

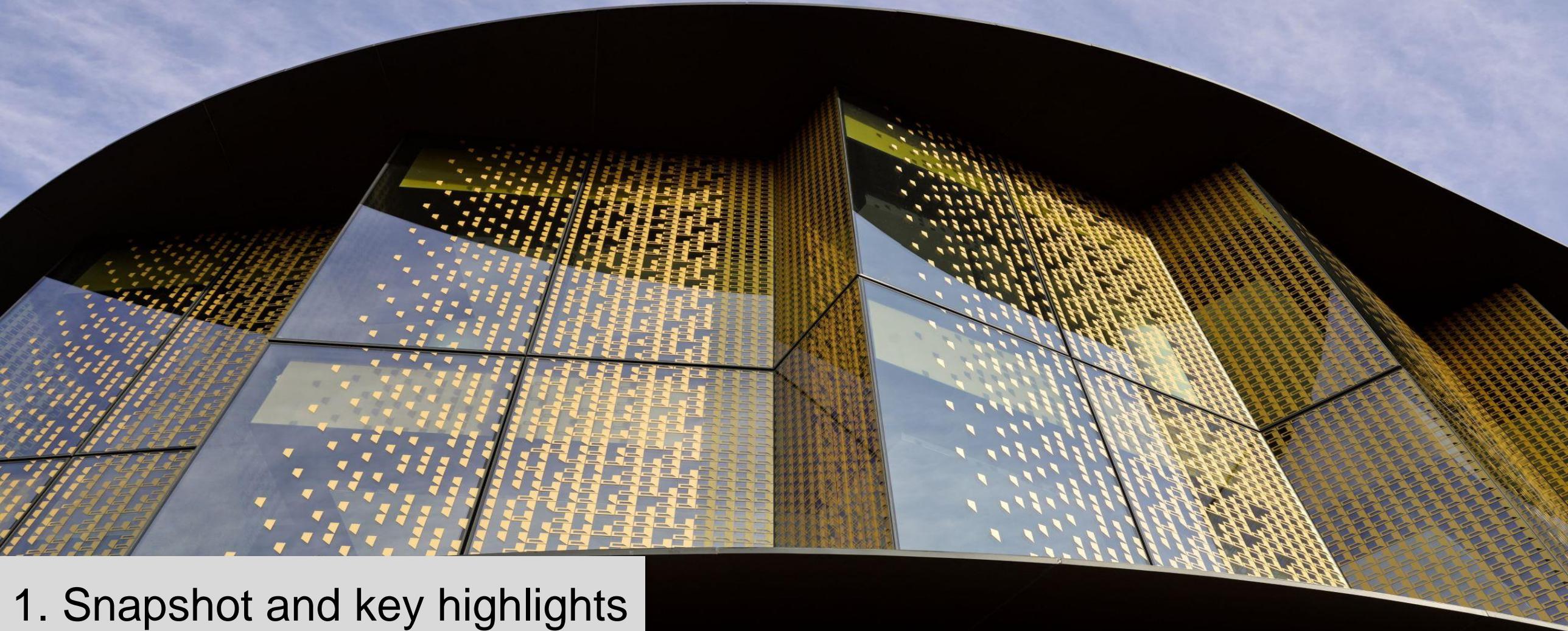


360 Capital REIT (ASX:TOT) HY23 Results Presentation

17 February 2023



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1. Snapshot and key highlights



Value Proposition

\$257.2m

Modern Portfolio

26.1%

Manager Co-Investment

7.3 year WALE

Secure, recurring income¹

-29.6%

Discount to NTA per Unit²

7.4%

FY23 Fully Franked
Distribution Yield³

Modern portfolio - with an average age of 2.5 years⁴, minimal capex

Aligned manager - with 16-year real estate track record

Secure, growing income – defensive with 85.2% of income derived from government and publicly listed tenants, average rent review of 3.0% p.a.

Compelling entry price - with no value for approximately 9.0cps of franking credits, equivalent to over 4 years of fully franked distributions⁵

Attractive distribution yield – distribution expected to be fully franked in FY23.

¹ As at 31 December 2022 (by gross income)

² Based on the \$0.81 closing price of TOT on 16 February 2023.

³ Based on FY23 forecast distribution over the \$0.81 closing price of TOT on 16 February 2023

⁴ Based on period since the completion of the construction of the property or completion of a major refurbishment

⁵ Based on forecast franking balance following payment of existing tax liabilities, forecast distribution of 6.0cps p.a. and current number of securities on issue and a franking rate of 25%. Noting the actual franking balance and applicable franking rate may change over the forecast period.



HY23 Financial Highlights



\$1.15
NTA
per security



3.1cps
HY23
Operating earnings



7.4%
FY23 DPU Yield ¹



\$257.2m
A-grade
office portfolio



6.0cps
Reaffirm forecast
FY23 distribution
guidance



~\$117m²
Market capitalisation

¹ Based on FY23 forecast distribution over the \$0.81 closing price of TOT on 16 February 2023

² Based on the current stapled units on issue and the closing price of \$0.81 of TOT on 16 February 2023



HY23 Operational Highlights

Settlement of a \$257.2m portfolio, comprising three modern assets with a portfolio Weighted Average Lease Expiry of 7.3 years^{1,2}

The Fund realised proceeds of \$186.9 million from the disposal of investments in Irongate Group (ASX:IAP) and PMG Funds, averaging an Internal Rate of Return (IRR) of 31% per annum.

Franking credit balance potentially available to Securityholders equivalent to over 4 years of fully franked distributions³.

HY23 distributions 3.0cps in line with guidance. HY23 operating earnings per security of 3.1cps.

\$257.2m
Modern A-Grade Portfolio

\$186.9m
Realisation of Investments

~9.0cps³
Franking Credit Balance

6.0cps
Forecast FY23 distribution

1 As at 31 December 2022
2 Weighted by gross income.

3 Based on forecast franking balance following payment of existing tax liabilities, forecast distribution of 6.0cps p.a. and current number of securities on issue and a franking rate of 25%. Noting the actual franking balance and applicable franking rate may change over the forecast period

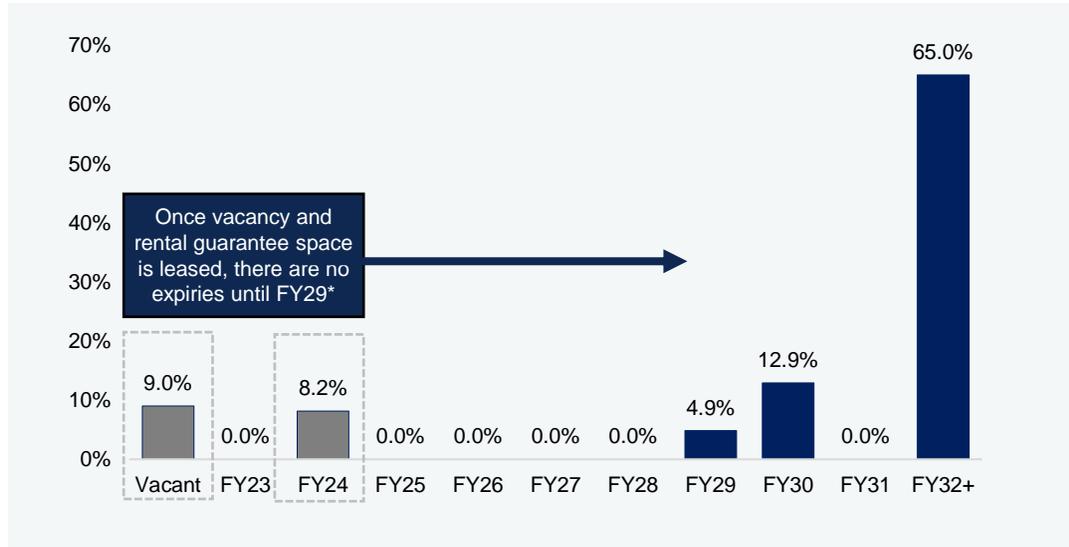


2. Portfolio Overview

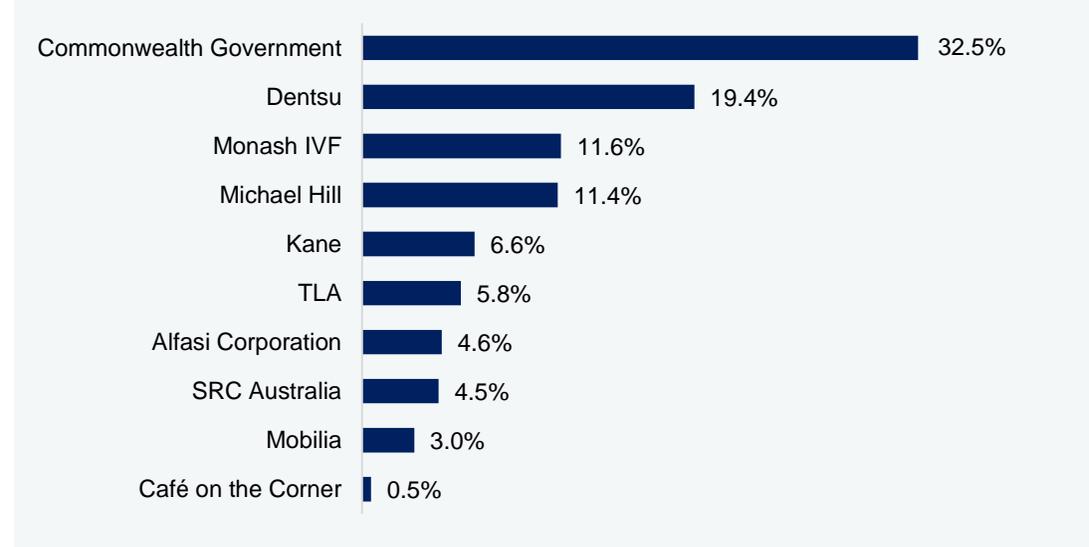


Portfolio overview

Lease Expiry Profile (by income)^{1,2}



Top 10 Tenants¹



Current Vacancy

ADDRESS	AREA	INCOME (%)	EXPIRY
L2, 510 Church Street, Cremorne	2,624 Sqm	6.9%	-
L3, 510 Church Street, Cremorne	815 Sqm	2.1%	-

FY24

ADDRESS	AREA	INCOME (%)	EXPIRY
L1, 38 Sydney Ave, Canberra	2,291 Sqm	8.2%	Jun-24

¹ Weighted by gross property income, as at 31 December 2022

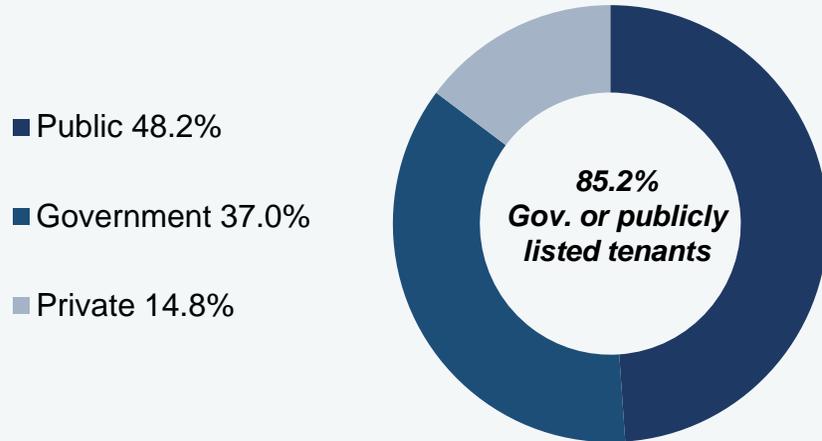
² Adjusted for 50% ownership of 510 Church Street

*Assuming new terms of greater than 6-years

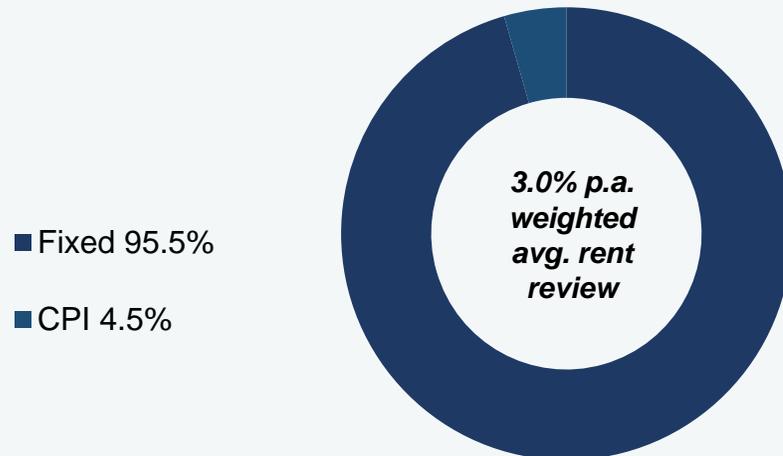


Diversified, secure income, contracted rent increases

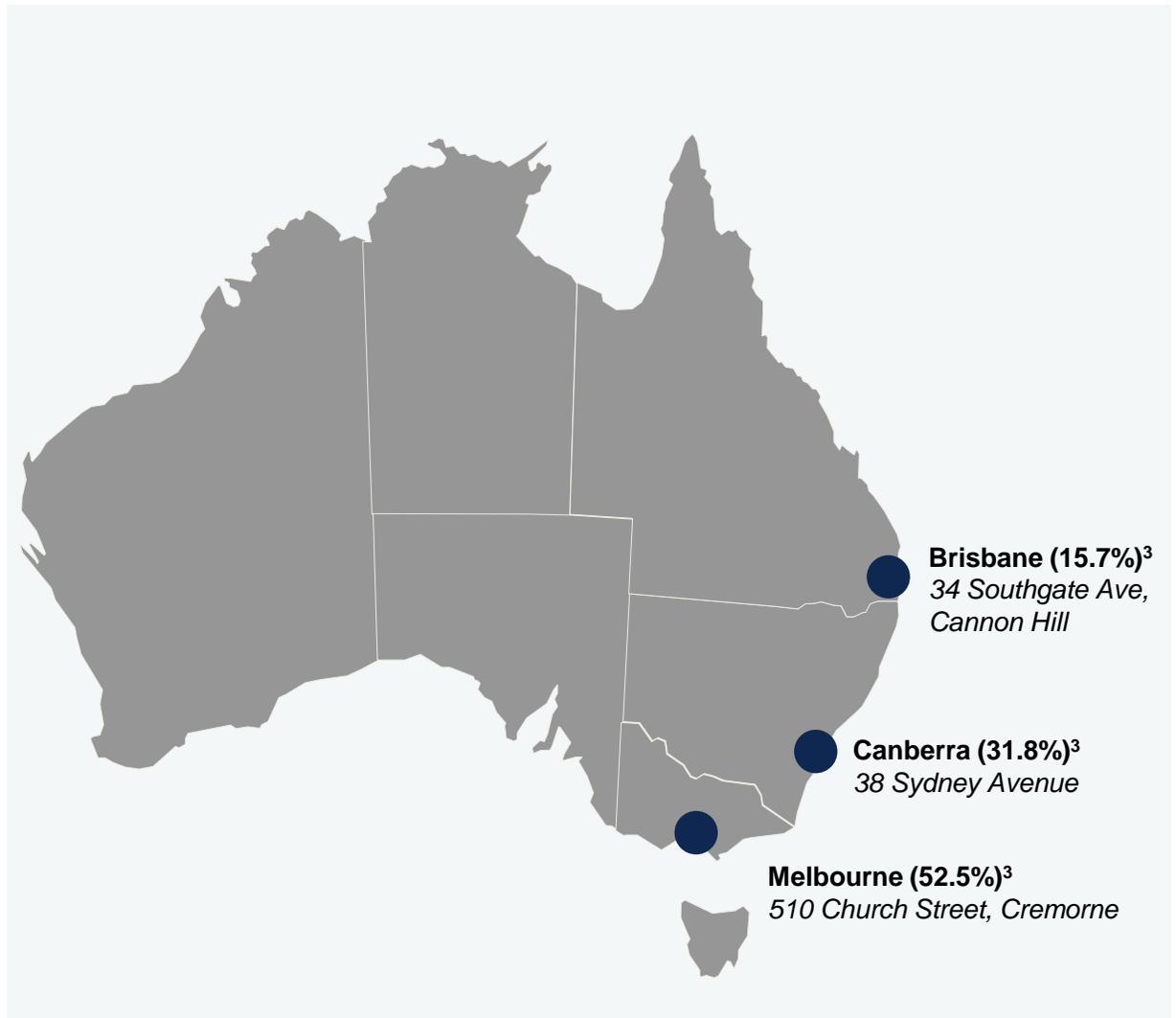
Tenant Type Composition^{1,2}



Rent Reviews^{1,2}



Initially East Coast Geography – Focus on Major Markets



¹ Weighted by gross property income, as at 31 December 2022

² Excludes rental guarantees

³ Based on property values



510 Church Street, Cremorne VIC



Overview

- 510 Church Street is a brand-new A-grade office building comprising 19,805 sqm of lettable area across 9 levels of office accommodation, ground floor retail and 145 car parks
- The property was constructed in order to achieve a 5.0 Star NABERS Energy Rating and 5 Star Green Star Design Rating
- The weighted average rent review is 3.0% p.a.

Summary Metrics

Valuation¹:	\$135.0m (50%)
NABERS Rating:	5.0 stars ²
NLA³:	19,805 sqm
Site Area:	3,026 sqm
Occupancy⁴:	82.8%
WALE⁴:	6.6 years
Cap Rate:	4.50%
\$/Sqm³:	\$13,633

Ownership

Ownership Interest:	50%
Title:	Freehold

Valuation

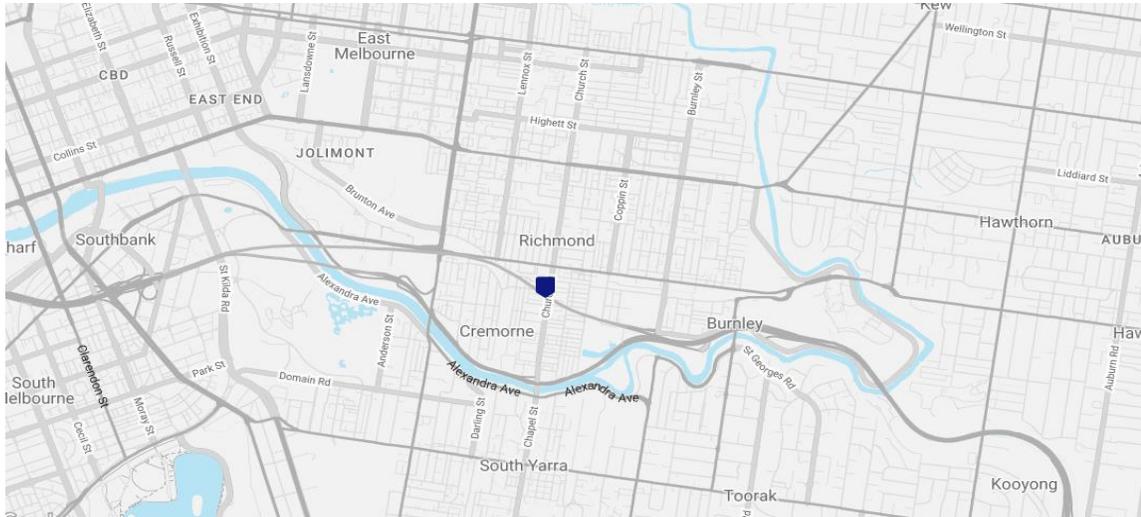
Valuation¹:	\$135.0m (50%)
Capitalisation Rate:	4.50%
Valuation Date:	December 2022

¹ At 50% ownership
² The building designed to achieve this NABERS rating

³ At 100% ownership
⁴ Based on gross income, as at 31 December 2022



510 Church Street, Cremorne VIC



Top 5 Tenants²

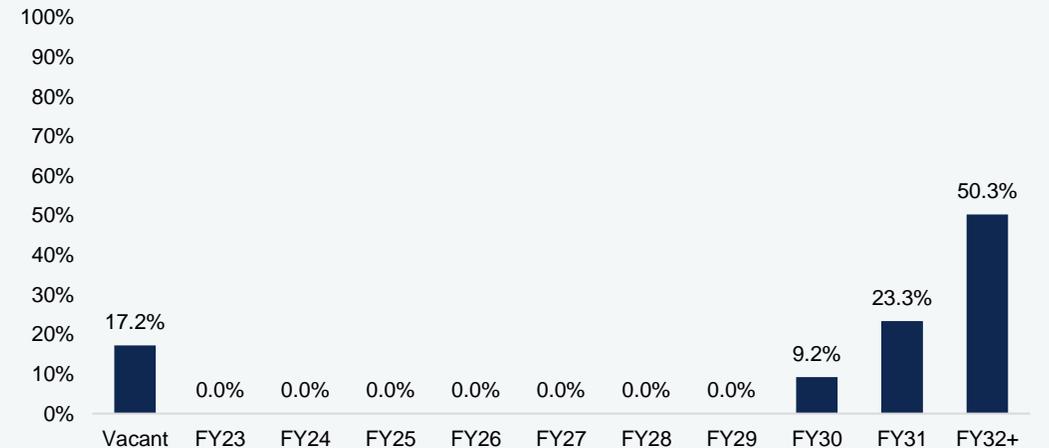
- Dentsu 28.2%
- Commonwealth Gov 25.9%
- Monash IVF 16.9%
- Kane 9.5%
- TLA 8.4%



Major Tenants

Tenant	% total Gross Rent	NLA ¹ (sqm)	Review type	Expiry date	Option to extend
Dentsu	28.2%	4,668	Fixed	Jul 29	3
Commonwealth Gov	25.9%	4,307	Fixed	Oct 31	5
Monash IVF	16.9%	2,623	Fixed	Jan 32	2 x 5
Total	71.0%	11,598			

Lease Expiry Profile²



¹ 100% of 510 Church Street area
² Weighted by gross property income as at 31 December 2022



34 Southgate Avenue, Cannon Hill QLD



Overview

- 34 Southgate Avenue is a brand-new A-Grade office building that is wholly leased to ASX listed Michael Hill Jewellers (ASX:MHJ)
- The lease is subject to a fixed annual review of 3.0% p.a.
- The building was designed to achieve a 5.0 Star NABERS Energy Rating

Summary Metrics

Valuation:	\$40.5m
NABERS Rating:	5.0 stars ¹
NLA:	3,585 sqm
Site Area:	2,598 sqm
Occupancy²:	100.0%
WALE²:	9.7 years
Cap Rate:	4.50%
\$/Sqm:	\$11,284

Ownership

Ownership Interest:	100%
Title:	Freehold

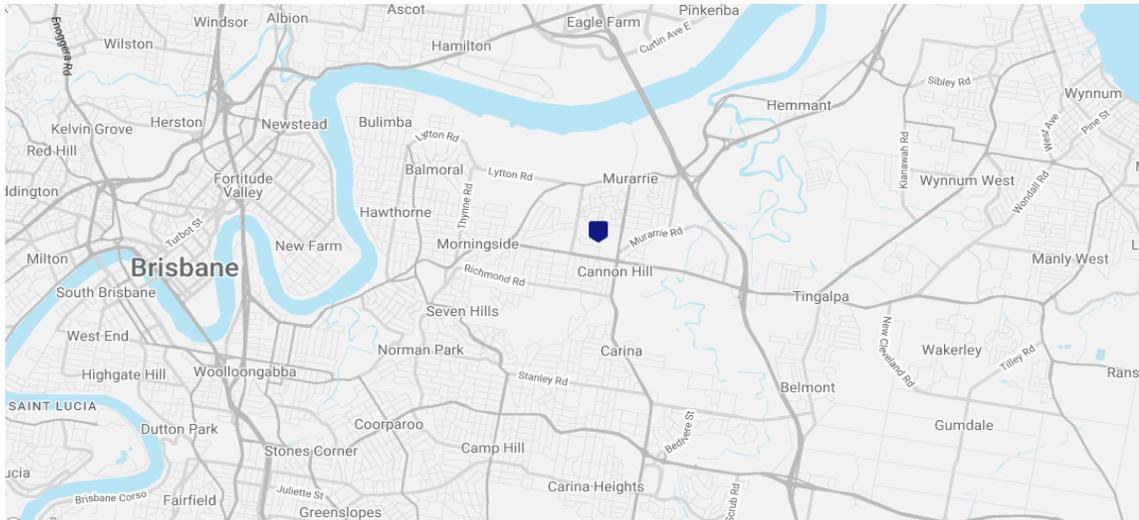
Valuation

Valuation:	\$40.5m
Capitalisation Rate:	4.50%
Valuation Date:	December 2022

1. The building designed to achieve this NABERS rating
2. Based on gross income, as at 31 December 2022

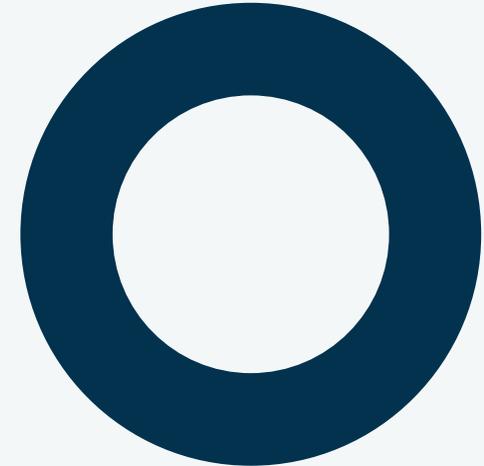


34 Southgate Avenue, Cannon Hill QLD



Top 5 Tenants¹

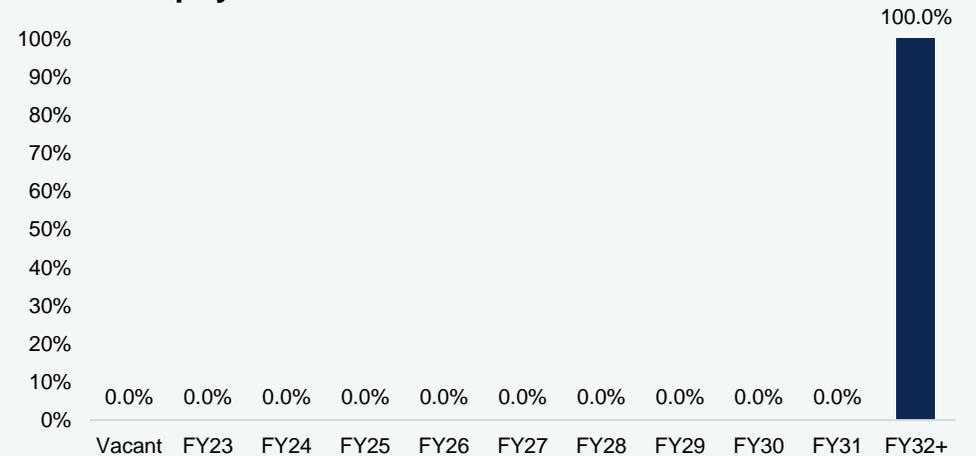
■ Michael Hill 100.0%



Major Tenants

Tenant	% total Gross Rent	NLA (sqm)	Review type	Expiry date	Option to extend
Michael Hill	100.0%	3,585	Fixed	Sept 32	2 x 5
Total	100.0%	3,585			

Lease Expiry Profile



¹ Weighted by gross property income



38 Sydney Avenue, Canberra ACT



Overview

- The Property comprises a modern four (4) storey A-Grade commercial office building, with a single basement car park accommodating 82 car spaces, bicycle storage, and end of trip facilities
- The building has a 4.5 Star NABERS Energy rating
- The weighted average rent review is 3.5% p.a.

Summary Metrics

Valuation:	\$81.7m
NABERS rating:	4.5 stars ¹
NLA:	8,696 sqm
Site Area:	3,269 sqm
Occupancy^{2,3}:	100.0%
WALE²:	8.6 years
Cap Rate:	5.00%
\$/Sqm:	\$9,395

Ownership

Ownership Interest	100%
Title³	Leasehold

Valuation

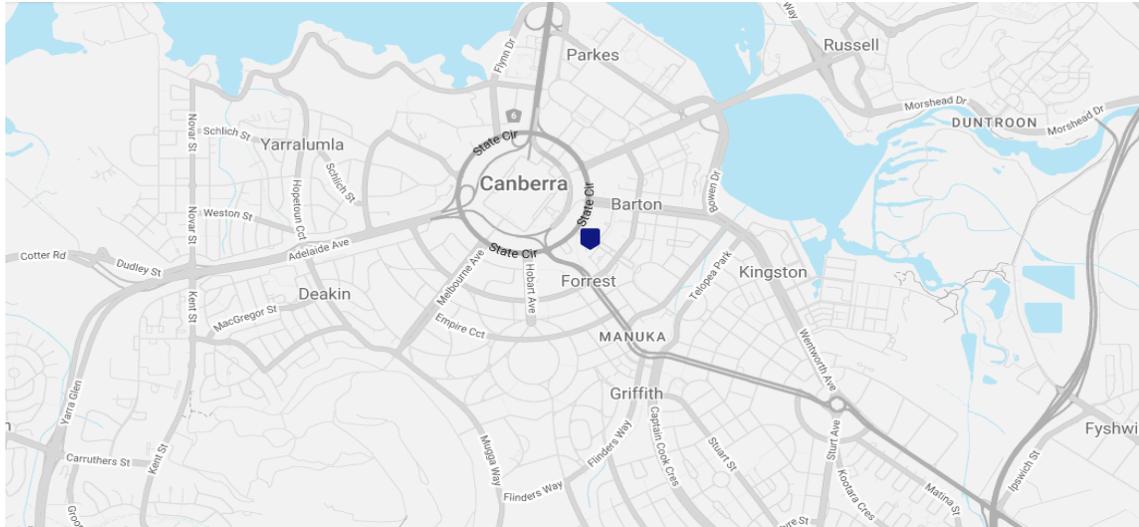
Valuation	\$81.7m
Capitalisation rate	5.00%
Valuation Date	December 2022

¹ Installation of the solar panel system is expected to increase the NABERS rating to 5 stars
² Based on gross income, as at 31 December 2022

³ Inclusive of rental guarantee
⁴ Crown Leasehold

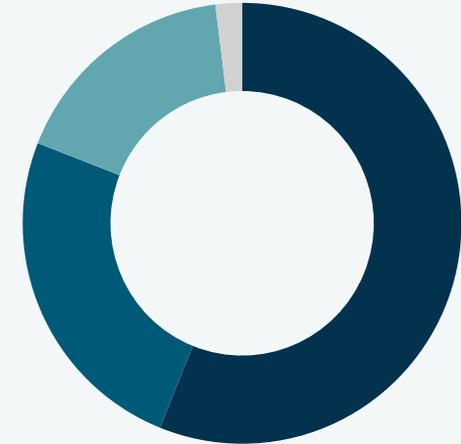


38 Sydney Avenue, Canberra ACT



Top 5 Tenants^{1,2}

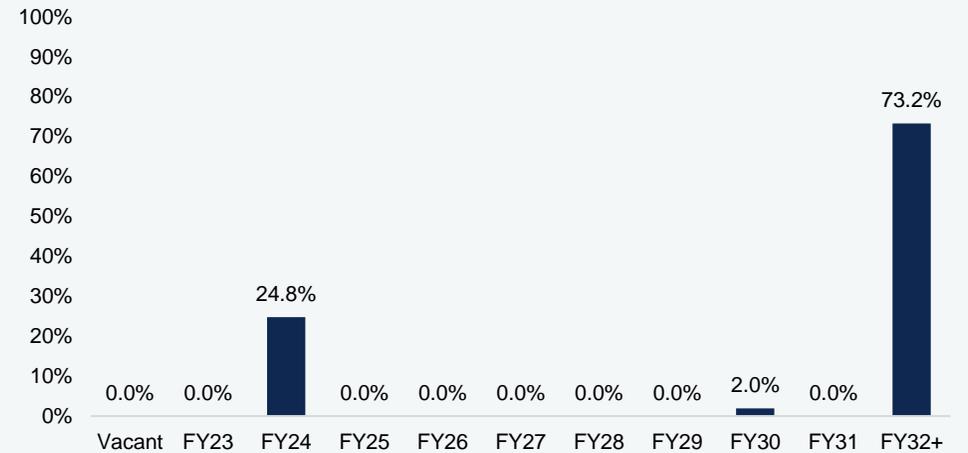
- Commonwealth Gov 56.1%
- Rent Guarantee 24.8%
- SRC 17.1%
- Zamlod 2.0%



Major Tenants

Tenant	% total Gross Rent	NLA (sqm)	Review type	Expiry date	Option to extend
Commonwealth Gov	56.1%	4,770	Fixed	Dec 34	5
SRC Australia	17.1%	1,523	> Fixed or CPI	Jan 32	5
Total	73.2%	6,293			

Lease Expiry Profile



¹ Includes rental guarantees

² Weighted by gross property income, as at 31 December 2022



3. Financials



HY23 Balance sheet highlights

\$257.2m

of property portfolio

During the period, TOT settled the three-asset portfolio as part of the Irongate Group transaction

\$18.7m

Decrease in net assets

During the period net assets decreased by \$18.7m largely due to stamp duty costs on the acquisition of TOT's portfolio

\$12.1m

Tax liability

\$12.1m tax liability equivalent to approximately 9.0cps in franking credits or over 4 years of fully franked distributions²

	31-Dec-22 (\$m)	30-Jun-22 (\$m)	Change (\$m)	Change (%)
Cash	6.2	10.8	(4.6)	
Joint ventures	-	18.9	(18.9)	
Investments in securities	-	166.7	(166.7)	
Investment properties	257.2	-	257.2	
Other assets	5.1	5.3	(0.2)	
TOTAL ASSETS	268.5	201.8	66.7	33%
Payables	3.8	0.5	3.3	
Interest bearing liabilities	83.3	-	83.3	
Deferred tax liabilities	0.6	13.8	(13.2)	
Provision for income tax	12.1	0.2	11.9	
Distributions payable	2.2	2.1	0.1	
TOTAL LIABILITIES	102.0	16.7	85.4	513%
NET ASSETS	166.5	185.1	(18.7)	-10%
Securities on issue	144.4	140.7	3.8	3%
NTA per security	\$1.15	\$1.32	(0.17)	-13%
Gearing ¹	29.4%	0.0%		

¹ Gearing calculated as (Interest bearing liabilities less cash) / (Total assets less cash)

² Based on forecast franking balance following payment of existing tax liabilities, forecast distribution of 6.0cps p.a. and current number of securities on issue and a franking rate of 25%. Noting the actual franking balance and applicable franking rate may change over the forecast period



HY23 Profit and loss highlights

\$5.0m

Gross property income

Gross property income of \$5.0m, collected from the three properties acquired as part of the Irongate transaction

\$2.6m

Gain on disposal of PMG Funds

TOT completed the disposal of the 50% interest in PMG Funds, with proceeds of \$21.6m and generating a \$2.6 million gain on disposal

\$4.4m

Operating profit

TOT generated \$4.4m in operating profit, equating to 3.1 cps, an increase of 0.5 cps on pcp, due to the income received from the three properties and the sale of PMG Funds investment

Profit & loss statement	HY23 (\$m)	HY22 (\$m)	Change (\$m)	Change (%)
Gross property income	5.0	-	5.0	
Finance revenue	0.2	0.2	0.0	
Distribution income	0.0	3.8	(3.8)	
Net gain on disposal of financial assets	2.6	-	2.6	
Other income	0.0	4.2	(4.2)	
TOTAL REVENUE	7.9	8.2	(0.3)	-4%
Direct property expenses	(0.8)	-	(0.8)	
Management fees and expenses	(1.1)	(0.8)	(0.2)	
Finance costs	(1.6)	-	(1.6)	
Other expenses	-	(3.0)	3.0	
TOTAL EXPENSES	(3.5)	(3.8)	0.3	
Operating Income tax (expense)/benefit	0.0	(0.7)	0.7	
OPERATING PROFIT¹	4.4	3.7	0.7	19%
Weighted average securities on issue	142.5	139.9	2.7	
OPERATING EPS¹	3.1 cps	2.6 cps	0.5 cps	19%
DISTRIBUTIONS CPS	3.0 cps	3.0 cps	0.0 cps	0%

Operating Profit Reconciliation	HY23 (\$m)	HY22 (\$m)	Change (\$m)	Change (%)
STATUTORY NET PROFIT	(17.3)	21.1	(38.4)	-182%
Fair value (gain)/loss on investments	17.1	(24.0)	41.1	
Transaction costs	6.3	0.5	5.8	
Straight-lining and amortisation	(0.6)	-	(0.6)	
Non-operating Income tax (expense)/benefit	(1.1)	6.3	(7.3)	
Other	(0.0)	(0.2)	0.2	
OPERATING PROFIT¹	4.4	3.7	0.7	19%

¹ Operating profit is a financial measure which is not prescribed by Australian Accounting Standards (AAS) and represents the profit under AAS adjusted for non-operating items.



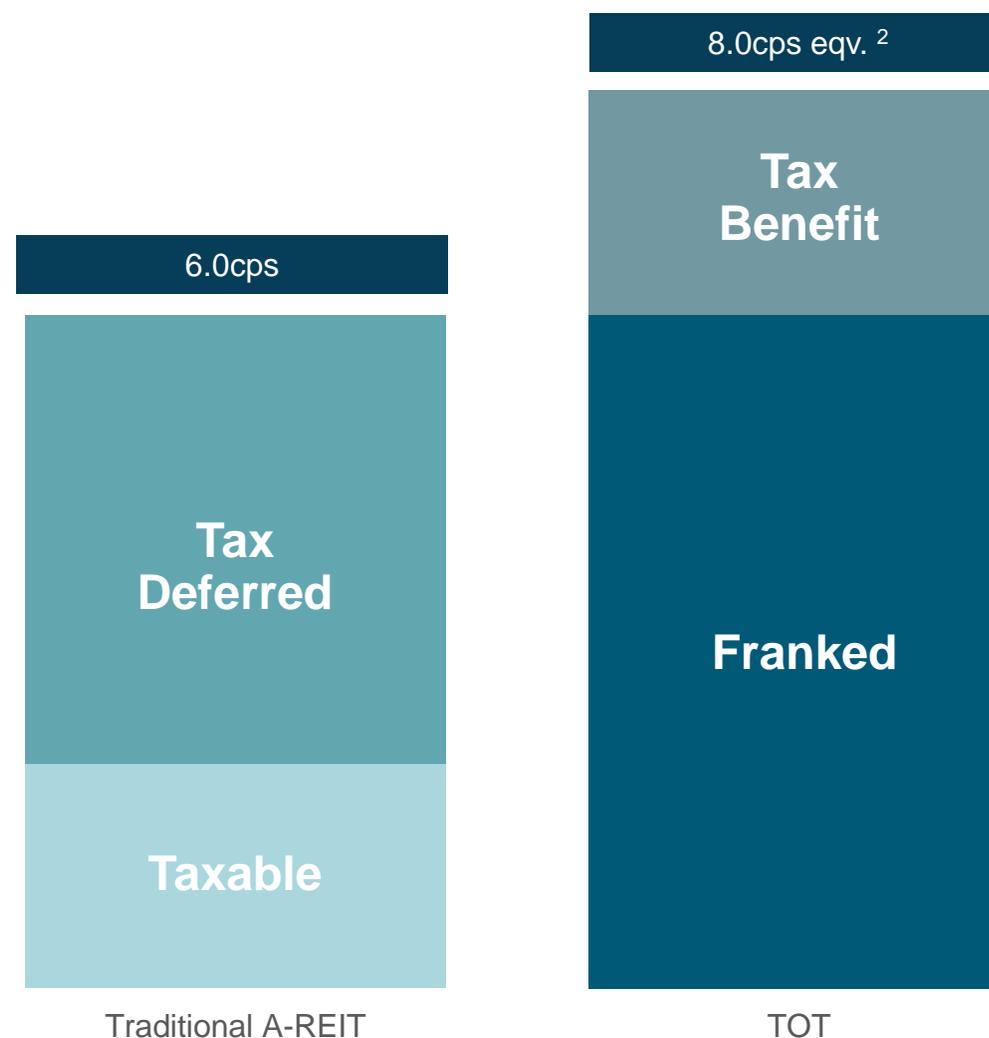
4. TOT's Tax Benefits



TOT's Tax Benefits

Franking Credits¹
Taxable Component
Franked Component
Tax Benefit

Approximately 9.0cps of franking credits, equivalent to over 4 years of fully franked distributions ¹
TOT will pay the taxable component (based on the property net income) from the passive trust
TOT will top-up the shortfall between the taxable component and the forecast 6.0cps distribution as a fully franked distribution
It is expected that TOT's FY23 distribution will be fully franked, providing TOT holders with a tax benefit compared to similar yielding traditional A-REITs



1. Based on forecast franking balance following payment of existing tax liabilities, forecast distribution of 6.0cps p.a. and current number of securities on issue and a franking rate of 25%. Noting the actual franking balance and applicable franking rate may change over the forecast period

2. Based on gross up of fully franked distribution of 6.0 cps at 25% franking rate



5. Capital Management



Capital Management

Debt facility summary

Debt terms

- TOT has entered into the following debt facility:
 - Term: 3-years
 - Facility Limit: \$105m
 - Expiring: FY26

Interest rate strategy

- TOT's debt is currently unhedged, the FY23 weighted average all-in interest rate is expected to be 4.6%. TOT will implement its interest rate hedging strategy as part of its overall capital management strategy and will implement the hedging strategy when interest rates normalise.

Capital management initiatives

DRP

- During the period 3,752,846 were issued at an average price of \$0.77 under TOT's Distribution Reinvestment Plan (DRP). The DRP has been suspended since the September 2022 quarterly distribution.

Non-core asset sales

- TOT's remaining non-core asset is Artarmon Homemaker Centre, TOT may seek to exit this investment in the near term (\$4.8m value)
- During the period, TOT settled the sale of its 50% interest in PMG Funds for \$21.6m

\$105m
Facility limit

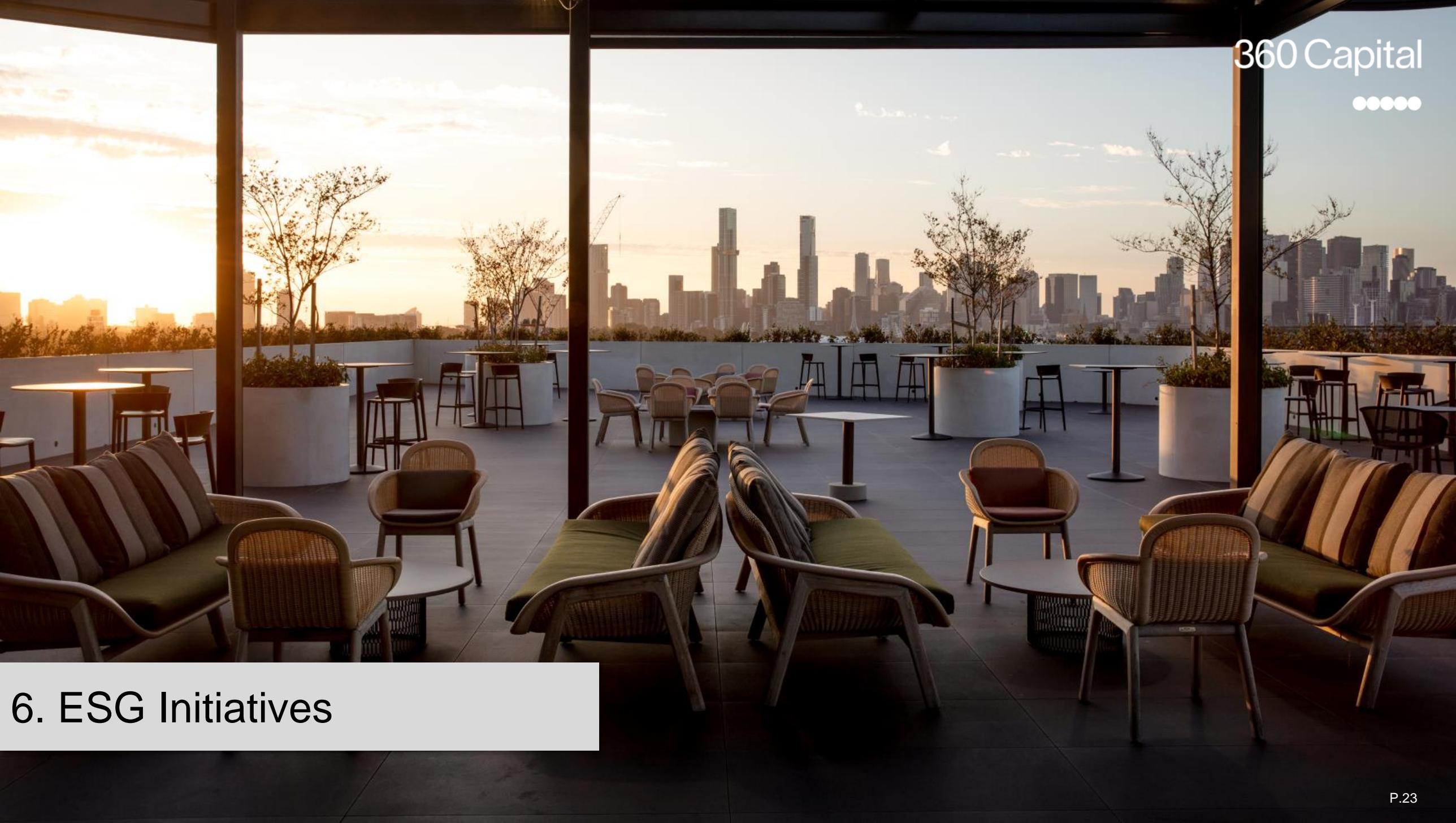
\$21.2m²
Capacity

29.4%¹
Gearing

3.7m
Securities issued
via the DRP

¹ Calculated as (Interest bearing liabilities less Cash)/(Total assets less Cash)

² Facility limit less drawn debt



6. ESG Initiatives



ESG Initiatives

<p>510 Church Street, Cremorne, VIC</p>	<p>34 Southgate Avenue, Brisbane, QLD</p>	<p>38 Sydney Avenue, Canberra, ACT</p>
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<p>Portfolio goal</p>	<p>A portfolio with an average NABERS rating of 5.0 stars</p>		
<p>Current / Target NABERS Rating</p>	<p>5.0 stars¹ / 5.0 stars</p>	<p>5.0 stars¹ / 5.0 stars</p>	<p>4.5 stars² / 5.0 stars</p>
<p>Actions undertaken to improve sustainability</p>	<ul style="list-style-type: none"> • Commenced data collection for NABERS assessment and recycling 	<ul style="list-style-type: none"> • Completed the Installation of ~100kW solar panel system • Commenced data collection for NABERS assessment 	<ul style="list-style-type: none"> • Installation of ~100kW solar panel system to be completed in the first quarter of 2023 • Commissioned NABERS Improvement Plan

¹ The building designed to achieve this NABERS rating

² Installation of the solar panel system is expected to increase the NABERS rating to 5 stars



7. Key Focus and Guidance



Key Focus and Guidance

	Focus	Status
Leasing	Complete leasing of rental guarantees at: <ul style="list-style-type: none"> • 510 Church Street, Cremorne; and • 38 Sydney Avenue, ACT 	<ul style="list-style-type: none"> • Ongoing
Scale	<ul style="list-style-type: none"> • Look for opportunities to increase size and scale of TOT 	<ul style="list-style-type: none"> • Ongoing
Trading Price	<ul style="list-style-type: none"> • Continue to market TOT to new investors • Gain S&P Real Estate classification • Gain broker research coverage 	<ul style="list-style-type: none"> • Ongoing • Re-classified as Diversified REIT • Ongoing
Guidance	<ul style="list-style-type: none"> • Forecast FY23 distribution guidance of 6.0cps expected to be fully franked 	<ul style="list-style-type: none"> • Reiterate forecast guidance of 6.0cps for FY23 which is expected to be fully franked



Disclaimer

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360 Capital



James Storey

Chief Executive Officer

+61 2 8405 8860

James.storey@360capital.com.au

www.360capital.com.au

Level 37, 1 Macquarie Pl, Sydney NSW 2000

Glenn Butterworth

Chief Financial Officer

+61 2 8405 8860

Glenn.butterworth@360capital.com.au

www.360capital.com.au

Level 37, 1 Macquarie Pl, Sydney NSW 2000