



ASX Release

25 October 2021

REAL ASSETS
PRIVATE EQUITY
CREDIT

360 Capital REIT (ASX: TOT) September 2021 Quarterly Update

Page 1 of 1

360 Capital FM Limited as responsible entity of 360 Capital REIT (ASX:TOT) is pleased to announce the attached September 2021 quarterly update which will be posted to Securityholders on or around Wednesday, 27 October 2021.

Authorised for release by, Kimberley Child, Company Secretary.

More information on TOT can be found on the ASX's website at www.asx.com.au using the Group'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.

Alternatively, please contact:

James Storey
Head of Real Assets
360 Capital Group
+61 2 8405 8860

Bevan Douse
Assistant Fund Manager
360 Capital Group
+61 2 8405 8860

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-based investment opportunities available to TOT through the 360 Capital Group, the manager of the Fund.

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, private equity and credit strategies. We partner with our stakeholders to identify, invest and realise on opportunities.



REAL ASSETS
PRIVATE EQUITY
CREDIT

Address line 1
Address line 2
Address line 3

27 October 2021

Dear Investor,

Thank you for your continued support as a 360 Capital REIT investor, we value your investment and appreciate the trust provided to 360 Capital as custodians of your capital.

As part of improving communication with investors below is an update on 360 Capital REIT for the September 2021 quarter.

Overview

- TOT increased its IAP holding to 12.84%, TOT and TGP now jointly own 19.99% of IAP
- 360 Capital have provided Irongate Group (ASX:IAP) with a Non-Binding Indicative Offer ("Indicative Proposal") to acquire all the securities 360 Capital do not already own via a Trust Scheme at a price of \$1.65 per stapled security, which would provide TOT with a portfolio of direct assets
- \$1.22 TOT's unaudited proforma NTA, 8 cent increase (pre-tax)¹
- 1.5 cps distribution for the quarter (in line with guidance)
- 6.0 cps FY22 distribution guidance reaffirmed
- 0% gearing

Trading metrics²

- \$0.90 TOT security price
- 26.2% Discount to pro-forma NTA
- 6.7% Distribution yield

Portfolio overview and performance

Irongate Group (ASX: IAP)

On 15th October 2021, 360 Capital Group ("TGP") and 360 Capital REIT ("TOT") (together with their associated entities) ("360 Capital") submitted an indicative and non-binding proposal ("Indicative Proposal") to acquire, by way of an agreed trust scheme, all of the stapled securities in Irongate Group comprised of Irongate Property Fund I (ARSN 162 067 736) and Irongate Property Fund II (ARSN 644 081 309) ("IAP") which 360 Capital does not already own, for an all cash consideration of \$1.65 per IAP security ("Scheme Consideration"), to be reduced by the

¹ Based on TOT's audited NTA (30 June 2021), adjusted for the IAP closing price of \$1.58 on 21 October 2021

² Based on closing prices on 21 October 2021



value of any distribution or capital return declared or paid by IAP from the date of this Indicative Proposal.

360 Capital is in discussions with ESR Real Estate (Australia) Pty Ltd ("ESR Australia") in relation to the purchase by one or more funds managed by ESR Australia or its affiliates of selected assets in IAP's portfolio, if the Indicative Proposal is successful.

The Indicative Proposal does not require TOT or TGP to raise any equity to complete the transaction.

The Indicative Proposal remains incomplete, and incapable of acceptance and remains subject to due diligence, board and other approvals.

360 Capital has engaged Citigroup Global Markets Australia Pty Limited ("Citi") as its financial adviser, Ernst & Young as tax and accounting advisers, Clayton Utz as Australian legal advisers and Bowman Gilfillan as South African legal advisers in relation to this Indicative Proposal.

PMG Funds Management

TOT acquired a 50% interest in PMG Funds in February 2021. PMG Funds is a NZ based real estate fund manager with a 29-year track record of property funds management and syndication. PMG continued to grow its Assets Under Management ("AUM") through acquisitions totalling NZ\$114.6m in the Generation Fund.

At the end of the quarter, PMG has NZ\$781.2m AUM. This represents an increase of NZ\$115.5m, corresponding to a 17.3% increase in AUM, since TOT's ownership.

PMG's audited Earnings Before Interest, Tax Depreciation and Amortisation (EBITDA) for FY21 was NZ\$2.9m (financial year ending 31 March 2021) reflecting a 9.3x EBITDA multiple on TOT's cash consideration component.

TOT has continued to provide PMG with an underwriting facility of up to NZ\$10 million to support the capital raises.

HomeHQ Artarmon

HomeHQ continues to perform in line with expectations. The leasing activity has progressed positively with five deals completed since December 2020, representing 21.9% of total Centre GLA leased which has increased the WALE of the Centre to 5.29 years.³ The signed leases were in line or above the initial underwrite assumptions.

Since TOT acquired this asset for \$3.0m, as part of the URB merger, its valuation has increased to \$3.9m which represents a 30.6% increase in value. Given the increase in value and performance of the investment to date, TOT has reclassified this as a medium-term investment.

Non-core investments

Gladesville Apartment

After quarter end, TOT exchanged two of the three remaining apartments. Settlement of these apartments will occur prior to calendar year end. One apartment on level one of the development remains and is expected to exchange prior to the end of the calendar year.

³ Weighted by area as at 30 June 2021



The Fund has now sold 22 of 23 apartments at an average 19.9% premium to the fund's purchase price.

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

TOT received a \$0.5m repayment of corporate loan note during the quarter. DET is forecasting to make a repayment of \$2.5 million in late October with the balance of \$0.2m to be repaid in early November, repaying the loan in full.

TOT has sold its equity investment in DET to 360 Capital Group at the last trading price, equivalent to \$0.6 million.

AMF Finance

As part of TOT's refined strategy, it has sold its interest in AMF Finance to TGP for the net asset value of AMF.

Capital Management

The Distribution Reinvestment Plan (DRP) was opened for the June quarter distribution, with 2.1m securities issued at a price of \$0.96 post period.

The DRP remained available to securityholders for the September quarter distribution.

Environmental, Social and Governance

360 Capital Group strives to deliver exceptional financial investments on behalf of its shareholders, and endeavours to deliver positive environmental and social value in each of our investments.

TOT is aware of the impact its investments may have in the social and environmental communities in which it operates, and actively seeks to reduce or avoid negative environmental and social externalities. As an asset owner, we believe that we have an obligation to seek to ensure that the businesses and other assets in which we invest are governed and managed in an appropriate way that will enhance performance over the longer term, and thereby produce the best financial outcome for members.

For this reason, 360 Capital Group takes an active interest in the ESG practices of the businesses and assets in which we invest.

360 Capital is currently reviewing its Environmental, Social and Governance (ESG) policy, which aligns with our company culture and shareholder objectives. This will be available on 360 Capital's website in due course.

Market and Outlook

There continues to be a significant amount of capital chasing real estate transactions, across all real estate asset classes with a focus on logistics, prime office, build to rent and social infrastructure such as hospitals and medical centres.

We continue to see significant amounts of institutional and sovereign investor capital acquiring assets and portfolios. Some recent major transactions that have occurred include:

- ESR's acquisition of Blackstone's industrial portfolio for \$3.8 billion;
- Manulife and PGIM's acquisition of Fife's industrial portfolio for \$850 million

The Indicative Proposal provided to IAP, if successful and implemented will provide TOT with a portfolio of well leased, direct real estate assets that provide annual recurring income and



potential capital growth through valued-add and asset repositioning opportunities. We remain confident of concluding a mutually beneficial transaction with IAP during FY22.

Financial Performance

Reaffirmed forecast FY22 distribution guidance of 6.0cps.

TOT's unaudited pro-forma Net Tangible Assets per security has increased to approximately \$1.22 per security (pre-tax)⁴.

We remain focused on improving investor communications and welcome any additional comments by emailing admin@360capital.com.au

Sincerely,

James Storey
Head of Real Assets

⁴ Based on TOT's audited NTA (30 June 2021), adjusted for the IAP closing price of \$1.58 on 21 October 2021