



ASX Release

10 February 2023

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360 Capital Enhanced Income Fund (ASX: TCF)

Appendix 4D for the half-year ended 31 December 2022

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 2022. 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 2022 is attached and forms part of this Appendix 4D.

Details of reporting period

Current reporting period: 1 July 2022 – 31 December 2022

Prior corresponding period: 1 July 2021 – 31 December 2021

Results for announcement to the market

	31 Dec 2022 \$'000	31 Dec 2021 \$'000	Movement \$'000	Movement %
Revenue and other income from ordinary activities	966	771	195	25.3
Profit for the half year attributable to the unitholders of 360 Capital Enhanced Income Fund	780	661	119	18.0

	31 Dec 2022 Cents per unit	31 Dec 2021 Cents per unit	Movement Cents per unit	Movement %
Earnings per unit – Basic and diluted	18.9	18.9	-	-

Net tangible asset per unit

	31 Dec 2022 \$	31 Dec 2021 \$	Movement \$	Movement %
Net tangible assets per unit	5.95	5.94	0.01	0.2



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Distributions

<u>Distribution period</u>	<u>Cents per unit</u>	<u>Total paid \$'000</u>	<u>Record date</u>	<u>Date of payment</u>
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
Total distribution for the half year ended 31 December 2022	18.00	744		
July 2021	3.00	103	30 July 2021	6 August 2021
August 2021	3.00	104	31 August 2021	7 September 2021
September 2021	3.00	104	30 September 2021	7 October 2021
October 2021	3.00	104	29 October 2021	5 November 2021
November 2021	3.00	104	30 November 2021	7 December 2021
December 2021	3.00	112	31 December 2021	7 January 2022
Total distribution for the half year ended 31 December 2021	18.00	631		

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 ENHANCED INCOME FUND

(ASX:TCF)

INTERIM FINANCIAL REPORT

For the half-year ended 31 December 2022

General information

360 Capital Enhanced Income Fund (ARSN 115 632 990) (Fund) is a 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 financial statements.

The financial statements are presented in Australian dollars, which is 360 Capital Enhanced Income Fund'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 financial statements were authorised for issue, in accordance with a resolution of directors, on 10 February 2023.

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 2022 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 Enhanced Income Fund
Responsible Entity report
For the half-year ended 31 December 2022**

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 statements of 360 Capital Enhanced Income Fund (ASX: TCF) (Fund) for the half-year ended 31 December 2022. The Fund comprises 360 Capital Enhanced Income Fund and its controlled entity.

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)
William John Ballhausen
Andrew Graeme Moffat
Anthony Gregory McGrath

Principal activities

The Fund's strategy is to invest in a range of private credit opportunities across Australia and New Zealand including:

- senior secured floating rate notes
- fixed rate securities
- subordinated securities
- unlisted private debt

Review of operations

The Fund's net profit for the half-year ended 31 December 2022 was \$0.8 million (31 December 2021: \$0.7 million) with earnings of 18.9 cents per unit ('cpu') (31 December 2021: 18.9 cpu). The Fund's balance sheet as at 31 December 2022 had total assets of \$24.7 million (30 June 2022: \$24.7 million). The Fund's Net Asset Value (NAV) per unit as at 31 December 2022 was \$5.95 (30 June 2022: \$5.94).

In August 2022 the Responsible Entity announced the results of a strategic review of the Fund prompted by changes to the interest rate environment, poor trading liquidity and continuing trading price discount to the Fund's NTA. The strategic review concluded that given the Funds loan investments continued to perform and that it was likely that the existing loans would be repaid prior their expiry that the Fund would continue to operate as normal. During the period the Fund's loan investments were repaid which provided the opportunity to reinvest the proceeds and provide investors with an enhanced return and increased distributions. The Funds trading price at 31 December 2022 was \$5.54 per unit and increase of 4.5% from 30 June 2022.

In December 2022, the borrowers of the initial loan investment provided notice to the Fund of their intention to prepay the majority of the principal loan amount and subsequently repaid a total of \$24.4 million on 17 December 2022. The balance of the loan amount of \$100,000 is expected to be repaid in March 2023.

In December 2022 following the repayment of \$24.4 million from the Fund's initial loan investment, a new 18-month loan facility of \$24.4 million was provided to a property developer and builder based in Sydney's North Western suburbs to assist in funding the acquisition of a property and its related acquisition costs. The interest rate on the loan is 9.0% p.a. paid monthly in advance and the loan is secured by a registered first mortgage, first ranking general security deed, personal and corporate guarantee from the borrower.

The Responsible Entity announced in December 2022 that after redeploying the Fund's capital into a new loan investment, it was increasing the forecast distributions by 16.7% to 42.0 cpu per annum equivalent to 3.5 cpu per month from January 2023.

Capital management

As at 31 December 2022 the number of units on issue in the Fund was 4,131,427 (30 June 2022: 4,131,427). During the half-year, there were no redemption (31 December 2021: nil) or issuance of units (31 December 2021: 279,845 units issued at \$5.94 per unit) in the Fund.

Significant changes in the state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Fund that occurred during the half-year under review other than those listed above or elsewhere in the Responsible Entity report.

Likely developments and expected results of operations

Recent market conditions have seen reduced liquidity and rising interest rates which have made commercial real estate debt an attractive investment proposition and as such, the Fund's current 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 Enhanced Income Fund
Responsible Entity report
For the half-year ended 31 December 2022**

Distributions

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

Distribution period	Date of payment	Cents per unit	Total paid \$'000
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
Total distribution for the half-year ended 31 December 2022		18.00	744
July 2021	6 August 2021	3.00	103
August 2021	7 September 2021	3.00	104
September 2021	7 October 2021	3.00	104
October 2021	5 November 2021	3.00	104
November 2021	7 December 2021	3.00	104
December 2021	7 January 2022	3.00	112
Total distribution for the half-year ended 31 December 2021		18.00	631

Matters subsequent to the end of the financial half-year

No matters or circumstance has arisen since 31 December 2022 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 2022 the number of units on issue in the Fund was 4,131,427 (31 December 2021: 3,734,866).

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

10 February 2023



**Building a better
working world**

Auditor's Independence Declaration to the Directors of 360 Capital FM Limited as Responsible Entity for 360 Capital Enhanced Income Fund

As lead auditor for the review of the interim financial report of 360 Capital Enhanced Income Fund for the half-year ended 31 December 2022, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

Ernst & Young

Douglas Bain
Partner
10 February 2023

360 Capital Enhanced Income Fund
Consolidated interim statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022

360 Capital
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	Note	Consolidated 31 Dec 2022 \$'000	31 Dec 2021 \$'000
Revenue			
Investment Income	3	966	771
Total revenue and other income from ordinary activities		966	771
Management fees	8	(107)	(90)
Fund expenses		(79)	(20)
Profit for the half-year attributable to the unitholders of 360 Capital Enhanced Income Fund		780	661
Other comprehensive income for the half-year		-	-
Total comprehensive income for the half-year attributable to the unitholders of 360 Capital Enhanced Income Fund		780	661
		Cents	Cents
Basic earnings per unit		18.9	18.9
Diluted earnings per unit		18.9	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 Enhanced Income Fund
Consolidated interim statement of financial position
As at 31 December 2022

360 Capital
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	Note	Consolidated 31 Dec 2022 \$'000	30 Jun 2022 \$'000
Assets			
Current assets			
Cash and cash equivalents		225	171
Trade and other receivables		20	6
Financial assets at fair value through other comprehensive income	4	100	-
Total current assets		345	177
Non-current assets			
Financial assets at fair value through other comprehensive income	4	24,400	24,500
Total non-current assets		24,400	24,500
Total assets		24,745	24,677
Liabilities			
Current liabilities			
Trade and other payables		56	24
Provision for distributions	2	124	124
Total current liabilities		180	148
Total liabilities		180	148
Net assets		24,565	24,529
Equity			
Issued capital	5	37,217	37,217
Accumulated losses		(12,652)	(12,688)
Total equity		24,565	24,529

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

360 Capital Enhanced Income Fund
Consolidated interim statement of changes in equity
For the half-year ended 31 December 2022

360 Capital
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	Note	Issued capital \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2021		33,198	(12,692)	20,506
Profit for the half-year		-	661	661
Other comprehensive income for the half-year		-	-	-
Total comprehensive income for the half-year		-	661	661
<i>Transactions with unitholders in their capacity as unitholders:</i>				
Issue of units	5	1,663	-	1,663
Distributions paid or payable	2	-	(631)	(631)
Balance at 31 December 2021		34,861	(12,662)	22,199
Consolidated				
Balance at 1 July 2022		37,217	(12,688)	24,529
Profit for the half-year		-	780	780
Other comprehensive income for the half-year		-	-	-
Total comprehensive income for the half-year		-	780	780
<i>Transactions with unitholders in their capacity as unitholders:</i>				
Distributions paid or payable	2	-	(744)	(744)
Balance at 31 December 2022		37,217	(12,652)	24,565

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

360 Capital Enhanced Income Fund
Consolidated interim statement of cash flows
For the half-year ended 31 December 2022

360 Capital
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	Note	Consolidated 31 Dec 2022 \$'000	31 Dec 2021 \$'000
Cash flows from operating activities			
Investment income		965	772
Payments to suppliers		(167)	(55)
Net cash from operating activities		798	717
Cash flows from investing activities			
Proceeds from repayment of loan investments		24,400	-
Payments for loan investment		(24,400)	-
Net cash from investing activities		-	-
Cash flows from financing activities			
Proceeds from issue of units	5	-	1,663
Distributions paid	2	(744)	(631)
Net cash from/(used in) financing activities		(744)	1,032
Net increase in cash and cash equivalents		54	1,749
Cash and cash equivalents at the beginning of the financial half-year		171	217
Cash and cash equivalents at the end of the financial half-year		225	1,966

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

360 Capital Enhanced Income Fund
Notes to the consolidated interim financial statements
For the half-year ended 31 December 2022

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360 Capital Enhanced Income Fund
Notes to the consolidated interim financial statements
For the half-year ended 31 December 2022

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 during the financial half-year were as follows.

Distribution period	Date of payment	Cents per unit	Total paid \$'000
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 2022	3.00	124
Total distribution for the half-year ended 31 December 2022		18.00	744
July 2021	6 August 2021	3.00	103
August 2021	7 September 2021	3.00	104
September 2021	7 October 2021	3.00	104
October 2021	5 November 2021	3.00	104
November 2021	7 December 2021	3.00	104
December 2021	7 January 2022	3.00	112
Total distribution for the half-year ended 31 December 2021		18.00	631

Note 3. Investment income

Investment income includes:

	Consolidated 31 Dec 2022 \$'000	31 Dec 2021 \$'000
Interest - Investments	965	771
Interest - Cash at bank	1	-
	966	771

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

	Consolidated 31 Dec 2022 \$'000	30 Jun 2022 \$'000
<i>Current assets</i>		
Loans receivable	100	-
<i>Non-current assets</i>		
Loans receivable	24,400	24,500
	24,500	24,500
<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	24,500	20,400
Additions	24,400	4,100
Repayment	(24,400)	-
Closing fair value	24,500	24,500

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.

In December 2022, the borrowers of the initial loan investment provided notice to the Fund of its intention to prepay the majority of the principal amount and subsequently repaid a total of \$24.4 million on 17 December 2022. The balance of the loan amount of \$100,000 is expected to be repaid in March 2023.

In December 2022 following the repayment of \$24.4 million from the Fund's initial loan investment, a new 18-month loan facility of \$24.4 million was provided to a property developer and builder based in Sydney's North Western suburbs to assist in funding the acquisition of a property and its related acquisition costs. The interest rate on the loan is 9.0% p.a. paid monthly in advance and the loan is secured by a registered first mortgage, first ranking general security deed, personal and corporate guarantee from the borrower.

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

Note 5. Issued capital

	Consolidated 31 Dec 2022 Units	30 Jun 2022 Units	Consolidated 31 Dec 2022 \$'000	30 Jun 2022 \$'000
Issued capital	4,131,427	4,131,427	37,217	37,217

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:

- 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.

Note 5. Issued capital (continued)

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.

Movements in the number and value of units of issued capital of the Fund for the half-year ended 31 December 2021 were as follows:

Details	Date	Units '000	Unit price	\$'000
Balance	1 July 2021	3,455		33,198
Capital raised	9 December 2021	280	\$5.94	1,663
Balance	31 December 2021	3,735		34,861

Movements in the number and value of units of issued capital of the Fund for the half-year ended 31 December 2022 were as follows:

Details	Date	Units '000	Unit price	\$'000
Balance	1 July 2022	4,131		37,217
Balance	31 December 2022	4,131		37,217

Equity raising

During the half-year no units were issued (31 December 2021: 279,845 units at \$5.94 per unit).

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 2021: nil units).

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 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Financial assets at fair value through other comprehensive income	-	-	24,500	24,500
Total assets	-	-	24,500	24,500

30 June 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Financial assets at fair value through other comprehensive income	-	-	24,500	24,500
Total assets	-	-	24,500	24,500

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

Note 6. Fair value measurement (continued)

The Fund's Level 3 assets represented its private credit loan portfolio of \$24.5 million (30 June 2022: 24.5 million). The value of these investments are held at fair value through other comprehensive income as the objective of the investments is achieved by both collecting the contractual cash flows and selling the financial assets 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 the valuation depends on inputs which are not directly or indirectly observable in active markets; the valuation of the investment 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 value of the loans has not changed since the loans was originated.

Note 7. Earnings per unit

	Consolidated 31 Dec 2022 \$'000	31 Dec 2021 \$'000
Profit attributable to unitholders of the Fund used in calculating earnings per unit	780	661

	Consolidated 31 Dec 2022 units	31 Dec 2021 units
Weighted average number of units - basic	4,131,427	3,490,001
Weighted average number of units - diluted	4,131,427	3,490,001

	Consolidated 31 Dec 2022 cents	31 Dec 2021 cents
Basic earnings per unit	18.9	18.9
Diluted earnings per unit	18.9	18.9

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 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.

	Consolidated 31 Dec 2022 \$	31 Dec 2021 \$
Fees paid/payable by the Fund:		
Management fees	106,577	89,743

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. The Responsible Entity paid for equity raising costs on behalf of the Fund, at its discretion the Responsible Entity elected not to recover these expenses from the Fund.

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.

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:

	Consolidated 31 Dec 2022 %	Consolidated 31 Dec 2022 units	30 Jun 2022 %	30 Jun 2022 units
<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:

	Consolidated 31 Dec 2022 \$	31 Dec 2021 \$
<i>360 Capital Diversified Property Fund</i>		
Distributions paid/payable by the Fund	121,855	120,254

Receivable from and payable to related parties

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

	Consolidated 31 Dec 2022 \$	30 Jun 2022 \$
<i>Current payables</i>		
Trade and other payables	18,653	18,011

Note 9. Controlled entities

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

Name	Principal place of business / Country of incorporation	Ownership interest 31 Dec 2022 %	Ownership interest 30 Jun 2022 %
360 Capital EIF No.1 Trust ¹	Australia	100%	-

1. On 12 December 2022, 360 Capital EIF No.1 Trust was established as a subsidiary of the Fund to invest into the new loan and receive interest income from the loan.

Note 10. Events after the reporting period

No matters or circumstance has arisen since 31 December 2022 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 Enhanced Income Fund and its subsidiary 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 'Significant accounting policies' have been applied consistently to all periods presented in this financial report.

The interim financial report comprises the consolidated financial statements of 360 Capital Enhanced Income Fund and its controlled entity.

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 financial statements incorporate the assets and liabilities of all controlled entities of the Fund as at 31 December 2022 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 12. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for 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 2022 and any public announcements made by the Fund during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The 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 2022 annual financial report for the financial year ended 30 June 2022. The accounting policies are consistent with Australian Accounting Standards and with IFRS Standards.

Rounding

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.

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 2022:

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

These amendments have been deemed to have an immaterial impact to the Fund.

Note 12. Significant accounting policies (continued)

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 (application 1 January 2023)*
- *AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date (application 1 January 2023)*
- *AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates (application 1 January 2023)*

360 Capital Enhanced Income Fund
Directors' declaration
For the half-year ended 31 December 2022

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 2022 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

10 February 2023

Independent auditor's review report to the unitholders of 360 Capital Enhanced Income Fund

Conclusion

We have reviewed the accompanying half-year financial report of 360 Capital Enhanced Income Fund (the Fund), which comprises the statement of financial position as at 31 December 2022, the statement of profit or loss and comprehensive income, statement of changes in equity and 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 financial position of the Fund as at 31 December 2022 and of its 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 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



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

Ernst & Young

Douglas Bain
Partner
Sydney
10 February 2023

360 Capital Enhanced Income Fund
Corporate directory for the half-year ended 31 December 2022

Directors & Officers

Non-Executive Directors

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

Executive Director

Tony Robert Pitt (Executive Chairman)

Officers

Glenn Butterworth – Chief Financial Officer and Joint Company Secretary
Kimberley Child – Joint Company Secretary (resigned 6 January 2023)

Responsible Entity

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AFSL 221 474
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Telephone 02 8405 8860
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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

Auditor

Ernst & Young
200 George Street Sydney NSW 2000

Website

www.360capital.com.au

360 Capital



Identifying
strategic investment
opportunities.

360capital.com.au