

ASX Release

20 February 2025

360 Capital REIT (ASX:TOT)

Half-Year Results 31 December 2024

Income stability through improved occupancy and sustainable balance sheet

360 Capital FM Limited as Responsible Entity for the 360 Capital REIT ("TOT" or the "Fund") is pleased to announce its financial results and operational update for the half-year ended 31 December 2024.

HY25 key highlights

- Completed 3-year extension to FY28 of existing debt facility at reduced interest cost
- Leased all remaining vacant space at 38 Sydney Avenue, Forrest ACT increasing its WALE to 9.4 years
- Disposed of remaining non-core assets being Home HQ stake for \$3.3 million
- Completed debt reduction program through DRP's, reducing TOT's gearing to 33.6%
- Post period, reduced and simplified fee structure with new Investment Management Agreement

HY25 key financial highlights

- Statutory net profit of \$1.9 million down 18.9% on \$2.3 million net profit in pcg
- Operating profit of \$2.6 million up 41.7% on \$1.8 million in pcg
- Statutory earnings per security (eps) of 0.9cps verses 1.6cps in pcg
- Operating eps of 1.2cps down 7.7% on 1.3cps in pcg
- Fully franked distributions per security of 1.5cps in line with guidance

Property portfolio

TOT's property portfolio comprises three modern assets, located in Melbourne, Canberra and Brisbane with a Weighted Average Lease Expiry (WALE) of 6.9 years¹, average age of 4.2 years², and is 93.3% occupied with Level 2 at 510 Church Street, Cremorne VIC the only vacancy remaining in the portfolio. The properties are all 5 Star NABERS rated with strong tenant covenants and comprises:

- 510 Church Street, Cremorne VIC was completed in 2021 and is an office/healthcare facility, valued at \$105.0 million (50% interest) comprising 19,719sqm of lettable area and 145 car parks;
- 38 Sydney Avenue, Forrest ACT refurbished in 2018, is an A-grade office building, valued at \$66.8 million comprising 8,670sqm lettable area and 82 car parks; and
- 34 Southgate Avenue, Cannon Hill QLD completed in September 2022, comprising a 3,585sqm high-tech industrial facility, 153 car parks, valued at \$30.0 million, occupied by Michael Hill International as its global headquarters.

The investment portfolio is well diversified, comprising 52.0% office/healthcare, 33.1% office and 14.9% high-tech industrial assets across the eastern states³.

¹ Weighted by gross income including car parking and excluding outstanding incentives

² Average age from the date of major refurbishment of 38 Sydney Avenue and completion date for remaining portfolio. Weighted by value.

³ Weighted by value

Leasing

Over the past 6 months the Fund completed the leasing of the over the remaining vacancies at 38 Sydney Avenue, Forrest, ACT comprising a total of 2,158sqm or 24.8% of the building with the following leases completed:

- CropLife Australia Limited has leased 754sqm for a term of 7 years commencing February 2025 with fixed 3.5% annual reviews.
- Commonwealth of Australia on behalf of Australian Centre for International Agricultural Research (ACIAR) over 1,404sqm for 12 years commencing 1 August 2025 with fixed 3.5% annual rent reviews.

Following the above leasing, the only remaining vacancy within the portfolio is Level 2 at 510 Church Street, Cremorne VIC comprising 2,582sqm. Although the Fund has completed a speculative fit-out over the tenancies, and we have been able to increase the availability of car parking to 17 spaces for these tenancies, leasing it has continued to be slow given the current economic environment, prospective tenants are taking longer to commit and competition from the Melbourne CBD which is offering higher incentives.

Leasing level 2 is a key focus for the Fund for FY25.

Capital management

The Fund's continued its strategy to reduce its gearing over the past 6 months. During the period borrowings were reduced by \$3.6 million following the sale of its non-core stake in Home HQ in August 2024 and with proceeds from the June and September 2024 DRP.

Given the limited capital expenditure needed going forward due to its high occupancy, modern portfolio and limited vacancies over the next few years, the Fund reduced its debt facility from \$84.0 million to \$80.0 million (drawn at \$70.0 million as at 31 December 2024), increased the term of the facility to FY28 expiry and also negotiated a reduced margin saving interest expense.

The Fund has now suspended its DRP post its debt reduction and recent leasing success. As at 31 December 2024, TOT's gearing (net of cash) was 33.6%. The Fund remains in compliance with all debt covenants and is well within its LVR covenant of 55% and its reduced ICR covenant of 1.5 times.

Reduced fees and new Investment Management Agreement

On 6 February 2025, securityholders approved the Responsible Entity entering into a new Investment Management Agreement with a wholly owned subsidiary of 360 Capital Group, 360 Capital REIT IM Pty Limited. As a result, the total fees for TOT reduced by approximately \$100,000 per annum and removed performance fees from the Fund's constitution.

Focus on FY25 and TOT Growth Prospects

Management is focused on leasing the remaining vacancy within the portfolio at 510 Church Street, Cremorne which comprise 6.7% of the portfolio.

Recent capital management initiatives are now complete and TOT has turned off its DRP now that gearing at the lower end of our range.

With TOT trading at a 34.2% discount to its NTA, we continue to market TOT's unique tax benefits, recent leasing activity, modern portfolio and transparency to prospective investors to build awareness of the TOT.



We also believe that growth in TOT in due course will make TOT more relevant, make TOT more investible and close the trading discount.

Given TOT has no legacy issues, is in a strong capital position and we believe the REIT sector is getting towards to later part of the correction in the Australian commercial real estate cycle, TOT is starting to see opportunities to grow and make TOT more relevant with a growth objective to be included in the S&P/ASX300 A-REIT Index in the medium term.

With any growth, the manager is focused on creating/restoring value for TOT Securityholders and is aligned with TOT Securityholders through its 42.1% ownership of TOT

FY25 Forecast Distributions

The Fund's FY25 forecast distribution remains unchanged at 3.0cps (paid in equal quarterly instalments). Given the level of franking credits remaining in the Fund, the Fund is forecasting FY25 distributions to be fully franked.

The Fund also has the ability to distribute tax deferred distributions in future years as its modern portfolio has significant depreciation allowances.

Authorised for release by the Board of 360 Capital FM Limited.

More information on TOT can be found on the ASX's website at www.asx.com.au using the Group's ASX code "TOT", on 360 Capital'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.

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About 360 Capital REIT (ASX: TOT)

The Fund has a demonstrated track record of consistent quarterly distributions, through a selective and disciplined investment philosophy, combined with access to real estate investment opportunities available to TOT through the 360 Capital Group, the manager of the Fund.