



# ASX Release

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**360 Capital REIT (ASX: TOT)**

**27 February 2020**

**Appendix 4D**

**For the half year ended 31 December 2019**

**Page 1 of 2**

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

This Preliminary Financial Report is given to the ASX in accordance with Listing Rule 4.2.A. This report should be read in conjunction with the Annual Report for the year ended 30 June 2019. 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 2019 is attached and forms part of this Appendix 4D.

## Details of reporting period

Current reporting period: 1 July 2019 – 31 December 2019

Prior corresponding period: 1 July 2018 – 31 December 2018

## Results announcement to the market

	31 Dec 2019 \$'000	31 Dec 2018 \$'000	Movement \$'000	Movement %
Revenue and other income from ordinary activities	11,578	4,373	7,205	164.8
Profit attributable to stapled securityholders for the year	8,933	3,086	5,847	189.5
Operating profit <sup>1</sup>	3,539	3,969	(430)	(10.8)

<sup>1</sup> Operating profit is a financial measure which is not prescribed by Australian Accounting Standards (AAS) and represents the profit under AAS adjusted for specific non-cash and significant 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 2019 Cents per security	31 Dec 2018 Cents per security	Movement Cents per security	Movement %
Earnings per security – Basic and diluted	11.5	4.6	6.9	150.0
Operating profit per security	4.5	6.0	(1.5)	(25.0)



# ASX Release

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## Distributions

	Cents per Security	Total paid	Date of payment
September quarter distribution	2.25	1,580	24 October 2019
December quarter distribution	2.25	3,231	23 January 2020
<b>Total distribution for the period ended 31 December 2019</b>	<b>4.50</b>	<b>4,811</b>	
September quarter distribution	3.0	1,975	25 October 2018
December quarter distribution	3.0	2,024	24 January 2019
<b>Total distribution for the period ended 31 December 2018</b>	<b>6.00</b>	<b>3,999</b>	

## Net tangible asset per security

	31 Dec 2019 \$	31 Dec 2018 \$
NTA per security	1.16	1.17

## Control Gained over Entities during the year

Refer to Note 11 Business combinations of the Financial Report.

## Details of Associates and Joint Venture Entities

Refer to Note 7 Investments Equity Accounted of the Financial Report.

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# 360 Capital REIT

(comprising 360 Capital Passive REIT (ARSN 602 304 432)  
AND 360 Capital Active REIT (ARSN 602 303 613))

## Interim Financial Report

Half year ended 31 December 2019

Responsible Entity  
360 Capital FM Limited  
(ABN 15 090 664 396,  
AFSL 221 474)

360 Capital





## 360 CAPITAL REIT

(formerly 360 Capital Total Return Fund)

### Interim Financial Report For the half year ended 31 December 2019

360 Capital REIT (ASX: TOT) comprises 360 Capital Passive REIT (ARSN 602 304 432) and its controlled entities and 360 Capital Active REIT (ARSN 602 303 613) and its controlled entities.

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for 360 Capital REIT for the year ended 30 June 2019 and any public announcements made by 360 Capital REIT during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

## **360 Capital REIT**

### **Responsible Entity report**

**For the half year ended 31 December 2019**

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The Directors of 360 Capital FM Limited (CFML) (ABN 15 090 664 396) (AFSL No 221474), the Responsible Entity, present their report together with the interim financial report of 360 Capital REIT, formerly 360 Capital Total Return Fund (the Fund or consolidated entity) (ASX: TOT) for the half year ended 31 December 2019. 360 Capital REIT comprises 360 Capital Passive REIT, formerly 360 Capital Total Return Passive Fund (Parent Entity or Passive Fund) and its controlled entities and 360 Capital Active REIT, formerly 360 Capital Total Return Active Fund (Active Fund) and its controlled entities.

#### **Directors**

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

David van Aanholt (Chairman)  
Tony Robert Pitt  
William John Ballhausen  
Graham Ephraim Lenzner  
Andrew Graeme Moffat

#### **Principal activities**

The Fund listed on the Australian Stock Exchange (ASX) in April 2015 as a unique fund investing in various forms of real estate assets. On 21 February 2020, securityholders approved an updated strategy for the Fund.

The Fund may invest across a wide range of assets within both Australia and New Zealand real estate markets, including;

- repositioning assets
- investing in investment properties
- investing in development projects
- investing in real estate based operating business
- underwriting potential capital raisings including syndicates and both unlisted and listed funds
- strategic positions in unlisted funds
- capitalising on mispriced trading opportunities in listed REIT sector
- participating in mergers and acquisition activities
- participating in special situations within markets including distressed sales, investments with restructuring potential, and providing loans

## Operating and financial review

### Key financial highlights for the half year ended 31 December 2019



#### Statutory net profit

**\$8.9m**

(December 2018: \$3.1 million)

Statutory net profit attributable to securityholders higher than prior half year resulting from the gain on URB Investments Limited (URB) acquisition of \$5.6 million



#### Operating profit

**\$3.5m**

(December 2018: \$4.0 million)

Operating profit<sup>1</sup> of \$3.5 million (equating to 4.5 cps) excludes \$5.6 million gain on business acquisition



#### Distributions per security

**4.5cps**

(December 2018: 6.0 cps)

Distributions of 4.5 cps for the period reflects a 25% decrease on the prior period



#### Net tangible assets

**\$1.16**

per security  
(June 2019: \$1.17)

The Funds NTA is \$1.16 per security. Core NTA pre AASB 9 loss allowance on the Fund's loan receivable portfolio is \$1.17 per security



#### ASX closing price

**\$1.05**

per security  
(June 2019: \$1.18)

The Fund's closing price reflects a 10.3% discount to NTA as at 31 December 2019 and represents annualised distribution yield forecast DPU of 8.6%

<sup>1</sup> Operating profit is a financial measure which is not prescribed by Australian Accounting Standards (AAS) and represents the profit under AAS adjusted for specific non-cash items and significant 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 has not been subject to any specific audit procedures by the Fund's auditor but has been extracted from Note 1: Segment reporting.

## Operating and financial review (continued)

### Key operational achievements for the half year ended 31 December 2019



#### Acquisition

## URB

Scheme of arrangement

The Fund completed the acquisition of URB Investments Limited (URB) in December 2019, significantly increasing the its market capitalisation



#### Loan Book

## \$101.0m

Current loan facilities

Funds total loan receivable facilities of \$101.0 million as at 31 December 2019 with a weighted average interest rate of 9.8%



#### Average IRR

## 16.0%

On exited loan investments

A total of \$20.0 of loans receivable repaid during the year, delivering securityholders with a weighted average IRR of 16.0%



#### Building active revenue streams

Establishment fees, development profits and underwriting fees

50% ownership in AMF Finance continues to benefit TOT from active revenue streams in the form of establishment fees on loan transactions. Velocity Property Group (ASX: VP7) investment to deliver returns from development profits and potential for syndication and underwriting fees



### Financial overview

The Fund's statutory net profit attributable to stapled securityholders for the half year ended 31 December 2019 was \$8.9 million (December 2018: \$3.1 million). The Fund's statutory balance sheet as at 31 December 2019 had gross assets of \$181.6 million (June 2019: \$86.7 million).

The Fund's operating profit (profit before specific non-cash and significant items) for the half year ended 31 December 2019 was \$3.5 million (December 2018: \$4.0 million).

As at 31 December 2019 the Fund had recognised a total \$1.2 million loss allowance on loans receivable in accordance with AASB 9. The accounting standard requires a provision to be recognised based on the probability of future expected credit loss not on an actual incurred loss basis as previously required. Whilst the Fund has recognised a loss allowance on the loans receivable, there is currently no evidence that any actual loss will eventuate.

## **360 Capital REIT**

### **Responsible Entity report**

**For the half year ended 31 December 2019**

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#### **Fund key financial results highlights for the half year ended 31 December 2019**

- Statutory net profit of \$8.9 million (December 2018: \$3.1 million)
- Operating profit of \$3.5 million down (December 2018: \$4.0 million)
- Statutory earnings per security (EPS) of 11.5cps (December 2018: 4.6 cps)
- Operating EPS of 4.5cps
- Distributions per security (DPS) of 4.5cps in line with forecasts
- NTA per security of \$1.17 pre-AASB9 loss allowance

#### **Fund key operational results highlights for the half year ended 31 December 2019**

- Completed merger with URB Investments limited (URB), increasing the market capitalisation of TOT
- Completed institutional placement of \$10.8 million in October 2019
- Achieved an average Internal Rate of Return (IRR) of 16.0% on exited loan investments
- Increased loan book to \$101.0m of first mortgage real estate debt at an average interest rate of 9.8%
- Acquired 23 apartments in Gladesville, NSW at 20.0% below valuation and commenced sales campaign, initial three (3) sales translate to a return on equity of 31% over a 3-month investment horizon
- In Joint Venture with TGP, TOT acquired a 19.9% interest in Velocity Property Group (ASX:VP7) at a 64% discount to the 30 June 2019 audited Net Tangible Assets (NTA)
- Provided \$10.0 million corporate note to VP7 at 7.0% with 250 million options at 4.0cps (pre-consolidation)

#### **Acquisition of URB Investments Limited**

URB Investments Limited (URB) was an ASX listed investment company specialising in investing in small and medium sized companies located within Australia and New Zealand.

The acquisition was implemented through a scheme of arrangement under which each scheme share would be transferred to TOT in exchange for 0.9833 TOT securities for every fully paid scheme share transferred (Scrip consideration).

On 6 November 2019, the resolution to approve the scheme was passed by the requisite majorities of URB shareholders. The TOT stapled units under scrip consideration were issued on 20 December 2019.

The commencement of trading of new TOT securities on ASX was on 23 December 2019.

#### **Investment in Velocity Property Group**

Velocity Property Group (ASX: VP7) (Velocity) is an ASX listed boutique property development company that develops multi-unit apartment and mixed commercial developments in Queensland.

TOT through a joint venture investment company TGP TOT JV Pty Limited (JV), acquired 19.9% strategic stake in Velocity for a total of \$1.6 million on 23 December 2019. The carrying value of the Funds 50% interest in the JV was \$1.9 million at balance date. TOT also acquired a \$10.0 million secured convertible notes with a term of two years and an interest rate of 7.0% per annum. The convertible note is tradeable and convertible to Velocity shares, subject to various conditions.

#### **Debt origination and management joint venture**

The Fund holds a 50% stake in AMF Finance Pty Limited (AMF). AMF originates alternative lending and structured financing solutions to Australian real estate investors and developers and receives all establishment fees on development transactions written by 360 Capital Group entities, including TOT. This revenue stream adds to the Fund's active earnings.



## 360 Capital REIT

### Responsible Entity report

#### For the half year ended 31 December 2019

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#### Capital management

During the half year the Fund issued 9.14 million stapled units at \$1.18 per unit to institutional investors raising circa \$10.8 million. The allotment of new stapled units was completed on 21 October 2019. The proceeds were allocated to fund the lending activities and replenishing working capital.

The Fund also issued 64.25 million stapled units under scheme of arrangement in relation to the acquisition of URB Investments Limited. The scheme was implemented on 20 December 2019 and the ASX trading of the new units commenced on 23 December 2019.

No securities were issued under the Distribution Reinvestment Plan (DRP) during the half year of ended 31 December 2019 (December 2018: 1,601,989).

#### Distributions

Total distributions paid or payable to unitholders by the Fund for the half year ended 31 December 2019:

	31 December 2019 \$'000	31 December 2018 \$'000
September 2018 quarterly distribution 3.0 cps paid on 25 October 2018	-	1,975
December 2018 quarterly distribution 3.0 cps paid on 24 January 2019	-	2,024
September 2019 quarterly distribution 2.25 cps paid on 24 October 2019	1,580	-
December 2019 quarterly distribution 2.25 cps paid on 23 January 2020	3,231	-
	<b>4,811</b>	<b>3,999</b>

#### Number of interests on issue

As at 31 December 2019 the number of units on issue in the Fund was 143,615,634 (June 2019: 70,225,399). During the period a total of 9,143,498 and 64,246,737 securities were issued under the Fund's Institutional Placement and URB Scrip consideration, respectively.

#### Significant changes in 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's report.

#### Likely developments and expected results of operations

The Fund will continue to invest in a wide range of real estate based activities and assets within the Australia and New Zealand markets and seek to actively manage a diversified portfolio of investments.

**360 Capital REIT**  
**Responsible Entity report**  
**For the half year ended 31 December 2019**

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**Events subsequent to balance date**

On 13 January 2020, TOT announced an on-market buy back securities up to 6,745,564 million ordinary stapled securities representing 10% of the number of securities on issue as allowed under the ASX listing rules. The buy-back will be funded from TOT's available cash balance. At the date of this reports the Fund had bought back and cancelled 4,815,353 securities.

At a meeting of securityholders held on 21 February 2020, the updated strategy for the Fund was approved together with the ratification of the institutional placement in October 2019 resulting in the refreshment of the Funds 15% placement capacity. Subsequent to the meeting the responsible entity announced the new name for the Fund, being 360 Capital REIT, to align the Funds strategy.

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

**Auditor's independence declaration**

The auditor's independence declaration required under Section 307C of the Corporations Act 2001 is set out on page 9 and forms part of the Responsible Entity's report for the half year ended 31 December 2019.

**Rounding of amounts**

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

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



**David van Anholt**  
Chairman



**Tony Robert Pitt**  
Managing Director

Sydney  
27 February 2020

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

As lead auditor for the review of the half-year financial report of 360 Capital REIT for the half-year ended 31 December 2019, I declare to the best of my knowledge and belief, there have been:

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

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



Ernst & Young



Mark Conroy  
Partner  
27 February 2020

### 360 Capital REIT

#### Consolidated interim statement of profit or loss and other comprehensive income

For the half year ended 31 December 2019

		31 December 2019 \$'000	31 December 2018 \$'000
	Note		
<b>Revenue from continuing operations</b>			
Finance revenue		3,300	4,195
Distribution income		756	2
<b>Total revenue from continuing operations</b>		<b>4,056</b>	<b>4,197</b>
<b>Other income</b>			
Net gain on fair value of financial assets	6	523	-
Gain on business acquisition	11	5,607	-
Net gain on disposal of financial assets		-	2
Share of equity accounted profits	7	1,387	174
Other income		5	-
<b>Total other income</b>		<b>7,522</b>	<b>176</b>
<b>Total revenue from continuing operations and other income</b>		<b>11,578</b>	<b>4,373</b>
Administration expenses		170	109
Management fees	14	382	280
Acquisition costs		403	-
Finance expenses		33	-
Net loss on disposal of financial assets	6	417	-
Loss allowance on loans receivable		133	885
<b>Profit from continuing operations before tax</b>		<b>10,040</b>	<b>3,099</b>
Income tax expense/(benefit)	3	1,107	(18)
<b>Profit for the period</b>		<b>8,933</b>	<b>3,117</b>
<b>Total comprehensive income for the period</b>		<b>8,933</b>	<b>3,117</b>
<b>Total comprehensive income attributable to:</b>			
Unitholders of 360 Capital Passive REIT		2,838	2,915
Unitholders of 360 Capital Active REIT		6,104	171
<b>Profit attributable to stapled securityholders</b>		<b>8,933</b>	<b>3,086</b>
External non-controlling interests		-	31
<b>Profit for the period</b>		<b>8,933</b>	<b>3,117</b>
<b>Earnings per stapled security for profit after tax attributable to the stapled securityholders of 360 Capital REIT</b>		<b>cents</b>	<b>cents</b>
Basic and diluted earnings per security	13	11.5	4.6
Diluted earnings per security	13	11.5	4.6

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

**360 Capital REIT**  
**Consolidated interim statement of financial position**  
**As at 31 December 2019**

		<b>31 December 2019 \$'000</b>	<b>30 June 2019 \$'000</b>
	<b>Note</b>		
<b>Current assets</b>			
Cash and cash equivalents	9	33,123	42,333
Receivables		17,320	132
Loans receivable	4	53,817	23,184
Inventory	5	17,444	-
Financial assets at fair value through profit or loss	6	4,005	64
<b>Total current assets</b>		<b>125,709</b>	<b>65,713</b>
<b>Non-current assets</b>			
Loans receivable	4	25,851	15,708
Financial assets at fair value through profit or loss	6	16,927	4,819
Convertible notes		10,000	-
Investments equity accounted	7	2,580	397
Deferred tax assets		577	51
<b>Total non-current assets</b>		<b>55,935</b>	<b>20,975</b>
<b>Total assets</b>		<b>181,644</b>	<b>86,688</b>
<b>Current liabilities</b>			
Trade and other payables		745	2,205
Distribution payable		3,231	2,107
Provision for income tax		1,616	-
<b>Total current liabilities</b>		<b>5,592</b>	<b>4,312</b>
<b>Non-current liabilities</b>			
Borrowings		8,227	-
Deferred tax liability		886	-
<b>Total non-current liabilities</b>		<b>9,113</b>	<b>-</b>
<b>Total liabilities</b>		<b>14,705</b>	<b>4,312</b>
<b>Net assets</b>		<b>166,939</b>	<b>82,376</b>
<b>Equity</b>			
Issued capital – Passive Fund	8	159,955	92,460
Issued capital – Active Fund	8	25,702	12,755
Issued Capital		185,657	105,215
Retained earnings		(18,718)	(22,839)
<b>Total equity attributable to stapled securityholders</b>		<b>166,939</b>	<b>82,376</b>
External non-controlling interest		-	-
<b>Total equity</b>		<b>166,939</b>	<b>82,376</b>

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

### 360 Capital REIT

#### Consolidated interim statement of changes in equity

For the half year ended 31 December 2019

		Issued capital - Passive Fund	Issued capital - Active Fund	Accumulated losses - Passive Fund <sup>1</sup>	Retained earnings - Active Fund	Total equity attributable to stapled Securityholders	External non- controlling interest	Total equity
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2019</b>		92,460	12,755	(23,175)	336	82,376	-	82,376
Total comprehensive income for the period		-	-	2,828	6,104	8,933	-	8,933
<b>Transactions with Securityholders in their capacity as Securityholders</b>								
Issued securities	8	67,759	13,059	-	-	80,818	-	80,818
Equity raising transaction costs	8	(265)	(112)	-	-	(377)	-	(377)
Distributions	2	-	-	(4,811)	-	(4,811)	-	(4,811)
		67,494	12,947	(4,811)		75,630		75,630
<b>Balance at 31 December 2019</b>		<b>159,954</b>	<b>25,702</b>	<b>(25,157)</b>	<b>6,440</b>	<b>166,939</b>	<b>-</b>	<b>166,939</b>
<b>Balance at 1 July 2018</b>		88,062	11,949	(21,847)	41	78,205	-	78,205
Impact of changes in accounting standards <sup>1</sup>		-	-	(442)	-	(442)	-	(442)
Adjusted balance at 1 July 2018		88,062	11,949	(22,289)	41	77,763	-	77,763
Total comprehensive income for the period		-	-	2,915	171	3,086	31	3,117
Recognition of non-controlling interest		-	-	-	-	-	1,200	1,200
<b>Transactions with Securityholders in their capacity as Securityholders</b>								
Issued securities - DRP		1,673	302	-	-	1,975	-	1,975
Equity raising transaction costs		(17)	(3)	-	-	(20)	-	(20)
Distributions		-	-	(3,999)	-	(3,999)	-	(3,999)
		1,656	299	(3,999)	-	(2,044)	-	(2,044)
<b>Balance at 31 December 2018</b>		<b>89,718</b>	<b>12,248</b>	<b>(23,373)</b>	<b>212</b>	<b>78,805</b>	<b>1,231</b>	<b>80,036</b>

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

<sup>1</sup> Accumulated losses at 1 July 2018 have been restated to reflect the impact of new AASB 9 accounting standard introduced for reporting periods effective from 1 January 2018

### 360 Capital REIT

#### Consolidated interim statement of cash flows

For the half year ended 31 December 2019

		31 December 2019 \$'000	31 December 2018 \$'000
	Note		
<b>Cash flows from operating activities</b>			
Cash receipts from customers		5	-
Cash payments to suppliers and employees		(504)	(420)
Dividend and distributions received		359	2
Finance revenue		4,015	202
Finance expenses		(33)	-
<b>Net cash inflows/(outflows) from operating activities</b>	9 (b)	<b>3,842</b>	<b>(216)</b>
<b>Cash flows from investing activities</b>			
Payment for financial assets		(11,668)	-
Proceeds from disposal of financial assets		54	-
Payment for equity accounted investments		(797)	-
Payment for inventory		(17,444)	-
Payment for convertible notes		(10,000)	-
Loans receivable provided		(57,494)	(30,643)
Loans receivable repaid		15,949	817
Net proceeds from acquisition of controlled entity, net cash received		53,438	-
Payment of transaction costs to acquire controlled entity		(16)	-
<b>Net cash outflows from investing activities</b>		<b>(27,978)</b>	<b>(29,826)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		8,227	-
Proceeds from issue of capital		10,789	1,975
Proceeds from issue of capital to external non-controlling interest		-	1,200
Payment of transaction costs to issue capital		(403)	(47)
Distributions paid to stapled securityholders		(3,687)	(3,457)
<b>Net cash inflows/(outflows) from financing activities</b>		<b>14,926</b>	<b>(329)</b>
Net decrease in cash and cash equivalents		(9,210)	(30,371)
Cash and cash equivalents at the beginning of the period		42,333	40,089
<b>Cash and cash equivalents at the end of the period</b>	9 (a)	<b>33,123</b>	<b>9,718</b>

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

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## Financial Information

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

### Note 1: Segment reporting

The Fund invests solely in the property sector within Australia.

The Chief Operating Decision Maker being, the Managing Director 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. Operating profit is a financial measure which is not prescribed by AAS and represents the profit under AAS adjusted for specific non-cash items and other significant 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 following table summarises key reconciling items between statutory profit attributable to the unitholders of the Fund and operating profit.

	31 December 2019 \$'000	31 December 2018 \$'000
<b>Profit attributable to stapled securityholders of the Fund</b>	<b>8,933</b>	<b>3,086</b>
<b>Specific non-cash items</b>		
Net loss on disposal of financial assets	417	-
Net gain on fair value of financial assets	(523)	-
Net gain on disposal of financial asset	-	(2)
Loss allowance on loans receivable	133	885
<b>Significant items</b>		
Gain on business acquisition <sup>1</sup>	(5,607)	-
Revaluation on acquisition of equity accounted investment <sup>2</sup>	(1,145)	-
Acquisition and transaction costs	403	-
Tax expense on non-operating items	928	-
<b>Operating profit (profit before specific non-cash and significant items)</b>	<b>3,539</b>	<b>3,969</b>
Weighted average number of units ('000)	77,993	66,446
<b>Operating profit per stapled security (profit before specific non-cash and significant items) (EPS) – cents</b>	<b>4.5</b>	<b>6.0</b>

1. Gain on bargain purchase from the acquisition of URB Investments Limited
2. Revaluation on acquisition of interest in TGP TOT Pty Ltd joint venture, included in share of profit

**360 Capital REIT**  
**Condensed notes to the interim financial report**  
**For the half year ended 31 December 2019**

**Note 2: Distributions**

The Active Fund did not declare any distributions during the half year or up to the date of this report (December 2018: Nil). Distributions declared by the Passive Fund to securityholders during the half year were as follows:

	<b>31 December 2019 \$'000</b>	<b>31 December 2018 \$'000</b>
September 2018 quarterly distribution 3.0 cps paid on 25 October 2018	-	1,975
December 2018 quarterly distribution 3.0 cps paid on 24 January 2019	-	2,024
September 2019 quarterly distribution 2.25 cps paid on 24 October 2019	1,580	-
December 2019 quarterly distribution 2.25 cps paid on 23 January 2020	3,231	-
	<b>4,811</b>	<b>3,999</b>

**Note 3: Income tax expense**

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

	<b>31 December 2019 \$'000</b>	<b>31 December 2018 \$'000</b>
<b>Profit before tax attributable to stapled securityholders</b>	<b>10,040</b>	<b>3,068</b>
Income tax expense at the effective corporate rate of 27.5%	2,761	844
<u>Increase/(decrease) in income tax expense due to:</u>		
Trust income exempt from income tax	(778)	(802)
Net fair value gain on investment	(118)	-
Net gain on sale of listed securities	1,110	-
Gain on business acquisition	(1,542)	-
Net business acquisition costs and equity raising costs	111	(15)
Equity accounted profits	(381)	(48)
Other tax adjustments	(56)	3
<b>Income tax expense/(benefit) recognised in the statement of profit or loss</b>	<b>1,107</b>	<b>(18)</b>

The Passive Fund is not liable for income tax as its taxable income and taxable capital gains are distributed to securityholders each year. The current year tax expense within the Active Fund was primarily related to URB Investments Limited (URB) income post acquisition in December 2019. On 23 August 2019 the Active Fund created a tax consolidated group consisting of the Active Fund and 360 Capital Residential Pty Limited and URB joined the tax consolidated group on acquisition on 20 December 2019.

**360 Capital REIT**  
**Condensed notes to the interim financial report**  
**For the half year ended 31 December 2019**

**Note 4: Loans receivable**

	<b>31 December</b>	<b>30 June</b>
	<b>2019</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Secured loans – amortised cost	54,722	23,397
Loss allowance	(905)	(213)
	<b>53,817</b>	<b>23,184</b>
<b>Non-current</b>		
Secured loans – amortised cost	26,151	16,567
Loss allowance	(300)	(859)
	<b>25,851</b>	<b>15,708</b>
<b>Total</b>	<b>79,668</b>	<b>38,892</b>

Loans receivable are initially recognised at fair value and subsequently carried at amortised cost in accordance with AASB 9. The Fund has provided for a total loss allowance of \$1.2 million based on the lifetime expected credit loss (ECL) for each loan in the Fund's portfolio in accordance with AASB 9.

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

	<b>31 December</b>	<b>30 June</b>
	<b>2019</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance at 1 July	38,892	39,167
Loans drawn during the period	57,809	49,117
Interest capitalised during the period	3,159	2,794
Loss allowance provided – current year	(133)	(630)
Loss allowance provided – prior year	-	(444)
Loans repaid during the period	(20,059)	(51,112)
Closing balance	<b>79,668</b>	<b>38,892</b>

**Note 5: Inventory**

	<b>31 December</b>	<b>30 June</b>
	<b>2019</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Inventory	17,444	-
	<b>17,444</b>	<b>-</b>

On 3 September 2019 the Fund announced that it had exchanged contracts to acquire 23 brand new strata titled apartments in Gladesville, NSW for a total purchase price of \$16.5 million. The apartments comprise a combination of one, two and three-bedroom apartments. The settlement was completed on 14 November 2019 and funded using a \$8.25 million facility with a major Australian bank and \$8.25 million from the existing cash reserves. The carrying value of inventory includes associated acquisition costs including stamp duty.

**360 Capital REIT****Condensed notes to the interim financial report****For the half year ended 31 December 2019****Note 6: Financial assets at fair value through profit or loss**

	<b>31 December</b>	<b>30 June</b>
	<b>2019</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Investment in listed funds	4,005	64
	<b>4,005</b>	<b>64</b>
<b>Non-current</b>		
Investment in listed funds	5,692	4,819
Investment in unlisted funds	11,235	-
	<b>16,927</b>	<b>4,819</b>
<b>Total</b>	<b>20,932</b>	<b>4,883</b>

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

	<b>31 December</b>	<b>30 June</b>
	<b>2019</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance at 1 July	4,883	59
Financial assets acquired – on market	9,794	4,549
Financial assets acquired – as part of business acquisition	32,317	-
Financial assets disposed – on market	(16,928)	-
Financial assets derecognised – as part of business acquisition	(9,240)	-
Fair value adjustment of financial assets	523	275
Realised loss on disposal of financial assets	(417)	-
<b>Closing balance</b>	<b>20,932</b>	<b>4,883</b>

**360 Capital REIT**  
**Condensed notes to the interim financial report**  
**For the half year ended 31 December 2019**

**Note 7: Investments equity accounted**

	<b>31 December 2019 %</b>	<b>30 June 2019 %</b>	<b>31 December 2019 \$'000</b>	<b>30 June 2019 \$'000</b>
<b>Joint venture</b>				
AMF Finance Pty Limited	50.0	50.0	638	397
TGP TOT JV Pty Limited	50.0	-	1,942	-
			<b>2,580</b>	<b>-</b>

The Fund holds a 50% stake in AMF Finance Pty Limited (AMF). AMF originates alternative lending and structured financing solutions to Australian real estate investors and developers and receives all establishment fees on development transactions written by 360 Capital Group entities, including TOT. The other 50% interest in the joint venture is held by 360 Capital Group (ASX: TGP).

TOT holds a 50% investment in TGP TOT JV Pty Limited, which acquired a 19.99% strategic stake in Velocity Property Group (ASX: VP7) for \$1.6 million on 23 December 2019. The other 50% interest in the joint venture is held by 360 Capital Group.

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

	<b>31 December 2019 \$'000</b>	<b>30 June 2019 \$'000</b>
<b>AMF Finance Pty Limited</b>		
Opening balance – 1 July	397	352
Share of equity accounted profit	241	45
Closing Balance	<b>638</b>	<b>397</b>

	<b>31 December 2019 \$'000</b>	<b>30 June 2019 \$'000</b>
<b>TGP TOT Pty Limited</b>		
Opening balance – 1 July	-	-
Acquisition of equity interest	797	-
Share of equity accounted profit - revaluation on acquisition	1,145	-
Closing Balance	<b>1,942</b>	<b>-</b>

**360 Capital REIT**  
**Condensed notes to the interim financial report**  
**For the half year ended 31 December 2019**

**Note 8: Equity**

**(a) Issued capital**

	<b>31 December 2019 000's</b>	<b>30 June 2019 000's</b>
360 Capital Passive REIT - Ordinary securities issued	143,616	70,225
360 Capital Active REIT- Ordinary securities issued	143,616	70,225
	<b>\$'000</b>	<b>\$'000</b>
360 Capital Passive REIT- Ordinary securities issued	159,955	92,460
360 Capital Active REIT- Ordinary securities issued	25,702	12,755
Total issued capital	<b>185,657</b>	105,215

**(b) Movements in issued capital**

Movement during the period in the number of issued securities of the Fund was as follows:

	<b>31 December 2019 000's</b>	<b>30 June 2019 000's</b>
Opening balance at 1 July	70,225	65,854
Securities issues – Institutional placement	9,144	-
Securities issued under the Distribution Reinvestment Plan	-	4,371
Securities issued for URB scrip	64,247	-
Closing balance	<b>143,616</b>	70,225

Movement during the half year in the value of issued securities of the Fund was as follows:

	<b>31 December 2019 \$'000</b>	<b>30 June 2019 \$'000</b>
Opening balance at 1 July	105,215	100,011
Securities issued – Institutional placement	10,789	-
Securities issued under the Distribution reinvestment plan	-	5,240
Securities issued for URB scheme consideration	70,029	
Transaction costs incurred in issuing capital	(376)	(36)
Closing balance	<b>185,657</b>	105,215

**(c) Equity Raising**

During the half year the Fund issued 9.14 million stapled units at \$1.18 per unit to institutional investors raising circa \$10.8 million. The allotment of new stapled units was completed on 21 October 2019. The proceeds were allocated to fund the lending activities and replenishing working capital. Securities were issued at the trading price on the day of the issue.

The Fund also issued 64.25 million stapled units under scheme of arrangement in relation to the acquisition of URB Investments Limited. The scheme was implemented on 20 December 2019 and the ASX trading of the new units commenced on 23 December 2019.

No securities were issued under the Distribution Reinvestment Plan (DRP) during the half year of 2019 (December 2018: 1,601,989).

**360 Capital REIT**  
**Condensed notes to the interim financial report**  
**For the half year ended 31 December 2019**

**Note 9: Cash flow information**

**(a) Reconciliation of cash and cash equivalents**

	<b>31 December 2019 \$'000</b>	<b>30 June 2019 \$'000</b>
Cash at bank	33,123	42,333
Cash and cash equivalents in the statement of cash flows	<b>33,123</b>	<b>42,333</b>

**(b) Reconciliation of net profit to net cash inflows from operating activities**

	<b>31 December 2019 \$'000</b>	<b>31 December 2018 \$'000</b>
<b>Net profit for the period</b>	<b>8,933</b>	<b>3,117</b>
<u>Adjustment for:</u>		
Net loss on disposal of financial assets	417	-
Net gain in fair value of financial assets	(379)	(2)
Share of equity accounted profits	(1,387)	(174)
Capitalised interest on loans receivable	(3,129)	(3,993)
Gain on business acquisition	(5,607)	-
Acquisition and transaction costs	403	-
Loss allowance loans receivable	133	885
<u>Change in assets and liabilities</u>		
Decrease/(increase) in receivables	3,170	(42)
Increase/(decrease) in payables	1,288	(7)
<b>Net cash inflows/(outflows) from operating activities</b>	<b>3,842</b>	<b>(216)</b>

## **Risk**

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

### **Note 10: Other financial assets and liabilities**

#### **Fair values**

The fair value of the Fund's financial assets and liabilities are approximately equal to that of their carrying values as at 31 December 2019.

#### Fair value hierarchy

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

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

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

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

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

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

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets measured at fair value</b>				
Financial assets at fair value through profit or loss as at 31 December 2019	<b>20,932</b>	<b>9,697</b>	<b>3,454</b>	<b>7,781</b>
Financial assets at fair value through profit or loss as at 30 June 2019	4,883	4,883	-	-

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

### **Valuation techniques**

#### Fair value profit or loss financial assets

For fair value profit or loss financial assets, the Fund invests in listed investments. The value of the investments in the listed market is stated at the unit price as quoted on the ASX at each statement of financial position date. As such, listed investments are categorised as Level 1 instruments.



## Fund Structure

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

### Note 11: Business combinations

#### URB Investments Limited

URB Investments Limited (URB) was an ASX listed investment company specialising in investing in small and medium sized companies located within Australia and New Zealand.

The acquisition was implemented through a scheme of arrangement under which each scheme share will be transferred to TOT in exchange for 0.9833 TOT securities for every fully paid scheme share transferred (Scrip consideration).

On 6 November 2019, the resolution to approve the scheme was passed by the requisite majorities of URB shareholders. The TOT stapled units under scrip consideration were issued on 20 December 2019.

The commencement of trading of new TOT securities on ASX was on 23 December 2019.

Details of the purchase consideration to acquire URB on 20 December 2019 are as follows:

	<b>\$'000</b>
Unit issued (64,246,737 at \$1.09)	70,029
Financial assets at fair value through profit or loss	9,240
<b>Total purchase consideration</b>	<b>79,269</b>

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

	<b>\$'000</b>
<b>Assets</b>	
Cash and cash equivalents	53,438
Receivables	30
Financial assets at fair value through profit or loss	32,317
Other current assets	777
<b>Liabilities</b>	
Trade and other payables	(42)
Deferred tax liabilities	(1,059)
Other current liabilities	(585)
<b>Net identifiable assets acquired</b>	<b>84,876</b>
Less: Gain on bargain purchase	(5,607)
<b>Total purchase consideration</b>	<b>79,269</b>

The fair value of receivables and other current assets approximates the collectible amount. Financial assets which consist of listed securities and unlisted property trusts have been adjusted to their market value at the date of acquisition.

A bargain on purchase of URB of \$5.6 million has been recognised as income in the consolidated statement of profit or loss for the period. The bargain represents the different between total purchase consideration and net identifiable assets acquired. The gain on the acquisition of URB was attributed to the lower scrip consideration paid. TOT share price was trading at a discount of circa 8% from its NAV on the implementation date.

**360 Capital REIT**  
**Condensed notes to the interim financial report**  
**For the half year ended 31 December 2019**

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**Note 11: Business combinations (continued)**

Revenue and profit contribution

The acquired business contributed revenues of \$0.4 million and a net loss after tax of \$0.88 million to the Fund from 21 December 2019 to 31 December 2019.

If the acquisition had occurred on 1 July 2019, consolidated total revenue from continuing operations and the consolidated net loss of the acquired business for the half year ended 31 December 2019 would have been \$1.6 million and \$1.8 million respectively. Net loss for the half year from 1 July 2019 would include transaction costs of \$1.5 million expensed by URB prior to the Acquisition date. These amounts have been calculated using the Fund's accounting policies.

Contingent consideration

There is no contingent consideration as part of this transaction.

Purchase consideration – cash outflow on acquisition

	\$'000
Cash consideration paid	-
Cash and cash equivalents acquired	53,438
Inflow of cash to acquire subsidiary	53,438
Less: Business combination transaction costs expensed through profit or loss	(382)
Less: Business combination transaction costs recognised in equity	(62)
Total cash inflow on acquisition of controlled entity	52,994

Acquisition related costs

Acquisition related costs of \$0.38 million incurred have been expensed in the consolidated statement of profit or loss and have been included as part of net cash flows from investing activities in the consolidated statement of cash flows. Transaction costs include tax, legal and advisory fees. The attributable costs of the issuance of equity of \$0.06 million have been charged directly to equity as a reduction in issued capital and have been included as part of net cash flows from financing activities in the consolidated statement of cash flows.

Gain on fair value of financial assets

Prior to gaining control of URB on 20 December 2019, the Fund had accumulated an ownership interest of 11.7% and had recognised this investment as a financial asset at fair value through profit or loss. Upon gaining control of URB, this investment was treated as if it was disposed of at fair value on acquisition date and the resulting gain recognised in profit or loss.

	\$'000
Opening balance at 1 July 2019: Financial assets at fair value through profit or loss	4,819
Consideration paid for units	4,317
Disposal of financial assets (at Acquisition date fair value)	(9,240)
Gain on fair value of financial assets	104

## Unrecognised Items

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

### Note 12: Events subsequent to balance date

On 13 January 2020, TOT announced an on-market buy back securities up to 6,745,564 million ordinary stapled securities representing 10% of the number of securities on issue as allowed under the ASX listing rules. The buy-back will be funded from TOT's available cash balance. At the date of this reports the Fund had bought back and cancelled 4,815,353 securities.

At a meeting of securityholders held on 21 February 2020, the updated strategy for the Fund was approved together with the ratification of the institutional placement in October 2019 resulting in the refreshment of the Funds 15% placement capacity. Subsequent to the meeting the responsible entity announced the new name for the Fund, being 360 Capital REIT, to align the name to the Funds strategic future direction.

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

## Other Information

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

### Note 13: Earnings per stapled security

	31 December 2019 ¢	31 December 2018 ¢
Basic and diluted earnings per stapled security	11.5	4.6
	<b>\$'000</b>	<b>\$'000</b>
<b>Basic and diluted earnings</b>		
Profit attributable to stapled securityholders of 360 Capital REIT used in calculating earnings per stapled security	8,933	3,086
	<b>000's</b>	<b>000's</b>
<b>Weighted average number of stapled securities used as a denominator</b>		
Weighted average number of stapled securities – basic and diluted	77,993	66,446

**360 Capital REIT**  
**Condensed notes to the interim financial report**  
**For the half year ended 31 December 2019**

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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).

Responsible Entity's fees and other transactions

The Responsible Entity is entitled to receive fees management fees under the terms of the constitution and in accordance with the product disclosure statement.

	<b>31 December 2019 \$</b>	<b>31 December 2018 \$</b>
<b>Fees for the year paid/payable by the Fund:</b>		
Management fees	346,891	277,936
Fund recoveries	35,467	2,377
	<b>382,358</b>	<b>280,313</b>

*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.

*Performance Fee:* The Responsible Entity is entitled to a Performance Fee of 20% of any total return in excess of 12% p.a. The calculation of total return is based on actual distributions paid to stapled securityholders during the relevant financial year plus any increase in the trading price of Stapled Securities in the relevant financial year. The Performance Fee is payable yearly in arrears after the end of the relevant financial year.

*Acquisition Fee:* The Responsible Entity will be 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 will be entitled to a disposal fee of up to 1.0% of the total sale price of an investment sold by the Fund. The disposal fee is payable upon the completion of the relevant sale.

Securityholdings

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

	<b>31 December 2019</b>	<b>30 June 2019</b>
<b>360 Capital Property Limited</b>		
Number of stapled securities held	27,785,491	18,465,165
Interest % held	19.3%	26.3%
Distributions paid/payable by the Fund (\$)	1,040,640	2,072,520

Interest in Joint venture

The Fund holds a 50% stake in AMF Finance Pty Limited. AMF provides alternative lending and structured financing solutions to Australian real estate investors and developers and receives all establishment fees on development transactions written by 360 Capital Group entities, including TOT. The other 50% stake is held by 360 Capital Group.

**360 Capital REIT**  
**Condensed notes to the interim financial report**  
**For the half year ended 31 December 2019**

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**Note 15: Basis of preparation**

**a) Reporting entity**

The interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*. The interim financial report of 360 Capital REIT, formerly 360 Capital Total Return Fund (the Fund) comprises the consolidated financial statements of 360 Capital Passive REIT, formerly 360 Capital Total Return Passive Fund (Passive Fund) and its controlled entities and 360 Capital Active REIT, formerly 360 Capital Total Return Active Fund (Active Fund) and its 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 entity traded on the ASX. The Passive Fund or the Active Fund cannot be traded or dealt with separately.

The Responsible Entity of the Fund is 360 Capital FM Limited. The registered office and the principal place of business is Level 8, 56 Pitt Street, Sydney NSW 2000 Australia. The nature of operations and principal activities of the Fund are disclosed in the Responsible Entity's report.

The interim financial report was authorised for issue by the Board on 27 February 2020.

The interim financial report does not include all of the notes and information required for a full annual financial report and should be read in conjunction with the annual financial report for the year ended 30 June 2019 and any public announcements made by 360 Capital REIT during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The annual financial report of the 360 Capital REIT for the year ended 30 June 2019 is available upon request from the registered office at Level 8, 56 Pitt Street, Sydney NSW 2000 Australia.

The accounting policies adopted in this interim financial report are consistent with those of the previous financial year and corresponding interim reporting period, except for those disclosed in Note 1(c) below.

**b) Basis of preparation**

Basis of preparation

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

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

The interim financial report is presented in Australian dollars.

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

**c) Changes in accounting policies and disclosures**

The Fund applied AASB 16 *Leases* for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

**AASB 16 Leases**

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The fund does not currently have existing lease contracts and as a result no adjustments have been made to the financial statements.

**360 Capital REIT**  
**Independent auditor's review report**  
**For the half year ended 31 December 2019**

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

- 1) The interim consolidated financial statements and notes that are set out on pages 9 to 26 are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the period ended on that date; and
  - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- 2) There are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

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



**David van Anholt**  
Chairman



**Tony Robert Pitt**  
Managing Director

Sydney  
27 February 2020

## Independent Auditor's Review Report to the Unitholders of 360 Capital REIT

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the accompanying half-year financial report of 360 Capital REIT and its subsidiaries (collectively the "Fund"), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of 360 Capital FM Limited, the Responsible Entity of the Fund.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the 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 2019 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*.

#### Directors' Responsibility for the Half-Year Financial Report

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

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Fund's consolidated financial position as at 31 December 2019 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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



## Independence

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

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

Ernst & Young

A handwritten signature in black ink that reads 'Mark Conroy'.

Mark Conroy  
Partner  
Sydney  
27 February 2020



# 360 Capital



## 360 Capital REIT

(comprising 360 Capital Passive REIT (ARSN 602 304 432)  
AND 360 Capital Active REIT (ARSN 602 303 613))

### Investor Enquiries

360 Capital Investor Services

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### Responsible Entity

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