



ASX Release

31 August 2020

360 Capital Group (ASX: TGP)

FY2020 Results

Implementing our strategy of being a leading manager and investor of alternative assets

REAL ASSETS
PRIVATE EQUITY
PUBLIC EQUITY
CREDIT

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360 Capital Group (ASX: TGP) ('the Group') is pleased to announce its financial results and operating update for the year ended 30 June 2020.

In line with our strategy of becoming a leading manager and investor of alternative assets, and notwithstanding the disruption from COVID-19, the Group has continued to execute transactions across its four key strategies of Real Assets, Private Equity, Public Equity and Credit.

FY20 Key Operational Highlights

The Group, and its managed funds, retain significant levels of cash (greater than \$250 million as at late August 2020), while management has remained very active over the past 12 months across the four investment strategies:

Real Assets

- 360 Capital REIT (ASX: TOT) merged with the \$70 million URB Investments Limited via a scheme of arrangement and completed a \$10.8m institutional placement, increasing TOT's gross assets to \$161.7 million as at 30 June 2020. Post period, TOT announced that it has approximately \$90 million of cash and is focusing on investing in real estate equity opportunities going forward;
- The Group and TOT jointly purchased a 19.99% stake in Velocity Property Group (ASX: VP7) alongside a TOT loan to VP7 of \$33.7 million. During the 6 months to 30 June 2020, the Board of VP7 undertook a rationalisation and de-gearing.
- 360 Capital Digital Infrastructure Fund (ASX:TDI) listed on the ASX after raising \$115m;
- During the year, TDI acquired a data centre in Perth, an equity interest in a newly constructed data centre in Guam and provided financing via a \$10 million convertible note to an operator which was repaid during the year. The COVID-19 pandemic has highlighted to the world the need for data centres;
- On 7 August 2020, the Group put a proposal to Velocity Property Group (ASX:VP7) to a reposition VP7 to become a commercial real estate debt company. The Board of VP7 is currently considering the Proposal.

Private Equity

- In late June 2020 we launched the 360 Capital Cardioscan Trust. Collectively the Group controls ~20% of Cardioscan, a global cardiac monitoring company. Cardioscan has been operating since 1984 and has achieved sales growth of 20% p.a. for the past five years. The fund is expected to close in September 2020.



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Public Equity

- In the second half of the year, we launched the 360 Capital Active Value Equity Fund as an unlisted equities fund focused on active value investing in Australian equities. The Fund achieved a 15.7% return in FY20 and we are now listing the fund on the Chi-X Quoted Managed Funds platform to provide liquidity to investors;
- In January 2020, the Group acquired the Ralton Asset Management platform for a nominal amount. Since the acquisition, we have rationalised the mandates to higher value clients.

Credit

- In the second half of the year, we launched the 360 Capital Credit Income Fund an unlisted credit fund focusing on investing into mid-market Australian corporate credit;
- Post period, the Group acquired a 19.9% stake in Australian Enhanced Income Fund (ASX: AYP) and has proposed a change in responsible entity to 360 Capital FM Limited. If we are appointed responsible entity, we will immediately look to recapitalise the fund through a capital raising.

Other Activities

- The Group lent \$19.8 million to a childcare operator in October 2019 and was fully repaid in July 2020;
- The Group established Cambridge Investment Partners, our in-house distribution and advisory capability.

FY20 Financial Results

Key Financial Results for FY20

- Statutory net profit of \$1.3 million, down on pcp reflecting write down of previous residual investment in a retail property fund investment sold during the year;
- Operating profit of \$4.3 million, down on pcp due to high cash balance and increased operating costs from investment in staffing up for growth;
- Statutory earnings per security (EPS) of 0.6 cps;
- Operating EPS of 2.1 cps;
- Distributions per security (DPS) of 4.0 cps;
- Strong balance sheet with \$83.2 million in cash and no borrowings across the group and its managed funds, with Group cash increasing to over \$100 million post period;
- The security trading price as at 30 June 2020 was \$0.85 per security, well below the Group's NTA per security.



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Growth Strategy

Having built the alternative assets platform across Real Assets, Private Equity, Public Equity and Credit, we are now focused on scaling the platform to drive revenue and profits for all securityholders.

The Group will continue to achieve this growth through both organic acquisitions across individual strategies and corporate opportunities including acquisition of platforms which may be undercapitalised or special situations.

As at 30 June 2020, the Group had \$83.2 million in cash. Post period cash increased by \$19.8 million from the repayment of our childcare loan. The Group's nimble approach to investment, coupled with these uncertain times, means the Group is well placed and in a very strong position to capitalise on opportunities in the near term.

Post the outbreak of COVID-19, the Group and a number of its managed funds are working on transactions with overseas capital partners, including potential privatisation opportunities. It is envisaged, subject to certain markets continuing to be disconnected with the underlying fundamentals, that we will undertake our first substantial joint venture in FY21.

Outlook and FY 21 Focus

We believe the next 12 months will continue to be volatile across the various markets and the Group and its managed funds are well capitalised to take advantage of opportunities which are now presenting themselves.

The Group has also resourced up across the four strategies of: Real Assets, Private Equity, Public Equity and Credit to enable timely analysis and execution of these opportunities.

Apart from capitalising on special opportunities and corporate or platform acquisitions which may arise, we are focused for FY21 on:

- Completing the recapitalisation of Velocity Property Group (ASX:VP7) to become a commercial real estate debt company;
- Redeploy 360 Capital REIT's significant cash balance into corporate and direct real estate assets and platforms, including potential partnership opportunities;
- Deploying 360 Capital Digital Infrastructure Fund's (ASX:TDI) cash balance into data centres and improve the market awareness of the fund and the digital sector;
- Investigate other digital infrastructure products for both listed and unlisted investors/partners;
- Continue to establish single asset private equity funds for sophisticated and institutional investors;
- Complete the transition of the 360 Capital Active Value Equity Fund onto the Aqua platform and scale the fund up as opportunities arise;
- Complete the change of responsible entity of Australian Enhanced Income Fund (ASX:AYF) to 360 Capital FM Limited and recapitalise the fund.

The Group is forecasting to continue to pay a distribution of 4.0 cps for FY21 with earnings expected to increase in FY21 from redeployment of the cash into opportunistic acquisitions and from scaling up the existing platform increasing fee revenue streams.

A. Level 8, 56 Pitt Street
Sydney NSW 2000
W. 360capital.com.au

P. +61 2 8405 8860
F. +61 2 9238 0354
E. investor.relations@360capital.com.au

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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:

Tony Pitt
Managing Director
360 Capital Group

T: (02) 8405 8860

Glenn Butterworth
CFO
360 Capital Group

T: (02) 8405 8860

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.
