

ASX Release

20 February 2025

360 Capital Group (ASX: TGP)

Half Year 2025 Results

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360 Capital Group (ASX: TGP) (**Group**) is pleased to announce its financial results and operational update for the 6 months ended 31 December 2024.

The Group is in a unique position as the only Australian real estate manager with both an ASX listed equity REIT and mortgage REIT with no legacy issues and positioned to grow its funds management platform from its current subscale base.

Over the past 6 months the foundations of this growth strategy have been established, commencing with growing real estate credit across the listed and unlisted funds, while equity investing has lagged as the Australian commercial real estate market nears the bottom of its correction cycle. With predictions of falling interest rates in 2025 it is expected that commercial real estate values will stabilise setting the foundations to enable the Group to grow its real estate equity funds.

Key financial highlights for HY25

- Statutory profit attributable to securityholders of \$3.7 million up 167.7% (HY24: loss \$5.4 million)
- Operating profit of \$4.1 million down 13.2% (HY24: \$4.7 million)
- Statutory profit of 1.7 cps, up 170.8% (HY24: loss 2.4cps)
- Operating EPS of 2.0cps down 4.8% (HY24: 2.1cps)
- Fully franked dividend of 2.0cps in line with HY24 (HY24: 2.0cps fully franked dividend)
- NAV per security of \$0.79, in line with June 2024
- Strong balance sheet with \$100.7 million in cash, and no debt

Real Estate Credit

During HY25, the Group underwrote \$43.5 million of loans which it then subsequently sold down to 360 Capital Mortgage REIT (ASX:TCF) and 360 Capital Private Credit Fund ("PCF"), with \$8.6 million on balance sheet as at 31 December 2024. the Group also had \$4.9 million in co-investment in TCF representing 14.9% of TCF's units on issue.

Funds management revenue from credit activities totalled \$0.8 million comprising \$0.7 million in establishment fees and \$0.1 million in base management fees from TCF and PCF.

TCF undertook a capital raising in December 2024 increasing its FUM by \$8.9 million to \$33.8 million, with a further \$7.4 million raised in PCF over the past 6 months from third parties.

As one of only two ASX listed mortgage REITs in Australia, we believe there is an opportunity to grow and diversify the TCF loan portfolio providing those investors with access to daily liquidity through the ASX while PCF provides wholesale and sophisticated investors unlisted individual loan opportunities.

On 20 December 2024, TCF unitholders approved a new 10-year investment management agreement to a new wholly owned subsidiary of the Group, in preparation for further growth of TCF.

The Group is focused on growing our real estate credit activities through continuing its organic growth supplemented by non-organic opportunities of operators who have entered the non-bank sector and

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have found it difficult to scale their businesses due to being undercapitalised and unable to compete in the burgeoning sector.

Real Estate Equity

360 Capital REIT (ASX:TOT) remains the Group's flagship real estate equity fund. Over the past 6 months, TOT has continued to improve its capital position through raising \$1.6 million in DRP's and \$3.2 million in its remaining non-core asset sale, with gearing now at the lower end of its range at 33.6%. TOT also renegotiated its debt with a new 3-year facility at a lower margin completing the stabilisation of its capital structure.

Operationally, the remaining vacancies at 38 Sydney Avenue, Forrest ACT were leased, with only one vacancy within the portfolio remaining.

The Group increased its ownership in TOT from 39.1% to 42.1% investing a further \$3.3 million with co-investment in TOT now \$54.3 million. Currently TOT is providing the Group with a 7.6% fully franked distribution return, with the potential for capital growth as the commercial real estate market recovers with the expected reduction in interest rates in the near term.

The Group received \$0.7 million in base management fees over the past 6 months and \$1.4 million in distribution income from its co-investment.

On 6 February 2025, TOT securityholders approved a new 10-year investment management agreement to a new wholly owned subsidiary of the Group, in line with the Group's other managed funds.

Although, at present TOT is subscale, it is in a strong financial position with a core modern portfolio of well leased assets providing a stable return for its securityholders. As the commercial real estate market improves, we expect to see opportunities to make TOT more relevant, through potential opportunistic acquisitions of well leased direct assets, and potential mergers which are accretive to TOT's returns.

Over the past 6 months, the Group has and continues to make offers on a number of direct properties, real estate platforms and other capital solutions opportunities as part of its strategy to scale its real estate funds management exposure. The volume of transactions in the market is increasing as the "buy/sell" gap closes and we expect this to continue. Equity capital is starting to invest again with a number of our investors seeking opportunities to invest into unlisted real estate funds which we are exploring as part of our strategy of investing across both listed and unlisted capital markets.

Corporate

Over the past 6 months, the Group remained disciplined and well capitalised with \$100.7 million in cash as at 31 December 2024, with a focus to underwrite and sell down opportunities using third party capital.

The Group's capital structure was simplified with the cancelation of 18.0 million employee incentive plan securities, the issuance of 2.7 million retention rights to KMP's and a new STI program measured around third-party funds management growth of the Group.

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We sold our last non-core asset being our joint venture interest in Hotel Capital Partners to concentrate on our simple strategy of investing and managing real estate assets across the capital stack and scaling of the credit and equity funds.

The Group had net assets of \$167.3 million as at 31 December 2024 equivalent to \$0.79 per security, comprising co-investment of \$67.8 million, made up of \$54.3 million of TOT co-investment, \$4.9 million of TCF Co-investment and \$8.6 million of loans investments in PCF being sold down into our UHNW, HNW and private clients. The group's remaining assets comprise \$100.7 million in cash (\$0.47 per security, 57.9% of gross assets).

The Group obtained securityholder approval at its AGM on 31 October 2024 to buyback up to a total of 44.6 million securities via either an on or off market buyback, representing approximately 21.1% of the Group's issued securities to provide optionality of its capital management. We did not buy back any securities during the period.

Given the focus is on growing our funds with third party capital, along with the current trading discount of the Group's securities on the ASX, the Group intends to undertake an off-market buyback of up to a total of 44.6 million securities at a fixed price of \$0.65 per security, a 10.2% premium to the last closing price on the ASX of \$0.59¹ per security, subject to receiving certain waivers from ASIC. A buyback booklet will be mailed to securityholders shortly with further details. The buyback will be funded from the Group's existing cash.

As a consequence of the current ownership structure of the Group, 360 Capital Investment Trust ("Trust") will not satisfy the requirements to be a managed investment trust ("MIT") and correspondingly no longer satisfies the attribution managed investment trust ("AMIT") regime in respect of the income tax year ending 30 June 2025, amongst other implications, this change may have tax implications on overseas investors in the Group. Consequently, any distributions made by the Trust in relation to the income tax year ending 30 June 2025 will be subject to non-resident withholding tax and not MIT withholding tax. Securityholders should seek their own investment and taxation advice before making a decision in relation to this matter.

A fully franked dividend of 2.0cps was declared for the 6 months to December 2024 in line with operating earnings of 2.0cps for the period.

Opportunities and outlook

The Group is the only ASX listed real estate fund manager trading at a discount to its NAV at a 25.3%² discount, with most trading over 100% - \$300% premium to their NAV. With the commercial real estate markets starting to stabilise and its funds well capitalised, the Group is presented with a great opportunity to scale its funds management activities, creating a business value of its funds management platform. The Group's fund investors will benefit from the managed funds becoming more relevant and valuable, which the Group will also benefit from through its significant co-investment.

¹ As at 19 February 2025

² Based on TGP closing price of \$0.59 per security on 19 February 2025 and 31 December 2024 NAV of \$0.79 per security

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The deployment of the Group's significant cash balance, coupled with third party capital into growing its funds platform is highly accretive to the Group's earnings. Our focus for the remainder of FY25 is to continue to grow our real estate credit activities with further capital raisings planned in TCF and continued syndication of loans in PCF, as well as potential acquisitions of direct assets to grow our real estate equity platform.

We continue to build our direct investor relationships, predominantly for unlisted capital, and working with a number of investment banks for capital and opportunities for our listed funds and the Group.

Apart from undertaking the off-market buyback, we are focused on using the Group's cash to underwrite and secure opportunities and then sell down using third party capital, scaling our platform.

Given the significant cash balance, uncertainty around transactional fee revenues and the current market environment, making earnings forecasts difficult.

The Group is forecasting that dividends/distributions will be higher than previously guided, now targeting 3.0 - 3.5cps for FY25 in line, with any transactional activity in 2H25 providing upside to the bottom end of the range. Our dividend and distribution policy remains unchanged being to distribute 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.
