security (DPS) of 6.0cps in line with guidance
- NTA per security of $1.14 up 1.0cps on pcp

[1] As at 17 August 2021
[2] Distributable (taxable) gain realised on disposal of PPC securities
[3] Including dividends
[4] Including assets under contract as at 30 April 2021
[5] Including assets under contract as at 31 July 2021

360 Capital FM Limited ABN 15 090 664 396 (AFSL 221474) as responsible entity of the 360 Capital Active REIT ARSN 602 303 613 and the 360 Capital Passive REIT ARSN 602 304 432.

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**COVID-19 Impacts**

As a result of COVID-19, TOT ceased its lending activities and shifted management's focus to converting outstanding loan positions and assets to cash. Given the market volatility and economic uncertainty, the Responsible Entity took a conservative approach with a focus on capital preservation in 1H FY21. The market conditions produced a dislocation between direct real estate transactions and A-REIT pricing. In 2H FY21 TOT deployed its balance sheet in line with its refined real estate equity strategy to capitalise on this opportunity.

**Refined Investment Strategy**

TOT has commenced executing on its refined strategy of investing in real estate equity. Simplifying TOT's strategy and focus to generating recurring income from real estate equity investments.

TOT's longer-term objective is owning direct assets with value-add opportunities on balance sheet. Initially TOT is gaining this exposure through strategic investments in real estate funds management platforms.

Market conditions for direct real estate remains competitive despite softening real estate fundamentals. This has led to a dislocation between A-REIT pricing and underlying direct real estate transactions.

At the date of this announcement, TOT has a 12.8% strategic holding in Irongate Group (ASX:IAP). In aggregate with TGP's 6.5% holding, TGP and TOT owns 19.3% of IAP.

**Irongate Group (ASX:IAP)**

Irongate Group (ASX:IAP) is a diversified real estate investor with $1.3b of real estate assets on balance sheet and a third-party funds management platform. IAP owns office and industrial assets across major metro markets and established precincts in Australia and New Zealand.

**PMG Funds**

TOT has entered into a 50% equity partnership with PMG Group, a New Zealand based diversified commercial real estate funds management business, established in 1992.

PMG manages five unlisted funds, three single-property syndicates, with 47 properties and NZ$781.2m of FUM.[6]

The equity partnership provides TOT with an investment in a growing funds management platform with a long track record and diversification through exposure to the New Zealand real estate market. This investment provides TOT with enhanced returns over and above holding a direct real estate asset, through fee income from funds management and underwriting activities.

**Gladesville Apartment Sales Campaign**

TOT has now settled the sale of 20 of 23 apartments at an average premium of 20.3% to the November 2019 purchase price. Whilst transaction volumes have slowed, TOT is confident of selling the remaining apartments over CY21.

[6] Including assets under contract as at 31 July 2021

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**Dealt Group (ASX:DET) (formerly Velocity Property Group (ASX: VP7))**

DET shareholders approved the acquisition of AMF Finance ($1.5m for TOT's 50.0%) subject to completion of the proposed capital raising. Due to investor demand, DET's minimum capital raising amount was not met, as such at this time the sale of AMF Finance will not proceed.

$6.8m of TOT's $10.0m corporate loan note to Dealt has been repaid, the balance is forecast to be repaid and the equity in DET sold by December 2021.

**Capital Management**

During the period, the Responsible Entity bought back 1.1m securities at a price of $0.87, reflecting a 23.0% discount to NTA and 6.9% distribution yield.

The Distribution Reinvestment Plan was opened for the June quarter distribution. Post period 2.1m securities were issued at a price of $0.96 per security.

**Outlook and Guidance**

TOT's primary focus for FY22 is to close the gap between trading price and NTA and complete the sale of non-core assets and recycle proceeds into real estate equity.

In addition, the Responsible Entity remains focused on improving and maintaining communication of TOT's simplified investment strategy to existing and potential investors.

Forecast base FY22 earnings and distribution guidance of 6.0cps, reflecting a 6.4% distribution yield on the current trading price.

Authorised for release by Kim Child, Company Secretary, 360 Capital FM Limited.

More information on TOT can be found on the ASX's website at www.asx.com.au using ASX code "TOT", at our website www.360capital.com.au, by calling the TOT investor line: 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 diversified portfolio of investments across real estate equity, debt and real estate based operating businesses with a demonstrated track record of consistent quarterly distributions, through a selective and disciplined investment philosophy, combined with access to real estate-based investment opportunities available to TOT through the 360 Capital Group, the manager of the Fund.

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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 alternative assets. Led by a highly experienced team, the Group operates in Australian and global markets investing across real estate and private equity and credit strategies. We partner with our stakeholders to identify, invest and realise on opportunities.

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