



# ASX Release

29 January 2024

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## 360 Capital Mortgage REIT (ASX: TCF)

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

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. This 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 for announcement to the market

	31 Dec 2023 \$'000	31 Dec 2022 \$'000	Movement \$'000	Movement %
Revenue and other income from ordinary activities	1,311	966	345	35.7
Profit for the half year attributable to the unitholders of 360 Capital Mortgage REIT	1,009	780	229	29.4

	31 Dec 2023 Cents per unit	31 Dec 2022 Cents per unit	Movement Cents per unit	Movement %
Earnings per unit – Basic and diluted	24.4	18.9	5.5	29.1

#### Net tangible asset per unit

	31 Dec 2023 \$	31 Dec 2022 \$	Movement \$	Movement %
Net tangible assets per unit	5.97	5.95	0.02	0.3



## ASX Release

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### Distributions

Distribution period	Cents per unit	Total paid \$'000	Record date	Date of payment
July 2023	3.50	144	31 July 2023	7 August 2023
August 2023	3.50	144	31 August 2023	7 September 2023
September 2023	3.50	145	29 September 2023	6 October 2023
October 2023	3.50	145	31 October 2023	7 November 2023
November 2023	3.50	145	30 November 2023	7 December 2023
December 2023	3.50	145	29 December 2023	5 January 2024
<b>Total distribution for the half year ended 31 December 2023</b>	<b>21.00</b>	<b>868</b>		
July 2022	3.00	124	29 July 2022	5 August 2022
August 2022	3.00	124	31 August 2022	7 September 2022
September 2022	3.00	124	30 September 2022	7 October 2022
October 2022	3.00	124	31 October 2022	7 November 2022
November 2022	3.00	124	30 November 2022	7 December 2022
December 2022	3.00	124	30 December 2022	6 January 2023
<b>Total distribution for the half year ended 31 December 2022</b>	<b>18.00</b>	<b>744</b>		

### Distribution Reinvestment Plans

The Fund does not have a distribution reinvestment plan in place.

### Control gained or lost over entities during the half-year

Refer to Note 9 Controlled entities of the Interim Financial Report.

360 Capital



# 360 CAPITAL MORTGAGE REIT

(ASX:TCF)

INTERIM FINANCIAL REPORT

For the half-year ended 31 December 2023

## General information

360 Capital Mortgage REIT (ARSN 115 632 990) (Fund) is an Australian Securities Exchange (ASX) listed managed investment fund, constituted and domiciled in Australia. Its registered office and principal place of business are:

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

A description of the nature of the Fund's operations and its principal activities are included in the Responsible Entity report, which is not part of the consolidated financial statements.

The financial report of the Fund comprises the consolidated financial statements of 360 Capital Mortgage REIT and its controlled entities.

The consolidated financial statements are presented in Australian dollars, which is 360 Capital Mortgage REIT's functional and presentation currency.

The Fund is an entity of the kind referred to in Corporations Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC). In accordance with that Instrument, amounts in the financial report and Responsible Entity report have been rounded to the nearest thousand dollars, unless otherwise stated.

The consolidated financial statements were authorised for issue, in accordance with a resolution of directors, on 29 January 2024.

This interim financial report does not include all the notes of the type normally included in annual financial report. Accordingly, this report is to be read in conjunction with the annual report of the Fund for the year ended 30 June 2023 and any public announcements made by the Fund during the interim report period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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## **360 Capital Mortgage 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 consolidated financial statements of 360 Capital Mortgage REIT (ASX: TCF) ARSN 115 632 990 (Fund) for the half-year ended 31 December 2023. The Fund comprises 360 Capital Mortgage REIT (parent entity) and its controlled entities.

### **Directors**

The following persons were directors of 360 Capital FM Limited during the whole of the financial half-year 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**

360 Capital Mortgage REIT is an Australian Securities Exchange (ASX) listed mortgage real estate investment trust which invests in a range of credit opportunities secured by Australian real estate assets.

### **Review of operations**

The Fund's profit attributable to unitholders for the half-year ended 31 December 2023 was \$1.0 million (31 December 2022: \$0.8 million) with earnings of 24.4 cents per unit ('cpu') (31 December 2022: 18.9 cpu). The Fund's balance sheet as at 31 December 2023 had total assets of \$26.7 million (30 June 2023: \$24.8 million), the total assets at balance date includes a portion of a loan investment asset relating to a non-controlling interest of \$1.7 million (30 June 2023: nil). The Fund's Net Tangible Asset (NTA) attributable to unitholders per unit as at 31 December 2023 was \$5.97 (30 June 2023: \$5.94).

### **Loan portfolio**

As at 31 December 2023, the Fund had a portfolio of 3 loan investments totalling \$16.4 million (30 June 2023: \$10.4 million).

In June 2023, the Fund settled a \$10.4 million first mortgage residual stock loan. The loan was secured against 30 strata titled completed units situated in Western Sydney. The loan interest rate was subject to a margin of 5.0% + BBSW and an interest rate floor of 9.0%. During the period a total of \$10.2 million was repaid through proceeds from apartment sales. The outstanding loan amount as at 31 December 2023 was \$0.2 million, and was fully repaid on 12 January 2024.

In July 2023, the Fund settled a \$10.7 million residual stock loan secured against 12 brand new, completed freestanding houses, initially drawn to a 70.0% Loan to Value Ratio (LVR) reducing to 65.0% through sales. The loan amount was increased by \$7.5 million to \$18.2 million with the addition of a further 9 completed freestanding houses as security. The loan is subject to a margin of 6.5% + BBSW and an interest rate floor of 10.0%. During the period \$3.7 million of repayments were redrawn with substitute security provided by the borrower. The loan is serviced, with interest paid monthly in advance and will be repaid through the proceeds from sales over the 12-month term. The outstanding loan amount as at 31 December 2023 was \$11.6 million with a LVR of 57.2%.

In December 2023, the Fund settled a \$4.6 million first mortgage loan facility. The loan is secured against a recently completed petrol station with a 12-year lease and is drawn to a 70.0% LVR. The loan is subject to a margin of 5.25% + BBSW and an interest rate floor of 9.25%. The loan is serviced, with interest paid monthly in advance for a term of 12 months, minimum 6 months interest and will be repaid through the proceeds from the asset sale or refinance.

Upon the Fund being fully invested, it will continue to diversify its loan portfolio through a partial selldown of its various loan interests to third parties, allowing it to continue to invest in further loans and increase diversification.

### **Significant changes in the state of affairs**

On 27 July 2023, the Fund announced a change of name from 360 Capital Enhanced Income Fund to 360 Capital Mortgage REIT retaining the existing ASX code TCF. In August 2023, the Fund's classification under the Global Industry Classification Standard (GICS) was updated by S&P Global to a Mortgage Real Estate Investment Trust (REIT).

### **Likely developments and expected results of operations**

Recent market conditions have seen reduced liquidity and rising interest rates which have made commercial and completed residual residential real estate debt an attractive investment proposition and as such, the Fund's focus is investing in senior and stretch senior real estate loans.

The Fund intends to continue to generate a stable revenue stream from its loan portfolio and provide regular distributions. As opportunities arise the Fund will look to grow and diversify its loan portfolio.

**360 Capital Mortgage REIT**  
**Responsible Entity report**  
**For the half-year ended 31 December 2023**

**Distributions**

Distributions paid or payable during the financial half-year were as follows.

<b>Distribution period</b>	<b>Date of payment</b>	<b>Cents per unit</b>	<b>Total paid \$'000</b>
July 2023	7 August 2023	3.50	144
August 2023	7 September 2023	3.50	144
September 2023	6 October 2023	3.50	145
October 2023	7 November 2023	3.50	145
November 2023	7 December 2023	3.50	145
December 2023	5 January 2024	3.50	145
<b>Total distribution for the half-year ended 31 December 2023</b>		<b>21.00</b>	<b>868</b>
July 2022	5 August 2022	3.00	124
August 2022	7 September 2022	3.00	124
September 2022	7 October 2022	3.00	124
October 2022	7 November 2022	3.00	124
November 2022	7 December 2022	3.00	124
December 2022	6 January 2023	3.00	124
<b>Total distribution for the half-year ended 31 December 2022</b>		<b>18.00</b>	<b>744</b>

**Matters subsequent to the end of the financial half-year**

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

**Number of units on issue**

As at 31 December 2023 the number of units on issue in the Fund was 4,131,427 (30 June 2023: 4,131,427). During the half-year, there were no redemptions (31 December 2022: nil) or issuance of units (31 December 2022: nil) in the Fund. In January 2024, 757 units were bought back and cancelled by the Fund under a minimum parcel buy back at \$5.07 per unit.

**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**

The Fund 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

29 January 2024


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

As lead auditor for the review of the half-year financial report of 360 Capital Mortgage 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 Mortgage REIT and the entities it controlled during the financial period.

  
Ernst & Young

  
St Elmo Wilken  
Partner  
29 January 2024

**360 Capital Mortgage REIT**  
**Consolidated interim statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2023**

	Note	Consolidated 31 Dec 2023 \$'000	31 Dec 2022 \$'000
<b>Revenue from continuing operations</b>			
Investment Income	3	1,279	966
Distribution Income		32	-
<b>Total revenue and other income from continuing operations</b>		<b>1,311</b>	<b>966</b>
Management fees	8	(106)	(107)
Fund expenses		(80)	(79)
<b>Profit for the half-year</b>		<b>1,125</b>	<b>780</b>
<b>Profit for the half-year is attributable to:</b>			
Non-controlling interests		116	-
Unitholders of 360 Capital Mortgage REIT		1,009	780
<b>Profit for the half-year</b>		<b>1,125</b>	<b>780</b>
<b>Other comprehensive income that may be reclassified to profit or loss in subsequent periods</b>			
Other comprehensive income for the half-year		-	-
<b>Total comprehensive income for the half-year</b>		<b>1,125</b>	<b>780</b>
<b>Total comprehensive income for the half-year is attributable to:</b>			
Non-controlling interests		116	-
Unitholders of 360 Capital Mortgage REIT		1,009	780
<b>Total comprehensive income for the half-year</b>		<b>1,125</b>	<b>780</b>
<b>Earnings per unit for profit attributable to unitholders of 360 Capital Mortgage REIT</b>		<b>Cents</b>	<b>Cents</b>
Basic earnings per unit		<b>24.4</b>	18.9
Diluted earnings per unit		<b>24.4</b>	18.9

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

**360 Capital Mortgage REIT**  
**Consolidated interim statement of financial position**  
**As at 31 December 2023**

		Consolidated	
	Note	31 Dec 2023	30 Jun 2023
		\$'000	\$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		10,320	14,408
Trade and other receivables		23	9
Financial assets at fair value through other comprehensive income	4	16,391	-
<b>Total current assets</b>		<b>26,734</b>	<b>14,417</b>
<b>Non-current assets</b>			
Financial assets at fair value through other comprehensive income	4	-	10,400
<b>Total non-current assets</b>		<b>-</b>	<b>10,400</b>
<b>Total assets</b>		<b>26,734</b>	<b>24,817</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		180	145
Provision for distributions	2	145	145
<b>Total current liabilities</b>		<b>325</b>	<b>290</b>
<b>Total liabilities</b>		<b>325</b>	<b>290</b>
<b>Net assets</b>		<b>26,409</b>	<b>24,527</b>
<b>Equity</b>			
Issued capital	5	37,217	37,217
Accumulated losses		(12,549)	(12,690)
<b>Total equity attributable to the unitholders of 360 Capital Mortgage REIT</b>		<b>24,668</b>	<b>24,527</b>
Non-controlling interests		1,741	-
<b>Total equity</b>		<b>26,409</b>	<b>24,527</b>

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

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

		Issued capital \$'000	Accumulated losses \$'000	Total equity attributable to unitholders \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>Consolidated</b>	<b>Note</b>					
Balance at 1 July 2022		37,217	(12,688)	24,529	-	24,529
Profit for the half-year		-	780	780	-	780
Other comprehensive income for the half-year		-	-	-	-	-
Total comprehensive income for the half-year		-	780	780	-	780
<i>Transactions with unitholders in their capacity as unitholders:</i>						
Distributions paid or payable	2	-	(744)	(744)	-	(744)
Balance at 31 December 2022		37,217	(12,652)	24,565	-	24,565
		Issued capital \$'000	Accumulated losses \$'000	Total equity attributable to unitholders \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>Consolidated</b>	<b>Note</b>					
Balance at 1 July 2023		37,217	(12,690)	24,527	-	24,527
Profit for the half-year		-	1,009	1,009	116	1,125
Other comprehensive income for the half-year		-	-	-	-	-
Total comprehensive income for the half-year		-	1,009	1,009	116	1,125
Transaction with non-controlling interests	9	-	-	-	1,741	1,741
<i>Transactions with unitholders in their capacity as unitholders:</i>						
Distributions paid or payable	2	-	(868)	(868)	(116)	(984)
		-	(868)	(868)	1,625	757
<b>Balance at 31 December 2023</b>		<b>37,217</b>	<b>(12,549)</b>	<b>24,668</b>	<b>1,741</b>	<b>26,409</b>

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

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

	Note	Consolidated 31 Dec 2023 \$'000	31 Dec 2022 \$'000
<b>Cash flows from operating activities</b>			
Investment income		1,304	965
Distribution received		32	-
Payments to suppliers		(190)	(167)
<b>Net cash from operating activities</b>		<b>1,146</b>	798
<b>Cash flows from investing activities</b>			
Proceeds from repayment of loan investments		20,527	24,400
Payments for loan investment		(26,518)	(24,400)
<b>Net cash used in investing activities</b>		<b>(5,991)</b>	-
<b>Cash flows from financing activities</b>			
Distributions paid to unitholders	2	(868)	(744)
Distributions paid to non-controlling interests	9	(116)	-
Proceeds from units issued to non-controlling interests	9	4,380	-
Payments for redemption by non-controlling interests	9	(1,655)	-
Payments for return of capital to non-controlling interests	9	(984)	-
<b>Net cash from/(used in) financing activities</b>		<b>757</b>	(744)
Net (decrease)/increase in cash and cash equivalents		(4,088)	54
Cash and cash equivalents at the beginning of the financial half-year		14,408	171
<b>Cash and cash equivalents at the end of the financial half-year</b>		<b>10,320</b>	225

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

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

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

**Note 1. Operating segments**

The Chief Operating Decision Maker, being the Executive Chairman of the Responsible Entity, monitors the performance and results of the Fund at a total Fund level. As a result, the Fund has only one segment.

**Note 2. Distributions**

Distributions paid or payable during the financial half-year were as follows.

<b>Distribution period</b>	<b>Date of payment</b>	<b>Cents per unit</b>	<b>Total paid \$'000</b>
July 2023	7 August 2023	3.50	144
August 2023	7 September 2023	3.50	144
September 2023	6 October 2023	3.50	145
October 2023	7 November 2023	3.50	145
November 2023	7 December 2023	3.50	145
December 2023	5 January 2024	3.50	145
<b>Total distribution for the half-year ended 31 December 2023</b>		<b>21.00</b>	<b>868</b>
July 2022	5 August 2022	3.00	124
August 2022	7 September 2022	3.00	124
September 2022	7 October 2022	3.00	124
October 2022	7 November 2022	3.00	124
November 2022	7 December 2022	3.00	124
December 2022	6 January 2023	3.00	124
<b>Total distribution for the half-year ended 31 December 2022</b>		<b>18.00</b>	<b>744</b>

**Note 3. Investment income**

Investment income includes:

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest - Investments	1,142	965
Interest - Cash at bank	137	1
	<b>1,279</b>	<b>966</b>

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

**Note 4. Financial assets at fair value through other comprehensive income**

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>30 June 2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current assets</i>		
Loans receivable	16,391	-
<i>Non-current assets</i>		
Loans receivable	-	10,400
	<b>16,391</b>	<b>10,400</b>
<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:		
Opening fair value	10,400	24,500
Additions	26,518	34,800
Repayment	(20,527)	(48,900)
<b>Closing fair value</b>	<b>16,391</b>	<b>10,400</b>

Refer to Note 6 for further information on fair value measurement.

The Fund invests in loans that give rise to repayments of principal and interest on specific dates, however in order to actively manage a long term diversified portfolio, the Fund 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 Fund's strategy, objectives or return profile.

**Loan portfolio**

As at 31 December 2023 the Fund had a portfolio of 3 loan investments totalling \$16.4 million (30 June 2023: \$10.4 million).

In June 2023, the Fund settled a \$10.4 million first mortgage residual stock loan. The loan was secured against 30 strata titled completed units situated in Western Sydney. The loan interest rate was subject to a margin of 5.0% + BBSW and an interest rate floor of 9.0%. During the period a total of \$10.2 million was repaid through proceeds from apartment sales. The outstanding loan amount as at 31 December 2023 was \$0.2 million, and was fully repaid on 12 January 2024.

In July 2023, the Fund settled a \$10.7 million residual stock loan secured against 12 brand new, completed freestanding houses, initially drawn to a 70.0% loan to value ratio (LVR) reducing to 65.0% through sales. The loan amount was increased by \$7.5 million to \$18.2 million with the addition of a further 9 completed freestanding houses as security. The loan is subject to a margin of 6.5% + BBSW and an interest rate floor of 10.0%. During the period \$3.7 million of repayments were redrawn with substitute security provided by the borrower. The loan is serviced, with interest paid monthly in advance and will be repaid through the proceeds from sales over the 12-month term. The outstanding loan amount as at 31 December 2023 was \$11.6 million with a LVR of 57.2%.

In December 2023, the Fund settled a \$4.6 million first mortgage loan facility. The loan is secured against a recently completed petrol station with a 12-year lease and is drawn to a 70.0% LVR. The loan is subject to a margin of 5.25% + BBSW and an interest rate floor of 9.25%. The loan is serviced, with interest paid monthly in advance for a term of 12 months, minimum 6 months interest and will be repaid through the proceeds from the asset sale or refinancing.

As the credit risk of the loans has not changed since inception, expected loss is measured over a 12 month period. An expected credit loss has not been recognised in relation to the loans given the loan collaterals of real estate assets over which the Fund has a registered exclusive interest as a creditor. 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.

**Note 5. Issued capital**

**Ordinary units**

Ordinary units of the Fund are listed on the Australian Securities Exchange (ASX); there are no separate classes of units and each unit in the Fund has the same rights attaching to it as all other units of Fund. Each ordinary unit confers upon the unitholder an equal interest in the Fund and is of equal value to other units in the Fund. A unit does not confer upon the holder any interest in any particular asset or investment of the Fund. The rights of unitholders are contained in the Fund's Constitution and include:

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

**Note 5. Issued capital (continued)**

- The right to receive a distribution determined in accordance with the provisions of the Fund's Constitution, which states that unitholders are presently entitled to the distributable income of the Fund as determined by the responsible entity;
- The right to attend and vote at meetings of unitholders; and
- The right to participate in the termination and winding up of the Fund.

Redemption of units is not a right granted by the Constitution but may be performed at the discretion of the Responsible Entity.

**Equity classification**

Units are classified as equity. The Responsible Entity considers the units to meet the requirements for equity classification within AASB 132.16C-D based on the rights granted by the units.

	31 Dec 2023	30 June 2023	31 Dec 2023	30 June 2023
	Units	Units	\$'000	\$'000
Issued capital	4,131,427	4,131,427	37,217	37,217

There were no movement in the number and value of units of issued capital during the half-year ended 31 December 2023 (31 December 2022: nil).

**Equity raising**

During the half-year no units were issued by the Fund (31 December 2022: nil units).

*Unit buy-back*

As detailed in the Fund constitution, the Responsible Entity may, but is not under obligation to, buy back, purchase or redeem units from unit holders. During the half-year there were no unit buy-backs (31 December 2022: nil units). In January 2024, 757 units were bought back and cancelled by the Fund under a minimum parcel buy back at \$5.07 per unit.

**Note 6. Fair value measurement**

*Fair value hierarchy*

The following tables detail the Fund's 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: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated - 31 December 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Financial assets at fair value through other comprehensive income	-	-	16,391	16,391
Total assets	-	-	16,391	16,391

Consolidated - 30 June 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Financial assets at fair value through other comprehensive income	-	-	10,400	10,400
Total assets	-	-	10,400	10,400

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

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

**Note 6. Fair value measurement (continued)**

The Fund's Level 3 assets represented its private credit loan portfolios of \$16.4 million (30 June 2023: \$10.4 million). The value of these investments are held at fair value through other comprehensive income as the objective of the investment is achieved by both collecting the contractual cash flows and selling the financial asset as deemed necessary in order to manage the overall portfolio. By the nature as a private credit transaction, the investments have been classified as a Level 3 Asset as its valuation depends on inputs which are not directly or indirectly observable in active markets; the assessment of the investment's performance and valuation is performed at regular intervals by computing the risk of default and loss given default under various scenarios using established risk models. Inputs used to determine fair value include amongst other factors comparable market interest rates, risk profile of the borrower and performance of the borrower. The Fund has determined that the fair values of the loans have not changed since the loans were originated.

**Note 7. Earnings per unit**

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
	<b>cents</b>	<b>cents</b>
Basic earnings per unit	24.4	18.9
Diluted earnings per unit	24.4	18.9

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit attributable to unitholders of 360 Capital Mortgage REIT used in calculating earnings per unit	1,009	780

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
	<b>units</b>	<b>units</b>
Weighted average number of units - basic	4,131,427	4,131,427
Weighted average number of units - diluted	4,131,427	4,131,427

**Note 8. 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

**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. Management fees paid/payable are as follows.

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
	<b>\$</b>	<b>\$</b>
<b>Fees paid/payable by the Fund:</b>		
Management fees	105,921	106,577

*Management fee:* The Responsible Entity is entitled to a Management Fee of 0.85% p.a. of the total assets of the Fund during the relevant year for its role in managing and administering the Fund.

*Recoverable expenses:* The Responsible Entity is entitled to recover all expenses properly incurred in managing and administering the Fund. During the half-year, \$5,586 (31 December 2022: \$2,773) were recovered by the Responsible Entity and its related entities.

*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.

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

**Note 8. Related party transactions (continued)**

**Unitholdings**

The Responsible Entity or other funds managed by and related to the Responsible Entity held units in the Fund as follows:

	<b>Consolidated</b>			
	<b>31 Dec 2023</b>	<b>31 Dec 2023</b>	<b>30 Jun 2023</b>	<b>30 Jun 2023</b>
	<b>%</b>	<b>units</b>	<b>%</b>	<b>units</b>
<i>360 Capital Diversified Property Fund</i>				
Units held	16.4%	676,974	16.4%	676,974

**Distributions**

Distributions paid or payable by the Fund to entities related to the Responsible Entity are as follows:

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
	<b>\$</b>	<b>\$</b>
<i>360 Capital Diversified Property Fund</i>		
Distributions paid/payable by the Fund	142,165	121,855

**Receivable from and payable to related parties**

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>30 Jun 2023</b>
	<b>\$</b>	<b>\$</b>
<i>Current payables</i>		
Trade and other payables	17,889	17,845
Distribution payable	23,694	23,694

**360 Capital Private Credit Fund**

During the period the Fund invested in a loan via a sub trust alongside the 360 Capital Private Credit Fund (PCF), an unlisted wholesale contributory mortgage fund managed by 360 Capital FM Limited. In August 2023, 360 Capital DIP Trust an entity owned by 360 Capital Group (ASX: TGP) the ultimate parent of the Responsible Entity, co-invested \$3.7 million in PCF Sub Trust 1 together with a further \$2.7 million from third party wholesale investors during the period, via PCF. 360 Capital Group's units were subsequently fully redeemed during the period.

**Note 9. Controlled entities**

The consolidated interim financial statements incorporate the assets, liabilities, and results of the following subsidiaries controlled by the Fund:

a) Interest in subsidiaries

<b>Name</b>	<b>Principal place of business / Country of incorporation</b>	<b>Ownership interest</b>	
		<b>31 Dec 2023</b>	<b>30 Jun 2023</b>
		<b>%</b>	<b>%</b>
360 Capital EIF No.1 Trust	Australia	100%	100%
PCF Sub Trust 1 <sup>1</sup>	Australia	85%	-
PCF Sub Trust 2	Australia	100%	100%
PCF Sub Trust 3 <sup>1</sup>	Australia	100%	-

1. PCF Sub Trust 1 and PCF Sub Trust 3 were both established on 19 July 2023.

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

**Note 9. Controlled entities (continued)**

b) Non-controlling interests (NCI)

Name	Principal place of business / Country of incorporation	Held by NCI %	Profit attributable to NCI \$'000	Equity NCI \$'000
PCF Sub Trust 1	Australia	15.0%	116	1,741

During the half-year, PCF Sub Trust 1 issued 3,703,171 units at \$1.00 per unit totalling \$3.7 million to non-controlling interests in August 2023. Subsequently PCF Sub Trust 1 issued 676,829 units for \$0.7 million and redeemed 1,655,000 units for \$1.7 million, at \$1.00 per unit. In November and December 2023, PCF Sub Trust 1 returned capital of \$1.0 million to non-controlling interests. As at 31 December 2023, the balance of non-controlling interests was \$1.7 million.

**Note 10. Events after the reporting period**

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

**Note 11. Basis of preparation**

360 Capital Mortgage REIT and its controlled entities are for-profit entities for the purpose of preparing the financial report.

The interim financial report has been prepared on accruals basis and on the historical cost basis except for certain financial assets, which are stated at their fair value. The accounting policies set out in Note 12 'Material accounting policy information' have been applied consistently to all periods presented in this financial report.

The interim financial report comprises the consolidated financial statements of 360 Capital Mortgage REIT and its controlled entities.

The Fund 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 Responsible Entity report have been rounded off to the nearest thousand dollars, unless otherwise stated.

The interim financial statements are presented in Australian dollars, which is the Fund's functional and presentation currency.

**Basis of consolidation**

Controlled entities

The consolidated interim 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.

Non-controlling interest in the results and equity of controlled entities are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Fund. Losses incurred by the fund are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a controlled entity, it derecognises the assets including goodwill, liabilities and non-controlling interest in the controlled entity together with any cumulative translation differences recognised in equity. The Fund recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

## **360 Capital Mortgage REIT**

### **Notes to the consolidated interim financial statements**

#### **For the half-year ended 31 December 2023**

#### **Note 12. 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 for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose 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 adopted and disclosed in the company's 2023 annual financial report for the financial year ended 30 June 2023. The accounting policies are consistent with Australian Accounting Standards and with IFRS Standards.

#### **New or amended Accounting Standards and Interpretations adopted**

The Fund has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2023:

- 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*

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

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

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

- (1) The attached financial statements and notes are in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the Fund's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
  - (ii) complying with Australian Accounting Standards, the *Corporations regulations 2001* and other mandatory professional reporting requirements; and
  - (iii) 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.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.



Tony Robert Pitt  
Executive Chairman



David van Aanholt  
Deputy Chairman

29 January 2024

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

### Conclusion

We have reviewed the accompanying half-year financial report of 360 Capital Mortgage REIT (the Fund) and its subsidiaries (collectively the Group), which comprises the consolidated interim statement of financial position as at 31 December 2023, the consolidated interim statement of profit or loss and 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 Fund is not in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Fund as at 31 December 2023 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 Fund 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 Fund 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 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 Fund'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.

*Ernst & Young*  
Ernst & Young

*St Elmo Wilken*  
St Elmo Wilken  
Partner  
29 January 2024

## **360 Capital Mortgage REIT**

### **Corporate directory for the half-year ended 31 December 2023**

#### **Directors & Officers**

##### Non-Executive Directors

David van Aanholt (Deputy Chairman)  
Andrew Graeme Moffat  
Anthony Gregory McGrath

##### Executive Director

Tony Robert Pitt (Executive Chairman)

##### Officers

Glenn Butterworth – Chief Financial Officer and Company Secretary

#### **Responsible Entity**

360 Capital FM Limited  
ACN 090 664 396  
AFSL 221 474  
Suite 3701, Level 37, 1 Macquarie Place, Sydney NSW 2000 Australia  
Telephone 02 8405 8860  
Email: [investor.relations@360capital.com.au](mailto:investor.relations@360capital.com.au)

#### **Unit Registry**

Boardroom Pty Limited  
ACN 003 209 836  
Level 8 210 George Street Sydney NSW 2000  
Telephone 1300 737 760  
Email: [enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au)

#### **Auditor**

Ernst & Young  
200 George Street Sydney NSW 2000

#### **Website**

[www.360capital.com.au](http://www.360capital.com.au)

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