



ASX Release

14 February 2024

360 Capital REIT (ASX: TOT)

Appendix 4D for the half-year ended 31 December 2023

Page 1 of 2

360 Capital REIT comprises the stapling of 360 Capital FM Limited (ABN 15 090 664 396 AFSL 221474) as Responsible Entity for 360 Capital Passive REIT (ARSN 602 304 432) and 360 Capital Active REIT (ARSN 602 303 613).

This Preliminary Financial Report is given to the ASX in accordance with Listing Rule 4.2A. This report should be read in conjunction with the Annual Report for the year ended 30 June 2023. It is also recommended that the Annual Report be considered together with any public announcements made by the Fund. 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 2023 is attached and forms part of this Appendix 4D.

Details of reporting period

Current reporting period: 1 July 2023 – 31 December 2023

Prior corresponding period: 1 July 2022 – 31 December 2022

Results announcement to the market

	31 Dec 2023 \$'000	31 Dec 2022 \$'000	Movement \$'000	Movement %
Revenue and other income from ordinary activities	7,684	8,534	(850)	(10.0)
Profit/(loss) attributable to stapled securityholders for the year	2,317	(17,250)	19,567	113.4
Operating profit ¹	1,843	4,398	(2,555)	(58.1)

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 2023 Cents per security	31 Dec 2022 Cents per security	Movement Cents per security	Movement %
Earnings per security – Basic and diluted	1.6	(12.1)	13.7	113.2
Operating profit per security	1.3	3.1	(1.8)	(58.1)



ASX Release

Distributions

During the half-year, distributions made by the Fund to securityholders were in the form of fully franked distributions from Active REIT.

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	Amount per Security (cents)	Franked amount per security (cents)	Total paid \$'000	Record date	Date of payment
September 2023 quarterly distribution – fully franked	1.5	1.5	2,166	29 September 2023	27 October 2023
December 2023 quarterly distribution – fully franked	1.5	1.5	2,167	29 December 2023	25 January 2024
Total distribution for the half- year ended 31 December 2023	3.0	3.0	4,333		
September 2022 quarterly distribution – fully franked	1.5	1.5	2,125	30 September 2022	27 October 2022
December 2022 quarterly distribution – fully franked	1.5	1.5	2,167	30 December 2022	25 January 2023
Total distribution for the half- year ended 31 December 2022	3.0	3.0	4,292		

Net tangible asset per security

	31 Dec 2023 \$	31 Dec 2022 \$
NTA per security	0.90	1.15

Distribution Reinvestment Plan

The Fund's distribution reinvestment plan was activated for the December 2023 quarterly distribution.

Control gained or lost over entities during the half-year

Refer to Note 10 Controlled entities of the Interim Financial Report.

360 Capital



360 CAPITAL REIT

(ASX:TOT)

INTERIM FINANCIAL REPORT

For the half-year ended 31 December 2023

360 Capital REIT comprises 360 Capital Passive REIT (ARSN 602 304 432)
and 360 Capital Active REIT (ARSN 602 303 613)

General information

The Interim Financial Report of 360 Capital REIT (Consolidated Entity or Fund) comprises the consolidated interim financial statements of 360 Capital Passive REIT (ARSN 602 304 432) (Passive REIT) and 360 Capital Active REIT (ARSN 602 303 613) (Active REIT) as well as their respective controlled entities. A 360 Capital REIT stapled security comprises one 360 Capital Passive REIT unit stapled to one 360 Capital Active REIT unit to create a single listed security traded on the ASX. The stapled security cannot be traded or dealt with separately.

The Responsible Entity of the Fund is 360 Capital FM Limited (ABN 15 090 664 396) (AFS Licence No. 221474). 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 Fund are disclosed in the Responsible Entity report.

The Interim Financial Report is presented in Australian dollars.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 14 February 2024.

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AVENUE

360 Capital REIT
Responsible entity report
For the half-year ended 31 December 2023

The Directors of 360 Capital FM Limited (ABN 15 090 664 396) (AFSL No 221474), the Responsible Entity, present their report together with the financial report of 360 Capital REIT (Fund or consolidated entity) (ASX: TOT) for the half-year ended 31 December 2023. 360 Capital REIT comprises 360 Capital Passive REIT (Parent Entity or Passive REIT) and its controlled entities and 360 Capital Active REIT (Active REIT) and its controlled entities.

Directors

The following persons were directors of 360 Capital FM Limited during the reporting period and up to the date of this report, unless otherwise stated:

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

Principal activities

The Fund listed on the Australian Securities Exchange (ASX) in April 2015 as a unique fund investing in various forms of real estate assets. The Fund's strategy is to invest in real estate equity and is focused on investing in a diversified portfolio of well leased, income producing commercial real estate assets across Australia and New Zealand.

Key financial highlights for the half-year ended 31 December 2023

Statutory profit

\$2.3m

(Dec 2022: loss \$17.3 million)

Statutory net profit of \$2.3 million represents a 113.4% increase from the prior period. The result included rental income of \$7.3 million. Prior period statutory loss included fair value loss on investment properties of \$17.1 million (related to stamp duty and acquisition costs) and other transactions costs of \$6.3 million relating to the Irongate Group investment.

Operating profit

\$1.8m

(Dec 2022: \$4.4 million)

Operating profit¹ of \$1.8 million (equating to 1.3 cps) includes net operating property income² of \$5.3 million from the three investment properties, offset by finance costs of \$2.7 million. Included in prior period operating profit was \$2.6 million gain from disposal of financial assets.

Distributions per security

3.0cps

(Dec 2022: 3.0cps)

The Fund continued to maintain consistent distributions paying 3.0 cps fully franked distributions during the half-year in line with the prior period.

Net tangible assets

\$0.90

per security
(Jun 2023: \$0.91)

The Fund's Net Tangible Assets (NTA) of \$0.90 per security reflects a 1.0 cps decrease from 30 June 2023.

ASX closing price

\$0.53

per security
(Jun 2023: \$0.68)

The Fund's ASX closing price of \$0.53 per security is 22.0% down from \$0.68 per security as at 30 June 2023.

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

² Net operating property income excludes IFRS adjustments such as straight-lining of rental income and amortisation of lease incentives.

Key operational achievements for the half-year ended 31 December 2023

**Investment Property
Portfolio**

\$227.5m

(Jun 2023: \$225 million)

The investment property portfolio includes 3 modern well leased investment properties valued at \$227.5 million. All properties have been externally valued within the last six months.

WACR

5.33%

(Jun 2023: 5.33%)

The property portfolio has a Weighted Average Capitalisation Rate (WACR) of 5.33% as at 31 December 2023, reflective of the age and quality of TOT's portfolio.

Targeting

5-Star

NABERS

(Jun 2023: un-rated)

Achieved 5-Star NABERS Energy rating at 34 Southgate Ave, Cannon Hill QLD. Targeting a 5-Star NABERS across the portfolio.

360 Capital REIT

Responsible entity report

For the half-year ended 31 December 2023

Financial overview

The Fund's statutory profit attributable to securityholders for the half-year was \$2.3 million (31 December 2022: loss \$17.3 million). The operating profit for the half-year was \$1.8 million (31 December 2022: \$4.4 million). The Fund's balance sheet as at 31 December 2023 had gross assets of \$233.6 million (30 June 2023: \$232.9 million).

Property Portfolio

TOT's property portfolio comprises three modern assets located in Melbourne, Canberra and Brisbane with a Weighted Average Lease Expiry (WALE) of 7.0 years, average age of 3.2 years, and is now 93.2% occupied, inclusive of rental guarantee, following recent leasing at 510 Church Street, Cremorne VIC. The property portfolio comprises:

- 510 Church Street, Cremorne VIC, was completed in 2021, office/healthcare facility valued at \$117.5 million (50% interest) comprising 19,749 sqm of lettable area and 145 car parks;
- 38 Sydney Avenue, Forrest ACT refurbished in 2018, is an A-grade office building, valued at \$74.0 million comprising 8,718 sqm lettable area and 82 car parks; and
- 34 Southgate Avenue, Cannon Hill QLD completed in September 2022, comprising a 3,585 sqm high-tech industrial facility, 153 car parks, valued at \$36.0 million, and is occupied by Michael Hill International as its global headquarters.

The investment portfolio is well diversified, comprising 50.8% office/healthcare, 32.0% office 15.6% high-tech industrial assets and 1.6% retail across the eastern states. Included in the investment portfolio is the Funds holding of a non-core 4.5% interest in Fortius Sydney Homemaker HQ Trust with a carrying value of \$3.8 million. This asset is considered non-core to the Fund and is held for sale as a current financial asset.

During the period a 5-Star NABERS rating was achieved at 34 Southgate Ave, Cannon Hill QLD. The rating process is continuing on 510 Church Street, Cremorne, VIC and a NABERS improvement process has been implemented at 38 Sydney Avenue, Forrest, ACT. The portfolio has a targeted average NABERS rating of 5-Stars.

Valuations

An independent valuation was obtained on 510 Church Street, Cremorne VIC for December 2023 reporting, representing 50.8% of the portfolio by value, and internal valuations undertaken for the remaining two properties, which were independently valued as at 30 June 2023, resulting in a portfolio value of \$227.5 million as at 31 December 2023. The independent valuation of 510 Church Street, Cremorne VIC was \$117.5 million, up from the carrying value in June 2023 of \$115.0 million. This was primarily due to increasing market rents in the Cremorne area, payment of capital expenditure for the speculative fit-out on level 2 and maintaining the capitalisation rate. The portfolio Weighted Average Capitalisation Rate (WACR) remained at 5.33%.

Capital management

In January 2024, the Fund increased its bank loan facility limit to \$110.0 million from \$105.0 million. The loan was drawn to \$98.3 million as at 31 December 2023 (30 June 2023: \$83.8 million). The loan facility is currently unhedged.

The Fund activated its Distribution Reinvestment Plan (DRP) for the December 2023 quarterly distribution and 1,795,904 securities were issued at an issue price of \$0.54 per security in January 2024. In the prior period, DRP was also activated for the June 2022 and September 2022 quarterly distributions, with 1,003,732 and 2,749,114 securities issued at an issue price of \$0.78 and \$0.77 per security respectively with the September 2022 DRP fully underwritten.

Capital raising

On 14 February 2024, TOT announced, a 0.8 for 1 non underwritten, pro-rata, non-renounceable entitlement offer to raise up to \$46.8 million (Entitlement Offer), of which the net raising proceeds will be used to reduce TOT's borrowings. The Entitlement Offer is only available to eligible securityholders who are securityholders of TOT on the record date of 7.00 pm AEDT on 19 February 2024.

Offer price of \$0.40 per new stapled securities representing a 26.6% discount to the last ASX closing price on 13 February 2024. New stapled securities will not be entitled to the March 2024 quarter distribution but entitled to the June 2024 quarter distribution in full in line with existing stapled securities.

Proceeds from the Entitlement Offer will be used to reduce the Fund's gearing which has increased due to the reduction in asset values since acquisition and following the payment of tax liabilities in December 2023. The Fund's gearing as at 31 December 2023 was 41.6% of gross assets, above the Fund's target gearing range of 30% - 40%. Depending on the level of participation in the Entitlement Offer, we expect TOT's gearing to be reduced to below 30% and interest expense to be significantly reducing going forward.

Strategy and Outlook

The Fund remains focused executing on the leasing objectives within its property portfolio and further enhancing the environmental, social, and governance credentials of the portfolio.

Economic and market pressures persist from the current high inflation and uncertain interest rate environment, resulting in sales transaction volumes slowing. To date there remains limited sales evidence as to the impact on property valuations. It is likely that if current interest rates persist or increase there may be negative impacts to property valuations. To an extent, the Fund is protected due to continued demand for high quality, well-leased assets in core locations and the Fund expects its high-quality portfolio to outperform secondary assets and portfolios should volatile macroeconomic conditions persist.

360 Capital REIT
Responsible entity report
For the half-year ended 31 December 2023

Distributions

During the half-year, distributions made by the Fund to securityholders were in the form of fully franked dividends from Active REIT. There were no distributions paid from Passive REIT. Distributions paid or payable during the period were as follows:

	Date of payment	Cents per unit	31 Dec 2023 \$'000	31 Dec 2022 \$'000
September 2023 quarter fully franked dividend	27/10/2023	1.50	2,166	-
December 2023 quarter fully franked dividend	25/01/2024	1.50	2,167	-
Total dividends for the half-year ended 31 December 2023		3.00	4,333	-
September 2022 quarter fully franked dividend	27/10/2022	1.50	-	2,125
December 2022 quarter fully franked dividend	25/01/2023	1.50	-	2,167
Total dividends for the half-year ended 31 December 2022		3.00	-	4,292

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the half-year.

Likely developments and expected results of operations

The Fund will continue to invest in real estate based activities and actively manage a diversified portfolio of investments in line with its stated strategy.

Number of interests on issue

As at 31 December 2023 the number of securities on issue in the Fund was 144,436,537 (30 June 2023: 144,436,537).

Buy-back arrangements

As detailed in the Fund constitution, the Responsible Entity is not under any obligation to buy-back, purchase or redeem securities from stapled securityholders. During the half-year there were no security buy-backs (31 December 2022: nil securities).

Matters subsequent to the end of the financial period

The Fund activated its DRP for the December 2023 quarterly distribution and 1,795,904 securities were issued at an issue price of \$0.54 per security in January 2024.

On 14 February 2024, TOT announced a 0.8 for 1 non underwritten, pro-rata, non-renounceable entitlement offer to raise up to \$46.8 million, for further details refer to Capital Raising section above.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Responsible entity report.

Rounding of amounts

360 Capital REIT is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Tony Robert Pitt
Executive Chairman



David van Aanholt
Deputy Chairman

14 February 2024



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**Building a better
working world**

Auditor's Independence Declaration to the Directors of 360 Capital FM Limited as Responsible Entity for 360 Capital REIT and 360 Capital Active REIT

As lead auditor for the review of the half-year financial report of 360 Capital REIT and 360 Capital Active REIT for the half-year ended 31 December 2023, 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 REIT and the entities it controlled and 360 Capital Active REIT and the entities it controlled during the financial period.

Ernst & Young

St Elmo Wilken
Partner
14 February 2024

360 Capital REIT

Consolidated interim statements of profit or loss and other comprehensive income For the half-year ended 31 December 2023

	Note	Consolidated		Active REIT	
		31 Dec 2023 \$'000	31 Dec 2022 \$'000	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Revenue					
Rental income	3	7,288	5,699	-	-
Distributions from property fund		75	44	75	44
Finance revenue		51	189	3	161
Total revenue from continuing operations		7,414	5,932	78	205
Net fair value gain on investment properties	6	270	-	-	-
Net gain on disposal of financial assets		-	2,577	-	2,577
Gain on foreign exchange		-	4	-	4
Other income		-	21	-	21
Total revenue from continuing operations and other income		7,684	8,534	78	2,807
Expenses					
Property expenses and outgoings		(1,318)	(811)	-	-
Administration expenses		(178)	(205)	(41)	(94)
Management fees		(757)	(856)	(14)	(127)
Finance costs		(2,748)	(1,627)	-	-
Transaction costs		-	(6,305)	-	(3,618)
Net fair value loss on investment properties	6	-	(17,049)	-	-
Net fair value loss on financial assets	5	(513)	(23)	(513)	(23)
Total expenses		(5,514)	(26,876)	(568)	(3,862)
Profit/(loss) before income tax benefit		2,170	(18,342)	(490)	(1,055)
Income tax benefit	4	147	1,092	147	1,092
Profit/(loss) after income tax benefit for the half-year attributable to the securityholders of 360 Capital REIT		2,317	(17,250)	(343)	37
Other comprehensive income for the half-year, net of tax		-	-	-	-
Total comprehensive income for the half-year attributable to the securityholders of 360 Capital REIT		2,317	(17,250)	(343)	37
Total comprehensive income attributable to:					
		Consolidated		Active REIT	
		31 Dec 2023 \$'000	31 Dec 2022 \$'000	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Securityholders of 360 Capital Passive REIT		2,660	(17,287)	-	-
Securityholders of 360 Capital Active REIT		(343)	37	(343)	37
		2,317	(17,250)	(343)	37
	Note	Cents	Cents		
Basic earnings per security	13	1.6	(12.1)		
Diluted earnings per security	13	1.6	(12.1)		

The above consolidated interim statements of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

360 Capital REIT
Consolidated interim statements of financial position
As at 31 December 2023

	Note	Consolidated		Active REIT	
		31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
		\$'000	\$'000	\$'000	\$'000
Assets					
Current assets					
Cash and cash equivalents		1,912	3,082	70	320
Trade and other receivables		455	552	52	74
Financial assets at fair value through profit or loss	5	3,750	4,263	3,750	4,263
Related party loan	14	-	-	49,951	65,775
Total current assets		6,117	7,897	53,823	70,432
Non-current assets					
Investment properties	6	227,500	225,000	-	-
Total non-current assets		227,500	225,000	-	-
Total assets		233,617	232,897	53,823	70,432
Liabilities					
Current liabilities					
Trade and other payables		3,531	3,450	59	52
Distribution payable		2,167	2,167	2,167	2,167
Provision for Income tax		-	11,793	-	11,793
Total current liabilities		5,698	17,410	2,226	14,012
Non-current liabilities					
Borrowings	7	98,003	83,408	-	-
Deferred tax liabilities		481	628	481	628
Total non-current liabilities		98,484	84,036	481	628
Total liabilities		104,182	101,446	2,707	14,640
Net assets		129,435	131,451	51,116	55,792
Equity					
Issued capital	8	185,212	185,212	26,192	26,192
Retained profits/(accumulated losses)		(55,777)	(53,761)	24,924	29,600
Total equity		129,435	131,451	51,116	55,792

The above consolidated interim statements of financial position should be read in conjunction with the accompanying notes

360 Capital REIT
Consolidated interim statements of changes in equity
For the half-year ended 31 December 2023

Consolidated	Note	Issued capital \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2022		182,327	2,785	185,112
Loss after income tax benefit for the half-year		-	(17,250)	(17,250)
Other comprehensive income for the half-year, net of tax		-	-	-
Total comprehensive income for the half-year		-	(17,250)	(17,250)
<i>Transactions with securityholders in their capacity as securityholders:</i>				
Issued securities		2,905	-	2,905
Equity transaction costs		(15)	-	(15)
Distributions paid or payable	2	-	(4,292)	(4,292)
Balance at 31 December 2022		185,217	(18,757)	166,460
Consolidated	Note	Issued capital \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2023		185,212	(53,761)	131,451
Profit after income tax benefit for the half-year		-	2,317	2,317
Other comprehensive income for the half-year, net of tax		-	-	-
Total comprehensive income for the half-year		-	2,317	2,317
<i>Transactions with securityholders in their capacity as securityholders:</i>				
Distributions paid or payable	2	-	(4,333)	(4,333)
Balance at 31 December 2023		185,212	(55,777)	129,435

The above consolidated interim statements of changes in equity should be read in conjunction with the accompanying notes

360 Capital REIT
Consolidated interim statements of changes in equity
For the half-year ended 31 December 2023

Active REIT	Note	Issued capital \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2022		25,197	38,635	63,832
Profit after income tax benefit for the half-year		-	37	37
Other comprehensive income for the half-year, net of tax		-	-	-
Total comprehensive income for the half-year		-	37	37
<i>Transactions with securityholders in their capacity as securityholders:</i>				
Issued securities		1,002	-	1,002
Equity transaction costs		(5)	-	(5)
Distributions paid or payable	2	-	(4,292)	(4,292)
Balance at 31 December 2022		26,194	34,380	60,574
Active REIT	Note	Issued capital \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2023		26,192	29,600	55,792
Loss after income tax benefit for the half-year		-	(343)	(343)
Other comprehensive income for the half-year, net of tax		-	-	-
Total comprehensive income for the half-year		-	(343)	(343)
<i>Transactions with securityholders in their capacity as securityholders:</i>				
Distributions paid or payable	2	-	(4,333)	(4,333)
Balance at 31 December 2023		26,192	24,924	51,116

The above consolidated interim statements of changes in equity should be read in conjunction with the accompanying notes

360 Capital REIT
Consolidated interim statements of cash flows
For the half-year ended 31 December 2023

	Note	Consolidated		Active REIT	
		31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
		\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Receipts from customers (inclusive of GST)		7,582	7,110	-	-
Payments to suppliers (inclusive of GST)		(3,203)	(1,293)	(54)	(489)
Dividends and distributions received		103	44	103	44
Finance revenue		71	189	3	161
Interest and other finance costs paid		(2,452)	(1,572)	-	-
Income taxes paid		(11,793)	(253)	(11,793)	(253)
Net cash (used in)/from operating activities		(9,692)	4,225	(11,741)	(537)
Cash flows from investing activities					
Payment for investment properties	6	(1,645)	(273,295)	-	-
Proceeds from disposal of financial assets		-	166,728	-	166,728
Payments for transaction costs		-	(6,350)	-	(3,663)
Proceeds from disposal of equity accounted investments		-	21,620	-	21,620
Net cash (used in)/from investing activities		(1,645)	(91,297)	-	184,685
Cash flows from financing activities					
Proceeds from issue of securities		-	1,393	-	481
Proceeds from borrowings	7	14,500	87,800	-	-
Repayment of borrowings		-	(4,000)	-	-
Security issue transaction costs		-	(15)	-	(5)
Distributions paid	2	(4,333)	(2,723)	(4,333)	(1,811)
Proceeds from related party loan		-	-	-	(188,965)
Repayment of related party loan		-	-	15,824	-
Net cash from/(used in) financing activities		10,167	82,455	11,491	(190,300)
Net decrease in cash and cash equivalents		(1,170)	(4,617)	(250)	(6,152)
Cash and cash equivalents at the beginning of the financial half-year		3,082	10,839	320	8,917
Cash and cash equivalents at the end of the financial half-year		1,912	6,222	70	2,765

The above consolidated interim statements of cash flows should be read in conjunction with the accompanying notes

360 Capital REIT
Notes to the consolidated interim financial statements
For the half-year ended 31 December 2023

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360 Capital REIT
Notes to the consolidated interim financial statements
For the half-year ended 31 December 2023

Note 1. Operating segments

Identification of reportable operating segments

The Fund invests solely in the property sector within Australia and New Zealand.

The Chief Operating Decision Maker, being the Executive Chairman of the Responsible Entity, monitors the performance and results of the Fund at a consolidated Fund level. As a result, the Fund has only one segment and no segment information is reported for the Active REIT.

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 to reflect the core earnings of the Fund and is used as a guide to assess the Fund's ability to pay distributions to stapled securityholders. The information provided is net of non-operating items comprising transaction costs, rent straight-lining adjustment, lease incentive amortisation, 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 and all other non-operating activities.

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

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Profit attributable to stapled securityholders of the Fund	2,317	(17,250)
Non-operating items		
Net (gain)/loss on fair value of investment properties	(270)	17,049
Net loss on fair value of financial assets	513	23
Acquisition and transaction costs	-	6,305
Rent straight-lining adjustments	(669)	(661)
Lease incentive amortisation	84	16
Net gain on foreign exchange	-	(4)
Tax expense on non-operating items	(132)	(1,080)
Operating profit (profit before non-operating items)	1,843	4,398
Weighted average number of stapled securities ('000)	144,437	142,532
Operating profit (profit before non-operating items) per stapled security - cents	1.3	3.1

Note 2. Distributions

During the half-year, distributions made by the Fund to securityholders were in the form of fully franked dividends from Active REIT. There were no distributions paid from Passive REIT. Distributions paid or payable during the period were as follows:

	Date of payment	Cents per unit	31 Dec 2023	31 Dec 2022
			\$'000	\$'000
September 2023 quarter fully franked dividend	27/10/2023	1.50	2,166	-
December 2023 quarter fully franked dividend	25/01/2024	1.50	2,167	-
Total dividends for the half-year ended 31 December 2023		3.00	4,333	-
September 2022 quarter fully franked dividend	27/10/2022	1.50	-	2,125
December 2022 quarter fully franked dividend	25/01/2023	1.50	-	2,167
Total dividends for the half-year ended 31 December 2022		3.00	-	4,292

360 Capital REIT
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For the half-year ended 31 December 2023

Note 3. Rental income

	Consolidated		Active REIT	
	31 Dec 2023 \$'000	31 Dec 2022 \$'000	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Rental income	5,899	4,768	-	-
Recoverable outgoings	720	270	-	-
Rent straight-lining adjustment	669	661	-	-
	7,288	5,699	-	-

Note 4. Income tax benefit

	Consolidated		Active REIT	
	31 Dec 2023 \$'000	31 Dec 2022 \$'000	31 Dec 2023 \$'000	31 Dec 2022 \$'000
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>				
Profit/(loss) before income tax benefit	2,170	(18,342)	(490)	(1,055)
Tax at the statutory tax rate of 30%	651	(5,503)	(147)	(317)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:				
Trust (income)/losses exempt from income tax	(798)	5,186	-	-
Gain on sale of active foreign business	-	(712)	-	(712)
Loss on sale of unlisted portfolio	-	(129)	-	(129)
Transaction costs	-	(14)	-	(14)
Foreign exchange gains	-	(12)	-	(12)
	(147)	(1,184)	(147)	(1,184)
Adjustment to deferred tax balances as a result of change in statutory tax rate	-	84	-	84
Adjustment for deferred tax of prior years	-	8	-	8
Income tax benefit	(147)	(1,092)	(147)	(1,092)

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

	Consolidated		Active REIT	
	31 Dec 2023 \$'000	30 Jun 2023 \$'000	31 Dec 2023 \$'000	30 Jun 2023 \$'000
<i>Current assets</i>				
Investments in unlisted securities	3,750	4,263	3,750	4,263
<i>Reconciliation</i>				
Reconciliation of the fair values at the beginning and end of the current and previous financial half-year are set out below:				
Balance at 1 July	4,263	171,490	4,263	171,490
Disposals	-	(166,728)	-	(166,728)
Fair value adjustment of financial assets	(513)	(502)	(513)	(502)
Gain on sale of financial assets	-	3	-	3
Closing fair value	3,750	4,263	3,750	4,263

This asset is considered non-core to the Fund and is held for sale as a current financial asset.

Refer to Note 9 for further information on fair value measurement.

360 Capital REIT
Notes to the consolidated interim financial statements
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Note 6. Investment properties

Property	Fair value		Capitalisation rate		Discount rate		31 Dec 2023 Valuer	Last independent valuation date
	31 Dec 2023 \$'000	30 Jun 2023 \$'000	31 Dec 2023 %	30 Jun 2023 %	31 Dec 2023 %	30 Jun 2023 %		
38 Sydney Ave, Forrest ACT	74,000	74,000	5.50%	5.50%	6.50%	6.50%	Directors	June 2023
510 Church St, Cremorne VIC	117,500	115,000	5.25%	5.25%	6.00%	6.00%	JLL	December 2023
34 Southgate Ave, Cannon Hill QLD	36,000	36,000	5.25%	5.25%	6.00%	6.00%	Directors	June 2023
Total	227,500	225,000						

38 Sydney Ave, Forrest ACT

38 Sydney Avenue, refurbished in 2018, is an A-grade office building, valued at \$74.0 million comprising 8,718 sqm lettable area and 82 car parks. The major tenant is the Australian National Audit Office which occupies 55.7% of the lettable area with a lease expiring in December 2034. The property has a 7.8-year Weighted Average Lease Expiry (WALE), inclusive of rental guarantee.

510 Church St, Cremorne VIC

510 Church Street was completed in 2021, office/healthcare facility valued at \$117.5 million (50% interest) comprising 19,749 sqm of lettable area and 145 car parks. The property has a diverse tenant mix, and a 5.9-year WALE.

34 Southgate Ave, Cannon Hill QLD

34 Southgate Avenue completed in September 2022, comprising a 3,585 sqm high-tech industrial facility, 153 car parks and is valued at \$36.0 million, and is occupied by Michael Hill International as its global headquarters with 8.7 years remaining and 3.0% fixed annual rent reviews.

	Consolidated	
	31 Dec 2023 \$'000	30 Jun 2023 \$'000
Balance at 1 July	225,000	-
Acquisition price	-	257,151
Acquisition costs	-	18,493
Additions	-	249
Lease incentives	1,645	1,095
Lease incentives amortisation	(84)	(40)
Rent straight-lining adjustments	669	1,411
Fair value adjustments	270	(53,359)
Closing balance	227,500	225,000

Valuation techniques and significant unobservable inputs (Level 3)

The fair values of the investment properties were determined by the directors of the Responsible Entity with reference to independent external valuations or internal valuations. Independent external valuation companies possess the appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Fair value is based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The Responsible Entity has also considered factors such as changes in downtime, incentive allowances, rental growth and rental relief when determining property valuations.

An independent valuation was obtained on 510 Church Street, Cremorne VIC for December 2023 reporting, representing 50.8% of the portfolio by value, with internal directors' valuation undertaken on 38 Sydney Ave, Forrest ACT and 34 Southgate Ave, Cannon Hill QLD.

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Notes to the consolidated interim financial statements
For the half-year ended 31 December 2023

Note 6. Investment properties (continued)

The valuations were prepared by considering the following valuation methodologies:

- **Capitalisation Approach:** the annual net rental income is capitalised at an appropriate market yield to arrive at the property's market value. Appropriate capital adjustments are then made where necessary to reflect the specific cash flow profile and the general characteristics of the property.
- **Discounted Cash Flow Approach:** this approach incorporates the estimation of future annual cash flows over a 10 year period by reference to expected rental growth rates, ongoing capital expenditure, terminal sale value and acquisition and disposal costs. The present value of future cash flows is then determined by the application of an appropriate discount rate to derive a net present value for the property.
- **Direct Comparison Approach:** this approach identifies comparable sales on a dollar per square meter of lettable area basis and compares the equivalent rates to the property being valued to determine the property's market value.

The valuations reflect, as appropriate; the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting of vacant accommodation and the market's general perception of their credit-worthiness; the allocation of maintenance and insurance responsibilities between the lessor and lessee; and the remaining economic life of the property. It has been assumed that whenever rent reviews or lease renewals are pending with anticipated reversionary increases, all notices and, where appropriate, counter notices have been served validly and within the appropriate time.

A further sensitivity analysis was undertaken by the Trust to assess the fair value of investment. The table below illustrates the impact on valuation of movements in capitalisation rates:

Fair value at 31 Dec 2023 \$'000	Fair value at 30 Jun 2023 \$'000	Capitalisation rate +0.25% at 31 Dec 2023 \$'000	Capitalisation rate +0.25% at 30 Jun 2023 \$'000	Capitalisation rate -0.25% at 31 Dec 2023 \$'000	Capitalisation rate -0.25% at 30 Jun 2023 \$'000
227,500	225,000	(10,195)	(10,081)	11,199	11,074

Given the unknown future impact that the current volatile macroeconomic conditions, including the high inflation and uncertain interest rate environment, might have on the commercial real estate market and global market in general, a higher degree of judgement and consideration is required in assessing the significant inputs that determine property valuations. The Fund has continued to re-assess the valuation method to ensure appropriate consideration given to inputs used.

Note 7. Borrowings

	Consolidated		Active REIT	
	31 Dec 2023 \$'000	30 Jun 2023 \$'000	31 Dec 2023 \$'000	30 Jun 2023 \$'000
<i>Non-current liabilities</i>				
Bank loans - secured	98,300	83,800	-	-
Borrowing costs	(297)	(392)	-	-
	98,003	83,408	-	-

The Fund has a bank loan facility agreement with a facility limit of \$105.0 million for a term of 3 years expiring in July 2025, which was used to fund the purchase of the 3 investment properties. In January 2024, the facility limit was increased by \$5.0 million to \$110.0 million. The bank loans are secured by first mortgages over the 3 investment properties. The loans are subject to floating rate and the weighted average interest rate was 5.98% for the half year. The loan facility is currently unhedged.

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

	Consolidated		Active REIT	
	31 Dec 2023 \$'000	30 Jun 2023 \$'000	31 Dec 2023 \$'000	30 Jun 2023 \$'000
Balance at start of the period	83,408	-	-	-
Loan drawdowns	14,500	83,800	-	-
Borrowing costs capitalised	(1)	(566)	-	-
Borrowing costs amortised	96	174	-	-
Closing balance	98,003	83,408	-	-

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Notes to the consolidated interim financial statements
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Note 7. Borrowings (continued)

As at 31 December 2023, the Fund has the following debt facilities:

	Consolidated		Active REIT	
	31 Dec 2023 \$'000	30 Jun 2023 \$'000	31 Dec 2023 \$'000	30 Jun 2023 \$'000
Facility limit	105,000	105,000	-	-
Facility unused	(6,700)	(21,200)	-	-
Facility used	98,300	83,800	-	-

In January 2024, the facility limit was increased by \$5.0 million to \$110.0 million.

Debt covenants

The Fund's borrowings are subject to a range of covenants, according to the facility agreement, the following covenants are included:

- Loan to value ratio: the borrowings amount must not exceed 50% of the accepted valuations of the investment properties; and
- Interest coverage ratio: the ratio of net property income to finance costs on borrowings is not to be less than 1.5 times.

A breach of these covenants may trigger the voluntary prepayment of an amount to cure the covenant breach. The Fund performed a review of debt covenants as at 31 December 2023 and no breaches were identified.

Note 8. Issued capital

(a) Issued capital

	Consolidated			
	31 Dec 2023 Securities '000	30 Jun 2023 Securities '000	31 Dec 2023 \$'000	30 Jun 2023 \$'000
Issued capital - trust units	144,437	144,437	185,212	185,212

	Active REIT			
	31 Dec 2023 Securities '000	30 Jun 2023 Securities '000	31 Dec 2023 \$'000	30 Jun 2023 \$'000
Issued capital - trust units	144,437	144,437	26,192	26,192

(b) Movements in issued capital

Movements in issued capital - 360 Capital REIT

Details	Date	Securities '000	Issue price	\$'000
Balance	1 July 2022	140,684		182,327
Securities issued	27 July 2022	1,004	\$0.78	780
Transaction costs incurred with issue of securities	27 July 2022	-	-	(4)
Securities issued	27 October 2022	2,749	\$0.77	2,125
Transaction costs incurred with issue of securities	27 October 2022	-	-	(16)

Balance	30 June 2023	144,437		185,212
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Details	Date	Securities '000	Issue price	\$'000
Balance	1 July 2023	144,437		185,212
Balance	31 December 2023	144,437		185,212

360 Capital REIT
Notes to the consolidated interim financial statements
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Note 8. Issued capital (continued)

Movements in issued capital - 360 Capital Active REIT

Details	Date	Securities '000	Issue price	\$'000
Balance	1 July 2022	140,684		25,197
Securities issued	27 July 2022	1,004	\$0.27	269
Transaction costs incurred with issue of securities	27 July 2022	-	-	(2)
Securities issued	27 October 2022	2,749	\$0.27	733
Transaction costs incurred with issue of securities	27 October 2022	-	-	(5)

Balance	30 June 2023	144,437		26,192
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Details	Date	Securities '000	Issue price	\$'000
Balance	1 July 2023	144,437		26,192
Balance	31 December 2023	144,437		26,192

c) Buy-back

During the half-year, the Fund did not buy back any securities (31 December 2022: nil).

On 7 December 2023, the Fund announced that it would be conducting a Small Security Holding Sale Facility in respect of unmarketable parcels of securities to buy back the securities from the securityholders who hold 961 or fewer securities as of 1 December 2023. In January 2024, 44,760 securities were sold under the Sales Facility at the price of \$0.5424 per security.

d) Distribution reinvestment plan (DRP)

The Fund activated its DRP for the December 2023 quarterly distribution and 1,795,904 securities were issued at an issue price of \$0.54 per security in January 2024. In the prior period, DRP was also activated for the June 2022 and September 2022 quarterly distributions, with 1,003,732 and 2,749,114 securities issued at an issue price of \$0.78 and \$0.77 per security respectively with the September 2022 DRP fully underwritten.

Note 9. Fair value measurement of financial instruments

Fair value hierarchy

The fair value of the Fund's financial assets and liabilities are approximately equal to that of their carrying values as at 31 December 2023. The fair values of cash and cash equivalents, receivables, trade and other payables, distributions payable, related party loan and bank borrowings approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following tables detail the consolidated entity's and Fund's financial assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

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)

Consolidated - 31 December 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Financial assets at fair value through profit or loss		-	3,750	3,750
Total assets	-	-	3,750	3,750

Consolidated - 30 June 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Financial assets at fair value through profit or loss	-	-	4,263	4,263
Total assets	-	-	4,263	4,263

360 Capital REIT
Notes to the consolidated interim financial statements
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Note 9. Fair value measurement of financial instruments (continued)

Active REIT - 31 December 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Financial assets at fair value through profit of loss	-	-	3,750	3,750
Total assets	-	-	3,750	3,750

Active REIT - 30 June 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Financial assets at fair value through profit of loss	-	-	4,263	4,263
Total assets	-	-	4,263	4,263

For financial instruments that are recognised at fair value on a recurring basis, the Fund 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.

There were no transfers between levels during the half-year. 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

The Fund invests in unlisted investments which are carried at fair value through profit or loss. Unlisted investments are not traded in an active market and are categorised as Level 3 instruments. The Net Tangible Assets (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).

Note 10. Controlled entities

The consolidated interim financial statements incorporate the assets, liabilities and results of the following subsidiaries controlled by 360 Capital Passive REIT:

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 Dec 2023 %	30 Jun 2023 %
360 Capital Active REIT ¹	Australia	100%	100%
360 Capital TOT Residential Pty Limited ^{2,3}	Australia	-	100%
URB Investments Pty Limited ²	Australia	100%	100%
360 Capital IG Trust ⁴	Australia	-	100%
360 Capital TOT Finance Trust	Australia	100%	100%
360 Capital Private Debt Fund ⁴	Australia	-	100%
360 Capital REIT Property Trust	Australia	100%	100%

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries controlled by 360 Capital Active REIT:

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 Dec 2023 %	30 Jun 2023 %
360 Capital TOT Residential Pty Limited ³	Australia	-	100%
URB Investments Pty Limited	Australia	100%	100%
360 Capital IG Trust	Australia	100%	100%

1. 360 Capital Active REIT forms part of the stapled entity 360 Capital REIT, which is a wholly consolidated entity however units are held by Securityholders.

2. Entities controlled by stapled entity 360 Capital Active REIT which forms part of the consolidated entity's financial results.

3. 360 Capital TOT Residential Pty Limited was deregistered on 19 July 2023.

4. These trusts were wound up on 15 December 2023.

Note 11. Business combinations

There were no business combinations during the half-year.

360 Capital REIT
Responsible entity report
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Note 12. Events after the reporting period

Distribution Reinvestment Plan

The Fund activated its DRP for the December 2023 quarterly distribution and 1,795,904 securities were issued at an issue price of \$0.54 per security in January 2024.

Capital raising

On 14 February 2024, TOT announced, a 0.8 for 1 non underwritten, pro-rata, non-renounceable entitlement offer to raise up to \$46.8 million (Entitlement Offer), of which the net raising proceeds will be used to reduce TOT's borrowings. The Entitlement Offer is only available to eligible securityholders who are securityholders of TOT on the record date of 7.00 pm AEDT on 19 February 2024.

Offer price of \$0.40 per new stapled securities representing a 26.6% discount to the last ASX closing price on 13 February 2024. New stapled securities will not be entitled to the March 2024 quarter distribution but entitled to the June 2024 quarter distribution in full in line with existing stapled securities.

Proceeds from the Entitlement Offer will be used to reduce the Fund's gearing which has increased due to the reduction in asset values since acquisition and following the payment of tax liabilities in December 2023. The Fund's gearing as at 31 December 2023 was 41.6% of gross assets, above the Fund's target gearing range of 30% - 40%. Depending on the level of participation in the Entitlement Offer, we expect TOT's gearing to be reduced to below 30% and interest expense to be significantly reducing going forward.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 13. Earnings per security

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Profit/(loss) after income tax attributable to the securityholders of 360 Capital REIT	2,317	(17,250)
	Number	Number
	'000	'000
Weighted average number of ordinary securities used in calculating basic earnings per security	144,437	142,532
Weighted average number of ordinary securities used in calculating diluted earnings per security	144,437	142,532
	Cents	Cents
Basic earnings per security	1.6	(12.1)
Diluted earnings per security	1.6	(12.1)
	Active REIT	
	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
(Loss)/profit after income tax attributable to the securityholders of 360 Capital REIT	(343)	37
	Number	Number
	'000	'000
Weighted average number of ordinary securities used in calculating basic earnings per security	144,437	142,532
Weighted average number of ordinary securities used in calculating diluted earnings per security	144,437	142,532
	Cents	Cents
Basic earnings per security	(0.2)	-
Diluted earnings per security	(0.2)	-

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Note 14. Related party transactions

Responsible entity

The Responsible Entity of the Fund is 360 Capital FM Limited (ABN 15 090 664 396) (AFSL No 221474). 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 registered office and the principal place of business of the Responsible Entity are:

Suite 3701, Level 37, 1 Macquarie Place, Sydney NSW 2000 Australia

Controlled entities

Interests in controlled entities are set out in Note 10.

Responsible Entity's fees and other transactions

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

	Consolidated		Active REIT	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
	\$	\$	\$	\$
<i>Management of the fund</i>				
Management fee	756,782	855,862	14,386	126,781
Acquisition fees	-	2,571,509	-	-
Disposal fees	-	216,207	-	216,207
Fund recoveries	3,561	-	452	518
	760,343	3,643,578	14,838	343,506

Management Fee: The Responsible Entity is entitled to a Management Fee of 0.65% p.a. of the gross value of the assets of the Fund during the relevant year for its role in managing and administering the Fund.

Acquisition Fee: The Responsible Entity is entitled to an Acquisition Fee of up to 1.0% of the total purchase price of an investment of the Fund. The acquisition fee is payable upon the completion of the relevant acquisition.

Disposal Fee: The Responsible Entity is entitled to a Disposal Fee of up to 1.0% of the total sale price of investments sold by the Fund. The disposal fee is payable upon the completion of the relevant sale.

Indirect costs: The Responsible Entity is entitled to recover indirect costs, being any amounts that directly or indirectly reduce the returns on the units of the Fund, or the amount of income or assets of the Fund.

Security holdings

Securities held by the Responsible Entity and other Funds managed by and related to the Responsible Entity held stapled securities in the Fund and Active REIT are as follows:

	31 Dec 2023	31 Dec 2023	30 Jun 2023	30 Jun 2023
	%	units	%	units
360 Capital Property Limited				
Stapled securities held	29.1%	41,991,054	26.1%	37,658,054

Distributions

Distributions paid and payable by the Fund to the Responsible Entity and other Funds managed by and related to the Responsible Entity are as follows.

	Consolidated		Active REIT	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
	\$	\$	\$	\$
Distributions paid/payable by the Fund	1,259,732	1,092,468	1,259,732	1,092,468

360 Capital REIT
Notes to the consolidated interim financial statements
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Note 14. Related party transactions (continued)

	Consolidated		Active REIT	
	31 Dec 2023 \$'000	30 Jun 2023 \$'000	31 Dec 2023 \$'000	30 Jun 2023 \$'000
Trade and other payables	126,634	126,332	2,097	2,523
Distribution payables	629,866	567,871	629,866	567,871
	756,500	694,203	631,963	570,394

Related party loan

The Active REIT has a loan with the Passive REIT which relates to the working capital requirements between the two stapled entities. The balance of the loan receivable at 31 December 2023 is \$49,951,385 (30 June 2023: \$65,775,344). This loan is non-interest bearing and at call.

Note 15. Basis of preparation

Statement of compliance

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's and Fund's accounting policies.

Stapled group reports

360 Capital REIT is an entity of the kind referred to in ASIC Corporations (Stapled Group Reports) Instrument 2015/838 issued by the Australian Securities and Investments Commission (ASIC). In accordance with that Instrument, amounts in the annual financial report and Responsible Entity report include the consolidated results of 360 Capital REIT alongside the results of the Active REIT presented in adjacent columns.

Rounding

360 Capital REIT is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Basis of consolidation

Stapling

On 21 April 2015, 360 Capital Total Return Fund, subsequently renamed 360 Capital REIT, was formed by stapling together the units of the 360 Capital Passive REIT, formerly 360 Capital Total Return Passive Fund, and the units of 360 Capital Active REIT, formerly 360 Capital Total Return Active Fund. The Fund was subsequently listed on 22 April 2015. Following approval at a unitholder meeting of the listed group CVC Property Fund (CJT) held on 21 January 2015, CJT was restructured including the acquisition by the Passive Fund of all issued units in CJT, the issue of 1 Passive Fund unit for every 100 CJT units, and the stapling of each Passive Fund unit to an Active Fund unit.

The Fund has determined that the Passive Fund is the parent entity in the stapling arrangement.

For statutory reporting purposes, the Fund reflects the consolidated entity being the Passive Fund (the acquirer) and its controlled entities. On the basis that the Passive Fund does not hold any interest in the Active Fund, the net assets, profit or loss and other comprehensive income of the Active Fund are considered non-controlling interests and are therefore disclosed separately.

The Constitutions of the Passive Fund and the Active Fund ensure that, for so long as these entities remain jointly listed, the number of units in the Passive Fund and the number of units in the Active Fund shall be equal and that securityholder in both funds be identical. Both the Responsible Entity of the Passive Fund and the Active Fund must at all times act in the best interest of consolidated entity.

The stapling arrangement will cease upon the earlier of the winding up of any of the stapled entities, or any of the entities terminating the stapling arrangement.

360 Capital REIT

Notes to the consolidated interim financial statements

For the half-year ended 31 December 2023

Note 15. Basis of preparation (continued)

Controlled entities

The consolidated financial statements incorporate the assets and liabilities of all controlled entities of the Fund as at 31 December 2023 and the results of all controlled entities for the period then ended.

Controlled entities are entities controlled by the Fund. Control exists when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of controlled entities are included in the financial report from the date that control commences until the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Fund entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Fund.

Investments in controlled entities are accounted for at cost in the individual financial statements of the parent entity, less any impairment.

Note 16. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 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'.

These general purpose 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 2023 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 principal accounting policies adopted and methods of computation adopted in the preparation of the half-year financial report are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The following amendments to the Australian Accounting Standards (AAS) are applicable to this Financial Report.

- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* and AASB 2021-6 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards*
- AASB2021-5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The other amendments have been deemed not to have a material impact on the consolidated financial statements of the Fund. There were no other changes to the Fund's accounting policies for the financial reporting year commencing 1 July 2023. The remaining policies of the Fund are consistent with the prior period.

New Accounting Standards and Interpretations not yet mandatory or early adopted

At the date of authorisation of the financial statements, the Fund 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 2024)
- 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 recent issued amendments are not expected to have a significant impact on the amount recognised in the financial statements at the effective date.

360 Capital REIT
Directors' declaration
For the half-year ended 31 December 2023

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

(1) The consolidated financial statements and notes that are set out on pages 10 to 26 are in accordance with the Corporations Act 2001, including:

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- 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 Fund 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 made pursuant to section 303(5)(a) of the Corporations Act 2001.



Tony Robert Pitt
Executive Chairman



David van Aanholt
Deputy Chairman

14 February 2024

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

Conclusion

We have reviewed the financial report of 360 Capital REIT (the Group), which comprises 360 Capital Passive REIT (Parent Entity or Passive REIT) and its controlled entities, and 360 Capital Active REIT (Active REIT) and its controlled entities. The financial report comprises:

- ▶ The Group's consolidated interim statement of financial position as at 31 December 2023;
- ▶ The Active REIT's consolidated interim statement of financial position as at 31 December 2023;
- ▶ The Group's 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 then ended;
- ▶ The Active REIT's 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 then ended;
- ▶ Notes to the financial statements, including a summary of significant accounting policies; 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 and Active REIT are not in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial positions of the Group and Active REIT as at 31 December 2023 and of their 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



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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 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 and Active REIT's financial position as at 31 December 2023 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*.

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".

Ernst & Young

A handwritten signature in black ink that reads "St Elmo Wilken".

St Elmo Wilken
Partner
Sydney
14 February 2024

360 Capital REIT
Corporate directory
For the half-year ended 31 December 2023

Directors & Officers

Executive Director

Tony Robert Pitt (Executive Chairman)

Non-Executive Directors

David van Aanholt (Deputy Chairman)

Andrew Graeme Moffat

Anthony Gregory McGrath

Officers

Glenn Butterworth – Chief Financial Officer and Company Secretary

Responsible Entity

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Telephone 1300 737 760

Email: enquiries@boardroomlimited.com.au

Auditor

Ernst & Young

200 George Street Sydney NSW 2000

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