



ASX Release

REAL ASSETS
PRIVATE EQUITY
PUBLIC EQUITY
CREDIT

360 Capital Group (TGP) – HY20 Results Accelerating on Alternative Assets Strategy

27 February 2020

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FUM up 600%, >\$200 Million Cash Across Platform Accelerating Alternative Asset Strategy Rollout

360 Capital Group (ASX: TGP) (the Group) is pleased to announce its financial results and operational update for the six months ended 31 December 2019.

Our purpose is to be a leading Australian investor and fund manager of alternative assets, who partner with our stakeholders to identify, invest and realise on opportunities.

Our four investment strategies which make up our alternative assets management and investment strategy are:

1. Real Assets
2. Public Equity
3. Private Equity
4. Credit

HY20 Key Highlights

Over the 6 months to 31 December 2019, the management team executed on the Group's Alternative Asset Strategy. Highlights of the Group's activities included:

- Listed 360 Capital Digital Infrastructure Fund on the ASX after raising \$115 million ~ 2,000 new investors
- TGP loans \$19.9 million to childcare operator
- TOT merged with \$70 million URB and completed \$10.8m institutional placement, increasing TOT's market cap to \$148.7 million, increases TOT's investor base to ~3,100 investors
- 360 Capital Credit Income Fund achieved "in-principle approval" to list on ASX
- TGP and TOT jointly purchased a 19.9% stake in Velocity Property Group (ASX: VP7) and TOT lent \$33.7m to VP7
- Launch of 360 Capital Active Value Equity Fund – unlisted equities fund with initial Cardioscan investment
- Establishment of Cambridge Investment Partners
- Post Period, purchased Ralton Asset Management Platform increasing FUM 600% to \$606 million

Group key financial results highlights for the six months ended 31 December 2019

- Statutory net profit of \$2.4 million up on pcp reflecting increase in equity accounted profits
- Operating profit of \$1.4 million down on pcp due to reduced investments and high cash balances
- Statutory earnings per security (EPS) of 1.2cps up on pcp
- Operating EPS of 0.7cps down on pcp due to high cash balance
- Distributions per security (DPS) of 2.0cps consistent with pcp

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- NTA per security of \$0.91
- Strong balance sheet with \$96.7 million in cash and no borrowings across the group and total of >\$200 million cash across platform placing Group in strong position to grow FUM and earnings
- Increase in ASX trading price from \$1.03 to \$1.11, representing a total shareholder return of 20.4% annualised for 6 months to 31 December 2019

Real Assets

Real Estate

360 Capital REIT (ASX: TOT) continued its strategy to increase its asset base and diversify its returns across equity and debt.

Over the past 6 months TOT completed the merger with URB Investments Limited (URB) and completed a \$10.8m institutional placement, increasing TOT's mark capitalisation to \$148.7 million and increasing its investor base to ~3,100 investors.

TOT increased its loan book to \$101.0 million of first mortgage real estate debt at an average interest rate of 9.8% and also acquired 23 apartments in Gladesville, NSW at -20.0% below valuation and commenced an individual sales campaign following the improvement in the Sydney residential market.

In December 2019, in joint venture with TGP, TOT acquired a 19.9% interest in Velocity Property Group (ASX:VP7) at a -64% discount to the 30 June 2019 audited Net Tangible Assets (NTA) and provided VP7 with a \$10.0m corporate loan with the right to a further 250 million share options (combined 50.8% of VP7).

VP7 will become a development partner to TOT and TGP with TOT underwriting VP7's development syndicates and TGP managing the syndicates as part of its funds management business.

The Group also increased its capital investment into TOT over the past 6 months and has a 19.3% of TOT securities at a total investment of \$32.5 million. TOT is forecast to distribute 9.0cps representing an 8.4% distribution yield¹ on the price as at 31 December 2019.

Digital Infrastructure Fund

In May 2019, the Group established a joint venture with David Yuile, a telecommunications industry executive and investor, to develop a global digital infrastructure funds management platform.

Over the past 6 months, the JV established 360 Capital Digital Infrastructure Partners and 360 Capital Digital Infrastructure Fund (ASX: TDI) which listed on the ASX in October 2019 after raising \$115 million in equity.

Via the partnership, TDI has purchased a \$37.0 million data centre in Perth leased to Fujitsu, made an equity investment in an operating data centre in Guam taking an 18.7% interest for \$7.8 million and a \$10.6 million convertible note investment in an Asian hyperscale data centre operator.

¹ Based on annualised forecast DPS / closing price of \$1.07 on 20 February 2020



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In December 2019, TDI announced that it had formed a digital infrastructure business called FibreconX Pty Ltd (FibreconX) that will build and operate telecommunications infrastructure assets, including new and innovative dark fibre networks. The Fund will own a significant majority of FibreconX and has made an initial commitment of \$35.0 million to this exciting opportunity.

TDI remains well capitalised with approximately \$54.4 million in cash and no debt. The Fund structure allows for great flexibility, allowing it to raise listed capital through the ASX listed TDI and unlisted institutional capital through its partnership structure, 360 Capital Digital Infrastructure Partners. By structuring the Fund this way, provides great flexibility to raise capital to allow the Fund to grow through a global mandated rollout.

As a result of renegotiating the convertible note contract by achieving an early redemption premium equivalent to 4 years interest payments, TDI is forecasting distributions of 9.0 cps for the six months to June 2020.

The Group has a total investment of \$43.6 million in TDI. Given the specialised mandate of the Fund and the strong growth thematic and limited barriers of entry for competing funds, we believe the growth opportunities over the medium term will be great for digital infrastructure investment opportunities.

Public and Private Equity

In February 2019, the Group announced that it had entered into a joint venture management company (360 Capital Equities Management Pty Limited) with Dennison Hambling to organically grow an Australian equities business.

Since establishing the business, the team has been expanded with Fleur Graves joining as Senior Equity Analyst and the team has launch its first unlisted fund, 360 Capital Active Value Equity Fund. The Fund has made its first investment and commenced its marketing strategy.

The Group has committed (but has not fully drawn) \$10.0 million as co-investment capital to the Fund.

The Fund is focused on three primary investment strategies:

1. Corporate repair and recapitalisation
2. Growth strategies
3. Value investing

Post period, 360 Capital Equities Management Pty Limited acquired Ralton Asset Management Pty Ltd (Ralton) for a nominal amount. Ralton provides four SMA products, has a 12-year track record of outperforming its markets and is available on 9 retail wrap platforms. Ralton provides 360 Capital clients with an alternative investment product across its 4 investment strategies and currently has FUM of approximately \$310 million.

Post period, the Group purchased remaining 50% share of 360 Capital Equities Management Pty Limited and the Group's equity business will continue to be headed up by Dennison with Group owning 100% interest.



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Credit Strategies

The Group has completed its formal documentation for the listing of the 360 Capital Credit Income Fund (ASX: TCF) and has received “in-principle approval” from the ASX. The Fund is on target to meet the listing timetable with investor roadshows having commenced on 17 February 2020. The Fund has engaged with several JLM’s and Co-Managers to assist with distribution and has appointed Cambridge Investment Partners as Financial Advisors and Joint Lead Managers.

The Fund will be strategically focused on middle market private credit, delivering a range of capital solutions to corporates in Australia and New Zealand.

The market demand for private credit continues to be strong, with ongoing capital and pricing pressure experienced by traditional lenders resulting in corporates seeking alternative lending solutions in a market now estimated to be approx.\$100 billion and growing.

The Group has set a target raise of a minimum of \$100 million capped at \$300 million, with the Group’s long-term co-investment up to \$20.0 million.

Capital Management

The Group and its managed funds remain well capitalised with approximately \$200 million in cash comprising \$96.7 million in TGP, over \$50.0 million currently in 360 Capital REIT and \$54.4 million in 360 Capital Digital Infrastructure Fund. Over the past 6 months the Group has invested in sponsoring new fund creation, investing \$43.6 million in TDI, increased our investment in TOT to \$32.5 million, made a loan investment to a childcare operator of \$19.8 million as well as two small private equity investments of approximately \$2.7 million.

The Group plans to maintain a high level of cash reserves for opportunities in the future, while also using some of its cash to continue to sponsor the growth of its new investment strategies and funds management initiatives. This includes committing \$10.0 million into the 360 Capital Active Value Equity Fund and up to \$20.0 million into the 360 Capital Credit Income Fund as long-term co-investment.

Investor Relations and Distribution

With the expanded investment strategy and Fund creation, the investor base has increased from 3,200 as at 30 June 2019 to now over 18,000. Our investor reach is increasing from traditionally concentrated in institutional investors to a greater coverage, including direct retail investor relations, HWM and UHNW investors with some products now on 9 retail wrap platforms.

Given the regulatory environment impacting product distribution through third parties, the Group has established Cambridge Investment Partners (CIP), comprising a specialise team of 3 operatives who have worked together for over 5 years and have a deep investor network. As well as distribution 360 Capital funds, CIP has been approached to distribute third party funds and it is envisaged that CIP will become a profit centre for the Group in due course.



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Key Focus for balance of FY20

- Deploy ~\$54m of TDI's cash capacity into further digital infrastructure assets, increase market awareness and close trading price/NTA gap
- Deploy ~\$50m of TOT's current cash, increase TOT's market awareness and close trading price/NTA gap. Rollout VP7 development syndicates, continue to grow TOT asset and investor base
- IPO 360 Capital Credit Income Fund on the ASX by May 2020, raising a minimum of \$200m and commence deployment
- 360 Capital Active Value Equity Fund Launched January 2020, look to grow the fund, and be a participant in the expected consolidation of the equities fund management businesses as opportunities arise
- Cambridge Investment Partners be appointed on 360 Capital funds and several third-party appointments by 30 June 2020.
- Continuing marketing program on 360 Capital funds growing their awareness
- Increase earnings through fee revenue with minimum Group capital deployment
- Maintain a minimum of \$75 million of TGP cash for opportunities that may arise
- Forecast distribution of 4.0cps for FY20 (paid quarterly)

We will be providing investor briefings on the Group and its managed funds in the following locations:

Sydney	10am, Friday, 20 March 2020	Dexus Place, level 15, 1 Farrer Place, Sydney
Melbourne	2pm, Monday, 23 March 2020	Dexus Place, level 14, 385 Bourke St, Melbourne
Perth	10am, Thursday, 26 March 2020	Dexus Place, level 16, 240 St Georges Terrace, Perth
Brisbane	2pm, Monday, 30 March 2020	Dexus Place, Level 31, 1 Eagle Street Waterfront Place Brisbane
Adelaide	2pm, Wednesday, 1 April 2020	Mayfair Hotel, 45 King William St, Adelaide

[Click here to RSVP](#) or visit www.360capital.com.au

Authorised for release by Tony Pitt, Managing Director.

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 alternative assets.

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

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