



ASX Release

25 November 2020

REAL ASSETS
PRIVATE EQUITY
PUBLIC EQUITY
CREDIT

360 Capital Group (ASX: TGP)

General Group Update

Group Earnings Forecasts and Upgrade

Page 1 of 5

360 Capital Group (Group or ASX:TGP) is pleased to make the following update on various business activities of the Group. The Group has almost 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 through the following activities:

Real Assets

360 Capital REIT (ASX:TOT)

In line with TOT's refined strategy of investing in real estate equity opportunities, TOT has:

- Received \$30.5 million in proceeds from loan repayments and now has approximately \$90 million in cash;
- Exchanged a further 4 apartments in its Gladesville investment with only 6 apartments remaining of the original 23 apartments;
- Retains a 4.9% strategic investment in Peet Limited (ASX:PPC);
- Expects to settle the sale of the 49% stake in the non-core Penrith Shopping Centre asset shortly;
- Implemented a security buyback of TOT securities;
- Agreed terms to sell its ½ share in AMF Finance to Velocity Property Group (ASX:VP7) (subject to various approvals) as part of the overall 360 Capital Proposal to Velocity (TGP to also sell its ½ in AMF Finance).

Velocity Property Group (ASX:VP7)

The Group has issued a proposal to VP7 to recapitalise and restructure the company into a real estate finance company, focused on originating, lending and managing real estate debt within Australia and NZ. Terms of the proposal include:

- Undertaking a capital raising of a minimum of \$35 million up to \$100 million in the new year;
- Appointing 360 Capital FM Limited as responsible entity of VP7;
- Sale of AMF Finance to VP7 at an agreed price;
- Sale of Dealt technology platform Digital Software Solutions (DSS) by the Group and private investors to VP7;

The proposal to VP7 is currently being considered by VP7's Independent Board Committee and if appropriate will be put to VP7's shareholders in late January 2021 for consideration. If



ASX Release

25 November 2020

Page 2 of 5

approved, all real estate debt opportunities will be undertaken in VP7 simplifying the Group's real estate product offering.

If the proposal with VP7 proceeds, James Quigley will be appointed the Fund Manager of the new real estate debt vehicle to be renamed 360 Capital Finance Group (Proposed ASX:TFT).

James Storey, Head of Real Assets, commented: *"TOT is well positioned to continue to purchase real estate equity investments providing recurring revenues and capital growth with a pipeline of both real estate investments and platforms. We look forward to working with the VP7 IBC to conclude the 360 Capital Proposal and simplifying the investment strategies of the two real estate funds."*

360 Capital Digital Infrastructure Fund (ASX:TDI)

TDI has finessed its investment strategy to focus purely on investing in data centres on a global basis. Over the past 5 months, TDI has:

- Acquired a \$25 million stake in the Macquarie Infrastructure and Real Assets (MIRA)-led consortium that recently acquired an 88% stake in Asia Pacific hyperscale data centre operator, AirTrunk;
- Exchanged conditional contracts to acquire ETIX Everywhere regional and edge data centres business, located in France, Belgium and Colombia for approximately \$37.5 million.

Following these acquisitions TDI will have exposure to a growing portfolio of operating data centres across Asia, Europe and South America.

Global Data Centre Securities Fund (ASX:DATA)

360 Capital Digital Management Limited has launched a new fund, focused solely on investing in listed global data centre securities.

The Fund is currently taking applications from wholesale investors only, however, Global Data Centre Securities Fund is scheduled to make an application to list on the ASX as an active ETF under the ASX code "DATA" this year.

The Investment Manager has appointed John d'Almeida as DATA's Fund Manager.

David Yuile, Managing Director- Digital Infrastructure and JV Partner commented, *"We have been very pleased at the pipeline of opportunities for TDI over the past few months and look forward to continuing to grow TDI. We are very excited to launch DATA as an actively traded ETF and believe it gives our investors a great opportunity to obtain an indirect exposure to some of the world's largest data centre operators."*

Private Equity

The Group now has four private equity funds.

Digital Software Solutions (DSS)

DSS owns the Dealt digital real estate platform www.Dealt.com.au. The Group provided \$1.0 million of capital towards the development of this platform in FY20 alongside private investors



ASX Release

25 November 2020

Page 3 of 5

and owns 45% of DSS. As noted above, DSS shareholders have agreed to sell the platform to VP7, subject to the 360 Capital Proposal proceeding with VP7.

360 Capital CardioScan Trust (CCT)

CCT owns approximately 20% interest in CardioScan. Established in 1984, CardioScan is the largest and longest serving cardiac reporting business in Australia. CardioScan is also Asia's leading cardiac reporting company, with operations in Singapore, Hong Kong and Malaysia. CardioScan has also established operations in the United Kingdom and USA and has achieved sales growth of 20% p.a. for the past five years.

360 Capital FibreconX Trust (FCT)

FCT owns the majority of FibreconX Pty Ltd. FibreconX is constructing a dark fibre network connecting approximately 30 data centres in Sydney. On completion the network and most of the duct network will be owned and operated by FibreconX. The Group has invested \$10.0 million into FCT alongside wholesale and institutional investors.

360 Capital ED1 Pty Limited (ED)

ED owns a 19.55% stake in E&P Financial Group Limited (ASX:EP1). Currently ED is 100% owned by the Group having invested \$20.63 million in 45.865 million EP1 shares. The Group is currently reviewing this investment – see E&P Financial Group Limited Proposal below.

Public Equity

The Group's flagship equity fund is the 360 Capital Active Value Equity Fund.

360 Capital Active Value Equity Fund was established in FY20 and returned +15.7% post tax and fees in FY20. The Fund provides investors with exposure to a relative concentrated portfolio of ASX-listed companies in which the Manager seeks to unlock capital value in its invested companies through an active, collaborative investment strategy.

The Fund has applied for listing on the ChiX as an actively managed ETF under the code TAVF. We expect the Fund to be listed on the ChiX in late 2020 providing investors with easy access and liquidity to the Fund's investment strategy.

Dennison Hambling, Head of Public & Private Equity, commented, "*The Private Equity specific funds have been well received from our wholesale and institutional clients. We have a strong pipeline of PE investments including emerging private companies seeking growth capital and pre-IPO funding opportunities. Although it has taken longer than expected to list our Active Value Fund, we expect to get wholesale capital into the Fund prior to its listing*".

Credit

360 Capital Enhanced Income Fund (ASX: TCF)

On 9 September 2020, 360 Capital FM Limited was appointed the responsible entity of the Australian Enhanced Income Fund (now 360 Capital Enhanced Income Fund) (ASX:TCF). Subsequently, on 2 October 2020, unitholders approved the recapitalisation of the Fund via a \$70 million capital raising which was launched to market on 11 November 2020.



ASX Release

25 November 2020

Page 4 of 5

The Fund will invest capital raised from the offering into a strong pipeline of private credit opportunities and is in advanced negotiations with prospective borrowers with expected initial investments being made in January 2021. The Fund is targeting a distribution of 6.0% p.a. (net of fees and costs), paid monthly.

Chris Chase, Head of Credit commented *“Demand for the TCF raising is being well received by investors attracted by the strategy of the Fund providing loans to mid-tier Australian corporates who were typically bank clients and now finding it difficult to finance their business activities. Feedback from investors has been positive, attracted by the 6.0% annual distribution forecast and monthly payments.”*

E&P Financial Group Limited Proposal

On 11 November 2020, E&P Financial Group Limited (ASX:EP1) shareholders voted for Resolution 6 at their AGM. Resolution 6 was a condition precedent to the Group's takeover of EP1.

Since purchasing the strategic stake in August 2020, the Group has had several approaches on its stake in EP1, including numerous groups seeking to partner with the Group on a privatisation of EP1. These include stockbrokers, wealth managers and other fund managers.

The Group is considering its options about whether to proceed with the takeover on its own, to partner with these interested groups or not to proceed with the takeover.

The Group has until 11 December 2020 in which to lodge its bidder's statement with ASIC if the Group continues with the takeover offer.

Group Earnings Update

As we build out and scale up the various funds and PE opportunities in the portfolio, the Group's investment fee revenue is forecast to grow significantly this year.

Currently the Group is forecasting a distribution of 4.0 cents per security in FY21.

Based on the above initiatives, the Group is targeting earnings to be above 4.0 cents per security for FY21. The Group will provide greater clarity on its forecast earnings and distribution at the HY21 results in February 2021.

This targeted earnings is approximately double that of FY20 earnings and reflects the strong performance from the private equity funds and the commencement of scaling the business across the investment strategies.

Our focus now that the platform has been established is to continue to scale each of the funds and start getting efficiencies from scaling up the platform.

The Group's balance sheet remains in a strong (but inefficient) position with approximately \$80 million in cash and no debt. Investment of this cash going forward will provide further accretion in the Group's earnings.

The Group's NTA was \$0.87 per security as of 30 June 2020. Based on the mark to market of the Group's investments, we expect the Group's NTA to be well above 30 June 2020.



ASX Release

25 November 2020

Page 5 of 5

Tony Pitt, Group Managing Director said, *"The team has spent the second half of 2020 completing our strategy of building out the funds within each of the four strategies as well as undertaking a few opportunistic transactions. We are now seeing the rewards from resourcing up our distribution capabilities and our digital marketing activities as we focus on scaling our platform into the future."*

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.

Alternatively, TGP investors can contact:

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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.
