



ASX Release

10 February 2023

360 Capital Enhanced Income Fund (ASX:TCF)

Half Year Results 31 December 2022

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360 Capital FM Limited as responsible entity on the 360 Capital Enhanced Income Fund ("TCF" or the "Fund") is pleased to announce its financial results and operational update for the half year ended 31 December 2022.

HY23 Key highlights

- \$24.4 million majority repayment of the Fund's initial loan investment in December 2022
- Settlement of a new \$24.4 million real estate backed loan investment in December 2022
- Increased forecast distributions by 16.7% to 42.0¹ cents per unit (cpu) per annum
- Current investment focus on senior and stretch senior real estate backed loans

Key financial highlights for the half year ended 31 December 2022

- Statutory net profit of ~\$780k up 18% on pcp
- Distributions per Unit of 18.0 in line with pcp
- Net Tangible Assets per Unit of \$5.95 up 1.0 cpu from 30 June 2022

Fund focus

360 Capital Group (ASX:TGP) has had successful track record in non-bank lending, having originated and invested more than \$280.0 million in loan investments over the last six years. TGP and its managed funds elected to suspend investment in this sector in 2020 as new entrants entered the non-bank market, pushing rates down, increasing risks and compromising lending practices.

Reduced liquidity and rising interest rates have once again made commercial real estate debt an attractive investment proposition. As such, 360 Capital has re-entered the market, focusing the Fund's strategy on investing in senior and stretch senior real estate loans.

Loan portfolio

The Fund was repaid \$24.4 million of its \$24.5 million initial loan investment in December 2022 and subsequently settled a new \$24.4 million acquisition loan facility in Sydney's northern suburbs in the same month.

The new loan investment is secured by a registered first mortgage, first ranking general security deed and personal and corporate guarantees from the borrower.

The outstanding balance of \$0.1m on the Fund's initial loan investment is expected to be repaid in March 2023.

¹ Based on forecast monthly distributions for 2H23, commencing in January 2023



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A summary of the Fund's new loan investment is provided below:

Facility Amount:	\$24.4 million
Independent Valuation:	\$65.0million
Interest Rate:	9.0% p.a. paid monthly in advance
Forecast Term:	18 months
Security:	-Registered first mortgage -First ranking general security deed -Personal guarantee -Corporate guarantee
Loan to Value Ratio:	38.0%

Market outlook

In periods of volatility, private credit offers an attractive investment exposure outside first loss equity positions. Private credit returns have improved over the last six months due to reduced liquidity in capital markets and rising interest rates.

Rates now achievable on underlying loan investments have allowed TCF to increase its distributions by 16.7% p.a. and scope to commence scaling TCF's asset base. We remain focused on a measured growth profile with strong pipeline of executable investment opportunities, which subject to market conditions will allow TCF to increase in size and liquidity and diversify its portfolio of loan investments over time.

Guidance

From January 2023, distributions for TCF are forecast to increase by 16.7% from 36.0 cpu p.a. to 42.0 cpu p.a., reflecting a 7.6% distribution yield on the current trading price².

Authorised for release by, Glenn Butterworth, Company Secretary, 360 Capital Group.

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.

² Based on the closing price of 31 December 2022 of \$5.54 per security



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About 360 Capital Enhanced Income Fund (ASX: TCF)

The 360 Capital Enhanced Income Fund (previously the Australian Enhanced Income Fund) was established in 2006 and provides investors access to fixed income and private credit investment opportunities across listed and unlisted issuers. TCF aims to deliver regular monthly income to investors through disciplined asset selection and risk analysis.

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 real estate assets. Led by a highly experienced team, the Group operates in Australian and New Zealand investing across real estate equity and credit opportunities. We partner with our stakeholders to identify, invest and realise on opportunities.
