



# 360 Capital Enhanced Income Fund HY23 Results Presentation

10 February 2023

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# 1. Snapshot and key highlights



# Fund snapshot



**\$5.95**  
NTA per Unit



**\$5.54**  
31 December 2022  
closing price



**7.6%**  
Annualised distribution  
yield<sup>1</sup>



**3.5cpu**  
16.7% increase in  
monthly distributions  
from 3.0cps to 3.5cps<sup>2</sup>



Gross Asset Value  
**\$24.7m**



**EXECUTING ON  
STRATEGY**

1. Based on forecast annualised monthly distributions of 3.5cpu from January 2023 and the 31 December 2022 closing price of \$5.54 per security  
2. From January 2023



## HY23 Operational Highlights

HY23 earnings 5% above forecast for HY23 with distributions in line with forecast – payout ratio of 95%

New \$24.4m first mortgage loan investment at <38% LVR in Dec-22 at 9.0% interest rate for a term of 18-months

16.7% increase in forecast monthly distributions from 3.0cps to 3.5cps

Aligned manager with significant track record, having funded over \$280 million of loan investments over the last six years

### HY23 Highlights

**18.9cpu**  
Earnings

**18.0cpu**  
Distributions

**New Loan: 9.0%p.a.**  
New interest rate 20% higher than  
previous loan investment

**16.7%**  
Increase in monthly distributions

**16.4% or \$4m**  
Co-investment in TCF from 360 Capital  
Group (ASX:TGP), the manager of the fund

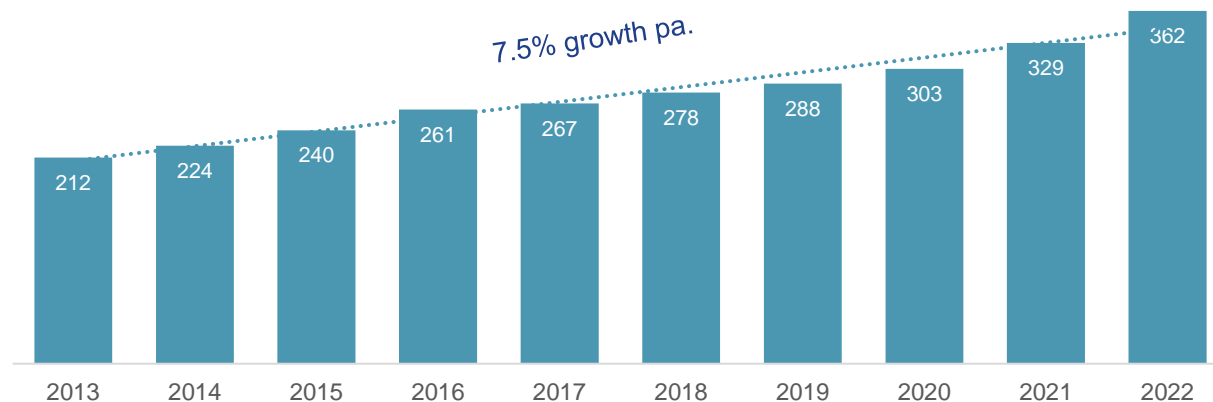


## 2. Market dynamics and focus



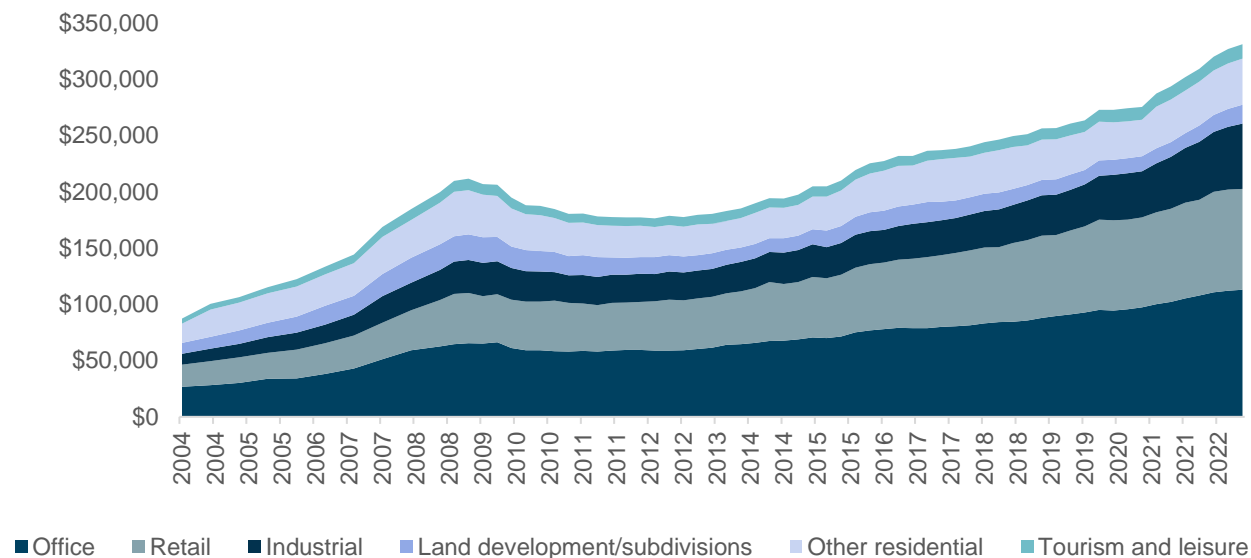
## Australian commercial real estate debt market

Australian Deposit-taking Institutions – Commercial real estate exposures



- Commercial Real Estate (CRE) as measured by APRA for Authorized Deposit-taking Institutions (ADI's) are A\$362b, an increase of A\$150b over the past 10-years or 7.5% pa.
- Banks have traditionally funded Australian real estate debt markets
- Australian Banks remain within their exposure limited; however, they have other limitations imposed by APRA which restrict their capacity and appetite to lend
- **Banks have refined their appetite to premium assets and sponsors, with many small to medium property developers, investors and syndicators turning to private credit**

Australian Deposit-taking Institutions – Exposures by asset class

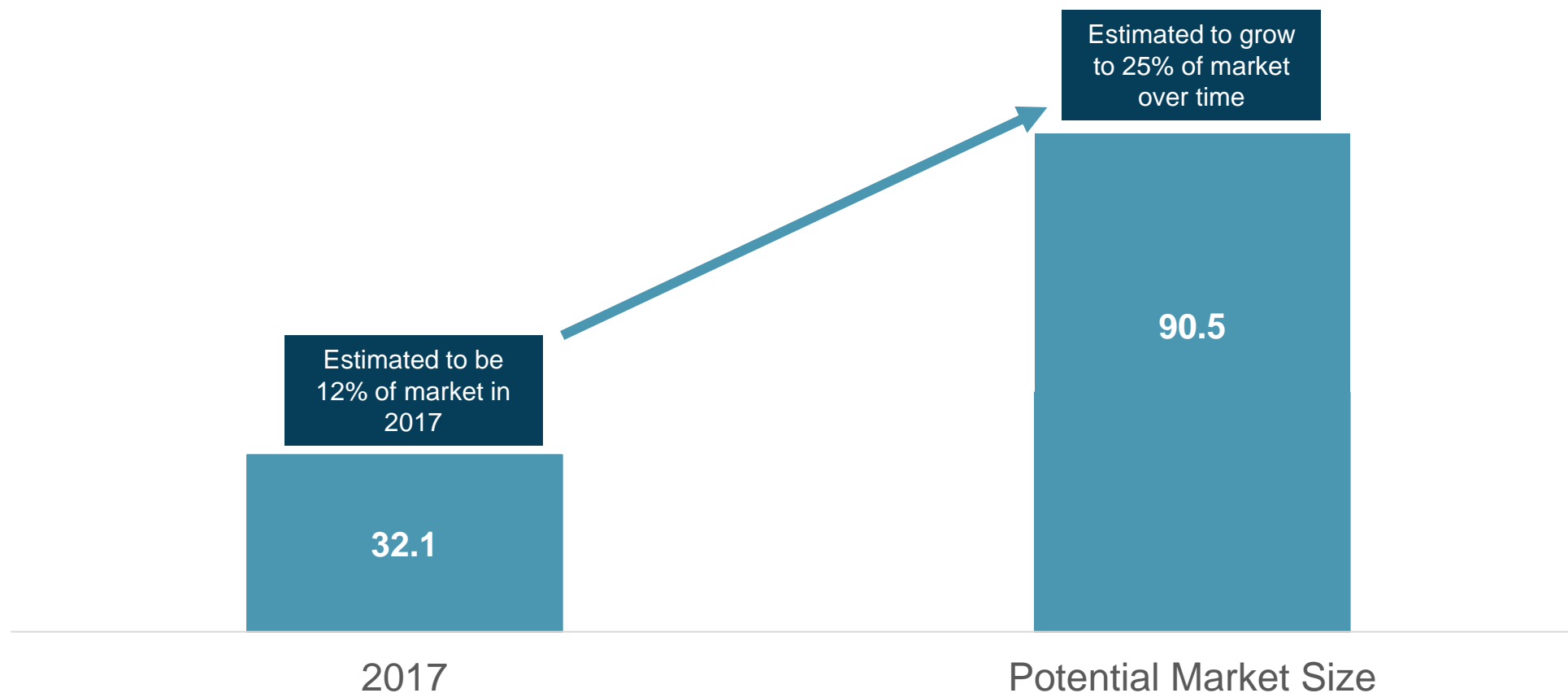




## Market opportunity

It is estimated that non-banks accounted for roughly 12% of the market share in 2017, this is expected to increase to 25% overtime - **based on 2022's market size (A\$362b), this represents a potential A\$90b market**

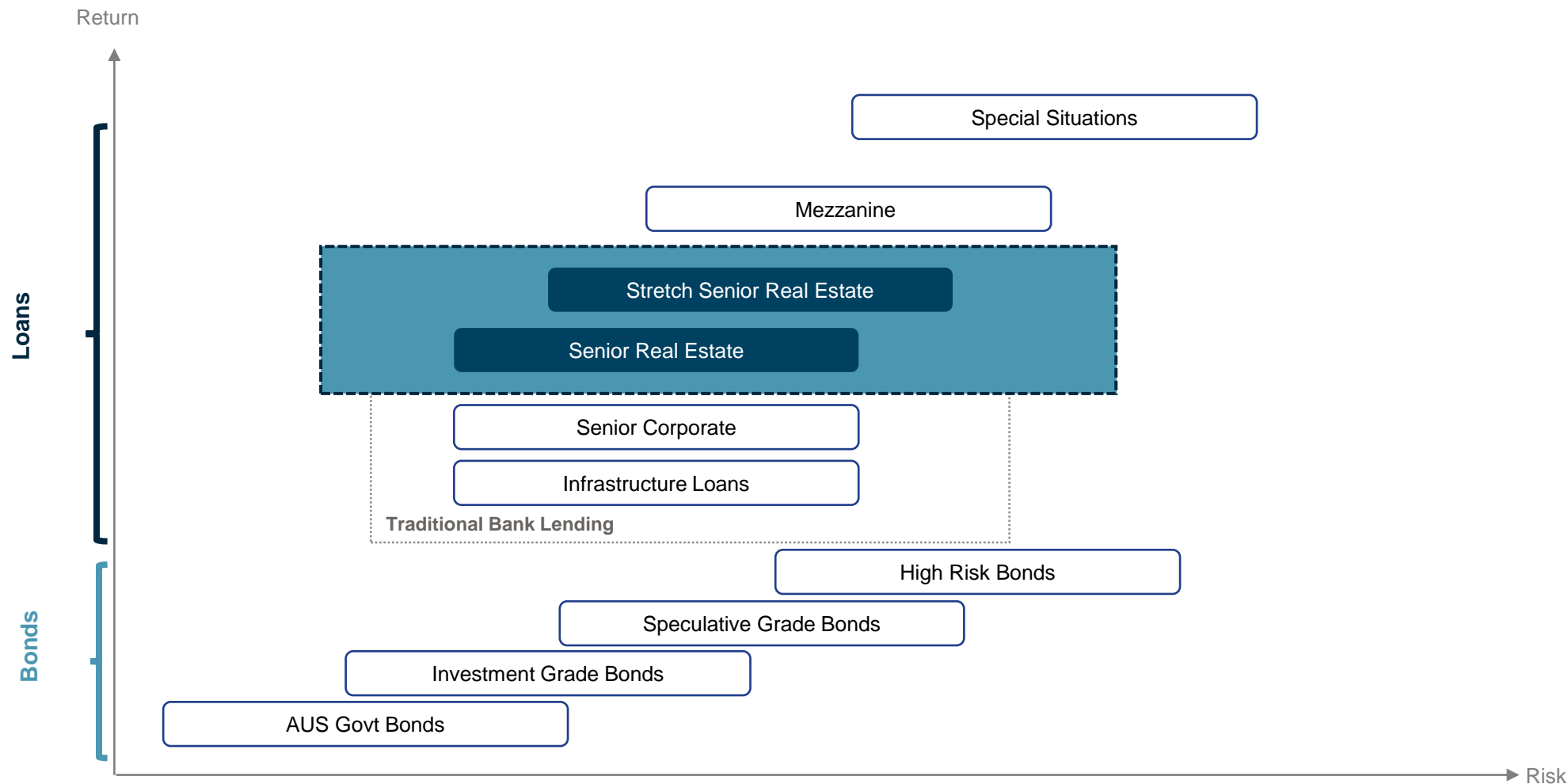
### Potential Growth of Australian Non-bank Commercial Real Estate Debt (CRED) market (AUD B)







# Current focus – secured real estate loan investments





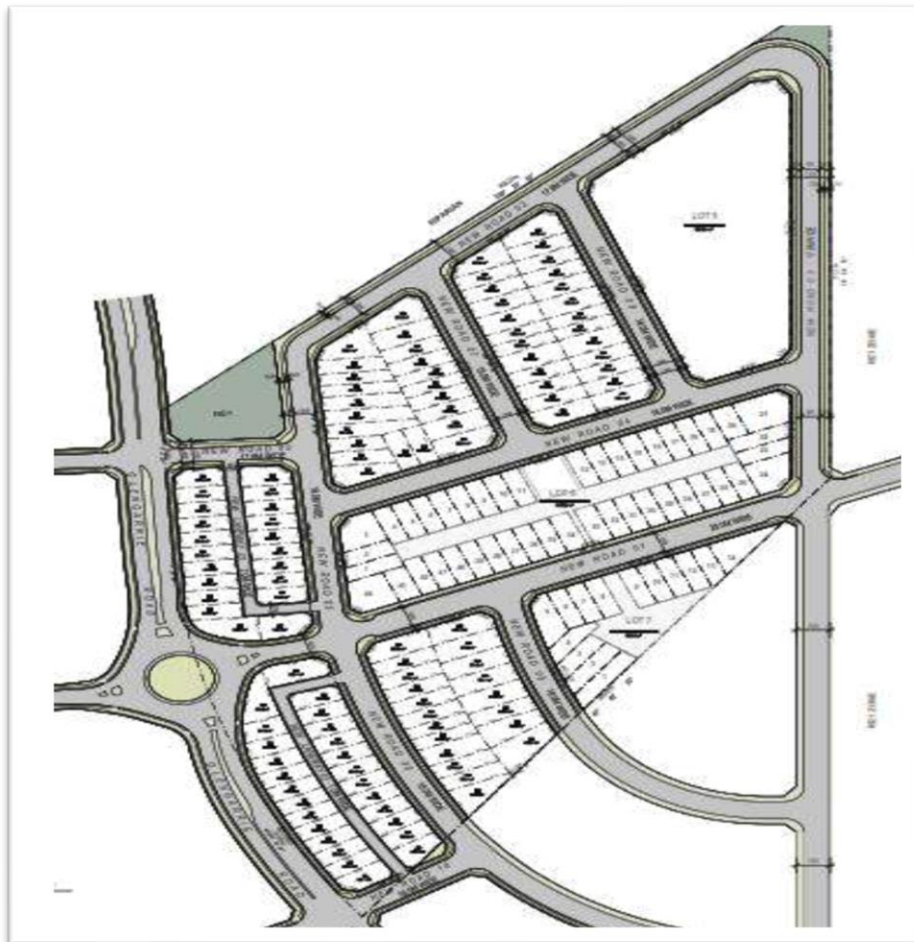
## Target investment parameters

Senior Real Estate Loans	
<b>Target Loan Returns</b>	8.0%+
<b>Loan to Value Ratio</b>	Up to 55%
<b>Typical Loan Size</b>	\$5m to \$25m
<b>Term</b>	Up to 24-months
<b>Security</b>	Registered first ranking mortgage First ranking GSA Personal and corporate guarantees

Stretch Senior Real Estate Loans	
<b>Target Loan Returns</b>	9.0%+
<b>Loan to Value Ratio</b>	Up to 65%
<b>Typical Loan Size</b>	\$5m to \$25m
<b>Term</b>	Up to 24-months
<b>Security</b>	Registered first ranking mortgage First ranking GSA Personal and corporate guarantees



## New loan investment: North West Sydney



<b>Location:</b>	North West Sydney
<b>Loan Type:</b>	Acquisition facility
<b>Facility Amount:</b>	\$24.4m
<b>Independent Valuation:</b>	\$65.0m
<b>Interest Rate:</b>	9.0% p.a. paid monthly in advance
<b>Forecast Term:</b>	18 months
<b>Security:</b>	<ul style="list-style-type: none"> <li>-Registered first mortgage</li> <li>-First ranking general security deed</li> <li>-Personal guarantee</li> <li>-Corporate guarantee</li> </ul>
<b>Loan to Value Ratio:</b>	38.0%



## 3. Manager Profile and Sample Track Record

# 360 Capital Group (ASX:TGP)



Established & Successful Track Record

### 16+ years

Founded in 2006, 360 Capital has been successful in investing through multiple economic and business cycles



### \$0.5bn

AUM as at 31 December 2022



### ~43%

Owned by staff and directors



### 7

Investment professionals across Australia and New Zealand



### >\$5bn

Corporate, direct and debt real estate transactions



### ~\$200m

ASX Market Cap



“ For over 16 years, 360 Capital has been providing its investors with innovative investment products, based on our high conviction and co-investment philosophy ”

**Tony Pitt**  
Founder and Executive Chairman  
360 Capital Group



## Disciplined underwriting standards

**446**

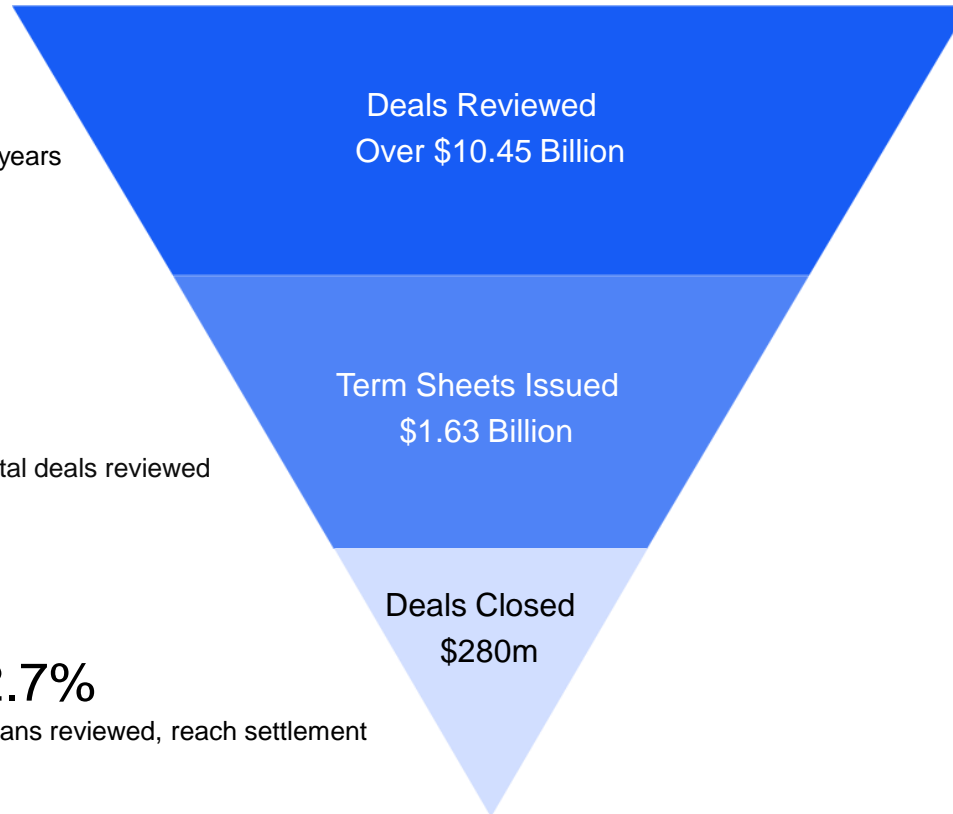
deals screened for the six years ending December 2022

**16.30%**

Terms issued of total deals reviewed

**2.7%**

of loans reviewed, reach settlement



- 16-year track record investing across the real estate capital stack
- Over \$10 billion of commercial real estate credit transactions reviewed over the last six years
  - Only 2.7% of loans reviewed have satisfied pricing and due diligence
- Strict pricing and risk framework leads to higher quality transactions and risk mitigation
- Uniquely positioned having a management team with both significant real estate equity and credit investing experience



## Sample real estate credit track record



### Progressively drawn senior

Development of 94 apartments in Western Sydney

Net Realisation<sup>1</sup>: \$46.7m  
Facility Amount<sup>2</sup>: \$31.8m  
(68% LVR / 79% LTC)

Term: 24 months

IRR: 15.5% p.a.



### Cash advance senior

Construction of 30 residential apartments in Western Sydney.

Net Realisation<sup>1</sup>: \$16.8m  
Facility Amount<sup>2</sup>: \$ 8.2m  
(48.9% LVR)

Term: 10 months

IRR: 13.5% p.a.



### Cash advance senior

Medium density complex comprising 22 luxury apartments in New Farm, QLD

Net Realisation<sup>1</sup>: \$8.0m  
Facility Amount<sup>2</sup>: \$4.7m  
(58% LVR)

Term: 12 months

IRR: 10.5% p.a.



### Mezzanine

Construction of pre-leased hotel in Perth, WA

Net Realisation<sup>1</sup>: \$76.0m  
Facility Amount<sup>2</sup>: \$7.6m  
(70% LVR / 78% LTC)

Term: 24 months

IRR: 16.8% p.a.



### Progressively drawn senior

Development of 28 room residential accommodation facility in Coogee NSW

Net Realisation<sup>1</sup>: \$11.4m  
Facility Amount<sup>2</sup>: \$8.0m  
(70% LVR / 80% LTC)

Term: 20 months

IRR: 15.1% p.a.



## Sample real estate credit track record



### Progressively drawn senior

Development of 162 room 4-star hotel in Melbourne CBD

Net Realisation<sup>1</sup>: \$53.0m  
Facility Amount<sup>2</sup>: \$36.3m  
(68% LVR / 79% LTC)

Term: 12.5 months

IRR: 16.8% p.a.



### Progressively drawn senior

Development of 27 townhouses in Greenway, ACT

Net Realisation<sup>1</sup>: \$13.5m  
Facility Amount<sup>2</sup>: \$ 9.7m  
(72% LVR)

Term: 6 months

IRR: 58% p.a.



### Cash advance senior

Bridging facility for portfolio of seven (7) childcare assets leased to Affinity Education

Current Valuation: \$35.6m  
Facility Amount<sup>2</sup>: \$23.1m  
(65% LVR)

Term: 12 months

IRR: 11.5% p.a.



### Cash advance senior

Medium density complex comprising 109 waterfront, residential apartments in Port Coogee, W.A.

Net Realisation<sup>1</sup>: \$13.2m  
Facility Amount<sup>2</sup>: \$ 8.0m  
(61% LVR)

Term: 18 months

IRR: 13.3% p.a.



### Cash advance senior

Medium density complex comprising 16 apartments and two (2) townhouses in Bulimba, QLD

Net Realisation<sup>1</sup>: \$33.8m  
Facility Amount<sup>2</sup>: \$23.7m  
(70% LVR)

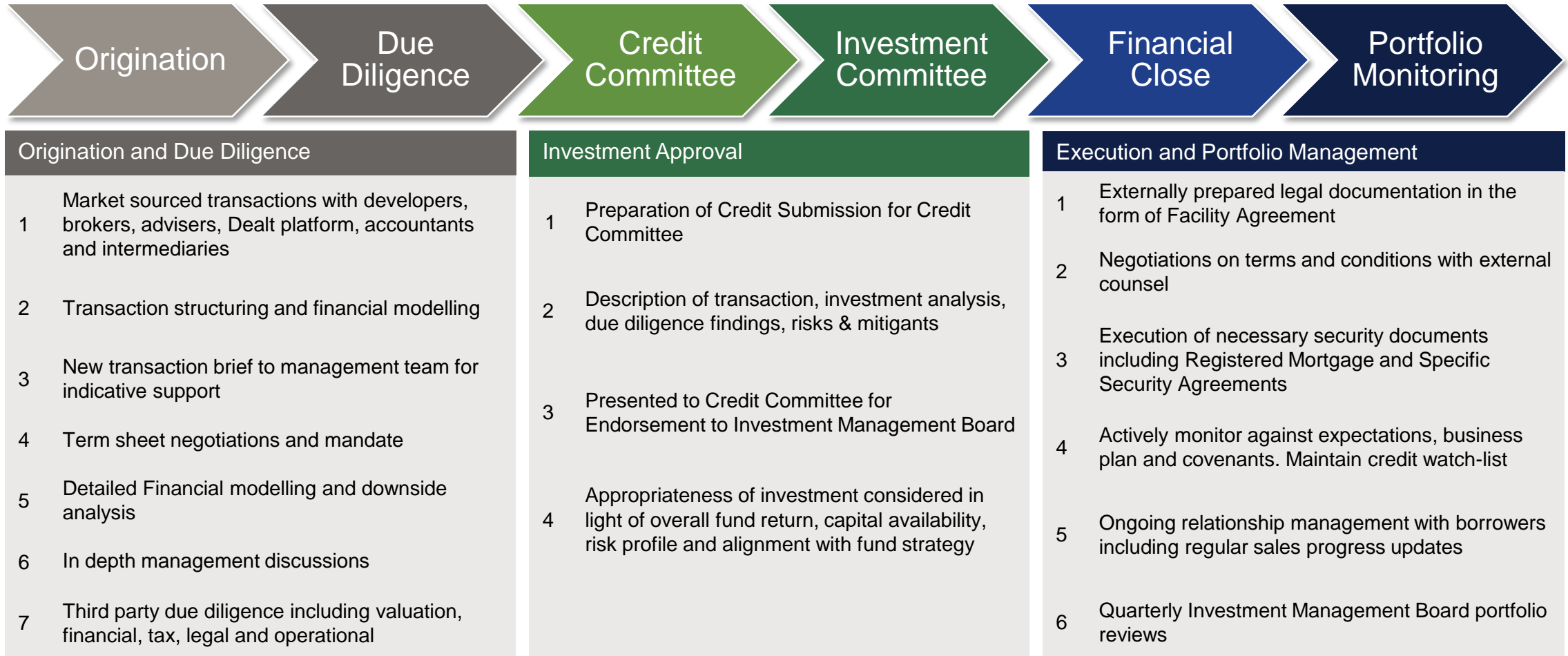
Term: 18 months

IRR: 9.25% p.a.





# Credit and due diligence process





## 4. Financials



## HY23 Balance sheet highlights

# \$24.5m

of loan investments

\$24.4m new loan investment made in December 22 post the partial repayment of the funds initial loan investment. A balance of \$0.1m remains outstanding on this loan which is expected to be repaid during 2H23.

# \$5.95

Net Tangible Assets per Unit

Net Tangible Assets per security increased marginally due to the higher interest rate on the Fund's new loan investment. The Fund is currently trading at a  $-6.9\%$ <sup>1</sup> discount to the last reported NTA per Unit.

	31-Dec-22 (\$'000)	30-Jun-22 (\$'000)	Change (\$'000)	Change (%)
Cash and cash equivalents	225	171	54	31.6%
Trade and other receivables	20	6	14	233.3%
Loan investments	24,500	24,500	-	0.0%
<b>TOTAL ASSETS</b>	<b>24,745</b>	<b>24,677</b>	<b>68</b>	<b>0.3%</b>
Trade and other payables	56	24	32	133.3%
Provision for distributions	124	124	-	0.0%
<b>TOTAL LIABILITIES</b>	<b>180</b>	<b>148</b>	<b>32</b>	<b>21.6%</b>
<b>NET ASSETS</b>	<b>24,565</b>	<b>24,529</b>	<b>36</b>	<b>0.15%</b>
Securities on issue	4.131	4.131	-	-
NTA per security	\$5.946	\$5.937	\$0.01	0.15%

1. Based on forecast annualised monthly distributions of 3.5cpu from January 2023 and the 31 December 2022 closing price of \$5.54 per security

## HY23 Profit and loss highlights



### \$966k

Investment income

Increase in interest income as a result of deploying capital raising proceeds and the higher interest rate of the new loan investment.

### \$780k

Operating earnings

Increase in operating earnings due to the increase in the size of the fund, along with the higher interest rate on the new loan investment.

	HY23 (\$'000)	HY22 (\$'000)	Change (\$'000)	Change (%)
Investment income	966	771	195	25.3%
<b>TOTAL INCOME</b>	<b>966</b>	<b>771</b>	<b>195</b>	<b>25.3%</b>
Management fees	(107)	(90)	(17)	18.9%
Fund expenses	(79)	(20)	(59)	295.0%
<b>TOTAL EXPENSES</b>	<b>(186)</b>	<b>(110)</b>	<b>(76)</b>	<b>69.1%</b>
<b>OPERATING EARNINGS</b>	<b>780</b>	<b>661</b>	<b>119</b>	<b>18.0%</b>
<b>DISTRIBUTIONS</b>	<b>744</b>	<b>631</b>	<b>113</b>	<b>17.9%</b>



## 5. Outlook and Guidance



## Outlook and Guidance

### Outlook and Guidance

Given the likelihood of continued volatility into 2023, private credit offers an attractive investment exposure outside the first loss equity position with reduced liquidity presenting attractive risk/return parameters.

Measured growth profile when public capital markets are less volatile. The manager is focused on diversification through the unlisted 360 Capital Private Credit Fund and deal by deal syndication in which TCF may participate.

Experienced and aligned manager, 360 Capital Group (ASX:TGP) has a 16-year track record investing across the real estate capital stack through financial and economic cycles.

2H23 forecast distribution 42.0cpu p.a. (annualised 2H23) or 3.5cpu / month from January 2023, equating to a distribution yield of 7.6%<sup>1</sup> on the current trading price



1. Based on forecast annualised monthly distributions of 3.5cpu from January 2023 and the 31 December 2022 closing price of \$5.54 per security

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