



ASX Release

REAL ASSETS
PRIVATE EQUITY
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CREDIT

360 Capital Group (ASX: TGP)

26 February 2021

Appendix 4D

For the half year ended 31 December 2020

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360 Capital Group comprises the stapling of ordinary shares in 360 Capital Group Limited (ACN 113 569 136) and units in 360 Capital Investment Trust (ARSN 104 552 598)

This Preliminary Financial Report is given to the ASX in accordance with Listing Rule 4.2.A. This report should be read in conjunction with the Annual Report for the year ended 30 June 2020. It is also recommended that the Annual Report be considered together with any public announcements made by the Group. Reference should also be made to the statement of significant accounting policies as outlined in the Financial Report. The Interim Financial Report for the half year ended 31 December 2020 is attached and forms part of this Appendix 4D.

Details of reporting period

Current reporting period: 1 July 2020 – 31 December 2020

Prior corresponding period: 1 July 2019 – 31 December 2019

Results announcement to the market

	31 Dec 2020 \$'000	31 Dec 2019 \$'000	Movement \$'000	Movement %
Revenue and other income from ordinary activities	15,445	10,204	5,241	51.4
Profit attributable to stapled securityholders for the year	1,769	2,447	(678)	(27.7)
Operating profit ¹	471	1,401	(930)	(66.4)

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 Responsible Entity considers operating profit to reflect the core earnings of the Fund. Operating earnings is used by the Board to make strategic decisions and as a guide to assessing an appropriate distribution to declare. A reconciliation of the Fund's statutory profit to operating earnings is provided in Note 1 of the Interim Financial Report.

	31 Dec 2020 Cents per security	31 Dec 2019 Cents per security	Movement Cents per security	Movement %
Earnings per security – Basic	0.8	1.2	(0.4)	(33.3)
Earnings per security – Diluted	0.8	1.1	(0.3)	(27.3)
Operating profit per security	0.2	0.6	(0.4)	(66.7)

360 Capital Group Limited ABN 18 113 569 136 and 360 Capital FM Limited ABN 15 090 664 396 (AFSL 221474) as responsible entity of the 360 Capital Investment Trust ARSN 104 552 598.



ASX Release

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Distributions

	Cents per Security	Total paid	Date of payment
September quarter distribution	1.0	2,295	27 October 2020
December quarter distribution	1.0	2,295	27 January 2021
Total distribution for the period ended 31 December 2020	2.0	4,590	
September quarter distribution	1.0	2,308	24 October 2019
December quarter distribution	1.0	2,308	23 January 2020
Total distribution for the period ended 31 December 2019	2.0	4,616	

Net tangible asset per security

	31 Dec 2020 \$	31 Dec 2019 \$
NTA per diluted security ²	0.89	0.91

² For purposes of financial reporting NTA basic per security is calculated using 218.4 million securities (December 2019: 218.4 million) representing the number of ASX securities on issue of 229.5 million (December 2019: 230.9 million) less Employee Security Plan (ESP) securities issued. The difference represents securities issued under the 360 Capital Group ESP, which under AASB2: *Share-based payments*, are not recognised for accounting purposes and the corresponding ESP loan receivable is also not recognised as an asset.

Control Gained and Lost over Entities during the year

Refer to Note 10 *Business combinations and asset acquisitions* and Note 11 *Business divestment* of the Interim Financial Report.

Details of Associates and Joint Venture Entities

Refer to Note 5 *Investments accounted for using the equity method* of the Financial Report.

360 Capital



360 CAPITAL GROUP

INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

360 Capital Group (ASX: TGP) comprises 360 Capital Group Limited (ABN 18 113 569 136) and its controlled entities and 360 Capital Investment Trust (ARSN 104 552 598) and its controlled entities.

General information

The interim financial report is a general- purpose financial report which has been prepared in accordance with AASB 134: Interim Financial Reporting and the Corporations Act 2001. The interim financial report of 360 Capital Group comprises the consolidated financial statements of 360 Capital Group Limited and its controlled entities and 360 Capital Investment Trust (ARSN 104 552 598) and its controlled entities. A 360 Capital Group stapled security comprises one 360 Capital Group Limited share stapled to one 360 Capital Investment Trust unit to create a single listed entity traded on the Australian Stock Exchange (ASX). The stapled security cannot be traded or dealt with separately.

The interim financial report does not include all of the notes and information required for a full annual financial report and should be read in conjunction with the annual financial report for the year ended 30 June 2020 and any public announcements made by 360 Capital Group during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The annual financial report of the 360 Capital Group for the year ended 30 June 2020 is available upon request from the registered office at Level 8, 56 Pitt Street, Sydney NSW 2000 Australia or at www.360capital.com.au.

The interim financial report is presented in Australian dollars.

360 Capital Group is an entity of the kind referred to in Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC). In accordance with that Instrument, amounts in the interim financial report and Directors' report have been rounded to the nearest thousand dollars, unless otherwise stated.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 26 February 2021.

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360 Capital Group

Directors' report

For the half year ended 31 December 2020

The Directors of 360 Capital Group Limited (Company) along with the Directors of 360 Capital FM Limited (CFML) (ABN 15 090 664 396) (AFSL No 221474), the Responsible Entity present their report, together with the interim financial report of 360 Capital Group (Group) (ASX: TGP) for the half year ended 31 December 2020. 360 Capital Group comprises 360 Capital Group Limited (Parent Entity) and its controlled entities and 360 Capital Investment Trust (Trust) and its controlled entities.

Directors

The following persons were Directors of 360 Capital Group Limited during the half year and up to the date of this report, unless otherwise stated:

David van Aanholt (Chairman)

Tony Robert Pitt

William John Ballhausen

Graham Ephraim Lenzner

Andrew Graeme Moffat

On 15 February 2021, Graham Lenzner announced his retirement from his role as independent non-executive director of 360 Capital Group Limited and 360 Capital FM Limited and their related entities, effective from 31 March 2021.

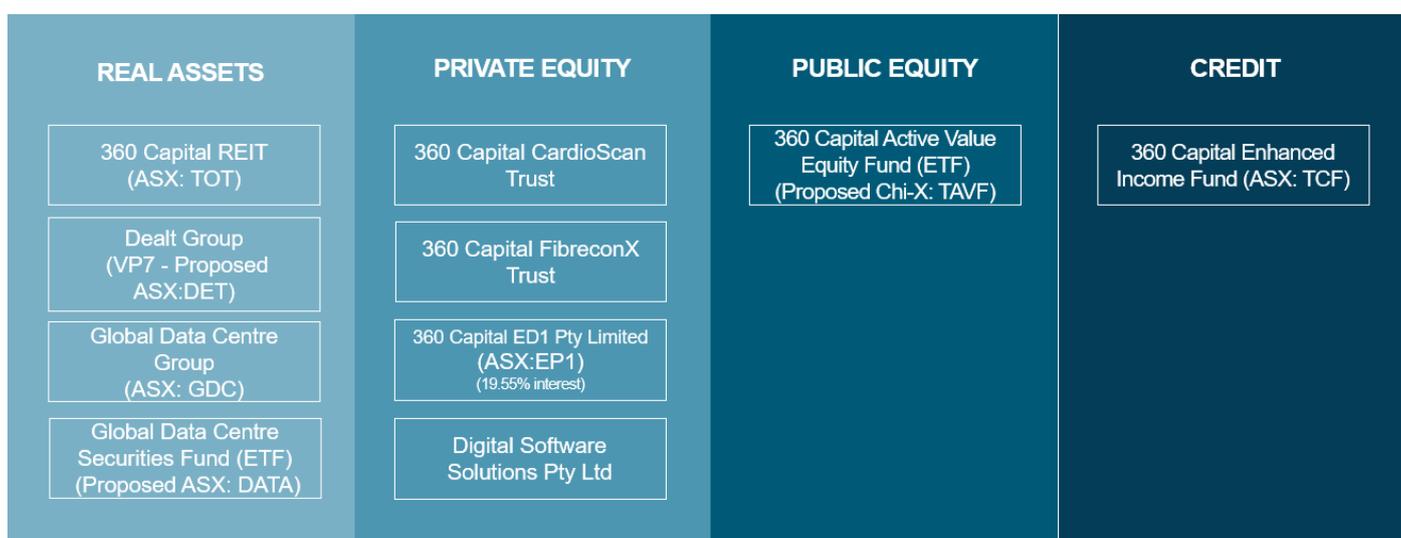
Principal activities

The Group is a diversified investment and funds management business whose purpose is to be a leading Australian investor and fund manager of alternative assets, who partners with our stakeholders to identify, invest and realise on opportunities.

Group Overview

The Group continues to diversify its capital sources to generate funds management and finance fee revenues as well as growing its revenue streams through investing. The Group's four investment strategies which make up its alternative assets management and investment strategy are:

- Real Assets
- Private Equity
- Public Equity
- Credit Strategies



Operating and financial review

Key financial highlights for the half year ended 31 December 2020

Statutory net profit

\$1.8m

(December 2019: \$2.4 million)

Statutory net profit attributable to securityholders of 0.8cps (December 2019: 1.2cps) lower than prior period due to decrease in finance revenue and increase in employment costs

Operating profit

\$0.5m

December 2019: \$1.4 million

Operating profit and earnings per security (EPS) of 0.2cps¹ (December 2019: 0.6cps) decrease primarily due to retaining high cash balances, delays in scaling a number of the new Funds and resourcing for growth

Distributions

2.0cps

(December 2019: 2.0cps)

Distributions of 2.0cps, consistent with the prior half year

Net asset value

\$0.90

per security
(June 2020: \$0.89)

Net asset value (NAV)² increased by 1.0cps during period

ASX closing price

\$0.89

per security
(June 2020: \$0.85)

Increase in ASX price by 4.7% from 30 June 2020

¹ Operating profit is a financial measure which is not prescribed by Australian Accounting Standards (AAS) and represents the profit under AAS adjusted for specific non-operating items. The Responsible Entity considers operating profit to reflect the core earnings of the Group and it is used to make strategic decisions and as a guide to assess the Group's ability to pay distributions to securityholders. The operating profit has not been subject to any specific audit procedures by the Group's auditor but has been extracted from Note 1: Segment reporting.

² Net Asset Value per security basic (excluding ESP securities and ESP loans receivable) at 31 December 2020.

Key operating achievements for the half year ended 31 December 2020

EP1 Investment

\$27.7m

Strategic investment

Acquired of 19.6% of Evans & Partners (ASX:EP1) and launched takeover bid for all securities the Group does not already own

Significant cash balance

\$70.2m

Capital to fund future opportunities

Cash balance as at 31 December 2020 (excluding TDI & FibreconX) placing the Group in a strong position to take advantage of future opportunities

Group key financial results highlights for the half year ended 31 December 2020

- Statutory net profit attributable to securityholders of \$1.8 million (December 2019: \$2.4 million)
- Operating profit of \$0.5 million (December 2019: \$1.4 million)
- Statutory earnings per security (EPS) of 0.8cps (December 2019: 1.2cps)
- Operating EPS of 0.2cps (2019: 0.6cps)
- Distributions per security (DPS) of 2.0cps (December 2019: 2.0cps)
- NAV per security of \$0.90 (June 2020: \$0.89)
- Strong balance sheet with \$70.2 million in cash
- Increase in ASX trading price to \$0.89 per security from \$0.85 per security (June 2020)

Group key operational results highlights for the half year ended 31 December 2020

Real Assets

- TOT purchased a strategic stake in Peet Limited (ASX:PPC);
- TOT received \$42.4 million from loan proceeds during the period and \$6.6 million from sale of shopping centre investment post period, increased TOT's cash to \$103.9 million at balance date;
- TOT exchanged a further 6 apartments at its Gladesville investment with only 4 apartments remaining;
- Velocity Property Group (ASX:VP7) Shareholders approved the acquisition of Dealt and AMF Finance from TGP and TOT, entering into an Investment Management Agreement with TGP and re-branding as Dealt Group;
- Acquired 70% interest in Hotel Capital Partners;
- Post period, TOT purchased 50% of NZ's PMG Funds Management (PMG) for NZ\$17.5 million. PMG FUM comprises NZ\$665.7 million;
- Post period, purchased a 9.2% strategic stake in Irongate Group (ASX:IAP), a \$1.1 billion Australian property group for \$78.6 million

Digital Infrastructure

- 360 Capital Digital Infrastructure Fund (formerly ASX:TDI) renamed Global Data Centre Group (ASX:GDC) reflecting updated focused strategy;
- GDC invested \$28.7 million in the Macquarie Infrastructure and Real Assets (MIRA)-led consortium that recently acquired an 88% stake in Asia Pacific hyperscale data centre operator, AirTrunk;
- GDC acquired ETIX Everywhere edge data centre businesses located in France, Belgium and Colombia for \$38.2 million;
- Post deploying GDC's excess cash, GDC raised \$15.1 million increasing consolidated total assets to \$155.5 million;
- Launched new Global Data Centre Securities Fund ETF and

is in the process of listing it on the ASX as an Aqua product (proposed ASX:DATA).

Private Equity

- Contracted to sell Digital Software Solutions (1.8x multiple on Group capital);
- Closed \$11.8 million raising in 360 Capital Cardioscan Trust;
- Raised \$15.6 million in first round and \$20.0 million in second round for 360 Capital FibreconX Trust;
- Group owns 19.55% of E&P Financial Group Limited (ASX: EP1) (E&P) and has launched ~\$165.0 million takeover for 100% of E&P. Group is in discussions with multiple partners to maximise the opportunity for Group.

Public Equity

- 360 Capital Active Value Equity Fund (proposed code TAVF) to commence trading on the Chi-X exchange in March 2021 as an ETF.

Credit

- TGP was appointed the responsible entity of 360 Capital Enhanced Income Fund (formerly Australian Enhanced Income Fund) (ASX:TCF);
- Changed strategy of fund to mid-market private credit;
- Completed \$12.1 million raising to recapitalise the fund;
- Commenced capital deployment, in advanced discussions with several borrowers on loan investments.

Funds Management

The Group now has four ASX listed funds and two ETF's in process of listing with total FUM of \$544.0 million, up 22.6% over the 6 months to 31 December 2020.

Real Assets FUM grew moderately over the period as both TOT and VP7 were repaying or being repaid loan investments reducing gross assets. With TOT's recent acquisitions and proposed capital raising for VP7, we expect Real Assets to be a major contributor to FUM growth over the next 12 months.

Private Equity funds grew significantly through EP1 and FibreconX with PE funds now totalling \$102.3 million in FUM.

Public Equity FUM has been impacted by Ralton Asset Management's FUM decreasing to \$77.0 million. The Group continues to look for appropriate equity funds management businesses to acquire which are scalable and increase the Group ROE. 360 Capital Active Value Equity Fund is expected to also drive Public Equity FUM.

The Credit team have now commenced deploying capital after taking control of Australian Enhanced Income Fund rebranding as 360 Capital Enhanced Income Fund (ASX:TCF) and raising \$12.1 million during the period. We expect this to continue to grow exponentially as credit investing become more popular.

Co-investment

The Group has increased its co-investment and principal investments from \$106.0 million as at 30 June 2020 to \$122.1 million as at 31 December 2020. The majority of the increase comprised \$20.6 million into E&P and \$10.0 million into FibreconX. Currently, a large portion of the co-investment is invested into growth opportunities, however, going forward we will recycle a portion of this capital into yielding co-investment growing investment income.

Impact of COVID-19 on the consolidated entity

The World Health Organization declared a global pandemic in March 2020 as a result of the novel coronavirus (COVID-19). The consolidated entity has considered the impact of COVID-19 in preparing its financial report for the half year. The effects of the pandemic are continuing to unfold, and the extent of the social, medical and economic impacts worldwide are unknown.

The Group was impacted with COVID19 during the period through not being able to maximise its capital raising capabilities due to border closures and disruption to the investment community and inability to have face to face meetings. Furthermore, acquisitions were delayed, delaying product launches as a result of service providers disruption and limited capacity to travel.

The Group did not receive any JobKeeper during the period.

Unconditional E&P Takeover Offer

The Group through a wholly owned subsidiary 360 Capital ED1 Pty Limited owns 19.55% of E&P Financial Group Limited (ASX:EP1) and has made a takeover offer for all of the shares it does not own. The Group has committed a further \$63 million of cash for the takeover with the balance of the consideration being TGP securities. Consideration under the offer being 0.40 TGP securities and cash of \$0.30 per E&P share (Offer). On 24 February 2021 the Group extended the Offer to 31 March 2021 (unless extended further) and declared the Offer unconditional. For further information refer to the supplementary Bidders Statement dated 18 January 2021 and announcements about the Offer.

Our strategy with E&P, if we are successful with the takeover, is to split the funds management and wealth businesses into two separate businesses. Based on our strategy and public information, we believe this acquisition is significantly accretive to the Group earnings.

Summary and Outlook

The Group is an investor and fund manager of alternative assets who partners with its stakeholders to identify, invest and realise on opportunities. The Group intends to continue to execute on its strategy across its four strategic pillars representing real assets, private and public equity and credit.

Dividends and distributions

The Company did not declare any dividends during the half year or up to the date of this report (December 2019: nil). Distributions declared by 360 Capital Investment Trust directly to securityholders during the half year were as follows:

	31 December 2020 \$'000	31 December 2019 \$'000
1.0 cents per unit paid on 24 October 2019	-	2,309
1.0 cents per unit paid on 23 January 2020	-	2,309
1.0 cents per unit paid on 27 October 2020	2,295	-
1.0 cents per unit paid on 27 January 2021	2,295	-
	4,590	4,618

Significant changes in state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of 360 Capital Group that occurred during the half year under review other than those listed above or elsewhere in the Directors' report.

Likely developments and expected results of operations

The Group will continue to focus on scaling its activities within its four strategic pillars to grow funds management and investment revenue.

Events subsequent to balance date

On 5 January 2021, the Group released a Bidders Statement for an off-market takeover bid for EP1 for all the shares it does not own, and a supplementary Bidders Statement on 18 January 2021. Consideration under the offer being 0.40 TGP securities and cash of \$0.30 per E&P share. On 24 February 2021 the Group extended the Offer to 31 March 2021 (unless extended further) and declared the Offer unconditional. For further information refer to the supplementary Bidders Statement dated 18 January 2021 and announcements about the Offer.

On 17 February 2021, Velocity unitholders approved all resolutions to effect the 360 Capital Proposal to restructure Velocity into a real estate debt business focused on investing, broking and managing real estate debt investments in Australia and New Zealand (subject to completing a recapitalisation).

No other circumstances have arisen since the end of the half year which have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

This report is made in accordance with a resolution of the Directors.



David van Aanholt
Chairman

Sydney
26 February 2021

Buy back arrangement

The consolidated entity is not under any obligation to buy back, purchase or redeem units from unitholders. During the half year, the consolidated entity bought back and cancelled 1,350,000 securities related to the Group's 2017 employee share plan (December 2019: Nil) at an average price of \$1.01.

Auditor's independence declaration

The auditor's independence declaration required under Section 307C of the Corporations Act 2001 is set out on page 10 and forms part of the Directors' report for the half year ended 31 December 2020.

Rounding of amounts

360 Capital Group is an entity of the kind referred to in Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC). In accordance with that Instrument, amounts in the interim financial report and Directors' report have been rounded to the nearest thousand dollars, unless otherwise stated.



Tony Robert Pitt
Managing Director



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working world**

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Auditor's Independence Declaration to the Directors of 360 Capital Group Limited

As lead auditor for the review of the half-year financial report of 360 Capital Group Limited for the half-year ended 31 December 2020, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of 360 Capital Group and the entities it controlled during the financial period.

Ernst & Young

Douglas Bain
Partner
26 February 2021

360 Capital Group
Consolidated interim statement of profit or loss and other comprehensive income
For the half year ended 31 December 2020

	31 December 2020 \$'000	31 December 2019 \$'000
Note	\$'000	\$'000
Revenue from continuing operations		
Rental from investment properties	1,332	734
Management fees	1,050	698
Distributions	837	124
Finance revenue	430	1,314
Total revenue from continuing operations	3,649	2,870
Other income		
Net gain on disposal of subsidiary	106	-
Net gain on fair value of financial assets	9,492	4,065
Net gain on disposal of financial assets	1,116	-
Share of equity accounted profits	953	3,269
Other income	129	-
Total other income	11,796	7,334
Total revenue from continuing operations and other income	15,445	10,204
Employee benefit expenses	4,130	1,951
Administration expenses	1,668	1,069
Management fees	3,026	189
Investment property expenses	128	29
Depreciation expenses	16	6
Finance expenses	155	-
Transaction costs	2,792	399
Net loss on fair value of investment properties	542	2,024
Net loss on disposal of financial assets	-	139
Foreign exchange losses	1,215	212
Loss allowance	78	10
Profit from continuing operations before income tax	1,695	4,176
Income tax expense	3	277
Profit for the half year	810	3,899
Profit for the year attributable to:		
Shareholders of 360 Capital Group Limited	1,041	284
Unitholders of 360 Capital Investment Trust	728	2,163
Profit after tax attributable to the stapled securityholders	1,769	2,447
External non-controlling interests	(959)	1,452
Profit for the half year	810	3,899

360 Capital Group
 Consolidated interim statement of profit or loss and other comprehensive income
 For the half year ended 31 December 2020

	31 December 2020	31 December 2019
Note	\$'000	\$'000
Profit for the half year	810	3,899
Other comprehensive income that may be reclassified to profit or loss		
Other comprehensive income for the half year	2,116	-
Total comprehensive income for the half year	2,926	3,899
Total comprehensive income attributable to:		
Shareholders of 360 Capital Group Limited	5,796	284
Unitholders of 360 Capital Investment Trust	(185)	2,163
Total comprehensive income attributable to the stapled securityholders	5,611	2,447
External non-controlling interests	(2,685)	1,452
Total comprehensive income for the half year	2,926	3,899
Earnings per stapled security for profit after tax		
attributable to the stapled securityholders of 360 Capital Group		
	13	13
	Cents	Cents
Basic earnings per security	0.8	1.2
Diluted earnings per security	0.8	1.1

The above consolidated interim statement of profit or loss and other comprehensive income should be read with the accompanying notes.

360 Capital Group
 Consolidated interim statement of financial position
 As at 31 December 2020

		31 December 2020 \$'000	30 June 2020 \$'000
	Note		
Current assets			
Cash and cash equivalents		114,988	149,521
Receivables		3,513	936
Loans receivable		2,409	19,790
Financial assets at fair value through profit or loss	4	1,418	1,611
Other current assets		350	641
Total current assets		122,678	172,499
Non-current assets			
Financial assets at fair value through profit or loss	4	70,884	19,316
Investments equity accounted	5	67,666	33,725
Investment properties		37,000	37,000
Intangible assets	6	27,596	3,943
Property, plant and equipment	7	13,153	655
Deferred tax assets		972	1,086
Total non-current assets		217,271	95,725
Total assets		339,949	268,224
Current liabilities			
Trade and other payables		6,738	360
Distribution payable		2,295	4,273
Provisions		276	132
Total current liabilities		9,309	4,765
Non-current liabilities			
Borrowings		20,943	-
Deferred tax liabilities		2,238	-
Provisions		155	139
Total non-current liabilities		23,336	139
Total liabilities		32,645	4,904
Net assets		307,304	263,320

360 Capital Group
Consolidated interim statement of financial position
As at 31 December 2020

	Note	31 December 2020 \$'000	30 June 2020 \$'000
Equity			
Issued capital - ordinary shares	8	1,191	1,191
Issued capital - trust units	8	194,872	194,877
Security based payments reserve		9,824	9,380
Other capital reserve		2,933	-
Retained earnings		(12,140)	(10,168)
Total equity attributable to stapled Securityholders		196,681	195,280
External non-controlling interest		110,624	68,039
Total equity		307,304	263,320

The above consolidated interim statement of financial position should be read with the accompanying notes.

360 Capital Group
Consolidated interim statement of changes in equity
For the half year ended 31 December 2020

	Note	Issued capital - ordinary shares \$'000	Issued capital - trust units \$'000	Security based payments reserve \$'000	Other capital reserve - Corporate \$'000	Other capital reserve - Trust \$'000	Retained earnings - Corporate \$'000	Accumulated losses - Trust \$'000	Total equity attributable to stapled Securityholders \$'000	External non- controlling interest \$'000	Total equity \$'000
Balance at 1 July 2020		1,191	194,877	9,380	-	-	10,081	(20,249)	195,281	68,039	263,320
Profit for the half year		-	-	-	-	-	1,041	728	1,769	(959)	810
Comprehensive income for the half year		-	-	-	4,755	(913)	-	-	3,842	(1,726)	2,116
Total comprehensive income for the half year		-	-	-	4,755	(913)	1,041	728	5,611	(2,685)	2,926
Transactions with non-controlling interests		-	-	-	-	(909)	-	849	(60)	45,269	45,209
Transactions with Securityholders in their capacity as Securityholders											
Security based payment transactions		-	-	444	-	-	-	-	444	-	444
Equity raising transaction costs		-	(5)	-	-	-	-	-	(5)	-	(5)
Dividends/distributions	2	-	-	-	-	-	-	(4,590)	(4,590)	-	(4,590)
		-	(5)	444	-	-	-	(4,590)	(4,151)	-	(4,151)
Balance at 31 December 2020		1,191	194,872	9,824	4,755	(1,822)	11,122	(23,262)	196,681	110,624	307,304
Balance at 1 July 2019		1,194	194,880	8,021	-	-	13,188	(14,592)	202,690	-	202,690
Total comprehensive income for the half year		-	-	-	-	-	284	2,163	2,447	1,452	3,899
Transactions with non-controlling interest		-	-	-	-	-	-	926	926	70,169	71,095
Transactions with Securityholders in their capacity as Securityholders											
Security based payment transactions		-	-	322	-	-	-	-	322	-	322
Equity raising transaction costs		-	(1,799)	-	-	-	-	-	(1,799)	-	(1,799)
Dividends/distributions	2	-	-	-	-	-	-	(4,617)	(4,617)	-	(4,617)
		-	(1,799)	322	-	-	-	(4,617)	(6,095)	-	(6,095)
Balance at 31 December 2019		1,194	193,081	8,343	-	-	13,472	(16,121)	199,969	71,621	271,590

The above consolidated interim statement of changes in equity should be read with the accompanying notes.

360 Capital Group
Consolidated interim statement of cash flows
For the year ended 31 December 2020

	31 December 2020 \$'000	31 December 2019 \$'000
Cash flows from operating activities		
Cash receipts from customers (inclusive of GST)	2,236	1,631
Cash payments to suppliers and employees (inclusive of GST)	(4,773)	(3,060)
Distributions received	1,042	700
Finance revenue	512	1,342
Finance expenses	(55)	-
Net cash (outflows)/inflows from operating activities	(1,038)	613
Cash flows from investing activities		
Payments for investment properties	-	(39,024)
Payments for property, plant and equipment	(7,260)	(11)
Payments for financial assets	(52,331)	(52,052)
Proceeds from disposal of financial assets	8,335	269
Payment for intangible assets	(40)	(2,500)
Payments for subsidiaries - net of cash acquired	(43,204)	-
Payment of transaction costs	(53)	(399)
Proceeds from loans receivable	19,800	-
Net cash outflows from investing activities	(74,753)	(93,717)
Cash flows from financing activities		
Proceeds from borrowings	20,000	-
Payments for borrowing costs	(108)	-
Payment of transaction costs to issue capital NCI	(1,038)	(1,799)
Proceeds from issue of capital – NCI, net of capital raising costs	36,385	71,095
Distributions paid to stapled securityholders	(4,604)	(2,296)
Distributions paid to external non-controlling interests	(1,964)	-
Payment for buy back of stapled securities NCI	(669)	-
Redemption of units from external non-controlling interests	(10,723)	-
Net cash inflows from financing activities	37,279	67,000
Net decrease in cash and cash equivalents	(38,512)	(26,104)
Cash and cash equivalents at the beginning of the half year	149,521	177,230
Cash balance on consolidation of controlled entities	12,624	-
Cash balance on deconsolidation of controlled entities	(8,645)	-
Cash and cash equivalents at the end of the half year	114,988	151,126

The above consolidated interim statement of cash flows should be read with the accompanying notes.

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Financial Information

This section provides additional information about those individual line items in the financial statements that the directors consider most relevant in the context of the operations of the Group.

Note 1: Segment reporting

Segment information is presented in respect of the Group's operating segments, which are the primary basis of segment reporting. An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other operating segments. The primary segments are based on the Group's management and internal reporting structure.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Core operations

The Group reports on the following core business segments comprising the four investment strategies which make up its alternative assets management and investment strategy:

- Real Assets
- Private Equity
- Public Equity
- Credit Strategies

The Group's management strategy and measures of performance focus on the returns from these core segments in order to deliver returns and value to investors. Operating segments are determined based on the information which is regularly reviewed by the Managing Director, who is the Chief Operating Decision Maker within the Group. The information provided is net of non-operating items comprising transaction costs, unrealised fair value adjustments of financial assets and other assets, unrealised foreign exchange gains and losses, impairment adjustments, share of equity accounted profits in excess of distributions received, security based payments expense and all other non-operating items. In the current period, the basis of operating earnings per security has been updated to exclude employee share plan securities issued and associated loan interest. The comparative period has also been updated.

Corporate

Income and expenses for management of the Group on an overall basis and unallocated overheads are not allocated to the four core operation segments. Cash and borrowings not directly allocated to an operating segment together with tax assets and liabilities and other incidental assets and liabilities are not allocated to core operation segments as they are either non-core or for management of the Group on an overall group basis. All these items are included under corporate in the segment disclosures.

Consolidation and eliminations

Included in this segment are the elimination of inter-group transactions and conversion of the consolidated results from certain entities deemed to be controlled under AASB 10, these entities have material non-controlling interests. The performance of these controlled entities are considered to be non-core segments and are reviewed separately to that of the performance of the Group's business segments.

Geographical segments

In presenting information on the basis of geographical segments, segment revenue and segment assets are based on the geographical location of the underlying assets. All segments operate solely within Australia, except those relating to consolidated entities have material non-controlling interests, which are not reported on separately.

Note 1: Segment reporting (continued)

The operating segments provided to the Board for the reportable segments for the half year ended 31 December 2020 are as follows:

Half-Year ended 31 December 2020	Real Assets	Private Equity	Public Equity	Credit	Corporate	Operating profit	Consolidation & eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Funds management revenue	1,311	301	187	-	356	2,155	538	2,693
Investment revenue	1,422	206	-	-	-	1,628	431	2,059
Rental revenue	-	-	-	-	-	-	1,332	1,332
Finance revenue	119	-	-	-	203	322	108	430
Total revenue and other income	2,852	507	187	-	559	4,105	2,409	6,514
Operating expenses	485	147	459	419	2,773	4,283	3,964	8,247
Earnings before interest and tax (EBIT)	2,367	360	(272)	(419)	(2,214)	(178)	(1,555)	(1,734)
Interest expense	-	-	-	-	-	-	155	155
Operating profit before tax	2,367	360	(272)	(419)	(2,214)	(178)	(1,710)	(1,889)
Income tax benefit/(expense)	-	-	-	-	649	649	361	1,010
Operating profit (before non-operating items)	2,367	360	(272)	(419)	(1,565)	471	(1,349)	(878)
Non-operating items	(890)	5,114	(220)	(171)	(2,535)	1,298	390	1,688
Statutory net profit attributable to securityholders	1,477	5,474	(492)	(590)	(4,100)	1,769	(959)	810
Operating earnings used in calculating - operating EPS						471		
Weighted average number of securities - basic ('000)						218,373		
Operating profit per security (EPS) - cents						0.2		

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The operating segments provided to the Board for the reportable segments for the half year ended 31 December 2019 are as follows:

Half-Year ended 31 December 2019	Real Assets	Private Equity	Public Equity	Credit	Corporate	Operating profit	Consolidation & eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Funds management revenue	1,025	-	-	-	-	1,025	(86)	939
Investment revenue	1,445	-	-	-	-	1,445	-	1,445
Rental revenue	-	-	-	-	-	-	705	705
Finance revenue	1,243	-	-	-	-	1,243	70	1,313
Total revenue and other income	3,713	-	-	-	-	3,713	689	4,402
Operating expenses	1,698	-	-	-	1,014	2,712	305	3,017
Earnings before interest and tax (EBIT)	2,015	-	-	-	(1,014)	1,001	384	1,385
Interest expense	-	-	-	-	-	-	-	-
Operating profit before tax	2,015	-	-	-	(1,014)	1,001	384	1,385
Income tax expense	-	-	-	-	(400)	(400)	-	(400)
Operating profit (before non-operating items)	2,015	-	-	-	(614)	1,401	384	1,785
Non-operating items	1,243	-	-	-	(197)	1,046	1,068	2,174
Statutory net profit attributable to securityholders	3,258	-	-	-	(811)	2,447	1,452	3,899
Operating earnings used in calculating - operating EPS						1,401		
Weighted average number of securities - basic ('000)						218,373		
Operating profit per security (EPS) - cents						0.6		

Note 1: Segment reporting (continued)

Reconciliation of profit to operating profit for the half year is as follows:

	Operating profit 31 December 2020 \$'000	Operating profit 31 December 2019 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
Profit after tax attributable to stapled securityholders	1,769	2,447		
Profit for the year			810	3,899
Non-operating items				
Net loss/(gain) on fair value of financial assets	(7,178)	479	(9,492)	(4,065)
Net loss on disposal of financial assets	-	139	-	139
Net loss on fair value of investment properties	-	-	542	2,024
Security based payments expense	474	197	691	197
Share of equity accounted profits, net of distributions received	2,831	(2,947)	591	(1,707)
Foreign exchange losses	-	-	1,215	212
Transaction costs	552	399	2,792	399
Other items	126	10	78	10
Tax effect				
Tax effect of non-operating items	1,895	677	1,895	677
Operating profit (before non-operating items)	471	1,401	(878)	1,785

360 Capital Group
Condensed notes to the interim financial report
For the half year ended 31 December 2020

Note 1: Segment reporting (continued)

	Real Assets \$'000	Private Equity \$'000	Public Equity \$'000	Credit \$'000	Corporate \$'000	Total core \$'000	Consolidation & eliminations \$'000	Total \$'000
As at 31 December 2020								
Assets								
Cash and cash equivalents	-	-	-	-	70,225	70,225	44,763	114,988
Loans receivable	-	-	-	-	-	-	2,409	2,409
Financial assets and equity accounted assets	74,193	46,763	-	3,744	-	124,700	15,268	139,968
Investment properties & property plant and equipment	-	-	-	-	50	50	50,103	50,153
Other assets	661	1	57	61	2,606	3,386	1,449	4,835
Goodwill & Intangibles	2,500	-	1,035	114	-	3,649	23,947	27,596
Total assets	77,354	46,764	1,092	3,919	72,881	202,010	137,939	339,949
Liabilities								
Borrowings	-	-	-	-	-	-	20,943	20,943
Other liabilities	406	112	325	215	4,271	5,329	6,373	11,702
Total liabilities	406	112	325	215	4,271	5,329	27,316	32,645
Net assets	76,948	46,652	767	3,704	68,610	196,681	110,623	307,304
Net assets used to calculate NAV per security						196,681		
Total issued securities - basic ('000)						218,373		
NAV per security basic - \$						0.90		

	Real Assets \$'000	Private Equity \$'000	Public Equity \$'000	Credit \$'000	Corporate \$'000	Total core \$'000	Consolidation & eliminations \$'000	Total \$'000
As at 30 June 2020								
Assets								
Cash and cash equivalents	-	-	-	-	83,194	83,194	66,327	149,521
Loans receivable	19,790	-	-	-	-	19,790	-	19,790
Financial assets and equity accounted assets	75,639	9,156	3,614	-	-	88,409	(33,757)	54,652
Investment properties	-	-	-	-	-	-	37,000	37,000
Other assets	2,028	-	90	61	1,469	3,648	(546)	3,102
Intangibles and deferred tax	2,500	-	1,123	-	-	3,623	535	4,158
Total assets	99,957	9,156	4,827	61	84,663	198,664	69,559	268,223
Liabilities								
Other liabilities	170	-	5	17	3,192	3,384	1,519	4,903
Total liabilities	170	-	5	17	3,192	3,384	1,519	4,903
Net assets	99,787	9,156	4,822	44	81,471	195,280	68,040	263,320
Net assets used to calculate NAV per security						195,280		
Total issued securities - basic ('000)						218,373		
NAV per security basic - \$						0.89		

Note 2: Distributions and dividends

The Company did not declare any dividends during the half year or up to the date of this report (December 2019: Nil). Distributions declared by 360 Capital Investment Trust directly to Securityholders during the half year were as follows:

	31 December 2020 \$'000	31 December 2019 \$'000
1.0 cents per unit paid on 24 October 2019	-	2,309
1.0 cents per unit paid on 23 January 2020	-	2,309
1.0 cents per unit paid on 27 October 2020	2,295	-
1.0 cents per unit paid on 27 January 2021	2,295	-
	4,590	4,618

Note 3: Income tax expense

The Group calculates income tax expense using the tax rate applicable to the expected total annual earnings. The major components of income tax expense during the half year are:

	31 December 2020 \$'000	31 December 2019 \$'000
Profit before tax attributable to stapled securityholders	3,016	4,176
Income tax expense at the corporate rate of 26% (Dec 2019: 27.5%)	784	1,148
<u>Increase/(decrease) in income tax expense due to:</u>		
Trust income exempt from income tax	(189)	(994)
Transaction costs adjustment	54	2
Accounting profit on sale of shares	(54)	-
Fair value of financial asset	-	21
Equity accounted investment profits	379	(711)
Employee Security Plan interest income taxable	58	69
Security based payments expense non-tax deductible	123	54
Intangible assets	55	-
Other tax adjustments	24	688
Income tax expense	1,234	277
Impact for change in tax rate	12	-
Tax attributable to non-controlling interests	(361)	-
Income tax expense recognised in the statement of profit or loss	885	277

Note 4: Financial assets at fair value through the profit or loss

	31 December	30 June
	2020	2020
	\$'000	\$'000
Current		
Units in registered scheme	1,418	-
Shares in listed company	-	1,611
Total current	1,418	1,611
Non-current		
Shares in unlisted companies	39,392	19,316
Shares in listed companies	31,492	-
Total non-current	70,884	19,316
Total	72,302	20,927

Movements in the carrying value during the period are as follows:

	31 December	30 June
	2020	2020
	\$'000	\$'000
Balance at 1 July	20,927	2,183
Financial assets acquired - listed	24,250	-
Financial assets acquired - other	30,187	26,642
Financial assets disposed - unlisted	-	(8,399)
Financial assets disposed - listed	(1,611)	-
Fair value adjustment of financial assets	9,622	5,040
Loss on disposal of financial assets	-	(139)
Convertible note funded	-	10,726
Convertible note redeemed	-	(16,189)
Derecognition on consolidation (refer to Note 10)	(9,846)	-
Other movements	(1,227)	1,063
Closing balance	72,302	20,927

Note 5: Investments accounted for using the equity method

	31 December 2020 %	30 June 2020 %	31 December 2020 \$'000	30 June 2020 \$'000
Joint ventures				
AMF Finance Pty Limited	50.0	50.0	147	181
TGP TOT JV Pty Limited	50.0	50.0	625	961
360 Capital Digital Management Pty Ltd	50.0	50.0	798	78
Digital Software Solutions Pty Ltd	45.0	50.0	1,009	1,008
Gateway Network Connections LLC	51.0	-	26,228	-
Etix Everywhere Nantes 2 S.A.S	50.0	-	2,018	-
Etix Everywhere Nord S.A.S	50.0	-	1,130	-
BelgiumDC SA	50.0	-	2,400	-
Etix Everywhere Compunet Inversiones S.A.S	50.0	-	1,767	-
Etix Compunet S.A.S	50.0	-	-	-
Co-investment interest				
360 Capital REIT	20.0	20.0	31,544	31,497
			67,666	33,725

Joint ventures

The Group holds a 50% stake in AMF Finance Pty Limited (AMF). AMF provides alternative lending and structured financing solutions to Australian real estate investors and developers and receives all establishment fees on development transactions written by 360 Capital Group entities, including TOT. The Group, together with 360 Capital REIT (ASX:TOT), has contracted to sell AMF to Velocity Property Group (ASX: VP7)(Velocity) for the equivalent of \$3.0 million in scrip, subject to a recapitalisation.

TGP TOT JV Pty Limited is a joint venture between the Group and TOT. TGP TOT JV Pty Ltd holds a 19.99% stake in Velocity which is an ASX listed boutique property development company that develops multi-unit apartment and mixed commercial developments in Queensland. On 17 February 2021, Velocity unitholders approved all resolutions to effect the 360 Capital proposal to restructure Velocity into a real estate debt business focused on investing, broking and managing real estate debt investments in Australia and New Zealand (subject to completing a recapitalisation).

The Group holds a 50% stake in Digital Software Solutions Pty Limited, a fintech company providing an online real estate loan origination platform, as well as a 50% stake in investment manager 360 Capital Digital Management Pty Limited.

The Group holds a 51% joint venture stake in Gateway Network Connections LLC (GNC), through its 66% controlling stake in Asia Connectivity Elements, Inc (ACE). GNC owns and operates a data centre in Guam.

The Group holds 50% joint venture stakes in various entities through the acquisition of the Etix Everywhere business owning and operating edge data centres in France, Belgium and Colombia.

Co-investment interest

The Group holds a 20.2% interest in the 360 Capital REIT (ASX:TOT).

Note 5: Investments accounted for using the equity method (continued)

Reconciliation of movements in equity accounted investments for the half year are as follows:

	31 December	30 June
	2020	2020
	\$'000	\$'000
Opening Balance - 1 July	33,726	21,964
Acquisitions of JV interests	34,797	11,917
Equity accounted profit for the year	1,254	2,485
Distributions	(834)	(2,641)
Foreign currency translation	(1,276)	-
Total	67,666	33,725

Note 6: Intangible assets

	31 December	30 June
	2020	2020
	\$'000	\$'000
Non-current		
Indefinite life management rights	2,613	2,500
Software	763	320
Customer contracts	6,299	-
Goodwill	18,009	1,123
Impairment provision	(88)	-
Closing balance	27,596	3,943

Movements in intangible assets for the half year are as follows:

	31 December	30 June
	2020	2020
	\$'000	\$'000
Non-current		
Opening balance at 1 July	3,943	-
Acquisition of management rights	113	2,500
Goodwill recognised	17,516	1,123
Software acquisition	443	320
Customer contracts acquisition	6,535	-
Exchange differences on translation of foreign exchange	(866)	-
Provision for impairment	(88)	-
Closing balance	27,596	3,943

As at 31 December 2020, the Group holds intangible assets related to the acquisition of the Etix Everywhere business in December 2020, refer to Note 10 for further detail.

During the half year, the Group paid a net consideration of \$0.2 million to acquire management rights associated with 360 Capital Enhanced Income Fund (ASX:TCF) (formerly Australian Enhanced Income Fund) via a special payment to existing unitholders in the fund. The Group became the new responsible entity of TCF following the unitholder vote on 9 September 2020.

Note 7: Property, plant and equipment

	31 December 2020 \$'000	30 June 2020 \$'000
Non-current		
Construction in progress	9,261	601
Buildings	2,252	-
Equipment	1,640	54
Closing balance	13,153	655

As at 31 December 2020, the Group holds property, plant and equipment related to the acquisition of the Etix Everywhere business in December 2020. Construction in progress is related to FibreconX Pty Limited.

Movements in the carrying value during the half year are as follows:

	31 December 2020 \$'000	30 June 2020 \$'000
Opening net book amount at 1 July	655	40
Additions	57	35
Depreciation charge	(18)	(21)
Construction in progress	8,660	601
Acquired through business combination	3,942	-
Exchange differences on translation of foreign operation	(143)	-
Closing net book amount	13,153	655

Note 8: Equity

(a) Issued capital

	31 December 2020 000's	30 June 2020 000's
360 Capital Group Limited - Ordinary shares issued ¹	218,373	218,373
360 Capital Investment Trust - Ordinary units issued ¹	218,373	218,373
	\$'000	\$'000
360 Capital Group Limited - Ordinary shares issued	1,191	1,191
360 Capital Investment Trust - Ordinary units issued	194,872	194,877
Total issued capital	196,063	196,068

1. Excluding ESP securities on issue and EIS rights issued

Note 8: Equity (continued)

(b) Movements in issued capital

Movements in issued capital of the Group for the year were as follows:

	31 December 2020 000's	30 June 2020 000's
Opening balance at 1 July	218,373	218,373
Closing balance	218,373	218,373

Under Australian Accounting Standards securities issued under the 360 Capital Group Employee Security Plan (ESP) are required to be accounted for as options and are excluded from total issued capital, until such time as the relevant employee loans are fully repaid or the employee leaves the Group. Total ordinary securities issued as detailed above is reconciled to securities issued on the ASX as follows:

	31 December 2020 \$'000	30 June 2020 \$'000
Total ordinary securities disclosed 1 July	230,873	230,873
Issued capital – ESP securities cancelled	(1,350)	-
Total securities issued on the ASX	229,523	230,873

In September 2020, 1,350,000 ESP securities were bought back and cancelled at face value and the corresponding loans were repaid. The average price of the securities cancelled was \$1.01.

(c) Share Based Payment (SBP) Schemes

Reconciliation of Shares and Rights outstanding under SBP Schemes

Plan	Balance 1 July Securities	Issued	Vested	Forfeited/ Cancelled	Balance 31 Dec Securities
LTI - 23 December 2019	1,309,000	-	-	-	1,309,000
LTI - 21 October 2020	-	2,189,800	-	-	2,189,800
	1,309,000	2,189,800	-	-	3,498,800
ESP - 2 August 2017	12,500,000	-	-	(1,350,000)	11,150,000
	12,500,000	-	-	(1,350,000)	11,150,000
	13,809,000	2,189,800	-	(1,350,000)	14,648,800

On 2 August 2017 and 13 October 2017, a total of 12,500,000 stapled securities were granted to employees of the Stapled Group under the 360 Capital Group ESP. The issue price per security was \$0.98 which was equal to the volume weighted average price for the 10 days preceding the issue date. In September 2020, 1,350,000 ESP securities were cancelled, leaving 11,150,000 ESP securities outstanding at 31 December 2020. These ESP securities are not included in the calculation of the basic number of stapled securities on issue due to the non-recourse nature of the associated ESP loans.

The employees who participated in the ESP were also provided with a loan on the grant date of an amount equivalent to the face value of the securities. Interest on the loan is equal to any distributions or dividends paid on the securities over the 3 year period, and should performance hurdles not be met, or participants elect not to repay the loan, then the Board, at its discretion, will either sell or cancel the securities. The security based payments reserve captures all transactions relating to the securities under the plan.

Note 8: Equity (continued)

Securities under the ESP were due to vest on 1 August 2020. Given the security price volatility triggered by the COVID-19 pandemic, together with ongoing market and economic uncertainty, the Board has decided to extend the vesting period by up to 12 months to 1 August 2021, subject to certain conditions and any securityholder approval where required. A holding lock remains on vested securities until such time as the associated loan is repaid.

On 21 October 2020, a total of 1,589,300 and 600,500 performance rights were granted under the Group's Long Term Incentive (LTI) offer (2020 LTI rights) to KMPs and staff respectively pursuant to the terms of the 360 Capital EIP, exercisable from on or around 31 August 2023 (vesting date) subject to vesting conditions. The fair value of each performance right was \$0.37 at the issue date. Upon vesting and exercise in accordance with those plan terms, each performance right will vest and entitle the holder to one fully paid ordinary security (ASX: TGP).

Risk

This section of the notes discusses the Funds' exposure to various risks and shows how these could affect the consolidated entity's financial position and performance.

Note 9: Other financial assets and liabilities

Fair values

The fair value of receivables, trade and other payables and distributions payable approximate their carrying amounts largely due to short-term maturities of these instruments.

Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows and based on the lowest level input that is significant to the fair value measurements as a whole:

Level 1 – Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities

Level 2 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable)

Level 3 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable)

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period

At balance date, the Group held the following classes of financial instruments measured at fair value:

	Total	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000
As at 31 December 2020:				
Financial assets				
Financial assets at fair value through profit or loss	72,302	31,492	-	40,810
As at 30 June 2020:				
Financial assets				
Financial assets at fair value through profit or loss	20,928	1,612	-	19,316

During the period there were no transfers between Level 1 and Level 2 fair value measurements, and no other transfers into or out of Level 3 fair value measurements. Fair value hierarchy levels are reviewed on an annual basis unless there is a significant change in circumstances indicating that the classification may have changed.

Valuation techniques

Financial assets at fair value through profit or loss

For fair value profit or loss financial assets, the Group invests in listed and unlisted investments. The value of the investments in the listed market is stated at unit price as quoted on the ASX at each statement of financial position date. As such, listed investments are categorised as Level 1 instruments. Unlisted investments are not traded in an active market and are categorised as Level 3 instruments. NTA of the underlying investments is used as a basis for valuation however may be amended as deemed appropriate (e.g. when the NTA of the underlying investment is negative).

The NTA of investments is driven by underlying investment properties which are carried at fair value based on valuations using the capitalisation rate, markets sale comparison and discounted cash flow approaches. The significant Level 3 inputs in relation to the underlying property valuations of the investments include capitalisation rates and discount rates. The Group uses its judgment to select a variety of methods and makes assumptions that are mainly based on market conditions existing at each statement of financial position date.

Note 9: Other financial assets and liabilities (continued)

Investment properties

For the Perth, Western Australia data centre investment property, at reporting date the impact of COVID-19 has been considered. The situation current is considered more stable than it was at 30 June 2020, however should further outbreaks arise this may create additional valuation uncertainty. This means that the property value may change significantly and unexpectedly over a relatively short period of time. This uncertainty affects our ability to reliably determine the key judgements and assumptions used in the property valuations. It should be noted that the tenant continues to pay current with no disruption due to COVID-19.

Fund Structure

This section of the notes provides information which will help users understand how the fund structure affects the financial position and performance of the consolidated entity.

Note 10: Business combinations and asset acquisitions

During the period, the following business combinations and asset acquisitions occurred:

a) Etix Everywhere

Etix Everywhere specialises in the construction and operation of edge data centres through wholly owned assets and joint ventures located in France, Belgium and Colombia.

The acquisition was implemented through a share purchase agreement under which the Global Data Centre Operations Fund (GDCOF) (and therefore the Global Data Centre Group (GDC Group), formerly 360 Capital Digital Infrastructure Fund) acquired shares of relevant target entities. The acquisition reached completion on 11 December 2020.

Due to the timing of completion to the reporting period date, the fair value of assets and liabilities recognised on acquisition have been provisionally determined.

Details of the purchase consideration to acquire Etix Everywhere on 11 December 2020 are as follows:

	\$'000
Cash	38,245
Total purchase consideration	38,245

The provisional assessment of fair value of assets and liabilities recognised as a result of the acquisition are as follows:

	\$'000
Assets	
Cash and cash equivalents	2,556
Receivables	2,360
Property, plant and equipment	3,942
Investments equity accounted	7,589
Loan receivable	2,486
Intangible assets	6,535
Deferred tax assets	411
Liabilities	
Trade and other payables	(2,119)
Provisions	(30)
Deferred tax liabilities	(1,931)
Borrowings	(1,073)
Net identifiable assets acquired	20,726
Plus: Goodwill	17,519
Total purchase consideration	38,245

The fair value of receivables and other current assets approximates the collectible amount. Investments in joint ventures and property, plant and equipment have been adjusted to their fair value at the date of acquisition, net of deferred tax.

Note 10: Business combinations and asset acquisitions (continued)

Revenue and profit contribution

Nil

Contingent consideration

There is no contingent consideration as part of this transaction.

Purchase consideration – cash outflow on acquisition

	\$'000
Cash consideration paid	(38,245)
Cash and cash equivalents acquired	2,556
Outflow of cash to acquire subsidiary	(35,689)
Less: Business combination transaction costs expensed through profit or loss	(734)
Total cash outflow on acquisition of controlled entity	(36,423)

Acquisition related costs

Acquisition related costs of \$0.7 million incurred have been expensed in the consolidated statement of profit or loss and, to the extent settled, have been included as part of net cash flows from investing activities in the consolidated statement of cash flows. Transaction costs include tax, financial, legal and other advisory fees.

The potential impact of COVID-19 has been considered when forming a view on the purchase price agreed to acquire the ETIX Everywhere business. The effects of the pandemic continue to unfold, and the ultimate impact globally are still unknown. In the event there is a longer than expected impact from the COVID-19 pandemic, this could have unforeseen impacts on the operations of ETIX Everywhere and to the investment in ETIX Everywhere in future reporting periods.

b) Asia Connectivity Elements

Asia Connectivity Elements, Inc (ACE) is a holding company which has a 51% joint venture interest in Gateway Network Connections LLC (GNC) the owner and operator of a data centre in Guam.

The acquisition was implemented through several share purchase agreements under which the GDCOF (and therefore GDC Group) acquired shares of ACE. The acquisition reached completion on 4 December 2020, the fair value of assets and liabilities recognised on acquisition have been provisionally determined.

Details of the purchase consideration to acquire the controlling interests in ACE are as follows:

	\$'000
Cash	8,516
Total purchase consideration	8,516

The fair value of assets and liabilities recognised as a result of the acquisition are as follows:

	\$'000
Assets	
Cash and cash equivalents	970
Joint venture interest	26,150
Net identifiable assets acquired	27,120
Less: External non-controlling interest	(9,219)
Less: Existing interest held by the Group (at fair value)	(9,846)
Plus: Fair value adjustment on consolidation	461
Total purchase consideration	8,516

Note 10: Business combinations and asset acquisitions (continued)

As the asset concentration test in AASB 3 has been met, the GDC Group and GDCOF have elected not to apply business combination accounting and instead treat the acquisition of ACE as an asset acquisition. The fair value of assets and liabilities recognised on acquisition have been provisionally determined.

The potential impact of COVID-19 has been considered when forming a view on the purchase price agreed to acquire the additional shares in ACE in December 2020. The effects of the pandemic continue to unfold, and the ultimate impact globally are still unknown. In the event there is a longer than expected impact from the COVID-19 pandemic, this could have unforeseen impacts to the operations of GNC and ultimately the investment in ACE in future reporting periods.

c) 360 Capital Enhanced Income Fund (ASX:TCF)

On 15 July 2020 the Group acquired an 18.2% stake in 360 Capital Enhanced Income Fund (ASX: TCF), formerly known as Australian Enhanced Income Fund (ASX: AYF), for \$3.3 million. Further acquisitions were made in the following month taking the Trust's holding to 19.9% on 13 August 2020. Total consideration paid was \$3.6 million.

On 9 September 2020, unitholders passed a resolution to change the responsible entity of TCF to 360 Capital FM Limited from Elstree Investment Management Limited and change the name of the fund to 360 Capital Enhanced Income Fund. The fund processed unit redemptions on this date to other unitholders upon request, concentrating the Group's ownership proportion to 37.7%. As a result of these two factors, the Group is deemed to have control over TCF from 9 September 2020.

TCF completed a capital raise on 17 December 2020 and issued 2,042,663 units for \$12.1 million, diluting the Group's holding down to 18.5%. As a result of this dilution, the Group is deemed to no longer control TCF from this date, and a disposal of the subsidiary is deemed to have occurred at this date.

Accordingly, the results of TCF have been consolidated into the results of the Group from 9 September 2020 to 17 December 2020.

A consolidation and deconsolidation gain or loss was recognised respectively on the dates on which the Group began and ceased having control of TCF.

The details of the consolidation are as follows:

	\$'000
Assets	
Cash and cash equivalents	9,603
Receivables and other current assets	7,242
Financial assets at fair value through profit or loss	2,120
Liabilities	
Trade and other payables	(38)
Carrying value of assets on acquisition	18,927
360 share of net assets at acquisition	3,766
Carrying value of TCF at 9 September 2020	3,539
Gain on consolidation	227

Note 10: Business combinations and asset acquisitions (continued)

The details of the deconsolidation are as follows:

	\$'000
Assets	
Cash and cash equivalents	8,457
Financial assets at fair value through profit or loss	15
Liabilities	
Trade and other payables	(90)
Carrying value of assets divested	8,382
Less: Non-controlling interests	(4,584)
Carrying value of assets divested excluding non-controlling interest	3,798
Carrying value per accounts	3,737
Net loss on disposal	(61)

In the prior period, the following business combinations occurred:

Global Data Centre Group (ASX:GDC) (formerly 360 Capital Digital Infrastructure Fund (ASX: TDI))

On 2 July 2019 the Group subscribed for 12,875,001 units for \$25,000,002 representing 100% ownership of GDC. 360 Capital FM Limited (an entity owned by the Group) was appointed as responsible entity of GDC. On 17 September 2019, GDC issued 12,874,999 additional units for \$24,999,998. The Group subscribed for 7,321,239 of these units for \$14,215,998, resulted to an overall dilution in the Group's continued ownership of GDC to 78.4%. The Group was deemed under AASB10 Consolidated Financial Statements to continue to control GDC as it held a 78.4% interest in GDC and was the responsible entity of the fund. At the date of dilution, the fair value of assets and liabilities was \$25.0 million resulting to a small gain on dilution.

On 31 October 2019, GDC became listed on the ASX and as part of the IPO issued 32,500,000 additional units for \$65,000,000. The Group subscribed for 1,565,571 of these units for \$3,131,142, resulting in an overall dilution in the Group's ownership of GDC to 37.4%. The Group was deemed under AASB10 Consolidated Financial Statements to control GDC as it continued to hold a 37.4% interest in GDC and is the responsible entity of the fund. At the date of dilution, the fair value of assets and liabilities was \$49.6 million, resulting to a net gain on dilution of \$0.9 million.

From 2 July 2019 to 31 December 2019, GDC contributed \$2.5 million of revenue and \$1.2 million to profit before tax from continuing operations and other income of the Group. These amounts were calculated using the Group's accounting policies.

Note 11: Business divestment

Business divestment transactions during the half year ended 31 December 2020 are detailed below. There were no divestment transactions in the prior period.

360 Capital Active Value Equity Fund (CAVEF)

During the half year, CAVEF liquidated a significant portion of its investments. Cash from the sale of investments was used to fund the redemption of all units held by the Group.

Redemptions occurred over two transactions as set out below, over which all of the Group's units in CAVEF were redeemed and subsequently cancelled.

Note 11: Business divestment (continued)	31 December 2020
	\$
Consideration received on redemption of CAVEF units	
Cash receipt – redemption on 31 July 2020	1,626
Cash receipt – redemption on 24 September 2020	1,982
Total consideration received	3,608

Up until the final redemption on 24 September 2020, the Group consolidated CAVEF into the financial statements of the Group. The details of the deconsolidation upon the final redemption are as follows:

	\$'000
Assets	
Cash and cash equivalents	40
Financial assets at fair value through profit or loss	2,226
Liabilities	
Trade and other payables	(16)
Carrying value of assets divested	2,250
Less: Non-controlling interests	(206)
Carrying value of assets divested excluding non-controlling interest	2,044
Consideration received	1,982
Net loss on disposal	(62)
Net gain on disposal recognised on 31 July 2020	2
Net loss on disposal recognised during the half year	(60)

Unrecognised Items

This section of the notes provides information about items that are not recognised in the financial statements as they do not yet satisfy the recognition criteria.

Note 12: Events subsequent to balance date

On 5 January 2021, the Group released a Bidders Statement for an off-market takeover bid for EP1 for all the shares it does not own, and a supplementary Bidders Statement on 18 January 2021. Consideration under the offer being 0.40 TGP securities and cash of \$0.30 per E&P share. On 24 February 2021 the Group extended the Offer to 31 March 2021 (unless extended further) and declared the Offer unconditional. For further information refer to the supplementary Bidders Statement dated 18 January 2021 and announcements about the Offer.

On 17 February 2021, Velocity unitholders approved all resolutions to effect the 360 Capital Proposal to restructure Velocity into a real estate debt business focused on investing, broking and managing real estate debt investments in Australia and New Zealand (subject to completing a recapitalisation).

No other circumstances have arisen since the end of the half year which have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Other Information

This section of the notes includes information that must be disclosed to comply with prescribed accounting standards and other pronouncements, but that are not immediately related to individual line items in the financial statements.

Note 13: Earnings per stapled security

	31 December 2020	31 December 2019
	¢	¢
Basic earnings per stapled security	0.8	1.2
Diluted earnings per stapled security	0.8	1.1
	\$'000	\$'000
Basic and diluted earnings		
Profit attributable to stapled securityholders of 360 Capital Group used in calculating earnings per stapled security	1,769	2,447
	000's	000's
Weighted average number of stapled securities used as a denominator		
Weighted average number of stapled securities - basic	218,373	218,373
Weighted average number of stapled securities - diluted	230,176	230,873

Dilution

As at 31 December 2020 there is a total of 11,150,000 stapled securities (December 2019: 12,500,000 stapled securities) outstanding that have been granted to employees of the Stapled Group under the 360 Capital Group Employee Security Plan (ESP). These ESP securities have an associated loan to the employees and are therefore excluded from the calculation of basic securities on issue due to the non-recourse nature of the associated ESP loans.

Further information on the ESP is provided in Note 8.

Note 14: Related party transactions

The following significant transactions occurred with related parties during the half year:

360 Capital FibreconX Trust

On 28 August 2020, 360 Capital Property Limited, a wholly owned subsidiary of the Group, acquired 100% of 360 Capital FibreconX Trust (FibreconX Trust) for consideration of \$5.0 million. On this date, FibreconX Trust acquired 94.2% of FibreconX Pty Limited through purchase of GDC's holding at market value for \$2.0 million plus the issue of \$3.0 million additional shares in FibreconX Pty Limited, for total purchase consideration of \$5.0 million.

During the period to 31 December 2020, FibreconX Trust completed two rounds of capital raising totalling \$31.3 million. The Group participated in the first raise and invested an additional \$5.0 million, after which its holding was diluted to 63.9%. After the second raise the Group's holding was further diluted to 45.8% at 31 December 2020. The results of FibreconX Trust and FibreconX Pty Limited are consolidated into the results of the Group from 28 August 2020, including amounts attributable to non-controlling interests.

Note 14: Related party transactions (continued)

Investment in 360 Capital Enhanced Income Fund (ASX: TCF)

In July and August 2020, 360 Capital Diversified Property Fund, a subsidiary of the Trust, acquired 639,958 securities in 360 Capital Enhanced Income Fund (ASX:TCF) (formerly known as Australian Enhanced Income Fund (ASX:AYF)) on market, representing a 19.9% holding on 13 August 2020. Total consideration paid was \$3.6 million.

On 9 September 2020, unitholders of AYF passed a resolution to change the Responsible Entity from Elstree Investment Management Limited (EIML) to 360 Capital FM Limited (CFML). The fund processed redemptions on this date which increased the Group's holding to 37.7%. TCF processed additional redemptions throughout October and November and subsequently completed a \$12.1 million capital raise on 17 December 2020, issuing 2,042,663 units to other unitholders. As a result, the Trust's ownership percentage of TCF fluctuated throughout the half year to 37.1% following the redemptions on 9 September 2020 and up to 45.3% prior to the capital raise in December, before being diluted down to 18.5% as a result of the capital raise. Accordingly, TCF is consolidated into the results of the Group for the period from 9 September 2020 to 17 December 2020.

Redemption from 360 Capital Active Value Equity Trust (CAVEF)

During the half year, 360 Capital Active Value Equity Fund (CAVEF) redeemed all of the units held by the Trust for consideration totalling \$3.6 million. CAVEF is consolidated into the financial statements as a subsidiary from 1 July 2020 up until the final redemption of units on the 24 September. The details of the deconsolidation can be found in Note 11.

360 Capital Cardioscan Trust

During the period, 360 Capital Cardioscan Trust acquired 8,495,063 shares in CardioScan Pty Limited from the Group for consideration of \$2.2 million representing market value.

At 30 June 2020, the Group held 100% of units in 360 Capital Cardioscan Trust (Cardioscan Trust). During the half year, the Group redeemed 5.5 million units held in Cardioscan Trust which were re-issued to new investors. At 31 December, the Group's holding was 53.6% and as a result the results of Cardioscan Trust continue to be consolidated into the results of the Group.

AMF Finance & Digital Software Solutions

In December 2020, contracts were executed for the sale of AMF Finance Pty Limited, a joint venture vehicle owned by TGP and TOT for the equivalent of \$3.0 million to Velocity Property Group (paid in scrip). A contract was also executed for the sale of Digital Software Solutions Pty Limited by 360 Capital Property Limited and other shareholders for the equivalent of \$4.0 million to Velocity Property Group. The completion of both contracts is subject to various conditions.

360 Capital Property Limited, Director Tony Pitt and KMP's James Storey and Glenn Butterworth were founding shareholders of Dealt and so will receive scrip consideration for the sale.

Other than noted above, there have been no significant changes to the type or nature of related party transactions compared to those disclosed in the last Annual report at 30 June 2020.

Note 15: Basis of preparation

a) Reporting entity

The interim financial report is a general- purpose financial report which has been prepared in accordance with AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*. The interim financial report of 360 Capital Group comprises the consolidated financial statements of 360 Capital Group Limited and its controlled entities and 360 Capital Investment Trust (ARSN 104 552 598) and its controlled entities. A 360 Capital Group stapled security comprises one 360 Capital Group Limited share stapled to one 360 Capital Investment Trust unit to create a single listed entity traded on the Australian Stock Exchange (ASX). The stapled security cannot be traded or dealt with separately.

The interim financial report does not include all of the notes and information required for a full annual financial report and should be read in conjunction with the annual financial report for the year ended 30 June 2020 and any public announcements made by 360 Capital Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The annual financial report of the 360 Capital Group for the year ended 30 June 2020 is available upon request from the registered office at Level 8, 56 Pitt Street, Sydney NSW 2000 Australia or at www.360capital.com.au.

Note 15: Basis of preparation (continued)

Where accounting policies have changed, comparative financial information of the Group has been revised. The accounting policies adopted in this interim financial report are consistent with those of the previous financial year and corresponding interim reporting period, except for those disclosed in Note 16.

b) Basis of preparation

Basis of preparation

360 Capital Group Limited and its subsidiaries are for-profit entities for the purpose of preparing the interim financial report.

The interim financial report has been prepared on an accruals basis and on the historical cost basis except for investment properties, financial assets and financial liabilities, which are stated at their fair value or amortised cost.

The interim financial report is presented in Australian dollars.

360 Capital Group is an entity of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC). In accordance with that Instrument, amounts in the annual financial report and Directors' report have been rounded to the nearest thousand dollars, unless otherwise stated.

Note 16: Significant accounting policies

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim report period with the following additional accounting policies now relevant for the period:

a) Foreign currency

The Group's consolidated financial statements are presented in Australian Dollars, which is also the parent company's functional currency.

Group Companies

On consolidation, the assets and liabilities of foreign operations are translated into Australian Dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is reclassified to profit or loss.

Accounting standards issued but not yet effective

The Group has adopted all Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period. The amendments adopted by the Group for the period commencing 1 July 2020 are detailed below:

- AASB 2018-6 *Amendments to AASs - Definition of a Business*
- AASB 2018-7 *Amendments to AASs - Definition of Material*
- AASB 2019-3 *Amendments to AASs - Interest Rate Benchmark Reform*

These amendments had no impact on the consolidated financial statements of the Group.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

In the opinion of the Directors of 360 Capital Group Limited:

- 1) The consolidated financial statements and notes that are set out on pages 11 to 41 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- 2) There are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



David van Aanholt
Chairman



Tony Robert Pitt
Managing Director

Sydney
26 February 2021



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Independent Auditor's Review Report to the Members of 360 Capital Group Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of 360 Capital Group Limited (the "Company") and its subsidiaries (collectively the "Group"), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter: Investment Property Fair Value

We draw attention to Note 9 of the financial report which describes the impact of the COVID-19 pandemic on the determination of fair value of the investment property and how this has been considered by the directors in the preparation of the financial report. Due to the heightened degree of valuation uncertainty, the property value may change significantly and unexpectedly over a relatively short period of time. Our opinion is not modified in respect of this matter.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2020 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.



A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Douglas Bain'.

Douglas Bain
Partner
Sydney
26 February 2021

360 Capital



Identifying
strategic investment
opportunities.

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