



# ASX Release

REAL ASSETS  
PRIVATE EQUITY  
PUBLIC EQUITY  
CREDIT

**360 Capital Group (ASX: TGP)**

**27 February 2020**

**Appendix 4D**

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

**Page 1 of 2**

360 Capital Group comprises the stapling of ordinary shares in 360 Capital Group Limited (ABN 18 113 569 136) and units in 360 Capital Investment Trust (ARSN 104 552 598)

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 Group. 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	10,204	7,541	2,663	35.3
Profit attributable to stapled securityholders for the year	2,447	830	1,617	194.8
Operating profit <sup>1</sup>	1,401	3,189	(1,788)	(56.1)

<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	1.2	0.4	0.8	200.0
Earnings per security – Diluted	1.1	0.4	0.7	175.0
Operating profit per security	0.7	1.4	(0.7)	(50.0)



## ASX Release

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### Distributions

	Cents per Security	Total paid	Date of payment
September quarter distribution	1.0	2,308	24 October 2019
December quarter distribution	1.0	2,308	23 January 2020
<b>Total distribution for the period ended 31 December 2019</b>	<b>2.0</b>	<b>4,616</b>	
September quarter distribution	1.0	2,299	29 October 2018
December quarter distribution	1.0	2,309	24 January 2019
<b>Total distribution for the period ended 31 December 2018</b>	<b>2.0</b>	<b>4,608</b>	

### Net tangible asset per security

	31 Dec 2019 \$	31 Dec 2018 \$
NTA per diluted security <sup>1</sup>	0.91	0.96

<sup>1</sup> The number of securities on issue on the Australian Stock Exchange (ASX) at 31 December is 230.9 million (December 2018: 227.7 million). For calculation of NTA diluted per security, the securities on issue per the ASX are used and Net Tangible Assets are adjusted for the value of the ESP loans receivable. For financial reporting the number of securities is reduced to 213.7 million (December 2018: 213.7 million). The difference represents securities issued under the 360 Capital Group Employee Security Plan (ESP), which under AASB2: *Share-based payments*, are not recognised for accounting purposes and the corresponding ESP loan receivable is also not recognised as an asset. NTA per security basic (excluding ESP securities and ESP loans receivable) as at 31 December 2019 is \$0.92 per security (December 2018: \$0.96 per security).

### Control Gained over Entities during the year

Refer to Note 10 Business combinations of the Financial Report.

### Details of Associates and Joint Venture Entities

Refer to Note 6 Investments Equity Accounted of the Financial Report.

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# 360 Capital Group

(comprising 360 Capital Group Limited (ABN 18 113 569 136) and its controlled entities and 360 Capital Investment Trust (ARSN 104 552 598) and its controlled entities)

## 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 GROUP

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

360 Capital Group (ASX: TGP) comprises 360 Capital Group Limited (ABN 18 113 569 136) and its controlled entities and 360 Capital Investment Trust (ARSN 104 552 598) 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 the year ended 30 June 2019 and any public announcements made by 360 Capital Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

**360 Capital Group**  
**Directors' report**  
**For the half year ended 31 December 2019**

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The Directors of 360 Capital Group Limited (Company) present their report, together with the interim financial report of 360 Capital Group (Group) for the half year ended 31 December 2019. 360 Capital Group comprises 360 Capital Group Limited (Parent Entity) and its controlled entities and 360 Capital Investment Trust (Trust) and its controlled entities.

**Directors**

The following persons were Directors of 360 Capital Group Limited during the half year and 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 Group was a diversified real estate investment and funds management business whos' purpose is to be a leading Australian investor and fund manager of alternative assets, who partners with our stakeholders to identify, invest and realise on opportunities.

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FINANCE  
 PRODUCT DISTRIBUTION  
 GOVERNANCE AND COMPLIANCE  
 GROWTH CAPITAL

<b>REAL ASSETS</b>	<b>PRIVATE EQUITY</b>	<b>PUBLIC EQUITY</b>	<b>CREDIT</b>
360 Capital REIT(ASX:TOT)  360 Capital Digital Infrastructure Partners  360 Capital Digital Infrastructure Fund (ASX: TDI)  Velocity Property Group (ASX: VP7)	Currently exploring several SPV's for opportunities	360 Capital Active Value Equity Fund  Acquired Ralton Asset Management	360 Capital Credit Income Fund (ASX: to be listed Q3 TCF)

**Operating and financial review**

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



**Statutory net profit**

**\$2.4m**

(December 2018: \$0.8 million)

Statutory net profit attributable to securityholders of 1.2cps (December 2018: 0.4cps) higher than prior period due to increase in share of profits from equity accounted investments



**Operating profit**

**\$1.4m**

(December 2018: \$3.2 million)

Operating profit<sup>1</sup> and earnings per security (EPS) of \$0.7cps<sup>2</sup> (December 2018: 1.4cps) decrease primarily due to the divestment of listed and unlisted investments



**Distributions**

**2.0**

cents per security  
(December 2018: 2.0cps)

Distributions of 2.0cps, consistent with the prior half year



**Net tangible assets**

**\$0.91**

per security  
(June 2019: \$0.93cps)

Net tangible assets (NTA)<sup>3</sup> decreased by 2.0cps during period contributed by the acquisition of intangible management rights asset of \$2.5 million



**ASX closing price**

**\$1.11**

per security  
(June 2019: \$1.03)

Increase in security price reflecting continuing market support for implementation of Group's strategic initiatives

- 1 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 Directors consider operating profit to reflect the core earnings of the Group and it is used as a guide to assess the Group's ability to pay distributions to securityholders. The operating profit has not been subject to any specific audit procedures by the Group's auditor but has been extracted from Note 1: Segment reporting.
- 2 Operating diluted EPS represents operating profit plus interest earned on the Group's Employee Security Plan (ESP) securities (not recognised for accounting purposes) divided by total securities on issue, including ESP securities refer Note 1: Segment reporting.
- 3 NTA value diluted per security calculation uses NTA adjusted for the value of the ESP loans receivable (not recognised for accounting purposes) divided by total securities on issue, including ESP securities refer Note 1: Segment reporting. NTA per security basic (excluding ESP securities and ESP loans receivable) as at 31 December 2019 is \$0.92 per security (June 2019: \$0.93 per security).

**Operating and financial review (continued)**

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



**Building active revenue streams**

Establishment fees, development profits and underwriting fees

Through its 50% ownership in AMF Finance, Group continues to benefit from active revenue streams. Strategic stake in Velocity Property Group is expected to deliver returns from development profits and potential for syndication and underwriting fees



**TDI Investment**

**\$43.6m**

Strategic investment

Acquired of 37.4% of 360 Capital Digital Infrastructure Fund (ASX: TDI)



**Significant cash balance**

**\$96.7m**

Capital to fund future opportunities

Cash balance as at 31 December 2019 (excluding TDI) placing the Group in a strong position to take advantage of future opportunities

**Group Overview**

The Group continues to diversify its capital sources to generate funds management and finance fee revenues as well as growing its revenue streams through investing. The Groups' four investment strategies which make up its alternative assets management and investment strategy are:

- Real Assets
- Private Equity
- Public Equity
- Credit Strategies

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

- Statutory net profit attributable to securityholders of \$2.4 million (December 2018: \$0.8 million)
- Operating profit of \$1.4 million (December 2018: \$3.2 million) decline due to reduced investments and high cash balances
- Statutory earnings per security (EPS) of 1.2cps (December 2018: 0.4cps)
- Operating EPS of 0.7cps (2018: 1.4cps)
- Distributions per security (DPS) of 2.0cps
- NTA per security of \$0.91 (June 2019: \$0.93)
- Strong balance sheet with \$96.7 million in cash
- Increase in ASX trading price to \$1.11 per security from \$1.03 per security (June 2019)

**Operating and financial review (continued)**

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

- Listed 360 Capital Digital Infrastructure Fund (ASX: TDI) after raising \$115 million over 2000 new investors
- Group loaned \$19.8 million to childcare operator
- TOT merged with \$70 million URB Investments Limited (URB) and completed \$10.8 million institutional placement, increasing TOT's market capitalisation
- 360 Capital Credit Income Fund achieved "in-principle approval" to list on ASX
- TGP and TOT jointly purchased 19.9% stake in Velocity Property Group (ASX: VP7) and TOT lent \$33.7m to VP7
- Launch of 360 Capital Active Value Equity Fund unlisted equities fund
- Establishment of Cambridge Investment Partners distribution team
- Post Period, acquired Ralton Asset Management equities platform increasing FUM 600% to \$606m

**Real Assets**

Real Estate

360 Capital REIT (ASX: TOT) continued its strategy to increase its asset base and diversify its returns across equity and debt.

Over the past 6 months TOT completed the merger with URB Investments Limited (URB) and completed a \$10.8 million institutional placement, increasing TOT's market capitalisation and increasing its investor base to approximately 3,100.

TOT increased its loan book to \$101.0 million of first mortgage real estate debt at an average interest rate of 9.8% and also acquired 23 apartments in Gladesville, NSW at 20.0% below valuation and commenced an individual sales campaign following the improvement in the Sydney residential market.

In December 2019, in joint venture with TOT, TGP acquired a 19.9% interest in Velocity Property Group (ASX:VP7) at a 64% discount to their 30 June 2019 audited Net Tangible Assets (NTA) and provided VP7 with a \$10.0 million corporate loan with the right to a further 250 million share options.

VP7 is expected to become a development partner to TOT and TGP with TOT underwriting VP7's development syndicates and TGP managing the syndicates as part of its funds management business.

The Group also increased its capital investment into TOT over the past 6 months and has 19.3% of TOT securities at a total investment of \$32.5 million.

Digital Infrastructure Fund

In May 2019, the Group established a joint venture (JV) with David Yuile, a telecommunications industry executive and investor, to develop a global digital infrastructure funds management platform.

Over the past 6 months, the JV established 360 Capital Digital Infrastructure Partners and 360 Capital Digital Infrastructure Fund (ASX: TDI) which listed on the ASX in October 2019 after raising \$115 million in equity.

TDI has purchased a \$37.0 million data centre in Perth leased to Fujitsu, made an equity investment in an operating data centre in Guam taking a 18.7% interest for \$7.8 million and a \$10.6 million convertible note investment in an Asian hyperscale data centre operator.



**Operating and financial review (continued)**

In December 2019, TDI announced that it had formed a digital infrastructure business called FibreconX Pty Ltd (FibreconX) that will build and operate telecommunications infrastructure including new and innovative dark fibre networks. The Fund will own a significant majority of FibreconX and has made an initial commitment of \$35 million to the exciting opportunity.

TDI remains well capitalised with approximately \$54.4 million in cash and no debt. The Fund structure allows for great flexibility, allowing it to raise listed capital through the ASX listed TDI and unlisted institutional capital through its partnership structure, 360 Capital Digital Infrastructure Partners. By structuring the Fund this way, it provides great flexibility to raise capital to allow the Fund to grow through a global mandated rollout.

As a result of renegotiating the convertible note contract, an early redemption premium equivalent to 4 years interest payments was recognised, TDI is forecasting distributions of 9.0 cps for the six months to June 2020.

The Group has a total investment of \$43.6 million in TDI. Given the specialised mandate of the Fund and the strong growth themes and limited barriers of entry for competing funds, we believe the growth opportunities over the medium term will be great for digital infrastructure investment opportunities.

**Public and Private Equity**

In February 2019, the Group announced that it had entered into a joint venture management company (360 Capital Equities Management Pty Limited) with Dennison Hambling to organically grow an Australian equities business.

Since establishing the business, the team has been expanded with Fleur Graves joining as Senior Equity Analyst and the team has launch its first unlisted fund, 360 Capital Active Value Equity Fund. The Fund has made its first investment and commenced its marketing strategy.

The Group has committed (but has not fully drawn) \$10.0 million as co-investment capital to the Fund. The Fund is focused on three primary investment strategies:

1. Corporate repair and recapitalisation
2. Growth strategies
3. Value investing

Post period, 360 Capital Equities Management Pty Limited acquired Ralton Asset Management Pty Ltd (Ralton) for a nominal amount. Ralton is a managed account specialist, providing separately managed account (SMA) products to individual and institutional investors. Ralton has a 12 year track record of outperforming its markets and is available on 9 retail wrap platforms. Ralton provides 360 Capital clients with an alternative investment product across its 4 investment strategies and currently has FUM of approximately \$310 million.

Post period, the Group purchased remaining 50% share of 360 Capital Equities Management Pty Limited and the Group's equity business will continue to be headed up by Dennison with Group owning 100% interest.

**Credit**

The Group has completed its formal documentation for the listing of the 360 Capital Credit Income Fund (ASX:TCF) and has received "in-principle approval" from the ASX. The Fund is on target to meet timetable with investor roadshows having commenced on 17 February 2020. The Fund has engaged with several JLM's and Co-Managers to assist with distribution and has appointed Cambridge Investment Partners as Financial Advisors and Joint Lead Managers.

**360 Capital Group**  
**Directors' report**  
**For the half year ended 31 December 2019**

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**Operating and financial review (continued)**

The Fund will be strategically focused on middle market private credit, delivering a range of capital solutions to corporates in Australia and New Zealand.

The market demand for private credit continues to be strong, with ongoing capital and pricing pressure experienced by traditional lenders resulting in corporates seeking alternative lending solutions in a market now estimated to be approx.\$100bn and growing.

**Capital Management**

The Group and its managed funds remain well capitalised. Over the past 6 months the Group has invested in sponsoring new fund creation, investing \$43.6 million in TDI, increased its investment in TOT to \$32.5 million, made a loan investment of \$19.9 million as well as two small private equity investments of approximately \$2.7 million.

The Group plans to maintain a high level of cash reserves for opportunities in the future, while also using some of its cash to continue to sponsor the growth of its new investment strategies and funds management initiatives. This includes committing \$10.0 million into the 360 Capital Active Value Equity Fund and up to \$20.0 million into the 360 Capital Credit Income Fund as long-term co-investment.

**Investor Relations and Distribution**

Following the expanded investment strategy, the investor base has increased from approximately 3,200 as at 30 June 2019 to now over 18,000. Our investor reach is increasing from traditionally concentrated in institutional investors to a greater coverage, including direct retail investor relations, HWM and UHNW investors and some product now on 9 retail wrap platforms.

Given the regulatory environment impacting product distribution through third parties, the Group has established Cambridge Investment Partners (CIP), comprising a specialise team of 3 operatives who have worked together for over 5 years and have a deep investor network. As well as distribution 360 Capital funds, CIP has been approached to distribute third party funds and it is envisaged that CIP will become a profit centre for the Group.

**Summary and Outlook**

The Group is an investor and fund manager of alternative assets who partners with its stakeholders to identify, invest and realise on opportunities. The Group intends to continue to execute on its strategy across its four segments representing real assets, private and public equity and credit.

**Dividends and distributions**

The Company did not declare any dividends during the half year or up to the date of this report (December 2018: Nil). Distributions declared by 360 Capital Investment Trust directly to securityholders during the half year were as follows:

	<b>31 December</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
1.0 cents per unit paid on 29 October 2018	-	2,299
1.0 cents per unit paid on 24 January 2019	-	2,309
1.0 cents per unit paid on 24 October 2019	2,309	
1.0 cents per unit paid on 23 January 2020	2,309	
	<b>4,618</b>	<b>4,608</b>

**360 Capital Group  
Directors' report  
For the half year ended 31 December 2019**

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**Operating and financial review (continued)**

**Significant changes in state of affairs**

In the opinion of the Directors, there were no significant changes in the state of affairs of 360 Capital Group that occurred during the half year under review other than those listed above or elsewhere in the Directors' report.

**Likely developments and expected results of operations**

The Group will continue to focus on growing its listed investments together with investigating new partnering and private equity opportunities.

**Events subsequent to balance date**

Centuria Retail Fund paid a special distribution of \$0.19 per unit to the unitholders. A further \$0.005 (0.5 cents) is expected to be distributed on the wind up of the Fund. As a result, the Centuria Investment was written down to 1.3 million at 31 December 2019.

On 14 February 2020 the Group announced that 360 Capital Equities Management Pty Limited had entered into a binding agreement to purchase Ralton Asset Management.

No other circumstances have arisen since the end of the half year which have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group 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 8 and forms part of the Directors' report for the half year ended 31 December 2019.

**Rounding of amounts**

360 Capital Group 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 Directors' 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



**Building a better  
working world**

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## **Auditor's Independence Declaration to the Directors of 360 Capital Group**

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

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  
27 February 2020

**360 Capital Group**  
**Interim Financial Report**  
**For the half year ended 31 December 2019**

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**360 Capital Group**
**Consolidated interim statement of profit or loss and other comprehensive income**
**For the half year ended 31 December 2019**

	31 December	31 December
	2019	2018
Note	\$'000	\$'000
<b>Revenue from continuing operations</b>		
Rental from investment properties	734	3,969
Management fees	698	262
Distributions from property funds	124	1,737
Finance revenue	1,314	659
<b>Total revenue from continuing operations</b>	<b>2,870</b>	<b>6,627</b>
<b>Other income</b>		
Net gain on fair value of financial assets	4,065	-
Share of equity accounted profits	3,269	914
<b>Total other income</b>	<b>7,334</b>	<b>914</b>
<b>Total revenue from continuing operations and other income</b>	<b>10,204</b>	<b>7,541</b>
Employee benefit expenses	1,951	1,531
Administration expenses	1,259	596
Investment property expenses	29	-
Depreciation expenses	6	3
Finance expenses	-	958
Transaction costs	399	103
Net loss on fair value of financial assets	-	1,409
Net loss on fair value of investment properties	2,024	-
Net loss on disposal of financial assets	139	-
Net loss on disposal of controlled entity	-	1,103
Foreign exchange losses	212	-
Loss allowance	10	-
<b>Profit from continuing operations before income tax</b>	<b>4,176</b>	<b>1,838</b>
Income tax expense/(benefit)	277	(174)
<b>Profit for the half year</b>	<b>3,899</b>	<b>2,012</b>

**360 Capital Group****Consolidated interim statement of profit or loss and other comprehensive income****For the half year ended 31 December 2019**

		31 December 2019	31 December 2018
	Note	\$'000	\$'000
<b>Profit for the half year</b>		<b>3,899</b>	2,012
Other comprehensive income for the half year		-	-
<b>Total comprehensive income for the half year</b>		<b>3,899</b>	2,012
<b>Total comprehensive income attributable to:</b>			
Shareholders of 360 Capital Group Limited		284	(869)
Unitholders of 360 Capital Investment Trust		2,163	1,699
<b>Profit after tax attributable to the stapled securityholders</b>		<b>2,447</b>	830
External non-controlling interests		1,452	1,182
<b>Profit for the half year</b>		<b>3,899</b>	2,012

**Earnings per stapled security for profit after tax**

<b>attributable to the stapled securityholders of 360 Capital Group</b>		<b>Cents</b>	<b>Cents</b>
Basic earnings per security	12	1.2	0.4
Diluted earnings per security	12	1.1	0.4

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

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

		<b>31 December</b>	<b>30 June</b>
		<b>2019</b>	<b>2019</b>
	<b>Note</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Current assets</b>			
Cash and cash equivalents		151,126	177,230
Receivables		1,242	904
Financial assets at fair value through profit or loss	5	16,430	2,183
Other current assets		217	263
<b>Total current assets</b>		<b>169,015</b>	<b>180,580</b>
<b>Non-current assets</b>			
Loan receivable		19,877	-
Financial assets at fair value through profit or loss		10,542	-
Investment properties		37,000	-
Investments equity accounted	6	35,101	21,964
Intangible assets	7	2,500	-
Property, plant and equipment		44	40
Deferred tax assets		1,362	952
<b>Total non-current assets</b>		<b>106,426</b>	<b>22,956</b>
<b>Total assets</b>		<b>275,441</b>	<b>203,536</b>
<b>Current liabilities</b>			
Trade and other payables		611	652
Distribution payable		2,321	-
Provisions		101	75
<b>Total current liabilities</b>		<b>3,033</b>	<b>727</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		688	-
Provisions		130	119
<b>Total non-current liabilities</b>		<b>818</b>	<b>119</b>
<b>Total liabilities</b>		<b>3,851</b>	<b>846</b>
<b>Net assets</b>		<b>271,590</b>	<b>202,690</b>



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

		<b>31 December</b>	<b>30 June</b>
		<b>2019</b>	<b>2019</b>
	<b>Note</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Equity</b>			
Issued capital - ordinary shares	8	1,194	1,194
Issued capital - trust units	8	193,081	194,880
Security based payments reserve		8,343	8,021
Retained earnings		(2,649)	(1,405)
<b>Total equity attributable to stapled Securityholders</b>		<b>199,968</b>	<b>202,690</b>
External non-controlling interest		71,621	-
<b>Total equity</b>		<b>271,590</b>	<b>202,690</b>

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

**360 Capital Group**  
**Consolidated interim statement of changes in equity**  
**For the half year ended 31 December 2019**

	Note	Issued capital - ordinary shares \$'000	Issued capital - trust units \$'000	Security based payments reserve \$'000	Retained earnings - Corporate \$'000	Accumulated losses - Trust \$'000	Total equity attributable to stapled Securityholders \$'000	External non- controlling interest \$'000	Total equity \$'000
<b>Balance at 1 July 2019</b>		1,194	194,880	8,021	13,188	(14,592)	202,690	-	202,690
Total comprehensive income for the half year		-	-	-	284	2,163	2,447	1,452	3,899
Transactions with non-controlling interest		-	-	-	-	926	926	70,169	71,095
<b>Transactions with Securityholders in their capacity as Securityholders</b>									
Security based payment transactions		-	-	322	-	-	322	-	322
Equity raising transaction costs		-	(1,799)	-	-	-	(1,799)	-	(1,799)
Dividends/distributions		-	-	-	-	(4,617)	(4,617)	-	(4,617)
		-	(1,799)	322	-	(4,617)	(6,095)	-	(6,095)
<b>Balance at 31 December 2019</b>		<b>1,194</b>	<b>193,081</b>	<b>8,343</b>	<b>13,472</b>	<b>(16,121)</b>	<b>199,969</b>	<b>71,621</b>	<b>271,590</b>
<b>Balance at 1 July 2018</b>		260	157,658	6,459	69,889	(28,458)	205,808	76,023	281,831
Restatement of opening balances		-	32,353	-	(47,714)	15,361	-	-	-
Adjusted balance at 1 July 2018		260	190,011	6,459	22,175	(13,097)	205,808	76,023	281,831
Total comprehensive income for the half year		-	-	-	(869)	1,699	830	1,182	2,012
Transactions with non-controlling interest		-	-	-	-	-	-	(75,701)	(75,701)
<b>Transactions with Securityholders in their capacity as Securityholders</b>									
Issued shares/units - DRP		328	1,950	-	-	-	2,278	-	2,278
Issued shares/units - Redeemed		-	-	-	-	-	-	-	-
Transfers to Retained earnings		-	-	-	-	-	-	-	-
Issued shares/units - ESP		246	508	-	-	-	754	-	754
Security based payment transactions		-	-	929	-	(543)	386	-	386
Equity raising transaction costs		(2)	(13)	-	-	-	(15)	-	(15)
Dividends/distributions		-	-	-	-	(4,608)	(4,608)	(1,504)	(6,112)
		572	2,445	929	-	(5,151)	(1,205)	(1,504)	(2,709)
<b>Balance at 31 December 2018</b>		<b>832</b>	<b>192,456</b>	<b>7,388</b>	<b>21,306</b>	<b>(16,549)</b>	<b>205,433</b>	<b>-</b>	<b>205,433</b>

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

**360 Capital Group**  
**Consolidated interim statement of cash flows**  
**For the half year ended 31 December 2019**

	<b>31 December</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Cash receipts from customers (inclusive of GST)	1,631	3,522
Cash payments to suppliers and employees (inclusive of GST)	(3,060)	(3,985)
Distributions received	700	3,638
Finance revenue	1,342	425
Finance expenses	-	(1,018)
Income tax paid	-	-
<b>Net cash inflows from operating activities</b>	<b>613</b>	<b>2,582</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(11)	(6)
Payments for investment properties	(39,024)	-
Payments for equity accounted investments	-	(1,216)
Payment for financial assets	(52,052)	-
Payment for intangible assets	(2,500)	-
Proceeds from disposal of financial assets	269	-
Payment of transaction costs	(399)	(103)
Proceeds from disposal of controlled entities	-	156,267
<b>Net cash (outflows)/inflows from investing activities</b>	<b>(93,717)</b>	<b>154,942</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	-	(20,000)
Proceeds from repayment of ESP loans	-	754
Payment of transaction costs to issue capital	(1,799)	(16)
Proceeds from issue of capital – NCI, net of capital raising costs	71,095	-
Distributions paid to stapled securityholders	(2,296)	(4,548)
Distributions paid to external non-controlling interests	-	(940)
<b>Net cash inflows/(outflows) from financing activities</b>	<b>67,000</b>	<b>(24,750)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(26,104)</b>	<b>132,774</b>
Cash and cash equivalents at the beginning of the half year	177,230	14,814
Cash balance on deconsolidation of controlled entities	-	(4,402)
<b>Cash and cash equivalents at the end of the half year</b>	<b>151,126</b>	<b>143,186</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 Group.**

### **Note 1: Segment reporting**

Segment information is presented in respect of the Group'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 Group's management and internal reporting structure.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

#### Core operations

The Group reports on the following core business segments:

- 1) Funds Management - utilising the Group's management expertise to generate fee revenue through the creation and management of real estate funds and debt origination fees
- 2) Investment – equity and debt real estate investment including co-investment in managed funds, providing income through distributions and finance revenue and potential capital growth in equity values

The Group's management strategy and measures of performance focus on the returns from these core segments in order to deliver returns and value to investors. Operating segments are determined based on the information which is regularly reviewed by the Managing Director, who is the Chief Operating Decision Maker within the Group. The information provided is net of specific non-cash items including fair value adjustments, straight-lining of lease revenues and incentives, security based payments expense and impairment adjustments. Significant or one-off items of a non-recurring nature are also excluded.

#### Corporate

Income and expenses for management of the Group on an overall basis are not allocated to the core operation segments. Tax assets and other incidental assets and liabilities are not allocated to core operation segments as they are either non-core or for management of the Group on an overall group basis. All these items are included under corporate in the segment disclosures.

#### Consolidation and eliminations

Included in this segment are the elimination of inter-group transactions and conversion of the consolidated results from entities deemed to be controlled under AASB 10, these entities have material non-controlling interests. The performance of these controlled entities is considered to be non-core segments and are reviewed separately to that of the performance of the Group's business segments.

#### Geographical segments

In presenting information on the basis of geographical segments, segment revenue and segment assets are based on the geographical location of the underlying assets. All segments operate solely within Australia.

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

**Note 1: Segment reporting (continued)**

The operating segments provided to the Board for the reportable segments for the half year ended 31 December 2019 are as follows:

Half year ended 31 December 2019	Investment	Funds management	Corporate	Total core	Consolidation & eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Management fee revenue	-	784	-	784	(86)	698
Debt origination revenue	-	241	-	241	-	241
Net property income	-	-	-	-	705	705
Investment revenue	1,445	-	-	1,445	-	1,445
Finance revenue	1,243	53	(53)	1,243	70	1,313
<b>Total revenue and other income</b>	<b>2,688</b>	<b>1,078</b>	<b>(53)</b>	<b>3,713</b>	<b>689</b>	<b>4,402</b>
Operating expenses	126	1,572	1,014	2,712	305	3,017
<b>Earnings before interest and tax (EBIT)</b>	<b>2,562</b>	<b>(494)</b>	<b>(1,067)</b>	<b>1,001</b>	<b>384</b>	<b>1,385</b>
Interest expense	-	-	-	-	-	-
<b>Operating profit before tax</b>	<b>2,562</b>	<b>(494)</b>	<b>(1,067)</b>	<b>1,001</b>	<b>384</b>	<b>1,385</b>
Income tax expense	-	-	(400)	(400)	-	(400)
<b>Operating profit (before specific non-cash and significant items)</b>	<b>2,562</b>	<b>(494)</b>	<b>(667)</b>	<b>1,401</b>	<b>384</b>	<b>1,785</b>
Interest on Group ESP				250		
<b>Operating earnings used in calculating - diluted operating EPS</b>				<b>1,651</b>		
Weighted average number of securities - diluted ('000)				230,873		
<b>Operating profit per security (EPS) - cents - diluted</b>				<b>0.7</b>		

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

**Note 1: Segment reporting (continued)**

The operating segments provided to the Board for the reportable segments for the half year ended 31 December 2018 are as follows:

Half year ended 31 December 2018	Investment	Funds management	Corporate	Total core	Consolidation & eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Management fee revenue	-	262	-	262	-	262
Debt origination revenue	-	174	-	174	-	174
Net property income	-	-	-	-	3,969	3,969
Investment revenue	4,263	-	-	4,263	(1,548)	2,715
Finance revenue	-	47	612	659	-	659
<b>Total revenue and other income</b>	<b>4,263</b>	<b>483</b>	<b>612</b>	<b>5,358</b>	<b>2,421</b>	<b>7,779</b>
Operating expenses	109	1,064	763	1,936		1,936
<b>Earnings before interest and tax (EBIT)</b>	<b>4,154</b>	<b>(581)</b>	<b>(151)</b>	<b>3,422</b>	<b>2,421</b>	<b>5,843</b>
Interest expense	-	-	606	606	352	958
<b>Operating profit before tax</b>	<b>4,154</b>	<b>(581)</b>	<b>(757)</b>	<b>2,816</b>	<b>2,069</b>	<b>4,885</b>
Income tax expense	-	-	(373)	(373)	-	(373)
<b>Operating profit (before specific non-cash and significant items)</b>	<b>4,154</b>	<b>(581)</b>	<b>(384)</b>	<b>3,189</b>	<b>2,069</b>	<b>5,258</b>
Interest on Group ESP				122		
<b>Operating earnings used in calculating - diluted operating EPS</b>				<b>3,311</b>		
Weighted average number of securities - diluted ('000)				230,042		
<b>Operating profit per security (EPS) - cents - diluted</b>				<b>1.4</b>		

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

**Note 1: Segment reporting (continued)**

Reconciliation of profit to operating profit for the half year is as follows:

	Total core 31 December 2019 \$'000	Total core 31 December 2018 \$'000	Total 31 December 2019 \$'000	Total 31 December 2018 \$'000
<b>Profit after tax attributable to stapled securityholders</b>	<b>2,447</b>	830		
<b>Profit for the year</b>			<b>3,899</b>	2,012
<b>Specific non-cash items</b>				
Net loss/(gain) on fair value of financial assets	479	1,409	(4,065)	1,409
Net (gain)/loss on disposal of financial asset	139	170	139	-
Net loss on fair value of investment properties	-	-	2,024	-
Net gain on fair value of derivative financial instruments	-	-	-	-
Loss allowance	10	-	10	-
Security based payments expense	197	197	197	197
Share of equity accounted profits, net of distributions received	(2,948)	235	(1,707)	235
Foreign exchange losses	-	-	212	-
<b>Significant items</b>				
Net loss on disposal of controlled entity	-	-	-	1,103
Transaction costs	399	149	399	103
<b>Tax effect</b>				
Tax effect of specific non-cash and significant items	677	199	677	199
<b>Operating profit (before specific non-cash and significant items)</b>	<b>1,401</b>	<b>3,189</b>	<b>1,785</b>	5,258



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

**Note 1: Segment reporting (continued)**

	Investment \$'000	Funds management \$'000	Corporate \$'000	Total core \$'000	Consolidation & eliminations \$'000	Total \$'000
<b>As at 31 December 2019</b>						
<b>Assets</b>						
Cash and cash equivalents	81,017	12,548	3,180	<b>96,745</b>	54,380	151,125
Loans receivable	19,877	-	-	<b>19,877</b>	-	19,877
Financial assets and equity accounted assets	82,812	-	-	<b>82,812</b>	(20,739)	62,073
Investment properties	-	-	-	-	37,000	37,000
Other assets	647	160	1,669	<b>2,476</b>	390	2,866
Intangibles	-	2,500	-	<b>2,500</b>	-	2,500
<b>Total assets</b>	<b>184,353</b>	<b>15,208</b>	<b>4,849</b>	<b>204,410</b>	<b>71,031</b>	<b>275,441</b>
<b>Liabilities</b>						
Other liabilities	146	58	3,364	<b>3,568</b>	283	3,851
<b>Total liabilities</b>	<b>146</b>	<b>58</b>	<b>3,364</b>	<b>3,568</b>	<b>283</b>	<b>3,851</b>
<b>Net assets</b>	<b>184,207</b>	<b>15,150</b>	<b>1,485</b>	<b>200,842</b>	<b>70,748</b>	<b>271,590</b>
ESP Loan Receivable				12,340		
Less Intangibles				(2,500)		
<b>Net assets used to calculate NTA per security</b>				<b>210,682</b>		
Total ASX issued securities (including ESP securities) - diluted ('000)				230,873		
<b>NTA per security diluted - \$</b>				<b>0.91</b>		
<b>As at 30 June 2019</b>						
<b>Assets</b>						
Cash and cash equivalents	164,780	11,510	940	<b>177,230</b>	-	177,230
Financial assets and equity accounted assets	24,146	-	-	<b>24,146</b>	-	24,146
Other assets and intangibles	686	-	1,473	<b>2,159</b>	-	2,159
<b>Total assets</b>	<b>189,612</b>	<b>11,510</b>	<b>2,413</b>	<b>203,535</b>	-	<b>203,535</b>
<b>Liabilities</b>						
Other liabilities	65	72	708	<b>845</b>	-	845
<b>Total liabilities</b>	<b>65</b>	<b>72</b>	<b>708</b>	<b>845</b>	-	<b>845</b>
<b>Net assets</b>	<b>189,547</b>	<b>11,438</b>	<b>1,705</b>	<b>202,690</b>	-	<b>202,690</b>
ESP Loan Receivable				12,300		
<b>Net assets used to calculate NTA per security</b>				<b>214,990</b>		
Total ASX issued securities (including ESP securities) - diluted ('000)				230,873		
<b>NTA per security diluted - \$</b>				<b>0.93</b>		

## 360 Capital Group

### Independent auditor's review report

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

#### Note 2: Distributions and dividends

The Company did not declare any dividends during the half year or up to the date of this report (December 2018: Nil). Distributions declared by 360 Capital Investment Trust directly to Securityholders during the half year were as follows:

	31 December 2019 \$'000	31 December 2018 \$'000
1.0 cents per unit paid on 29 October 2018	-	2,299
1.0 cents per unit paid on 24 January 2019	-	2,309
1.0 cents per unit paid on 24 October 2019	2,309	-
1.0 cents per unit paid on 23 January 2020	2,309	-
	<b>4,618</b>	<b>4,608</b>

#### Note 3: Finance expenses

	31 December 2019 \$'000	31 December 2018 \$'000
Interest and finance charges paid and payable	-	958
	-	958

#### Note 4: Income tax expense

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

	31 December 2019 \$'000	31 December 2018 \$'000
<b>Profit before tax attributable to stapled securityholders</b>	<b>4,176</b>	656
Income tax expense at the corporate rate of 27.5%	1,148	180
<u>Increase/(decrease) in income tax expense due to:</u>		
Trust income exempt from income tax	(994)	(468)
Transaction costs adjustment	2	-
Fair value of financial asset	21	-
Equity accounted investment profits	(711)	(58)
Employee Security Plan interest income taxable	69	34
Security based payments expense non-tax deductible	54	54
Intercompany transactions	-	-
Other tax adjustments	688	-
Income tax expense/(benefit)	<b>277</b>	(258)
Adjustment for current tax of prior periods	-	84
<b>Income tax expense/(benefit) recognised in the statement of profit or loss</b>	<b>277</b>	(174)

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

**Note 5: Financial assets at fair value through the 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 – held for sale</b>		
Centuria Retail Fund	1,373	2,183
Convertible notes	15,057	-
<b>Total current</b>	<b>16,430</b>	<b>2,183</b>
<b>Non-current</b>		
Shares in unlisted companies	10,542	-
<b>Total non-current</b>	<b>10,542</b>	<b>-</b>
<b>Total</b>	<b>26,972</b>	<b>2,183</b>

The Group holds investments in the following companies and managed investment schemes:

	<b>31 December</b>	<b>30 June</b>	<b>31 December</b>	<b>30 June</b>
	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>
	<b>%</b>	<b>%</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>				
Centuria Retail Fund	16.4	16.4	1,373	2,183
Convertible notes	100.0	-	15,057	-
<b>Non-current</b>				
Shares in unlisted companies	-	-	10,542	-
<b>Total</b>			<b>26,972</b>	<b>2,183</b>

Subsequent to balance date, Centuria Retail Fund paid a special distribution of \$0.19 per unit to the unitholders. A further \$0.005 (0.5 cents) is expected to be distributed on the wind up of the Fund. As a result, the Centuria Investment was written down to \$1.3 million as at 31 December 2019.

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	2,183	44,060
Financial assets disposed - listed	-	-
Financial assets disposed - call option exercised	-	(39,833)
Financial assets consolidated into financial statements	25,598	-
Loss on disposal of financial assets	-	-
Fair value adjustment of financial assets	(809)	(2,044)
<b>Closing balance</b>	<b>26,972</b>	<b>2,183</b>

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

**Note 6: Investments accounted for using the equity method**

	31 December 2019 %	30 June 2019 %	31 December 2019 \$'000	30 June 2019 \$'000
<b>Partnership interest</b>				
Renewing Homebush Bay Partnership	50%	50.0	-	-
<b>Joint venture</b>				
AMF Finance Pty Limited	50%	50.0	638	397
360 Capital Digital Management Pty Limited	50%	50.0	-	-
360 Capital Equities Management Pty Limited	50%	50.0	-	-
TGP TOT JV Pty Limited	50%	-	1,942	-
<b>Co-investment interest</b>				
360 Capital REIT	19.3	26.3	32,521	21,567
			<b>35,101</b>	<b>21,964</b>

Partnership interest

The Group, through various wholly owned subsidiary companies, holds a 50% interest in the Renewing Homebush Bay Partnership. The other 50% is held by entities associated with Brookfield Multiplex Group. The principal activity of the partnership was residential property development. As at 31 December 2019, the partnership was dormant and was in the process of being wound up.

Joint venture

The Group holds a 50% stake in AMF Finance Pty Limited (AMF). 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.

TGP TOT JV Pty Limited (formerly 360 Capital 2017 PERE Pty Ltd) is a joint venture between the Group and 360 Capital REIT (ASX: TOT). On 23 December 2019, TGP TOT JV Pty Ltd acquired 19.99% shares in Velocity Property Group (ASX: VP7)(Velocity) for a total of \$1.6 million or 2.0 cents per security. Velocity is an ASX listed boutique property development company that develops multi-unit apartment and mixed commercial developments in Queensland.

Co-investment interest

The Group holds a 19.3% interest in the 360 Capital REIT (ASX: TOT).

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

**Note 6: Investments accounted for using the equity method (continued)**

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

	<b>31 December</b>	<b>30 June</b>
	<b>2019</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>360 Capital REIT</b>		
Opening balance – 1 July	21,567	18,307
Acquisitions of interest	10,112	3,414
Equity accounted profit for the year	1,883	1,918
Distributions	(1,041)	(2,073)
Closing Balance	<b>32,521</b>	21,567
<b>AMF Finance Pty Limited</b>		
Opening balance – 1 July	397	<b>352</b>
Equity accounted profit for the year	241	45
Closing Balance	<b>638</b>	397
<b>TGP TOT JV Pty Limited</b>		
Opening balance – 1 July	-	-
Acquisition of interest	797	-
Equity accounted profit for the year	1,145	-
Closing Balance	<b>1,942</b>	-
<b>Total</b>	<b>35,101</b>	21,964

**Note 7: Intangible assets**

During the half year, the Group paid a total consideration of \$2.5 million to acquire management rights associated with URB Investments Limited (URB) from Contact Asset Management.. The Group became the new investment manager of URB on the implementation of the scheme on 20 December 2019.

The value of management rights will be reviewed annually for impairment.

**Note 8: Equity**

**(a) Issued capital**

	<b>31 December</b>	<b>30 June</b>
	<b>2019</b>	<b>2019</b>
	<b>000's</b>	<b>000's</b>
360 Capital Group Limited - Ordinary shares issued	218,373	218,373
360 Capital Investment Trust - Ordinary units issued	218,373	218,373
	<b>\$'000</b>	<b>\$'000</b>
360 Capital Group Limited - Ordinary shares issued	1,194	1,194
360 Capital Investment Trust - Ordinary units issued	193,081	194,880
Total issued capital	<b>194,275</b>	<b>196,074</b>

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

**Note 8: Equity (continued)**

**(b) Movements in issued capital**

Movements in issued capital of the Group for the year were as follows:

	<b>31 December</b>	<b>30 June</b>
	<b>2019</b>	<b>2019</b>
	<b>'000</b>	<b>'000</b>
Opening balance at 1 July	218,373	210,028
Securities issued under the Distribution Reinvestment Plan	-	2,345
Employee securities - non-recourse loan repaid during the period	-	6,000
Closing balance	<b>218,373</b>	218,373

Under Australian Accounting Standards securities issued under the 360 Capital Group Employee Security Plan (ESP) are required to be accounted for as options and are excluded from total issued capital, until such time as the relevant employee loans are fully repaid or the employee leaves the Group. Total ordinary securities issued as detailed above is reconciled to securities issued on the ASX as follows:

	<b>31 December</b>	<b>30 June</b>
	<b>2019</b>	<b>2019</b>
	<b>000's</b>	<b>000's</b>
Total ordinary securities disclosed 1 July	218,373	218,373
Issued capital – ESP issued in August 2017	12,500	12,500
Total securities issued on the ASX	<b>230,873</b>	230,873

**(c) Employee Security Plan**

On 2 August 2017 and 13 October 2017, a total of 12,500,000 stapled securities were granted to employees of the Stapled Group under the 360 Capital Group ESP. The issue price per security was \$0.98 which was equal to the volume weighted average price for the 10 days proceeding the issue date. These ESP securities are not included in the calculation of the basic number of stapled securities on issue due to the non-recourse nature of the associated ESP loans.

The employees who participated in the ESP were also provided with a loan on the grant date of an amount equivalent to the face value of the securities. Interest on the loan is equal to any distributions or dividends paid on the securities over the 3 year period, and should performance hurdles not be met, or participants elect not to repay the loan, then the Board, at its discretion, will either sell or cancel the securities.

On 23 December 2019, a total of 1,127,900 and 181,100 stapled securities were granted under Long Term Incentive offer (2019 LTI rights) performance rights to KMPs and staff respectively pursuant to the terms of the 360 Capital Group Executive Incentive Plan, exercisable from on or around 31 August 2022 (vesting date) subject to vesting conditions. Upon vesting and exercise in accordance with those plan terms, each performance right will vest and entitle the holder to one fully paid ordinary security (ASX: TGP).

## 360 Capital Group

### Independent auditor's review report

For the half year ended 31 December 2019

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## 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 receivables, trade and other payables and distributions payable approximate their carrying amounts largely due to short-term maturities of these instruments.

#### 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 Group 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 Group 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>As at 31 December 2019:</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets</b>				
Financial assets at fair value through profit or loss	<b>26,972</b>	-	-	<b>26,972</b>
<b>Financial liabilities</b>				
Derivative financial instruments	-	-	-	-
<b>As at 30 June 2019:</b>				
<b>Financial assets</b>				
Financial assets at fair value through profit or loss	2,183	-	-	2,183
<b>Financial liabilities</b>				
Derivative financial instruments	-	-	-	-

During the period 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.

**Note 9: Other financial assets and liabilities (continued)**

**Valuation techniques**

Fair value profit or loss financial assets

For fair value profit or loss financial assets, the Group invests in unlisted investments. Unlisted investments are not traded in an active market and are categorised as Level 3 instruments, with the exception of unlisted investments held under a put and call agreement, which are valued at the contract price and are categorised as Level 1. NTA of the underlying investments is used as a basis for valuation however may be amended as deemed appropriate (e.g. when the NTA of the underlying investment is negative).

The NTA of investments is driven by underlying investment properties which are carried at fair value based on valuations using the capitalisation rate, markets sale comparison and discounted cash flow approaches. The significant Level 3 inputs in relation to the underlying property valuations of the investments include capitalisation rates and discount rates. The Group uses its judgment to select a variety of methods and makes assumptions that are mainly based on market conditions existing at each statement of financial position date.

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



## 360 Capital Group

### Independent auditor's review report

For the half year ended 31 December 2019

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## 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 10: Business combinations

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

On 2 July 2019 the Group subscribed for 12,875,001 units for \$25,000,002 representing 100% ownership of TDI. 360 Capital FM Limited (an entity owned by the Group) was appointed as responsible entity of TDI. On 17 September 2019, TDI issued 12,874,999 additional units for \$24,999,998. The Group subscribed for 7,321,239 of these units for \$14,215,998, resulted to an overall dilution in the Group's continued ownership of TDI to 78.4%. The Group is deemed under AASB10 Consolidated Financial Statements to continue to control TDI as it held a 78.4% interest in TDI and was the responsible entity of the fund. At the date of dilution, the fair value of assets and liabilities was \$25.0 million resulting to a small gain on dilution.

On 31 October 2019, TDI became listed on the ASX (ASX: TDI) and as part of the IPO issued 32,500,000 additional units for \$65,000,000. The Group subscribed for 1,565,571 of these units for \$3,131,142, resulting in an overall dilution in the Group's ownership of TDI to 37.4%. The Group is deemed under AASB10 Consolidated Financial Statements to control TDI as it continues to hold a 37.4% interest in TDI and is the responsible entity of the fund. At the date of dilution, the fair value of assets and liabilities was \$49.6 million, resulting to a net gain on dilution of \$0.9 million.

From the date of acquisition, TDI contributed \$2.5 million of revenue and \$1.2 million to profit before tax from continuing operations and other income of the Group. These amounts have been calculated using the Group's accounting policies.

## 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 11: Events subsequent to balance date

Centuria Retail Fund paid a special distribution of \$0.19 per unit to the unitholders. A further \$0.005 (0.5 cents) is expected to be distributed on the wind up of the Fund. As a result, the Centuria Retail Fund investment was written down to \$1.3 million as at 31 December 2019.

On 14 February 2020 the Group announced that 360 Capital Equities Management Pty Limited (a subsidiary company) had entered into a binding agreement to purchase Ralton Asset Management.

No other circumstances have arisen since the end of the half year which have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group 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 12: Earnings per stapled security

	31 December 2019	31 December 2018
	¢	¢
Basic earnings per stapled security	1.2	0.4
Diluted earnings per stapled security	1.1	0.4
	<b>\$'000</b>	<b>\$'000</b>
<b>Basic and diluted earnings</b>		
Profit attributable to stapled securityholders of 360 Capital Group used in calculating earnings per stapled security	2,447	830
	<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	212,230	212,230
Weighted average number of stapled securities - diluted	230,042	230,042

#### Dilution

As at 31 December 2019 there is a total of 12,500,000 stapled securities (December 2018: 17,222,034 stapled securities) outstanding that have been granted to employees of the Stapled Group under the 360 Capital Group Employee Security Plan (ESP). These ESP securities have an associated loan to the employees and are therefore excluded from the calculation of basic securities on issue due to the non-recourse nature of the associated ESP loans.

Further information on the ESP is provided in Note 8.

### Note 13: Related party transactions

The following significant transactions occurred with related parties during the half year:

The Group acquired 6,642,587 securities in 360 Capital Total Return Fund (TOT) on market and an addition of 2,677,739 securities from the conversion of existing Group's investment in URB Investments Limited through URB Scrip (scheme of arrangement).

The Group also acquired a total of 21,761,811 in 360 Capital Digital Fund Infrastructure (TDI) for \$42.3 million.

Other than noted above, there have been no significant changes to the type or nature of related party transactions compared to those disclosed in the last Annual report at 30 June 2019.

## 360 Capital Group

### Independent auditor's review report

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

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#### Note 14: 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 Group comprises the consolidated financial statements of 360 Capital Group Limited and its controlled entities and 360 Capital Investment Trust and its controlled entities. A 360 Capital Group stapled security comprises one 360 Capital Group Limited share stapled to one 360 Capital Investment Trust unit to create a single listed entity traded on the Australian Stock Exchange (ASX). The stapled security cannot be traded or dealt with separately.

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

Where accounting policies have changed, comparative financial information of the Group has been revised. 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 Group Limited and its subsidiaries 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.

360 Capital Group 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 annual financial report and Directors' report have been rounded to the nearest thousand dollars, unless otherwise stated.

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

The Group applied IFRS 16 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 Group elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease terms of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets) and as a result, no adjustment have been made to the financial statements.


**360 Capital Group**  
**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 Group Limited:

- 1) The consolidated financial statements and notes that are set out on pages 10 to 32 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 half year 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



**Building a better  
working world**

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## **Independent Auditor's Review Report to the Members of 360 Capital Group Limited**

### **Report on the Half-Year Financial Report**

#### **Conclusion**

We have reviewed the accompanying half-year financial report of 360 Capital Group Limited (the "Company") and its subsidiaries (collectively the "Group"), 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.

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 Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group 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 Company 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 Group'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 Group, 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.



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## **Independence**

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

Ernst & Young

Mark Conroy  
Partner  
Sydney  
27 February 2020

# 360 Capital



## 360 Capital Group

(comprising 360 Capital Group Limited (ABN 18 113 569 136) and its controlled entities and 360 Capital Investment Trust (ARSN 104 552 598) and its controlled entities)

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