



360 CAPITAL INVESTMENT TRUST

Interim Financial Report For the half year ended 31 December 2022

Comprising 360 Capital Investment Trust ARSN 104 552 598 and its controlled entities.

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of 360 Capital Investment Trust for the year ended 30 June 2022 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*.

360 Capital Investment Trust
Directors' report
For the half year ended 31 December 2022

The Directors of 360 Capital FM Limited (CFML) (ABN 15 090 664 396) (AFSL No 221474), the Responsible Entity of 360 Capital Investment Trust (ARSN 104 552 598) (Trust) present their report, together with the financial report of 360 Capital Investment Trust and its controlled entities (consolidated entity) for the half year ended 31 December 2022.

The consolidated entity forms part of the stapled entity, 360 Capital Group (Stapled Group or Group) (ASX: TGP) comprising 360 Capital Group Limited (Company) and its controlled entities and 360 Capital Investment Trust and its controlled entities.

Directors

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

Tony Robert Pitt (Executive Chairman)
David van Aanholt (Deputy Chairman)
William John Ballhausen
Andrew Graeme Moffat
Anthony Gregory McGrath

Principal activities

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.

Operating and financial review

The key financial highlights for the half year ended 31 December 2022 include:

- Statutory net loss attributable to unitholders of \$0.4 million (December 2021 net loss: \$1.0 million)
- Operating profit¹ of \$3.8 million (December 2021 loss: \$0.3 million)
- Statutory earnings per unit of -0.2 cpu (December 2021: -0.5 cpu)
- Operating earnings per unit of 1.7 cpu (December 2021: -0.1 cpu)
- Distributions per unit of 2.25 cpu (December 2021: nil cpu)

The key operating achievements for the half year ended 31 December 2022 include:

- Established the 360 Capital Strategic Real Estate Partners and invested a total of \$100.5 million in Hotel Property Investments (ASX:HPI) becoming the largest investor in HPI with a 14.5% holding.
- The consolidated entity completed an investment of \$10.6 million in a junior loan facility attracting an interest rate of 15% per annum, paid monthly in advance.

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 Trust and it is used as a guide to assess the Trust's ability to pay distributions to unitholders. The operating profit has not been subject to any specific audit procedures by the Trust's auditor but has been extracted from Note 1: Segment reporting.

360 Capital Investment Trust
Directors' report
For the half year ended 31 December 2022

Summary and Outlook

360 Capital Group is an investment and funds management group, focused on strategic and active investment management of real estate assets. The Group intends to continue to execute on its simplified strategy of real estate equity and credit investment and funds management.

Distributions

Distributions declared by the Trust to unitholders during the half year were as follows:

			31 December	31 December
			2022	2021
	Date of payment	Cents per unit	\$'000	\$'000
December 2022 half year distribution	25 January 2023	2.25	5,461	-
Total distributions		2.25	5,461	-

Significant changes in state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the consolidated entity 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 its simplified strategy focused on managing and investing in real estate assets. The Group will look for opportunities to capitalise on market volatility and dislocation using the Group's track record across real estate investing.

Events subsequent to balance date

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

360 Capital Investment Trust
Directors' report
For the half year ended 31 December 2022

Buy back arrangement

The Group is not under any obligation to buy back, purchase or redeem units from unitholders. During the half year, the Group bought on market 6,000,000 securities related to the Group's 2022 Executive Incentive Plan (EIP) at an average price of \$0.82 (December 2021: nil).

Distribution Reinvestment Plan

The Group has a Distribution Reinvestment Plan (DRP) which was active for the special dividend paid by the Company on 7 October 2022. The Group issued 11,721,500 stapled securities at a price of \$0.78 per security in October 2022 representing \$0.66 per Trust unit and the Trust raised \$7.7 million relating to this special dividend. Securities were issued at a 1.5% discount to the Group's 10 day weighted average daily trading price as per the Group's DRP policy. Post the special dividend paid in October 2022, the DRP has been suspended until further notice.

Options

During the half year, 18,000,000 options were issued related to the Group's 2022 EIP, and 1,672,600 performance rights were cancelled relating to employees who had ceased employment with the Group (December 2021: 11,050,000 options were cancelled, and 1,243,600 performance rights were cancelled).

As at 31 December 2022, there were 18,000,000 options and 3,638,568 performance rights outstanding (June 2022: nil options and 5,311,168 performance rights).

Securities issued

During the half year, there were 11,721,500 securities issued under the DRP, 12,000,000 securities issued in relation to the Groups EIP and an additional 6,000,000 securities bought on market for the purpose of issuing under the Group's EIP.

As at 31 December 2022, the number of stapled securities on issue was 242,719,051 (June 2022: 218,997,551).

Auditor's independence declaration

The auditor's independence declaration required under Section 307C of the Corporations Act 2001 is set out on page 5 and forms part of the Directors' report for the half year ended 31 December 2022.

Rounding of amounts

The Trust 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 interim financial report and Directors' report have been rounded to the nearest thousand dollars, unless otherwise stated.

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



Tony Robert Pitt
Executive Chairman



David van Aanholt
Deputy Chairman

Sydney
23 February 2023



**Building a better
working world**

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Auditor's Independence Declaration to the Directors of 360 Capital FM Limited as Responsible Entity for 360 Capital Investment Trust

As lead auditor for the review of the half-year financial report of 360 Capital Investment Trust for the half-year ended 31 December 2022, 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;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Douglas Bain
Partner
23 February 2023

360 Capital Investment Trust
Consolidated interim statement of profit or loss and other comprehensive income
For the half year ended 31 December 2022

	Note	31 December 2022 \$'000	31 December 2021 \$'000
Revenue from continuing operations			
Distributions	3	2,765	121
Finance revenue		1,449	44
Total revenue from continuing operations		4,214	165
Other income			
Share of equity accounted profits		-	1,114
Net gain on fair value of financial assets	5	42	-
Total other income		42	1,114
Total revenue and other income from continuing operations		4,256	1,279
Administration expenses		453	453
Transaction costs		165	89
Net loss on disposal of financial assets	5	328	-
Share of equity accounted losses		3,738	-
Net loss on fair value of financial assets		-	26
Foreign exchange loss		-	798
Net loss on disposal of equity accounted investments		-	949
Loss for the half year		(428)	(1,036)
Loss attributable to:			
Loss attributable to unitholders		(428)	(1,036)
Loss for the half year		(428)	(1,036)

360 Capital Investment Trust
Consolidated interim statement of profit or loss and other comprehensive income
For the half year ended 31 December 2022

	31 December 2022 \$'000	31 December 2021 \$'000	
Loss for the half year	(428)	(1,036)	
<i>Other comprehensive income that may be reclassified to profit or loss</i>			
Other comprehensive income	-	558	
Net foreign currency gain transferred to the income statement on business divestment, net of tax	-	240	
		798	
Total comprehensive loss for the half year	(428)	(238)	
Total comprehensive income attributable to:			
Unitholders of 360 Capital Investment Trust	(428)	(238)	
Total comprehensive loss for the half year	(428)	(238)	
Earnings per unit for profit attributable to unitholders of the consolidated entity			
	Note	Cents	Cents
Basic earnings per unit	14	(0.2)	(0.5)
Diluted earnings per unit	14	(0.2)	(0.5)

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

360 Capital Investment Trust
Consolidated interim statement of financial position
As at 31 December 2022

		31 December	30 June
		2022	2022
	Note	\$'000	\$'000
Current assets			
Cash and cash equivalents		18,718	48,195
Receivables	4	2,674	39
Financial assets at fair value through profit or loss	5	100,489	532
Receivables from related entities	13	6,627	84,978
Total current assets		128,508	133,744
Non-current assets			
Financial assets at fair value through profit or loss	5	3,750	3,588
Loan receivable	6	10,600	-
Investments equity accounted	7	27,608	29,749
Total non-current assets		41,958	33,337
Total assets		170,466	167,081
Current liabilities			
Trade and other payables	8	329	70
Distribution payable	9	5,461	-
Total current liabilities		5,790	70
Total liabilities		5,790	70
Net assets		164,676	167,011
Equity			
Issued capital - trust units	10	198,949	195,395
Accumulated losses		(34,273)	(28,384)
Total equity attributable to unitholders		164,676	167,011
Total equity		164,676	167,011

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

360 Capital Investment Trust
Consolidated interim statement of changes in equity
For the half-year ended 31 December 2022

	Note	Issued capital \$'000	Other capital reserves \$'000	Accumulated losses \$'000	Total equity attributable to unitholders \$'000
Balance at 1 July 2022		195,395	-	(28,384)	167,011
Profit for the half year		-	-	(428)	(428)
Comprehensive income for the half year		-	-	-	-
Total comprehensive income for the half year		-	-	(428)	(428)
Transactions with Unitholders in their capacity as Unitholders					
Issued units - DRP		7,737	-	-	7,737
Securities bought on market to issue under EIP		(4,157)	-	-	(4,157)
Equity raising transaction costs		(26)	-	-	(26)
Distributions	2	-	-	(5,461)	(5,461)
		3,554	-	(5,461)	(1,907)
Balance at 31 December 2022		198,949	-	(34,273)	164,676

	Note	Issued capital \$'000	Other capital reserves \$'000	Accumulated losses \$'000	Total equity attributable to unitholders \$'000
Balance at 1 July 2021		195,395	(1,937)	(25,849)	167,609
Profit for the half year		-	-	(1,036)	(1,036)
Comprehensive income for the half year		-	798	-	798
Total comprehensive income for the half year		-	798	(1,036)	(238)
Reclassification between reserves on disposal of investments		-	1,139	(1,139)	-
Transactions with Unitholders in their capacity as Unitholders					
Issued units - ESP cancellation		-	-	(31)	(31)
Distributions	2	-	-	-	-
		-	-	(31)	(31)
Balance at 31 December 2021		195,395	-	(28,055)	167,340

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

360 Capital Investment Trust
Consolidated interim statement of cash flows
For the half-year ended 31 December 2022

	31 December 2022 \$'000	31 December 2021 \$'000
Note		
Cash flows from operating activities		
Cash payments to suppliers	(240)	(510)
Distributions received	175	798
Finance revenue	1,449	44
Net cash inflows from operating activities	1,384	332
Cash flows from investing activities		
Payments for financial assets	(104,086)	(3,285)
Payments for equity accounted investments	(1,597)	-
Proceeds from disposal of equity accounted investments	-	41,916
Proceeds from disposal of financial assets	3,516	-
Payments for loans receivable	(10,600)	-
Net cash (outflows)/inflows from investing activities	(112,767)	38,631
Cash flows from financing activities		
Loans from related parties	78,352	9,265
Proceeds from issue of capital	7,737	-
Payment of transaction costs to issue capital	(26)	-
Distributions paid to unitholders	-	(2,300)
Payment for securities bought on market to issue under EIP	(4,157)	-
Net cash inflows from financing activities	81,906	6,965
Net (decrease)/increase in cash and cash equivalents	(29,477)	45,928
Cash and cash equivalents at the beginning of the half year	48,195	2,968
Cash and cash equivalents at the end of the half year	18,718	48,896

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

360 Capital Investment Trust
Notes to the consolidated interim financial statements
For the half year ended 31 December 2022

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360 Capital Investment Trust
Notes to the consolidated interim financial statements
For the half year ended 31 December 2022

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 consolidated entity.

Note 1: Segment reporting

The Trust is a single segment for reporting within Australia.

The Chief Operating Decision Maker, being the Executive Chairman of the Responsible Entity, monitors the performance and results of the Trust at a total Trust level, as a result, the Trust has only one segment. Operating profit is a financial measure which is not prescribed by AAS and represents the profit under AAS adjusted for non-operating items which management consider reflect the core earnings of the Trust and is used as a guide to assess the Trust's ability to pay distributions to unitholders. Non-operating items include transaction costs, unrealised fair value adjustments of financial assets and other assets, unrealised foreign exchange gains and losses, impairment adjustments, share of equity accounted non-operating items.

The following table summarises key reconciling items between statutory profit attributable to the unitholders of the Trust and operating profit.

	31 December 2022 \$'000	31 December 2021 \$'000
Loss attributable to the unitholders of the Trust	(428)	(1,036)
Non-operating items		
Net (gain)/loss on fair value of financial assets	(42)	26
Net loss on disposal of financial assets	328	
Net loss on disposal of equity accounted investments	-	949
Share of equity accounted losses/(profits), non-operating items	3,738	(1,114)
Transaction costs	165	89
Foreign exchange loss	-	798
Operating profit/(loss) before non-operating items	3,761	(288)
Weighted average number of units ('000)	220,889	218,998
Operating profit/(loss) per unit before non-operating items) (EPU) - cents	1.7	(0.1)

360 Capital Investment Trust
Notes to the consolidated interim financial statements
For the half year ended 31 December 2022

Note 2: Distributions

Distributions declared by 360 Capital Investment Trust to unitholders during the half year were as follows:

	Date of payment	Cents per unit	31 December 2022 \$'000	31 December 2021 \$'000
December 2022 half year distribution	25 January 2023	2.25	5,461	-
Total distributions		2.25	5,461	-

Note 3: Revenue

Revenue includes:

	31 December 2022 \$'000	31 December 2021 \$'000
Distributions from property funds		
360 Capital Enhanced Income Fund (ASX:TCF)	122	121
Hotel Property Investments (ASX:HPI)	2,590	-
Other	53	-
	2,765	121

Note 4: Receivables

Receivables include:

	31 December 2022 \$'000	30 June 2022 \$'000
Current		
Trade receivables	51	19
Prepayment	13	-
Distribution receivable	2,610	20
	2,674	39

Note 5: Financial assets at fair value through profit or loss

	31 December 2022 \$'000	30 June 2022 \$'000
Current		
Listed securities	100,489	532
Total current	100,489	532
Non-current		
Listed securities	3,750	3,588
Total non-current	3,750	3,588
Total	104,239	4,120

360 Capital Investment Trust
Notes to the consolidated interim financial statements
For the half year ended 31 December 2022

Note 5: Financial assets at fair value through the profit or loss (continued)

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

	31 December	30 June
	2022	2022
	\$'000	\$'000
Balance at 1 July	4,120	3,964
Financial assets acquired	103,925	583
Financial assets disposed - listed	(3,520)	-
Realised loss on disposal of financial assets	(328)	-
Fair value adjustment of financial assets	42	(427)
Closing balance	104,239	4,120

During the half year, the consolidated entity acquired the securities of Hotel Property Investments (ASX:HPI) on market, as at 31 December 2022, it held 14.5% holding of HPI valued at \$100.5 million.

Note 6: Loan receivable

	31 December	30 June
	2022	2022
	\$'000	\$'000
<i>Non-current assets</i>		
Loan receivable	10,600	-
	10,600	-

Reconciliation

Movements in the carrying value during the half-year are set out below:

Opening balance	-	-
Loan provided	10,600	-
Closing balance	10,600	-

In December 2022, the consolidated entity entered into an 18-month loan facility of \$10.6 million with a property developer and builder based in Sydney's North Western suburbs to assist in funding the acquisition of a property and its related acquisition costs. The interest rate on the loan is 15.0% p.a. paid monthly in advance and the loan is secured by a registered second mortgage, second ranking general security deed, personal and corporate guarantee from the borrower.

An expected credit loss has not been recognised in relation to the loans given the loan collaterals of the underlying property and other assets over which the Group have a registered exclusive interest as a creditor exceed the outstanding loan balances. The Fund expects that it will be able to recover the full value of the loans in the event of default through liquidation of collateralised assets.

360 Capital Investment Trust
Notes to the consolidated interim financial statements
For the half year ended 31 December 2022

Note 7: Investments equity accounted

	31 December 2022 %	30 June 2022 %	31 December 2022 \$'000	30 June 2022 \$'000
Co-investment interest				
360 Capital Passive REIT	26.1	24.5	27,608	29,749
			27,608	29,749

360 Capital Passive REIT

The Trust holds a 26.1% (June 2022: 24.5%) interest in the stapled entity 360 Capital REIT (ASX:TOT), with the beneficial interest of 360 Capital Passive REIT units held by 360 Capital Diversified Property Fund and the beneficial interest of 360 Capital Active REIT units held by 360 Capital Property Limited.

Global Data Centre Group

In prior year, on 7 September 2021 the Trust disposed of its 33.2% holding in Global Data Centre Group (ASX:GDC) on-market for total net consideration of \$41.9 million, representing \$1.93 per security.

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

	31 December 2022 \$'000	30 June 2022 \$'000
360 Capital Passive REIT		
Opening Balance - 1 July	29,749	23,994
Acquisitions of interest	1,597	4,742
Equity accounted (loss)/profit for the period	(3,738)	1,013
Closing Balance	27,608	29,749
Global Data Centre Group		
Opening Balance - 1 July	-	42,562
Equity accounted profit for the period	-	387
Foreign currency translation reserve	-	558
Proceeds on disposal of interest	-	(41,916)
Loss on disposal (including foreign exchange loss)	-	(1,747)
Brokerage cost on sale	-	(84)
Recycling of foreign exchange translation reserve	-	240
Closing Balance	-	-
	27,608	29,749

Note 8: Trade and other payables

	31 December 2022 \$'000	30 June 2022 \$'000
Other payables	243	-
Accruals	86	70
	329	70

360 Capital Investment Trust
Notes to the consolidated interim financial statements
For the half year ended 31 December 2022

Note 9: Distribution payable

	31 December	30 June
	2022	2022
	\$'000	\$'000
Current		
Distribution payable to unitholders	5,461	-
	5,461	-

Note 10: Equity

(a) Issued capital

	31 December	30 June
	2022	2022
	000's	000's
360 Capital Investment Trust - Ordinary units issued ¹	224,719	218,998
<small>1. Excluding EIP securities on issue and EIP rights issued</small>		
	\$'000	\$'000
360 Capital Investment Trust - Ordinary units issued	198,949	195,395

(b) Movements in issued capital

	000's	000's
Issued capital – number of units		
Opening balance at 1 July	218,998	218,998
Securities bought on market for 13 September 2022 EIP	(6,000)	-
Security issued under DRP	11,721	-
Closing balance	224,719	218,998
	\$'000	\$'000
Opening balance at 1 July	195,395	195,395
Securities issued under DRP	7,737	-
Securities bought on market for 13 September 2022 EIP	(4,157)	-
Transaction costs incurred in issuing capital	(26)	-
Closing balance	198,949	195,395

Under Australian Accounting Standards securities issued under the 360 Capital Group Executive Invention Plans (EIP) 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	30 June
	2022	2022
	000's	000's
Issued capital – number of units		
Total ordinary units disclosed 1 July	218,998	218,998
Securities issued under DRP	11,721	-
Securities bought on market for 13 September 2022 EIP	(6,000)	-
Balance of securities for September 2022 EIP	18,000	-
Total units issued on the ASX	242,719	218,998

During the half year, the Group issued 12,000,000 units and bought on market 6,000,000 securities related to the Group's 2022 EIP issue at an average price of \$0.82 (December 2021: 11,050,000 units cancelled at an average price of \$0.77).

360 Capital Investment Trust
Notes to the consolidated interim financial statements
For the half year ended 31 December 2022

(c) Share Based Payment Schemes

Reconciliation of Shares and Rights outstanding under SBP Schemes

Plan	Balance 1 July 2022			Forfeited/ Cancelled	Balance 31 December
	Securities	Issued	Vested		2022 Securities
LTI - 23 December 2019	1,164,600	-	-	(1,164,600)	-
LTI - 21 October 2020	1,418,200	-	-	(245,100)	1,173,100
Retention – 4 November 2021	1,200,768	-	-	-	1,200,768
LTI – 4 November 2021	1,527,600	-	-	(262,900)	1,264,700
	5,311,168	-	-	(1,672,600)	3,638,568
EIP – 13 September 2022	-	18,000,000	-	-	18,000,000
	-	18,000,000	-	-	18,000,000
Total	5,311,168	18,000,000	-	(1,672,600)	21,638,568

Plan	Balance 1 July 2021			Forfeited/ Cancelled	Balance 30 June 2022
	Securities	Issued	Vested		Securities
LTI – 23 December 2019	1,636,600	-	-	(472,000)	1,164,600
LTI - 21 October 2020	2,189,800	-	-	(771,600)	1,418,200
Retention – 4 November 2021	-	1,200,768	-	-	1,200,768
LTI – 4 November 2021	-	1,527,600	-	-	1,527,600
	3,826,400	2,728,368	-	(1,243,600)	5,311,168
EIP - 2 August 2017	11,050,000	-	-	(11,050,000)	-
	11,050,000	-	-	(11,050,000)	-
Total	14,876,400	2,728,368	-	(12,293,600)	5,311,168

Executive Incentive Plan (EIP)

On 13 September 2022, a total of 18,000,000 stapled securities were granted to employees of the Group under the 360 Capital Group EIP. The issue price per security was \$0.82 which was equal to the volume weighted average daily price for the 10 days preceding the issue date. The 6,000,000 of the securities were bought on market and 12,000,000 of the securities were newly issued. The fair value of each performance right was \$0.165 at the issue date. Upon vesting and exercise in accordance with those plan terms, each option will vest.

The employees who participated in the EIP 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 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. These EIP 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 EIP loans. The EIP securities and associated loan are not recognised under AASB until they vest and the non-recourse loan is repaid.

360 Capital Investment Trust
Notes to the consolidated interim financial statements
For the half year ended 31 December 2022

Note 10: Equity (continued)

(c) Share Based Payment Schemes (continued)

Performance Rights

On 23 December 2019, a total of 1,364,200 and 391,400 performance rights were granted under an Long Term Incentive plan (LTI) offer (2019 LTI rights) to KMPs and staff respectively pursuant to the terms of the EIP, exercisable from on or around 31 August 2022 subject to vesting conditions. As at 31 August 2022 the minimum performance hurdle on the remaining 2019 LTI rights was not met, therefore they did not vest and all remaining 1,164,600 performance rights were cancelled during the half year ended 31 December 2022.

On 21 October 2020, a total of 1,589,300 and 600,500 performance rights were granted under the Group's LTI (LTI) offer (2020 LTI rights) to KMPs and staff respectively pursuant to the terms of the EIP, exercisable from on or around 31 August 2023 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 the Group. Since the issue of the performance rights a total of 1,788,300 rights have been cancelled including 245,100 rights during the period, and a balance of 1,173,100 rights remained as at 31 December 2022.

On 4 November 2021, a 1,200,768 retention offer was granted under an LTI offer (2021 LTI rights) to a KMP pursuant to the terms of the EIP, exercisable from on or around 4 November 2026 subject to vesting conditions. The fair value of each equity right was \$0.86 at the issue date. Upon vesting and exercise in accordance with those plan terms, each equity right will vest and entitle the holder to one fully paid ordinary security in the Group.

On 4 November 2021, a total of 1,289,700 and 237,900 performance rights were granted under an LTI offer (2021 LTI rights) to KMPs and staff respectively pursuant to the terms of the 360 Capital EIP, exercisable from on or around 31 August 2024 subject to vesting conditions. The fair value of each performance right was \$0.39 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 in the Group. During the half year 262,900 performance rights were cancelled, and a balance of 1,264,700 securities as at 31 December 2022.

The fair value of the issue of securities and rights under the EIP has been determined by an independent actuary using a Black-Scholes option pricing model.

360 Capital Investment Trust
Notes to the consolidated interim financial statements
For the half year ended 31 December 2022

Risk

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

Note 11: Fair value measurement

Fair values

The fair value of receivables and trade and other payables approximate their carrying amounts largely due to the 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 consolidated entity 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.

As at 31 December 2022, the consolidated entity 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 2022:				
<i>Financial assets</i>				
Loan receivable	10,600	-	-	10,600
Financial assets at fair value through profit or loss	104,239	104,239	-	-
Total assets	114,839	104,239	-	10,600
As at 30 June 2022:				
<i>Financial assets</i>				
Financial assets at fair value through profit or loss	4,120	4,120	-	-
Total assets	4,120	4,120	-	-

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.

360 Capital Investment Trust
Notes to the consolidated interim financial statements
For the half year ended 31 December 2022

Note 11: Fair value measurement (continued)

Valuation techniques

Financial assets at fair value through profit or loss

For fair value profit or loss financial assets, the consolidated entity 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 recognised as Level 1 instruments. Unlisted investments are not traded in an active market and are recognised as Level 3 instruments. Valuation methodologies including comparable market transactions, discounted cash flows and EBITDA multiples are used as a basis for valuation.

The significant Level 3 inputs in relation to the underlying valuations of the investments include cash flows, discount rates and EBITDA multiples. The consolidated entity 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.

360 Capital Investment Trust
Notes to the consolidated interim financial statements
For the half year ended 31 December 2022

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

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

360 Capital Investment Trust
Notes to the consolidated interim financial statements
For the half year ended 31 December 2022

Other Information

This section of the notes includes information that must be disclosed to comply with prescribed accounting standards and other pronouncements.

Note 13: Related party transactions

Responsible Entity

The Responsible Entity of the Trust is 360 Capital FM Limited. The immediate parent entity of the Responsible Entity is 360 Capital Property Limited (ABN 46 146 484 433), and its ultimate parent entity is 360 Capital Group Limited (ABN 18 113 569 136).

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

Due to/from related entities

The Trust has a loan to 360 Capital Group Limited, which is the stapled entity to the Trust. The loan relates to the investment operation of the Stapled Group and is unsecured, non-interest bearing, and payable on demand.

	31 December 2022	30 June 2022
	\$	\$
Due from 360 Capital Group Limited	6,626,459	84,978,569

Responsible Entity's fees

Under the terms of the Constitution, the Responsible Entity is entitled to receive fees in accordance with the product disclosure statement.

	31 December 2022	31 December 2021
	\$	\$
Management fees paid/payable by the Trust	334,200	339,600

The Group sub-underwrote the DRP of TOT's September 22 quarterly distribution on 27 October 2022, acquiring 1,802,438 units at a price of \$0.7731, for consideration of \$1,393,465.

On 19 December 2022, as part of the loan receivable investment arrangement which comprises of a senior loan of \$24.4 million lent by TCF and a junior loan of \$10.6 million lent by the Group to subordinated to TCF's facility, the Group entered into a Priority Deed with TCF setting out the priorities of the securities in favour of the secured lenders.

360 Capital Investment Trust
Notes to the consolidated interim financial statements
For the half year ended 31 December 2022

Note 14: Earnings per unit

	31 December 2022 cents	31 December 2021 cents
Basic earnings per unit	(0.2)	(0.5)
Diluted earnings per unit	(0.2)	(0.5)
	\$'000	\$'000
Basic and diluted earnings		
Loss attributable to unitholders of the consolidated entity used in calculating earnings per unit	(428)	(1,036)
	000's	000's
Weighted average number of units used as a denominator		
Weighted average number of units - basic	220,889	218,998
Weighted average number of units - diluted	231,650	224,102

Diluted stapled securities

In 2022, a total of 18,000,000 stapled securities were granted to employees of the Stapled Group under the 360 Capital Group's EIP. These EIP 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 EIP loans. Further information is provided in Note 10.

Note 15: Basis of preparation

a) Reporting entity

The financial report of 360 Capital Investment Trust comprises the consolidated financial statements of 360 Capital Investment Trust (ARSN: 104 552 598) and its controlled entities. The consolidated entity forms part of the stapled entity, 360 Capital Group (Stapled Group) (ASX: TGP) comprising 360 Capital Group Limited and its controlled entities and 360 Capital Investment Trust 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 ASX. The stapled security cannot be traded or dealt with separately.

The registered office and the principal place of business is Suite 3701, Level 37, 1 Macquarie Place, Sydney NSW 2000 Australia. The nature of operations and principal activities of the consolidated entity are disclosed in the Directors' report.

The financial report was approved for issue by the Board on 23 February 2023.

The principal accounting policies adopted in the preparation of the financial report are set out below.

b) Basis of preparation

These interim financial statements for the half year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001, as appropriate for profit-oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board.

These interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the Fund during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The financial report is presented in Australian dollars.

360 Capital Investment Trust
Notes to the consolidated interim financial statements
For the half year ended 31 December 2022

Note 15: Basis of preparation (continued)

b) Basis of preparation (continued)

The consolidated entity 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 financial report and Directors' report have been rounded to the nearest thousand dollars, unless otherwise stated.

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

c) Loan receivable

Financial assets at fair value through other comprehensive income

The Group classifies its loan receivable based on its business model for managing financial assets and its objectives in investments. The Group invests in loans with long dated maturities that give rise to repayments of principal and interest on specific dates, however in order to actively manage a long term diversified portfolio, the Group may from time to time, sell part or all of its loan investments to recycle capital from loan investments that may be more suitable to the Group's strategy, objectives or return profile. Consequently, the Group has determined that the business model is to collect and sell its contractual cash flows and therefore loan assets meet the criteria of financial assets being classified mandatorily at fair value through other comprehensive income.

d) New or amended Accounting Standards and Interpretations adopted

The Trust has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2022.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Trust include:

- *AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*

The other amendments have been deemed not to have a material impact on the consolidated financial statements of the Trust.

There were no other changes to the Trust's accounting policies for the financial reporting year commencing 1 July 2022. The remaining policies of the Trust are consistent with the prior year.

e) Accounting standards issued but not yet effective

At the date of authorisation of the financial statements, the Trust has not applied or early adopted the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

- *AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current* and *AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date* (application date 1 January 2023)
- *AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* (application date 1 January 2023) and *AASB 2021-6 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards* (application date 1 January 2023)
- *AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (application date 1 January 2023)
- *AASB 2021-7 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections* (application date 1 January 2025)

The recently issued amendments are not expected to have a significant impact on the amounts recognized in the financial statements at the effective date.

360 Capital Investment Trust
Directors' declaration
For the half year ended 31 December 2022

In the opinion of the Directors of 360 Capital FM Limited, the Responsible Entity:

- 1) The attached consolidated financial statements and notes 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 2022 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 Trust 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.



Tony Robert Pitt
Executive Chairman



David van Anholt
Deputy Chairman

Sydney
23 February 2023



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Independent auditor's review report to the unitholders of 360 Capital Investment Trust

Conclusion

We have reviewed the accompanying half-year financial report of 360 Capital Investment Trust (the Fund) and its subsidiaries (collectively the Group), which comprises the consolidated interim statement of financial position as at 31 December 2022, the consolidated interim statement of profit or loss and other comprehensive income, consolidated interim statement of changes in equity and consolidated interim 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, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply 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 2022 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*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Responsible Entity 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us 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 financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



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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.

A handwritten signature in black ink that reads "Ernst & Young" with a period at the end.

Ernst & Young

A handwritten signature in black ink that reads "Douglas Bain" with a period at the end.

Douglas Bain
Partner
Sydney
23 February 2023