



# ASX Release

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**360 Capital Digital Infrastructure Fund (ASX: TDI)**

**27 February 2020**

**Appendix 4D**

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

**Page 1 of 2**

360 Capital Digital Infrastructure Fund comprises the 360 Capital FM Limited (ABN 15 090 664 396 AFSL 221474) as Responsible Entity for 360 Capital Digital Infrastructure Fund (ARSN 635 566 531) and its controlled entities.

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 Interim Financial Report for the half year ended 31 December 2019. It is also recommended that the Interim Financial Report be considered together with any public announcements made by the Fund. 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: 2 July 2019 – 31 December 2019

Prior corresponding period: N/A

## Results announcement to the market

	<b>31 Dec 2019 \$'000</b>
Revenue and other income from ordinary activities	5,408
Profit attributable to unitholders for the year	2,692
Operating profit <sup>1</sup>	385

<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 Financial Report.

	<b>31 Dec 2019 Cents per unit</b>
Earnings per unit – Basic and diluted	8.6
Operating profit per unit	1.2



## ASX Release

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### Distributions

There were no distributions paid or payable to unitholders by the Fund for the period ended 31 December 2019 or up to the date of this report.

### Net tangible asset per unit

	31 Dec 2019 \$
NTA per unit	1.96

### Control Gained or Lost over Entities during the period

Refer to Note 12 of the Interim Financial Report for Controlled Entities of the Fund.

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# 360 Capital Digital Infrastructure Fund

(ARSN 635 566 531)

## Interim Financial Report

Half-year ended 31 December 2019

### Responsible Entity

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

### Investment Manager

360 Capital Digital  
Management Pty Limited  
(ABN 58 632 422 916)

# 360 Capital





## 360 CAPITAL DIGITAL INFRASTRUCTURE FUND

### Interim Financial Report For the period ended 31 December 2019

360 Capital Digital Infrastructure Fund comprises 360 Capital Digital Infrastructure Fund (ARSN 635 566 531) 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 any public announcements made by 360 Capital Digital Infrastructure Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

**360 Capital Digital Infrastructure Fund**  
**Responsible Entity report**  
**For the period 2 July 2019 to 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 Digital Infrastructure Fund (the Fund or consolidated entity) (ASX: TDI) for the half year period 2 July 2019 to 31 December 2019. 360 Capital Digital Infrastructure Fund comprises 360 Capital Digital Infrastructure Fund (Parent Entity) and its controlled entities.

**Directors**

The following persons were Directors of 360 Capital FM Limited during the half year period 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 was established, constituted and commenced operations on 2 July 2019, and was registered on 28 August 2019. Its units commenced trading on the Australian Securities Exchange (ASX: TDI) on 31 October 2019.

The Fund listed on the Australian Securities Exchange (ASX) as a unique, opportunistic fund investing in a pool of digital infrastructure assets not usually available to retail investors. The Fund's objective is to deliver an internal rate of return of 10.0% plus per annum through disciplined investment in a broad range of digital infrastructure opportunities.

**Reporting period**

The Fund was registered as a managed investment scheme on 28 August 2019. The Responsible Entity of the Fund has obtained ASIC relief from section 323D(5) of the Corporations Act 2001. The effect of the relief is that the first half year for the Fund is deemed to be the period from its commencement on 2 July 2019 to 31 December 2019.

## Operating and financial review

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



Statutory net profit

**\$2.7m**

Statutory net profit attributable to unitholders primarily impacted by the \$4.5 million gain on fair value of financial assets (convertible note redemption premium) less \$2.0 million loss on fair value of investment properties



Operating profit

**\$0.4m**

Operating profit<sup>1</sup> of \$0.4 million (equating to 1.2 cpu) excludes \$2.0 million loss on fair value of investment properties and \$4.5 million gain on fair value of financial assets (due to be realised in 2HFY20)



Net tangible assets

**\$1.96**

Per unit

Net tangible assets (NTA) increase since listing as a result of the unrealised gain on revaluation of the convertible note



ASX closing price

**\$1.71**

per unit

The Fund trading price represents a 12.8% discount to NTA at 31 December 2019

<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 unitholders. 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 period ended 31 December 2019**



**Cash balance**

**\$54.4m**

\$54.4 million cash balance as at 31 December 2019 together with a further \$15.1m<sup>1</sup> from the repayment of the convertible note due by 30 June 2020, available for deployment into the investment pipeline in H2FY20



**Convertible Note Redemption**

**\$4.5m**

gain on redemption

The Fund will close out its convertible note with a global hyperscale data centre operator by 30 June 2020 and receive a payment of \$4.5 million<sup>1</sup> in addition to the face value of the note of \$10.6 million<sup>1</sup>



**Guam Data Centre**

**mid-2020**

Completion forecast

The construction of the Guam data centre, continues to make solid progress with the foundation and slab now complete. Completion remains on track for mid-2020, with 36 racks committed by a large US multinational on a 25 year contract



**FibreconX**

**\$35m**

Initial commitment

Launch of FibreconX to build and operate telecommunications infrastructure including new innovative dark fibre networks.

**Financial overview**

The Fund's statutory net profit attributable to unitholders for the period ended 31 December 2019 was \$2.7 million. The Fund's balance sheet as at 31 December 2019 had gross assets of \$114.6 million.

The Fund's operating profit (profit before specific non-cash items) for the period ended 31 December 2019 was \$0.4 million.

**Investment Strategy**

The Fund aims to provide unitholders with income and capital returns from investing in a diverse portfolio of digital infrastructure assets. The Responsible Entity and Investment Manager believe that the digital revolution is creating a once in a lifetime investment cycle in technology infrastructure assets to support the rapid growth of cloud, Internet and a hyper connected world.

**Distributions**

There were no distributions paid or payable to unitholders by the Fund for the period ended 31 December 2019 or up to the date of this report.

**Buy back arrangements**

As detailed in the Fund constitution, the Responsible Entity is not under any obligation to buy back, purchase or redeem units from unitholders. During the half year ended 31 December 2019 there were no units bought back and cancelled.

<sup>1</sup> The Fund will receive a payment of \$4.5 million (SGD \$4.2 million based on exchange rate of 0.94) and face value of \$10.6 million (SGD \$10.0 million based on exchange rate of 0.94).

**360 Capital Digital Infrastructure Fund**  
**Responsible Entity report**  
**For the period 2 July 2019 to 31 December 2019**

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**Number of interests on issue**

As at 31 December 2019, the number of units on issue in the Fund was 58,250,000. All units were all issued during the current period as disclosed in Note 7.

**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 digital infrastructure assets and seek to actively manage a diversified portfolio of investments as outlined in the Product Disclosure Statement (PDS) dated 1 October 2019.

**Events subsequent to balance date**

On 22 January 2020, the Responsible Entity announced that due to the Fund continuing to trade at a substantial discount to underlying net tangible assets (NTA) per unit, the Fund would commence an on market buyback of up to 5,825,000 units (being 10% of the Fund's units), funded from the Fund's current cash balance.

On the same date, the Responsible Entity also announced the intention to restructure the Fund into a stapled entity by stapling a new trust to the existing listed Fund. The restructure will allow the Fund to hold interests in operating businesses and assets in the most effective way. Unitholders will not be required to invest any additional monies in connection with the stapling proposal.

No other 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 6 and forms part of the Responsible Entity's report for the half year ended 31 December 2019.

**Rounding of amounts**

360 Capital Digital Infrastructure 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.

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



**David van Aanholt**  
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 Digital Infrastructure Fund

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



Ernst & Young



Mark Conroy  
Partner  
27 February 2020

**360 Capital Digital Infrastructure Fund**  
**Consolidated interim statement of profit or loss and other comprehensive income**  
**For the period 2 July 2019 to 31 December 2019**

		31 December 2019 \$'000
	Note	
<b>Revenue from continuing operations</b>		
Rental from investment properties	4	734
Finance revenue		131
<b>Total revenue from continuing operations</b>		<b>865</b>
<b>Other income</b>		
Net gain on fair value of derecognition of financial assets	5	4,543
<b>Total other income</b>		<b>4,543</b>
<b>Total revenue from continuing operations and other income</b>		<b>5,408</b>
Investment property expenses	4	29
Administration expenses		192
Management fees	12	198
Finance expenses		61
Foreign exchange losses		212
Net loss on fair value of investment properties	4	2,024
<b>Profit from continuing operations before tax</b>		<b>2,692</b>
Income tax expense		-
<b>Profit for the period</b>		<b>2,692</b>
<b>Total comprehensive income for the period</b>		<b>2,692</b>
<b>Total comprehensive income attributable to:</b>		
Unitholders of 360 Capital Digital Infrastructure Fund		2,692
<b>Profit attributable to unitholders</b>		<b>2,692</b>
<b>Profit for the period</b>		<b>2,692</b>
<b>Earnings per unit for profit after tax attributable to the unitholders of 360 Capital Digital Infrastructure Fund</b>		<b>cents</b>
Basic and diluted earnings per unit	11	<b>8.6</b>

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

**360 Capital Digital Infrastructure Fund**  
**Consolidated interim statement of financial position**  
**As at 31 December 2019**

		<b>31 December</b>
		<b>2019</b>
	<b>Note</b>	<b>\$'000</b>
<b>Current assets</b>		
Cash and cash equivalents	8	54,380
Receivables	3	390
Financial assets at fair value through profit or loss	5	15,057
<b>Total current assets</b>		<b>69,827</b>
<b>Non-current assets</b>		
Financial assets at fair value through profit or loss	5	7,792
Investment properties	4	37,000
<b>Total non-current assets</b>		<b>44,792</b>
<b>Total assets</b>		<b>114,619</b>
<b>Current liabilities</b>		
Trade and other payables	6	283
<b>Total current liabilities</b>		<b>283</b>
<b>Total liabilities</b>		<b>283</b>
<b>Net assets</b>		<b>114,336</b>
<b>Equity</b>		
Issued capital	7	111,644
Retained earnings		2,692
<b>Total equity attributable to unitholders</b>		<b>114,336</b>
<b>Total equity</b>		<b>114,336</b>

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

**360 Capital Digital Infrastructure Fund**  
**Consolidated interim statement of changes in equity**  
**For the period 2 July 2019 to 31 December 2019**

		<b>Issued capital</b>	<b>Retained</b>	<b>Total equity</b>	<b>Total</b>
	<b>Note</b>	<b>\$'000</b>	<b>earnings</b>	<b>attributable to</b>	<b>equity</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Balance at 2 July 2019</b>		-	-	-	-
<hr/>					
Total comprehensive income for the period		-	2,692	2,692	2,692
<hr/>					
<b>Transactions with unitholders in their capacity as unitholders</b>					
Issued units	7	115,000	-	115,000	115,000
Equity raising transaction costs	7	(3,356)	-	(3,356)	(3,356)
		111,644	-	111,644	111,644
<hr/>					
<b>Balance at 31 December 2019</b>		<b>111,644</b>	<b>2,692</b>	<b>114,336</b>	<b>114,336</b>

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

**360 Capital Digital Infrastructure Fund**  
**Consolidated interim statement of cash flows**  
**For the period 2 July 2019 to 31 December 2019**

		31 December
		2019
	Note	\$'000
<b>Cash flows from operating activities</b>		
Cash receipts from customers (inclusive GST)		765
Cash payments to suppliers (inclusive of GST)		(558)
Finance revenue		131
Finance expense		(61)
<b>Net cash inflows from operating activities</b>	8 (b)	<b>277</b>
<b>Cash flows from investing activities</b>		
Payment for investment properties		(39,024)
Payment for financial assets		(18,517)
<b>Net cash outflows from investing activities</b>		<b>(57,541)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings		52,186
Repayment of borrowings		(52,186)
Proceeds from issue of capital		115,000
Payment of transaction costs to issue capital		(3,356)
<b>Net cash inflows from financing activities</b>		<b>111,644</b>
Net increase in cash and cash equivalents		54,380
Cash and cash equivalents at the beginning of the period		-
<b>Cash and cash equivalents at the end of the period</b>	8 (a)	<b>54,380</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 digital infrastructure sector with a global mandate.

The Chief Operating Decision Maker being, 360 Capital Digital Management Pty Limited the Investment Manager of the Fund, 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 unitholders.

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

	<b>31 December 2019 \$'000</b>
<b>Profit attributable to unitholders of the Fund</b>	<b>2,692</b>
<b>Specific non-cash items</b>	
Net loss on fair value of investment properties	2,024
Net gain on fair value of derecognition of financial assets	(4,543)
Foreign currency losses	212
<b>Operating profit (profit before specific non-cash)</b>	<b>385</b>
Weighted average number of units ('000)	31,344
<b>Operating profit per unit (profit before specific non-cash) (EPU) – cents</b>	<b>1.2</b>

### **Note 2: Distributions**

The Fund did not declare any distributions during the period or up to the date of this report.

### **Note 3: Receivables**

	<b>31 December 2019 \$'000</b>
<b>Current</b>	
Trade receivables	251
Prepayments	23
Other receivables	116
<b>Total</b>	<b>390</b>

**360 Capital Digital Infrastructure Fund**  
**Condensed notes to the interim financial report**  
**For the period 2 July 2019 to 31 December 2019**

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**Note 4: Investment properties**

	<b>31 December 2019 \$'000</b>
<b>Non-current</b>	
Investment properties at fair value	37,000
<b>Total</b>	<b>37,000</b>

The Fund's investment property is a data centre in Perth, Western Australia. As at 31 December 2019 the fair value of the property is consistent with a valuation performed by CBRE Valuations Pty Limited, an accredited independent valuer, on 2 July 2019. CBRE is a specialist in valuing these types of investment properties.

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

	<b>31 December 2019 \$'000</b>
Balance at 2 July	-
Investment properties acquired including transaction costs	39,024
Fair value adjustments of investment properties	(2,024)
Closing balance	<b>37,000</b>

	<b>31 December 2019 \$'000</b>
Rental from investment properties	734
Investment property expenses	(29)
<b>Profit arising from investment properties carried at fair value</b>	<b>705</b>

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

	<b>31 December 2019 \$'000</b>
<b>Current</b>	
Convertible note	15,057
	15,057
<b>Non-current</b>	
Shares in unlisted company	7,792
	<b>7,792</b>
<b>Total</b>	<b>22,849</b>

**360 Capital Digital Infrastructure Fund**  
**Condensed notes to the interim financial report**  
**For the period 2 July 2019 to 31 December 2019**

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

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

	<b>31 December</b>
	<b>2019</b>
	<b>\$'000</b>
Balance at 2 July	-
Financial assets acquired – unlisted shares	7,791
Convertible note funded	10,727
Fair value adjustment on derecognition of financial assets	4,543
Foreign exchange adjustments on financial assets	(212)
Closing balance	<b>22,849</b>

**Note 6: Trade and other payables**

	<b>31 December</b>
	<b>2019</b>
	<b>\$'000</b>
<b>Current</b>	
Rent invoiced in advance	199
Accruals	84
<b>Total</b>	<b>283</b>

**Note 7: Equity**

**(a) Issued capital**

	<b>31 December</b>
	<b>2019</b>
	<b>000's</b>
360 Capital Digital Infrastructure Fund - Ordinary units issued	58,250
	<b>\$'000</b>
360 Capital Digital Infrastructure Fund - Ordinary units issued	111,644
Total issued capital	<b>111,644</b>

**360 Capital Digital Infrastructure Fund**  
**Condensed notes to the interim financial report**  
**For the period 2 July 2019 to 31 December 2019**

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**Note 7: Equity (continued)**

**(b) Movements in issued capital**

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

	<b>31 December 2019 000's</b>
Opening balance at 2 July	-
Units issued 2 July 2019	12,875
Units issued 17 September 2019	12,875
Units issued 31 October 2019	32,500
Closing balance	<b>58,250</b>

Movement during the period in the value of issued units of the Fund was as follows:

	<b>31 December 2019 \$'000</b>
Opening balance at 2 July	-
Units issued 2 July 2019	25,000
Units issued 17 September 2019	25,000
Units issued 31 October 2019	65,000
Transaction costs incurred in issuing capital	(3,356)
Closing balance	<b>111,644</b>

**Note 8: Cash flow information**

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

	<b>31 December 2019 \$'000</b>
Cash at bank	54,380
Cash and cash equivalents in the statement of cash flows	<b>54,380</b>

**Note 8: Cash flow information (continued)**

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

	<b>31 December</b>
	<b>2019</b>
	<b>\$'000</b>
<b>Net profit for the period</b>	<b>2,692</b>
<u>Adjustment for:</u>	
Net loss on fair value of investment properties	2,024
Net gain on fair value of derecognition of financial assets	(4,543)
Foreign currency losses	212
<u>Change in assets and liabilities</u>	
Increase in receivables	(391)
Increase in payables	283
<b>Net cash inflows from operating activities</b>	<b>277</b>

## **Risk**

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

### **Note 9: 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>22,849</b>	-	-	22,849

There were no transfers between levels during the period. 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 through profit or loss financial assets

The fair value of the unlisted shares are estimated at the arms' length acquisition cost given this occurred within the reporting period and no material events have occurred since acquisition to suggest this is not a reasonable determination of fair value.

The fair value of the convertible note has been estimated to be the undiscounted cash flows contractually payable when redeemed, which will occur within a time period of no later than 6 months from the reporting date.

## **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 10: Events subsequent to balance date**

On 22 January 2020, the Responsible Entity announced that due to the Fund continuing to trade at a substantial discount to underlying net tangible assets (NTA) per unit, the Fund would commence an on market buyback of up to 5,825,000 units (being 10% of the Fund's units), funded from the Fund's current cash balance.

On the same date, the Responsible Entity also announced the intention to restructure the Fund into a stapled entity by stapling a new trust to the existing listed Fund. The restructure will allow the Fund to hold interests in operating businesses and assets in the most effective way. Unitholders will not be required to invest any additional monies in connection with the stapling proposal.

No other 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 11: Earnings per unit

	31 December 2019
	€
Basic and diluted earnings per unit	8.6
	<b>\$'000</b>
<b>Basic and diluted earnings</b>	
Profit attributable to unit of 360 Capital Digital Infrastructure Fund used in calculating earnings per unit	2,692
	<b>000's</b>
<b>Weighted average number of units used as a denominator</b>	
Weighted average number of units – basic and diluted	31,344

### Note 12: 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).

#### Investment manager

The Investment Manager of the Fund is 360 Capital Digital Management Pty Limited (ABN 58 632 422 916), a joint venture between 360 Capital Property Limited and Mr David Yuile.

#### Responsible Entity and Investment Manager's fees and other transactions

The Responsible Entity and Investment Manager are entitled to receive management fees under the terms of the constitution, investment manager agreement and in accordance with the product disclosure statement.

	31 December 2019
	\$
<b>Fees for the period paid/payable by the Fund:</b>	
Responsible entity management fees	9,450
Investment manager fees	189,000
Fund recoveries	85,440
	<b>283,890</b>

**360 Capital Digital Infrastructure Fund**  
**Condensed notes to the interim financial report**  
**For the period 2 July 2019 to 31 December 2019**

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**Note 12: Related party transactions (continued)**

*Responsible Entity Management Fee*

The Responsible Entity is entitled to a Management Fee of 0.05% p.a. of the gross value of the assets of the Fund during the relevant period for its role in managing and administering the Fund.

*Investment Management Fee*

The Investment Manager is entitled to a Management Fee of 1.0% p.a. of the gross value of the assets of the Fund during the relevant period for its role in managing and administering the Fund.

*Performance Fee*

The Investment Manager is entitled to a Performance Fee calculated and paid every 3 years and in certain other circumstances. The performance fee is equal to:

- To the extent that the Fund IRR is more than 10% but no more than 12%, the amount which if included in the Fund outflow on the calculation date would reduce the Fund IRR to 10%;
- Where the Fund achieves an IRR of greater than 12%
  - o an amount which if included in the Fund outflow on the calculation date represents the difference between 10% Fund IRR and 12% Fund IRR; plus
  - o 20% of the amount which if included as a Fund outflow on the calculation date would reduce the Fund IRR to 12%.

Unitholdings

Units held by the Responsible Entity and other Funds managed by and related to the Responsible Entity held units in the Fund as follows:

	<b>31 December 2019</b>
<b>360 Capital DIP Trust</b>	
Number of units held	21,761,571
Interest % held	37.4%

Borrowings

Whilst the Fund was a wholly owned entity within the stapled 360 Capital Group (ASX: TGP), the Fund borrowed, in total, short term non-interest bearing loans amounting to \$44,685,968 from TGP, which were fully repaid by 17 September 2019.

On 24 September 2019, the Fund borrowed \$7,500,000 from a wholly owned entity of the stapled 360 Capital Group. The loan was repayable after 9 years and had an interest rate of 8% per annum. The loan was fully repaid on 31 October 2019 including interest of \$60,822.

Controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries controlled by 360 Capital Digital Infrastructure Fund:

Name of entity	Country of Domicile	Class of units/shares	Equity Holding (%)
			<b>31 December 2019</b>
360 Capital Digital Infrastructure No. 1	Australia	Ordinary	100
360 Capital Digital Infrastructure No. 2	Australia	Ordinary	100
360 CDIP Malaga Trust	Australia	Ordinary	100
360 CDIP Guam Pty Ltd	Australia	Ordinary	100
360 CDIP Bluegum Trust	Australia	Ordinary	100

**360 Capital Digital Infrastructure Fund**  
**Condensed notes to the interim financial report**  
**For the period 2 July 2019 to 31 December 2019**

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**Note 13: 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 Digital Infrastructure Fund (the Fund) comprises the consolidated financial statements of 360 Capital Digital Infrastructure Fund and its controlled entities.

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 any public announcements made by 360 Capital Digital Infrastructure Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

**b) Basis of preparation**

Basis of preparation

360 Capital Digital Infrastructure Fund 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 an accruals basis and on the historical cost basis except for investment properties, 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.

The Responsible Entity has been granted relief by ASIC from the requirements to comply with Part 2M.3 of the Corporations Act 2001 for the Fund's first financial half year (ASIC Instrument 19-1202). Part 2M.3 requires that a half year for a Registered Scheme be the first six month period after the date the scheme is registered, which would be the period from 28 August 2019 to 27 February 2020. However, the Fund is also required to report to the ASX under the ASX Listing Rules from the period the Fund was established (2 July 2019) to 31 December 2019. The ASIC relief, granted on 16 December 2019, allows the Fund to align its first half year reporting period and release one set of half year reports for the period from 2 July 2019 to 31 December 2019.

**b) Critical judgements and significant accounting estimates**

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

**360 Capital Digital Infrastructure Fund**  
**Condensed notes to the interim financial report**  
**For the period 2 July 2019 to 31 December 2019**

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**Note 13: Basis of preparation (continued)**

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities are:

Valuation of investment properties

The Directors ascertain the fair value of investment properties after having regard to independent valuations which are undertaken at least once in a two-year period. These valuations are determined through the use of the properties' lease profile and direct market comparison and include the valuers' assessments of appropriate capitalisation rates and discounted cash flow rates. The valuations are in accordance with accounting policy Note 14(i).

Financial assets at fair value through profit or loss

The fair value of investments which are not traded in an active market is determined by using valuation techniques. The Fund uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each statement of financial position date.

Control of entities

The Group has consolidated the financial results of entities it is deemed to control under AASB10 *Consolidated Financial Statements*. Critical judgements are made by the Group to determine whether control exists, principally around the criteria which must be met (refer to Note 14(a)). Further information on Controlled Entities is included in Note 12.

The consolidated entity has applied the amendments contained in the Corporations Amendment (Corporate Reporting Reform) Bill 2010 in the preparation of this financial report which allows for removing the requirement in consolidated financial statements to include full parent entity information.

**Note 14: Significant accounting policies**

**a) 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 2019 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 14: Significant accounting policies (continued)**

**b) Segment reporting**

Segment information is presented in respect of the Fund's operating segments, which are the primary basis of segment reporting. An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other operating segments. The primary segments are based on the Fund's management and internal reporting structure.

Operating segments are determined based on the information which is regularly reviewed by 360 Capital Digital Management Pty Limited the Investment Manager of the Fund, who is the Chief Operating Decision Maker within the Fund.

**c) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of GST paid. Revenue is recognised for the major business activities as follows:

Rental income from investment properties

Rental revenue from investment properties is recognised on a straight-line basis over the lease term where leases have fixed increments, otherwise on an accruals basis. Rental revenue not received at reporting date is reflected in the statement of financial position as a receivable or if paid in advance, a current liability. Lease incentives granted are recognised over the lease term on a straight-line basis as a reduction of rental revenue.

Finance revenue

Interest income is recognised on a time proportion basis using the effective interest method. Interest income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest basis.

**d) Finance expenses**

Finance expenses which include interest and amortised borrowing costs are recognised using the effective interest rate applicable to the financial liability.

**e) Income tax**

Under current Australian income tax legislation, the Fund is generally not liable for income tax provided their taxable income and taxable capital gains are fully distributed to unitholders each year. In the circumstances where a managed investment trust undertakes certain trading activities that trust may be liable to pay income tax.

**f) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

**g) Receivables**

Receivables are recognised initially at fair value and subsequently at amortised cost. The payment terms are usually 30 days after the invoice is raised. They are classified as current assets except where the maturity is greater than 12 months after the reporting date in which case they are classified as non-current.

For trade receivables and contract assets, the Fund applies a simplified approach in calculating ECLs. Therefore, the Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

**Note 14: Significant accounting policies (continued)**

**h) Financial instruments**

Classification

*Financial assets*

The Fund classifies its financial assets as subsequently measured at amortised cost, measured at fair value through other comprehensive income or measured at fair value through profit or loss on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

*a) Financial assets measured at fair value through profit or loss*

A financial asset is measured at fair value through profit or loss if:

- i. its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding; or
- ii. it is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- iii. at initial recognition, it is irrevocably designated as measured at fair value through profit or loss when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
- iv. an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organisation, or a mutual fund, unit trust and similar entities including investment-linked insurance funds, and the entity elects to measure investments in those associates and joint ventures at fair value through profit or loss.

*b) Financial assets measured at fair value through other comprehensive income*

A financial asset is measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by collecting the contractual cash flows as well as selling financial assets, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

*c) Financial assets measured at amortised cost*

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

*Financial liabilities*

*a) Financial liabilities measured at amortised cost*

This category includes all financial liabilities that will subsequently be measured at amortised cost. The Fund includes short-term payables in this category.

Recognition and derecognition

The Fund recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised on the trade date, i.e. the date that the Fund commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Fund has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligations under the liabilities are discharged.

When the terms of an existing financial asset or liability are substantially modified, such a modification is treated as a derecognition of the original asset or liability and the recognition of a new asset or liability. The new asset or liability is measured at fair value, with any difference in the respective carrying amounts recognised in the statement of profit or loss.

**Note 14: Significant accounting policies (continued)**

Initial measurement

Financial assets and financial liabilities held at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Financial assets and liabilities (other than those classified as at fair value through profit or loss) are measured initially at their fair value plus/minus any directly attributable incremental costs of acquisition or issue.

Subsequent measurement

After initial measurement, the Fund measures financial instruments which are classified as at fair value through profit or loss at fair value. Subsequent changes in the fair value of those financial instruments are recorded in the statement of profit or loss.

Financial assets and liabilities, other than those classified as at fair value through profit or loss, are subsequently measured using the effective interest method and financial assets are subject to impairment. Gains and losses are recognised in profit or loss when the asset or liability is derecognised, modified or impaired.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Fund.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price without any deduction for transaction costs.

For all other financial instruments not traded in an active market, the fair value is determined using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e. using recent arm's length market transactions, adjusted as necessary, and reference to the current market value of another instrument that is substantially the same) and the income approach (i.e. discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- i. Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- ii. Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- iii. Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability.

Impairment

At each reporting date, the Fund shall measure the loss allowance on financial assets at amortised cost at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counter party, probability that the counter party will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that credit loss has increased significantly. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance.

**Note 14: Significant accounting policies (continued)**

**i) Investment properties**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on a valuation performed by an accredited external independent valuer.

**j) Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to the Fund prior to the end of period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

**k) Issued capital**

Issued capital represents the amount of consideration received for units issued by the Fund. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

**l) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

**m) Foreign currency translation**

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised as net foreign exchange gains/(losses) in the statement of comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in the statement of comprehensive income within net gains/(losses) on financial instruments held at fair value.

## 360 Capital Digital Infrastructure Fund

### Director's declaration

For the period 2 July 2019 to 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 7 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 Aanholt**  
Chairman



**Tony Robert Pitt**  
Managing Director

Sydney  
27 February 2020

## Independent Auditor's Review Report to the Unitholders of 360 Capital Digital Infrastructure Fund

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the accompanying half-year financial report of 360 Capital Digital Infrastructure Fund 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 period 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 period 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 period 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*. 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 Digital Infrastructure Fund

(ARSN 635 566 531)

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