



360 Capital REIT (ASX:TOT) HY24 Results Presentation

14 February 2024



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1. Snapshot and key highlights

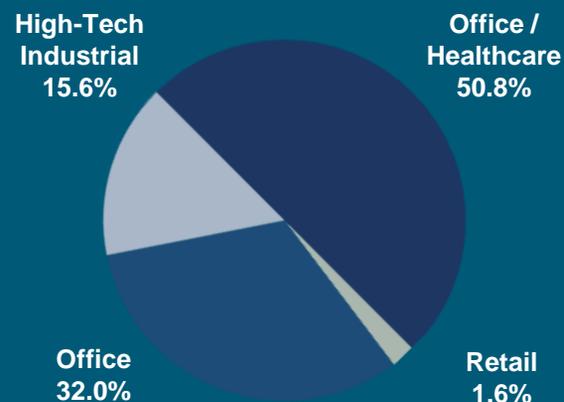


360 Capital REIT (ASX:TOT) – value proposition

“360 Capital REIT is an ASX-listed diversified AREIT invested in a modern portfolio of income producing office, office/healthcare, high-tech industrial and retail assets within Australia”

\$227.5m

Modern Core Portfolio
2 brand new assets and 1 major refurbished – all assets have been externally valued in the last six months



Asset Diversification¹

7.0 Years

Weighted Average Lease Expiry² (WALE) with 84.7% of income derived from government and publicly listed tenants, average rent review of 3.1%² p.a.

3.2 Years

Average age of Portfolio³

Fully Franked Distributions

Revised forecast FY24 fully franked distribution guidance of 5.25cps, FY25 forecast fully franked distribution guidance of 3.0cps

Aligned Sponsor

360 Capital Group is the largest securityholder with 29.5% of TOT’s securities as long-term co-investment

7.5%

Fully Franked Distribution Yield

Post Equity Raising based on FY25 forecast distribution of 3.0cps and \$0.40 Offer Price under the Entitlement Offer

\$46.8m

Entitlement Offer

0.8 for 1 non underwritten pro-rata non renounceable Entitlement Offer to existing TOT Securityholders only (Eligible Securityholders), proceeds to reduce borrowings

1. Weighted by value
2. Weighted by gross income including car parking, rental guarantee and excluding outstanding incentives
3. Average age from the date of major refurbishment of 38 Sydney Avenue and completion date for remaining portfolio. Weighted by value.



HY24 operational highlights

Completed speculative fit out of remaining level two vacancy at 510 Church Street, Cremorne VIC

All properties externally valued within the last six months, with a Weighted Average Capitalisation Rate (WACR) of 5.33% as at 31 December, reflective of the age and quality of TOT's portfolio

Achieved 5-Star NABERS Energy rating at 34 Southgate Ave, Cannon Hill QLD

PZ Cussons and Monash IVF commenced occupation of their tenancies at 510 Church Street, Cremorne VIC

HY24 highlights

\$227.5m

Modern diversified core portfolio

5.33%¹

Weighted Average Capitalisation Rate

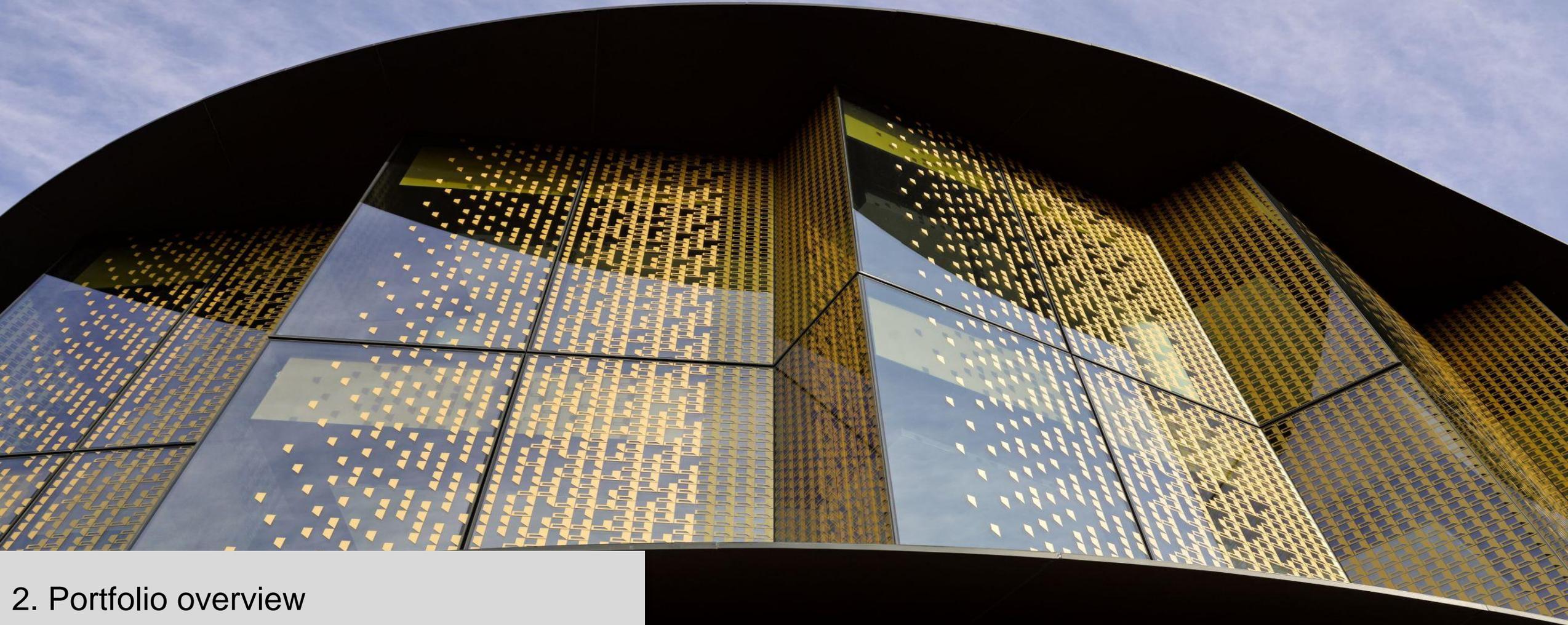
7.0 Year²

Weighted Average Lease Expiry

93.2%²

Portfolio occupancy

1. Weighted by value
2. Weighted by gross income including car parking, rental guarantee and excluding outstanding incentives



2. Portfolio overview



Portfolio overview

“84.7% of the portfolio is leased to government and publicly listed tenants, diversified across industry segment and asset class”

Portfolio occupancy¹ 93.2%	Weighted average lease expiry¹ 7.0 years	Weighted average cap rate² 5.33%	Gross assets \$233.6m
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Portfolio diversification by asset class²

High-tech industrial – 15.6%



Office / healthcare – 50.8%



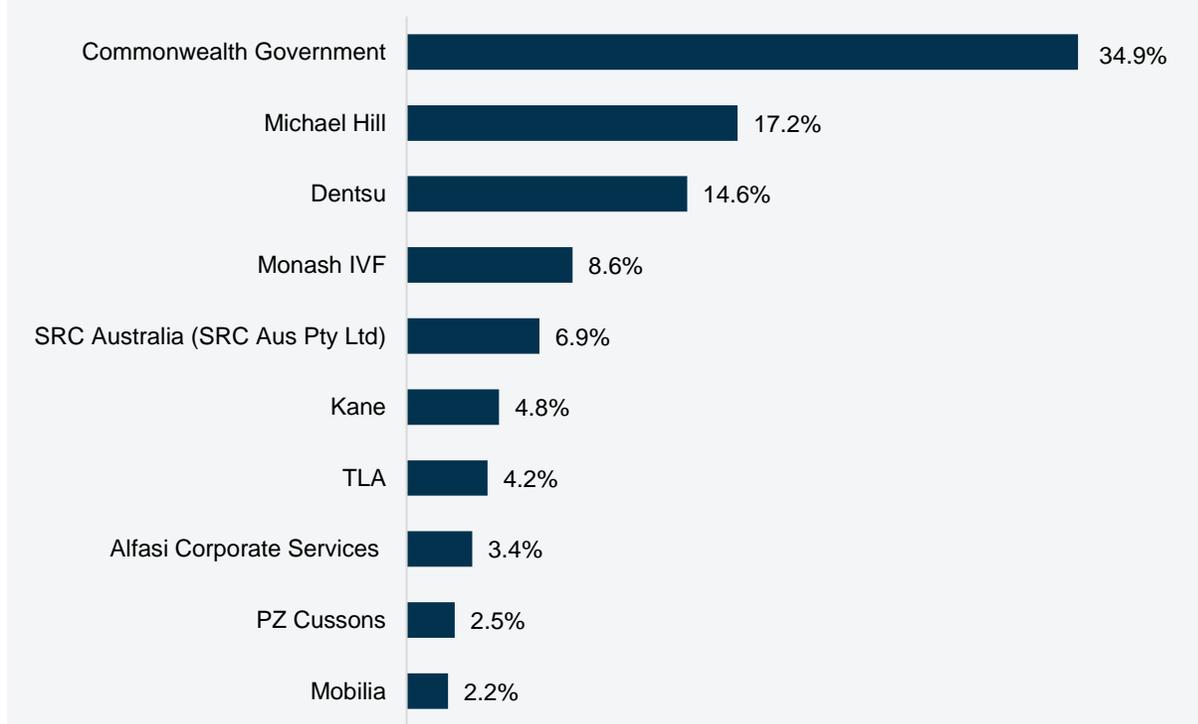
Office – 32.0%



Retail – 1.6%



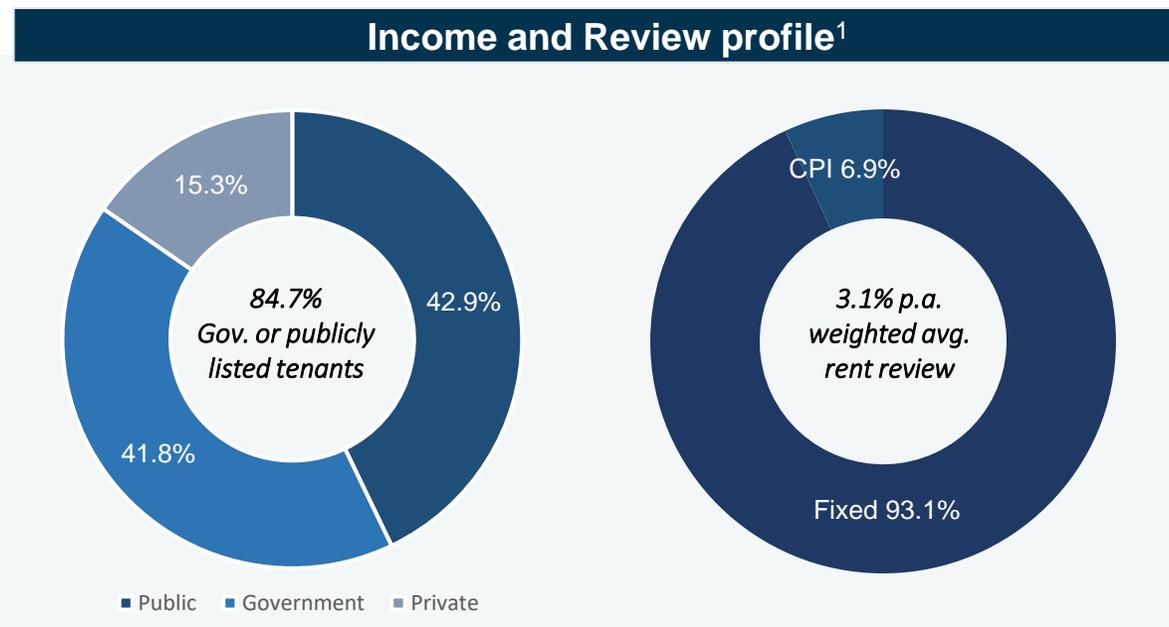
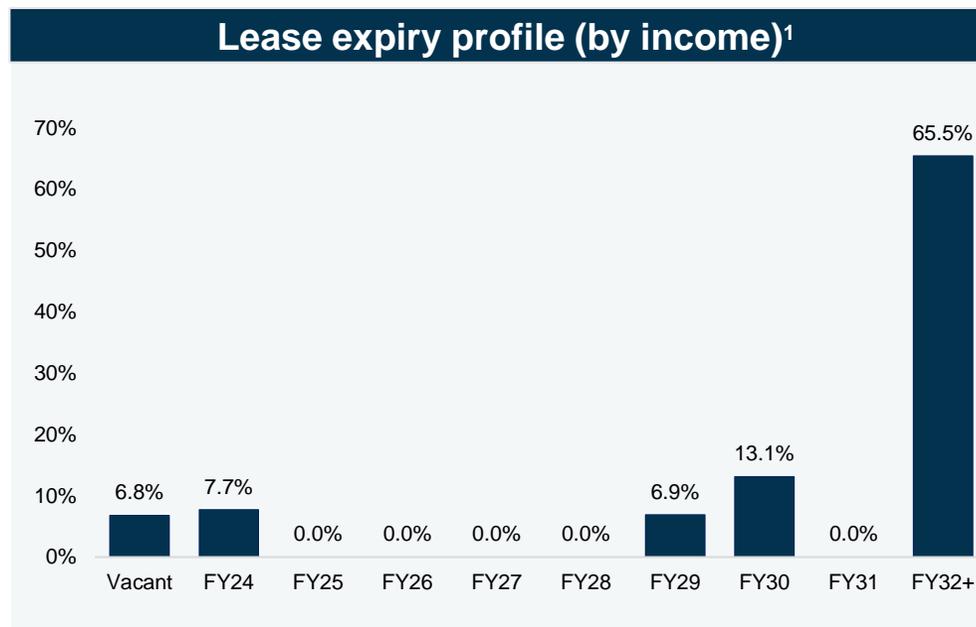
Top 10 tenants¹



1. Weighted by gross income including car parking, rental guarantee and excluding outstanding incentives
 2. Weighted by value



Leasing expiry profile



Current vacancy

ADDRESS	AREA	INCOME (%) ¹	EXPIRY
A.L2, 510 Church Street, Cremorne	1,332 Sqm	3.6%	-
B.L2, 510 Church Street, Cremorne	1,250 Sqm	3.2%	-

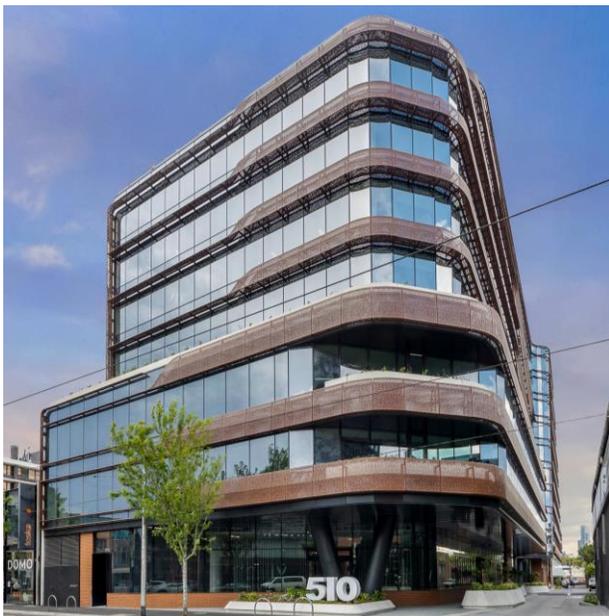
FY24 expiry

ADDRESS	AREA	INCOME (%) ¹	EXPIRY
L1, 38 Sydney Ave, Canberra	2,206 Sqm	7.7%	Jun-24

1. Weighted by gross income including car parking, rental guarantee and excluding outstanding incentives



510 Church Street, Cremorne VIC



Overview

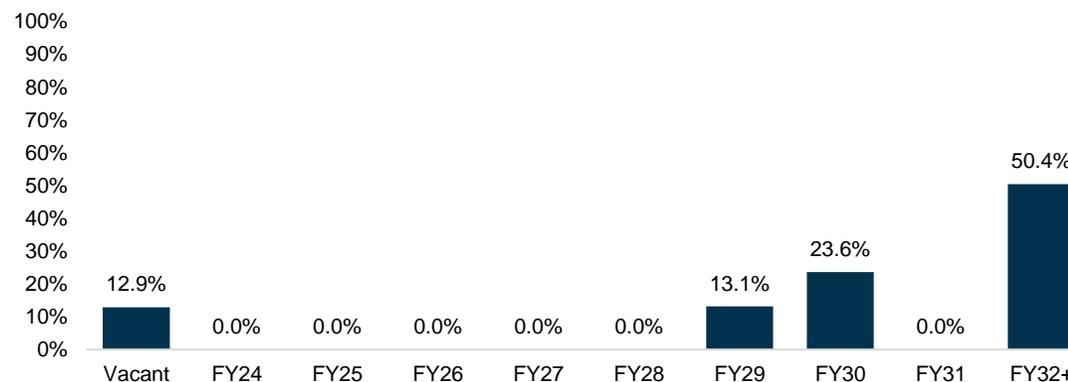
- 510 Church Street is a brand-new A-grade office/healthcare (65% office/35% healthcare) building comprising 19,749 sqm of lettable area across 9 levels, 6 levels of office, 3 levels of healthcare accommodation, ground floor retail and 145 car parks
- The property was constructed in order to achieve a 5.0 Star NABERS Energy Rating and 5 Star Green Star Design Rating

1. At 50% ownership
 2. The building is designed to achieve a 5 Star NABERS Rating
 3. At 100% ownership
 4. Weighted by gross income including car parking and excluding outstanding incentives

Tenancy Profile

Tenant	% Total Gross Rent ⁴	NLA ³ (sqm)	Review type	Expiry date	Option to extend
Dentsu	23.6%	4,668	Fixed	Jul 29	3
Commonwealth Govt.	21.8%	4,307	Fixed	Oct 31	5
Monash IVF	14.0%	2,623	Fixed	Jan 32	2 x 5
Kane	7.8%	1,393	Fixed	Oct 31	2 x 5
TLA	6.8%	1,400	Fixed	Feb 32	3
Alfasi	5.5%	1,174	Fixed	Dec 28	1 x 3
PZ Cussons	4.1%	804	Fixed	Dec 28	-
Mobilia	3.5%	768	Fixed	Jan 29	2 x 3
Total	87.1%	17,137			

Lease expiry profile (by income)⁴



Summary Metrics

Valuation ¹	\$117.5m (50%)
Independent Valuation Date	November 2023
Ownership Interest	50%
Title	Freehold
NABERS Rating	5.0 Star ²
NLA ³	19,749 sqm
Site Area ³	3,022 sqm
Occupancy ⁴	87.1%
WALE ⁴	5.98 years
Cap Rate	5.25%
\$/Sqm ³	\$11,900





34 Southgate Ave, Cannon Hill QLD



Overview

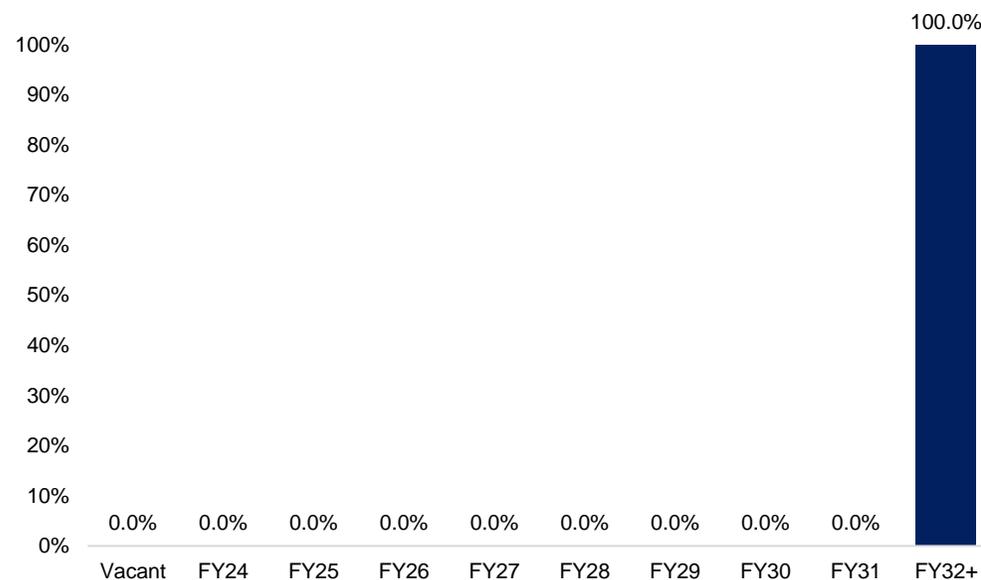
- 34 Southgate Avenue is a brand-new high tech industrial building that is wholly leased to ASX listed Michael Hill International (ASX:MHJ)
- The lease is subject to a fixed annual review of 3.0% p.a.
- Certified 5.0 Star NABERS Energy Rating

1. Weighted by gross income including car parking

Tenancy Profile

Tenant	% total Gross Rent ¹	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 (by income)¹



Summary Metrics

Valuation	\$36.0m
Independent Valuation Date	June 2023
Ownership Interest	100%
Title	Freehold
NABERS Rating	5.0 stars
NLA	3,585 sqm
Site Area	2,598 sqm
Occupancy¹	100.0%
WALE¹	8.7 years
Cap Rate	5.25%
\$/Sqm	\$10,042





38 Sydney Ave, Forrest ACT



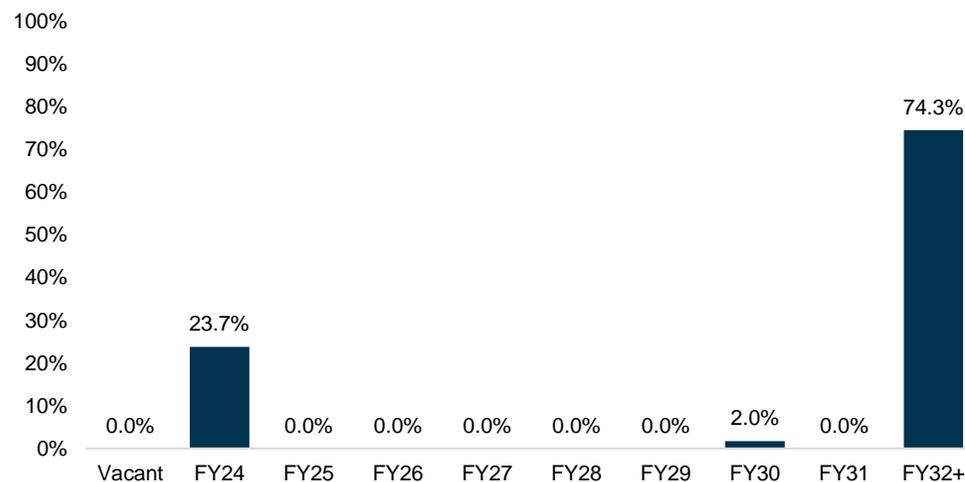
Overview

- 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 3.8%^{1,2} p.a.

Tenancy Profile					
Tenant	% total Gross Rent ¹	NLA (sqm)	Review type	Expiry date	Option to extend
Commonwealth Govt.	56.1%	4,857	Fixed	Dec 34	5
Rental Guarantee	23.7%	2,206	-	Jun 24	-
SRC Australia	18.2%	1,541	> Fixed or CPI	Jan 32	5
Feifie Takeaway	2.0%	114	Fixed	Jun 29	5
Total	100.0%	6,398			

Summary Metrics	
Valuation	\$74.0m
Independent Valuation Date	June 2023
Ownership interest	100%
Title³	Leasehold
NABERS rating	4.5 stars
NLA	8,718 sqm
Site Area	3,269 sqm
Occupancy¹	100.0%
WALE¹	7.9 years
Cap Rate	5.50%
\$/Sq	\$8,510

Lease expiry profile (by income)¹



1. Weighted by gross income including car parking and rental guarantee
 2. CPI based on September quarter 2023 ABS CPI data
 3. Crown leasehold



Home HQ, Artarmon NSW – non core asset



Overview

- Completed in 2010, Home HQ is an award-winning adaptive re-use of a heritage industrial building, providing 22,987 sqm (Lettable Area) of modern retail space across 3 levels, plus 427 basement car bays.
- 92.3% occupied³
- Sale campaign unsuccessful. Fund extended by 12 months to 10 May 2025.

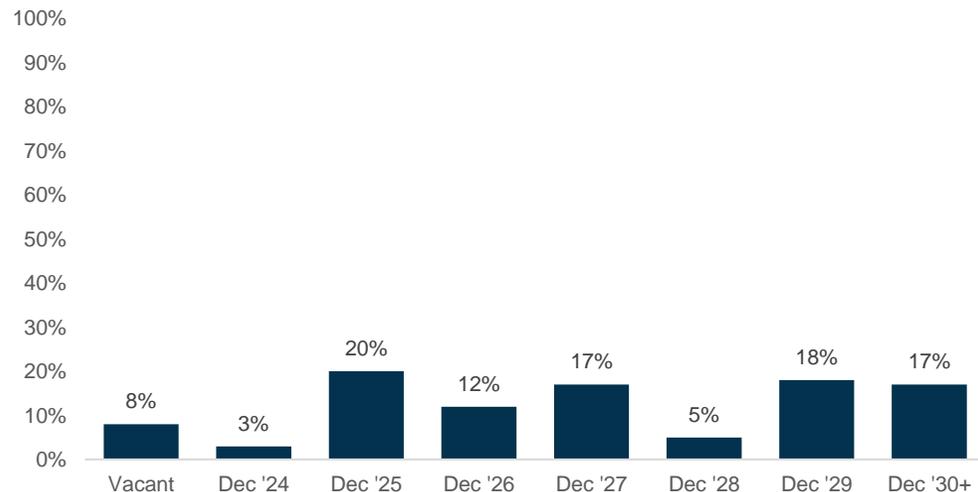
Major Tenants



Summary Metrics

Valuation ¹	\$3.8m
Valuation Date	Dec 23
Ownership Interest	4.52%
Title ²	Leasehold
NABERS Rating	6 Stars
GLA	22,987 sqm
Site Area	1.6 Ha
Occupancy ³	92.3%
WALE ³	3.6 years
Cap Rate	6.5%
\$/Sqm	\$7,570

Lease expiry profile⁴



1. Reflecting 4.52% equity interest of Fund as at 31 December 2023. Asset independently valued by JLL Australia, at \$174m as at 31 December 2023
 2. Leasehold interest to Willoughby City Council (expires 31 May 2107)
 3. By Income as at 31 December 23
 4. Sourced from "Fortius Sydney Homemaker Trust December 2023" investor update. Reported by area based on calendar period to December.



3. Asset management



Leasing strategy

510 Church Street, Cremorne

- Market enquiry focused on fitted out space
- Completed speculative fit out of Level 2 in October 2023
- Comprises two tenancies, being 1,332 Sqm and 1,250 Sqm in line with market demand
- Remaining vacancies under parked due to existing tenant demand for car spaces

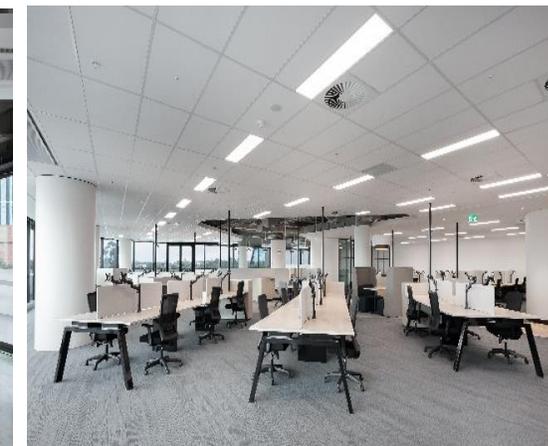
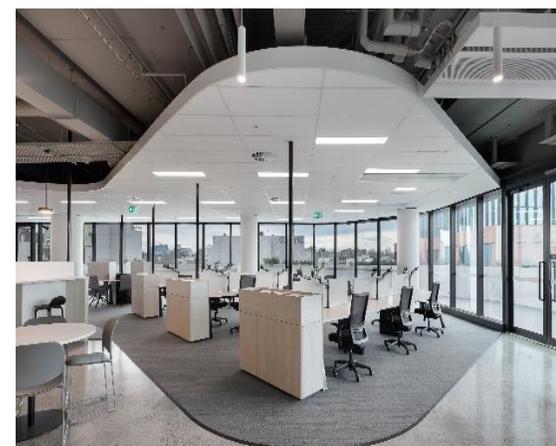
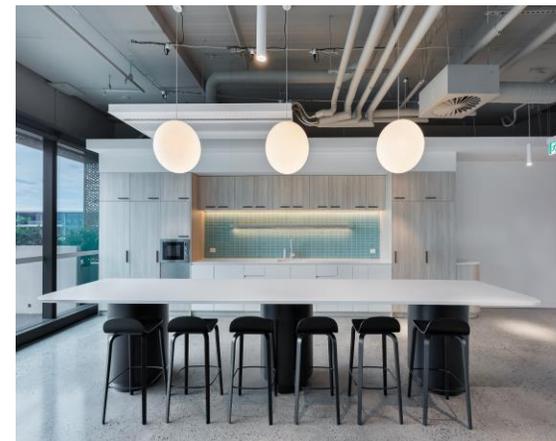
38 Sydney Avenue, Forrest

- The vacant space at this property is subject to a rental guarantee until June 2024
- The property currently offers the only >2,000 sqm contiguous A-grade tenancy in the Forrest/Barton precinct
- Limited market activity, change of leasing agent and relaunch of space has generated enquiry

Office leasing markets

- **Cremorne, Melbourne:** Premium fringe office continues to benefit from the flight to quality and amenity. The perception of risks to delivery cost and timing of office fit outs has skewed tenant demand towards fitted office space.
- **Forrest/Barton, Canberra:** The Barton/Forrest market in Canberra is expected to remain one of Australia's tightest capital city office markets with vacancy in the Forrest precinct currently 4.7%¹.

Speculative Suite Strategy – 510 Church Street, Cremorne



1. PCA Office Market Report – December 2023



FY24 ESG initiatives

Property	Current / Target NABERS Rating	FY24 Initiatives
510 Church Street, Cremorne, VIC	5.0 stars ¹	Continue optimising building performance, expected to achieve a 5-star NABERS rating once the building has reached 100% occupancy.
34 Southgate Avenue, Cannon Hill, QLD	5.0 stars	Achieved 5-Star NABERS rating in December 2023
38 Sydney Avenue, Forrest, ACT	4.5 stars ² / 5.0 stars	Continuing implementing NABERS Improvement Plan. Building tracking toward 5-Star NABERS rating during 2024

Targeting 5-Star NABERS Rating across the portfolio

~260kW Solar systems

Focus on maximising sustainability through building commissioning and tuning



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



4. Financials



HY24 profit & loss highlights

Statutory net profit

\$2.3m

(HY23: loss \$17.3m)

Statutory net profit of \$2.3 million compared to a \$17.3 million loss in pcp. The pcp result included a \$17.1 million fair value loss on investment properties (comprising stamp duty and acquisition costs) and other transactions costs of \$6.3 million relating to the Irongate Group investment.

Operating profit

\$1.8m

(HY23: \$4.4 million)

Operating profit¹ of \$1.8 million (equating to 1.3cps) and includes net operating property income² of \$5.3 million from the three investment properties offset by finance costs of \$2.7 million. HY23 included a \$2.6 million gain on sale of PMG.

Distributions per security

3.0cps

(HY23: 3.0cps)

To date, despite higher borrowing costs, the Fund has maintained a fully franked distribution of 3.0cps for the six months to December 23. From Q4 FY24 TOT will re-base distributions to 3.0cps per annum paid quarterly (eqv. 0.75cps per quarter)

PROFIT & LOSS STATEMENT	HY24 (\$m)	HY23 (\$m)	Change (\$m)	Change (%)
Gross property income	6.6	5.1	1.5	
Distribution income	0.1	-	0.1	
Net gain on disposal of financial asset	-	2.6	(2.6)	
Finance revenue	-	0.2	(0.2)	
Other income	-	-	-	
TOTAL REVENUE	6.7	7.9	(1.2)	(15.2%)
Direct property expenses	1.3	0.8	0.5	
Management fees and expenses	0.9	1.1	(0.2)	
Finance costs	2.7	1.6	1.1	
TOTAL EXPENSES	4.9	3.5	1.4	40.0%
Income tax (expense)/benefit	-	-	-	
OPERATING PROFIT¹	1.8	4.4	(2.6)	(58.1%)
Non-operating items	0.5	(21.7)	22.2	
STATUTORY NET PROFIT	2.3	(17.3)	19.6	113.4%
Weighted average securities on issue	144.4	142.5	1.9	
STATUTORY EPS	1.6 cps	(12.1) cps	13.7 cps	113.2%
OPERATING EPS¹	1.3 cps	3.1 cps	(1.8) cps	(58.1%)
DISTRIBUTIONS CPS	3.0 cps	3.0 cps	- cps	- %

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. The above report is prepared on an operating basis. For full statutory accounts including disclosures together with operating to statutory reconciliation refer 360 Capital REIT Interim Financial Report for the year ended 31 December 2023.

2. Net operating property income excludes IFRS adjustments such as straight-lining of rental income and amortisation of lease incentives.



HY24 balance sheet highlights

Property Portfolio
\$227.5m
 (June 2023: \$225.0m)

The investment property portfolio includes 3 modern well leased investment properties valued at \$227.5 million. All properties have been externally valued within the last six months.

Borrowings
\$98.0m
 (June 2023: \$83.4m)

Borrowings increased during the period due to payment of \$11.8m income tax from Irongate transaction.

ASX closing price
\$0.53
 per security
 (June 2023: \$0.68)

The Fund's ASX closing price of \$0.53 per security was down from \$0.68 per security as at 30 June 2023.

BALANCE SHEET	31-Dec-23 (\$m)	30-Jun-23 (\$m)	Change (\$m)	Change (%)
Cash	1.9	3.1	(1.2)	
Investment properties	227.5	225.0	2.5	
Other assets	0.4	0.5	(0.1)	
Investment in Home HQ	3.8	4.3	(0.5)	
TOTAL ASSETS	233.6	232.9	0.7	0.3%
Payables	3.5	3.5	-	
Borrowings	98.0	83.4	14.6	
Deferred tax liabilities	0.5	0.6	(0.1)	
Provision for income tax	-	11.8	(11.8)	
Distributions payable	2.2	2.2	-	
TOTAL LIABILITIES	104.2	101.5	2.7	2.7%
NET ASSETS	129.4	131.4	(2.0)	(1.5%)
Securities on issue	144.4	144.4	-	-
NTA per security	\$0.90	\$0.91	(\$0.01)	(1.1%)
Gearing ¹	41.6%	35.1%	6.5%	18.5%

1. Gearing calculated as (Gross borrowings less cash) / (Total assets less cash)



Capital management – Entitlement Offer

Entitlement Offer summary¹

- TOT is seeking to raise up to \$46.8 million to reduce borrowings and ongoing interest costs
- 0.8 for 1 pro-rata, non-underwritten, non-renounceable Entitlement Offer resulting in the issuance of up to 117.0 m New Securities to Eligible Securityholders who are Securityholders of TOT on the record date of 7.00pm AEDT, 19 February 2024
- Offer price of \$0.40 per New Security representing a 26.6% discount to the last ASX closing price on 13 February 2024
- New Securities will not be entitled to the March 2024 distribution, but entitled to the June 2024 distributions in full in line with Existing Securities
- Net raising proceeds used to reduce TOT's borrowings
- Further details are contained in the Entitlement Offer presentation lodged with the ASX today, 14 February 2024

Debt facility summary

Debt terms

- TOT has entered into the following debt facility:
 - Term: 3-years
 - Facility Limit: \$110.0m – increased facility limit by \$5m during period
 - Expiring: FY26
 - LVR covenant: 50%
 - ICR covenant: 1.5x
 - Facility limit will be reduced post the Equity Raising in line with reduced loan balance and required capex for FY24, FY25

Interest rate strategy

- Interest rates appear to be at or close to their peak with global interest rates forecast to trend down over the coming 24-months²
- TOT is currently 100% floating enabling TOT to benefit from forecast fall in Australian interest rates

Financial snapshot post raising

Rebased Distributions

3.0cps

FY25 forecast distributions rebased to be in line with earnings per Security on a fully leased basis³

Reduced Gearing

22.0% - 35.1%

Net proceeds from the Entitlement Offer used to reduce debt. Gearing reduces to 35.1% at 35% take-up and 22.0% at 100% take-up of the Entitlement Offer⁴

Franking of Distributions

100%

Fund has a history of paying fully franked distributions and expects to continue to pay fully franked distributions in FY24 and FY25

Entitlement Offer Price

\$0.40

Per New Security, representing a 26.6% discount to the last ASX closing price on 13 February 2024

Offer Price Distribution Yield

7.5% p.a.

Offer Price of \$0.40 and forecast FY25 distribution of 3.0cps

1. Capitalised terms have the same definition as the Entitlement Offer Booklet released to the ASX on 14 February 2024

2. Based on CBA forecast RBA rates as at 31 January 2024

3. Based on the Entitlement Offer having a participation level of 60%, refer to Section headed "Financials" in the Entitlement Offer Booklet released to the ASX on 14 February 2024

4. The take up or participation level under the Entitlement Offer is based on the percentage of the total number of Securities taken up under the Entitlement Offer



5. FY24 key focus and guidance





2H24 key focus and guidance

Leasing

**Capital
management**

**Trading
price**

**Distribution
guidance**

Focus
Status

Complete leasing of vacancy / rental guarantee space at: <ul style="list-style-type: none"> • 510 Church Street, Cremorne; and • 38 Sydney Avenue, Forrest ACT 	<ul style="list-style-type: none"> • Ongoing
<ul style="list-style-type: none"> • Complete Entitlement Offer of up to \$46.8 million 	<ul style="list-style-type: none"> • Announced 14 February 2024, Entitlement Offer closing 7 March 2024, proceeds used to reduce borrowings
<ul style="list-style-type: none"> • Continue to market TOT to new investors • Gain broker research coverage • TOT is focused on closing trading discount 	<ul style="list-style-type: none"> • Ongoing
<ul style="list-style-type: none"> • Revised forecast FY24 fully franked distribution guidance of 5.25cps, FY25 forecast fully franked distribution guidance of 3.0cps. 	<ul style="list-style-type: none"> • Reduced borrowing costs and rebased distributions to sustainable earnings - Refer to Entitlement Offer Booklet for more detail



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