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REAL ASSETS
PRIVATE EQUITY
PUBLIC EQUITY
CREDIT

360 Capital Group (TGP) – HY21 Results

26 February 2021

Alternative Funds Platform Built and Commencing Scaling

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360 Capital Group (ASX:TGP) (the **Group**) is pleased to announce its financial results and operational update for the half year ended 31 December 2020.

The Group has all but completed building its stable of funds across its four key strategies being Real Assets, Private Equity, Public Equity and Credit and has now commenced scaling the strategies in FY21.

HY21 Key Highlights

Over the 6 months to 31 December 2020, the management team focused on building the various funds to complete the Group's Alternative Asset Strategy. Highlights of the Group's activities by each strategy include:

Real Assets

- TOT purchased a strategic stake in Peet Limited (ASX:PPC);
- TOT received \$42.4 million from loan proceeds during the period and \$6.6 million from sale of shopping centre investment post period, increasing TOT's cash to \$103.9 million at balance date;
- TOT exchanged a further 6 apartments at its Gladesville investment with only 4 apartments remaining;
- Velocity Property Group (ASX:VP7) Shareholders approved the acquisition of Dealt and AMF Finance from TGP and TOT, entering into an Investment Management Agreement with TGP and re-branding as 'Dealt Group';
- Acquired 70% interest in Hotel Capital Partners;
- Post period, TOT purchased 50% of NZ's PMG Funds Management for NZ\$17.5 million. PMG FUM comprises NZ\$665.7 million;
- Post period, purchased a 9.18% strategic stake in Irongate Group (ASX:IAP), a \$1.1 billion Australian property group, for \$78.6 million.

Digital Infrastructure

- 360 Capital Digital Infrastructure Fund (formerly ASX:TDI) renamed Global Data Centre Group (ASX:GDC) reflecting updated focused strategy;
- GDC invested \$28.7 million in the Macquarie Infrastructure and Real Assets (MIRA)-led consortium that recently acquired an 88% stake in Asia Pacific hyperscale data centre operator, AirTrunk;
- GDC acquired ETIX Everywhere edge data centre businesses located in France, Belgium and Colombia for \$38.2 million;
- Post deploying GDC's excess cash, GDC raised \$15.1 million increasing consolidated gross assets to \$155.5 million;



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- Launched new Global Data Centre Securities Fund as an ETF and is in the process of listing it on the ASX as an Aqua product (proposed ASX:DATA).

Private Equity

- Contracted to sell Digital Software Solutions (1.8x multiple on Group capital);
- Closed \$11.8 million raising in 360 Capital Cardioscan Trust;
- Raised \$15.6 million in first round and \$20.0 million in second round for 360 Capital FibreconX Trust;
- Group owns 19.55% of E&P Financial Group Limited (ASX:EP1) & has launched ~\$165.0 million takeover for 100% of E&P Financial Group Limited. Group is in discussions with multiple partners to maximise the opportunity for Group.

Public Equity

- 360 Capital Active Value Equity Fund (proposed CXA: TAVF) expected to commence trading on the Chi-X exchange in March 2021 as an ETF.

Credit

- TGP was appointed the responsible entity of 360 Capital Enhanced Income Fund (ASX:TCF); (formerly Australian Enhanced Income Fund);
- Changed strategy of fund to mid-market private credit;
- Completed \$12.1 million raising to recapitalise the fund;
- Commenced capital deployment, engaged in advanced discussions with several borrowers on loan investments.

Disruption and Challenges

The Group was impacted by COVID-19 during the period through not being able to maximise its capital raising capabilities due to border closures and disruption to the investment community and inability to have face to face meetings. Furthermore, acquisitions were delayed, delaying product launches as a result of service providers disruption and limited capacity to travel.

The Group did not receive any JobKeeper during the period.

Ralton Asset Management lost significant FUM during the period as a result of change of staff impacting mandates.

Unconditional E&P Takeover Offer

The Group, through a wholly owned subsidiary 360 Capital ED1 Pty Limited, owns 19.55% of E&P Financial Group Limited (ASX:EP1) and has made a takeover offer for all the shares it does not own. The Group has committed a further \$63 million of cash for the takeover with the balance of the consideration being TGP securities. The consideration for the offer being 0.40 TGP securities and cash of \$0.30 per E&P share (**Offer**). On 24 February 2021, the Group extended the Offer to 31 March 2021 (unless extended further) and declared the Offer unconditional.

Our strategy with E&P Financial, if we are successful with the takeover, is to split the funds management and wealth businesses into two separate businesses. Based on our strategy and public information, we

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believe this acquisition is significantly accretive to the Group earnings, increasing them from current forecasts of 4.0 cps p.a. to between 10.3 and 14.3 cps p.a.. For further information refer to the supplementary bidder's statement dated 18 January 2021 and announcements about the Offer.

Funds Management

The Group now has four ASX listed funds and two ETF's in the process of listing with total FUM of \$544.0 million, up 22.6% over the 6 months to 31 December 2020.

Real Assets FUM grew moderately over the period as both TOT and VP7 were repaying or being repaid loan investments reducing gross assets. With TOT's recent acquisitions and proposed capital raising for VP7, we expect Real Assets to be a major contributor to FUM growth over the next 12 months.

Private Equity funds grew significantly through EP1 and FibreconX with PE funds now totalling \$102.3 million in FUM.

Public Equity FUM has been impacted by Ralton Asset Management's FUM decreasing to \$77 million. The Group continues to look for appropriate equity funds management businesses to acquire which are scalable and increase the Group ROE. 360 Capital Active Value Equity Fund is expected to also drive Public Equity FUM.

The Credit team have now commenced deploying capital after taking control of Australian Enhanced Income Fund, rebranding as 360 Capital Enhanced Income Fund (ASX:TCF) and raising \$12.1 million during the period. We expect this to continue to grow exponentially as credit investing becomes more popular.

Co-investment

The Group has increased its co-investment and principal investments from \$106.0 million as at 30 June 2020 to \$122.1 million as at 31 December 2020. The majority of the increase comprised \$20.6 million into E&P Financial and \$10.0 million into FibreconX. Currently, a large portion of the co-investment is invested into growth opportunities, however, going forward we will recycle a portion of this capital into yielding co-investment growing investment income.

Key financial results highlights for the six months ended 31 December 2020

- Statutory net profit of \$1.8 million down on pcp
- Operating profit of \$0.5 million down on pcp due to reduced investments and high cash balances
- Statutory earnings per security (EPS) of 0.8cps down on pcp
- Operating EPS of 0.2cps down on pcp due to high cash balance
- Distributions per security (DPS) of 2.0cps consistent with pcp
- NAV per security of \$0.90
- Strong balance sheet with \$70.2 million in cash (excluding cash in Managed Funds)
- Increase in ASX trading price from \$0.85 to \$0.89



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Key Focus for balance of FY21

- Completing the listing of Dealt Group - a commercial real estate debt company – *Terms agreed, VP7 shareholders approved and capital raising commencing March 2021*
- Redeploy 360 Capital REIT's significant cash balance into corporate and direct real estate assets and platforms, including potential partnership opportunities – *\$135 million already deployed into Peet, PMG and Irongate*
- Deploying Global Data Centre Group's (ASX:GDC) cash balance into data centres and improve the market awareness of the fund and the digital sector – *Achieved, continuing market awareness program*
- Investigating other digital infrastructure products for both listed and unlisted investors/partners – *Launched and applied to be ASX listed as ETF "DATA" February 2021*
- Continuing to establish single asset private equity funds for sophisticated and institutional investors – *Launched FibreconX and 360 Capital ED1 Pty Limited, raised \$35 million in FibreconX*
- Completing the transition of the 360 Capital Active Value Equity Fund onto the Chi-X exchange and scale the fund up as opportunities arise – *expected to commence trading on the Chi-X in March 2021*
- 360 Capital Enhanced Income Fund (ASX:TCF) – *advanced discussions on corporate loans for deployment of available capital*
- Forecast annual distribution of 4.0cps for FY21 (paid quarterly) – *Earnings targeted to be in excess of 4.0 cps*
- Launched takeover of E&P Financial – *Bidders Statement launched, extended bid and removed conditionality, acceptances starting to be received, in discussion with several JV partners as part of a break-up*
- Increase our marketing and education program – *Group has increased its digital marketing content and channels to educate clients on the various strategies and products*

Authorised for release by Kimberley Child, Company Secretary.

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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