



360 CAPITAL INVESTMENT TRUST

Interim Financial Report For the half year ended 31 December 2019

Comprising 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 of 360 Capital Investment Trust 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 Investment Trust
Directors' report
For the half year ended 31 December 2019

The Directors of 360 Capital FM Limited (CFML) (ABN 15 090 664 396) (AFSL No 221474), the Responsible Entity of 360 Capital Investment Trust (Trust) present their report, together with the interim financial report of 360 Capital Investment Trust and its controlled entities (consolidated entity) for the half year ended 31 December 2019.

The consolidated entity forms part of the stapled entity, 360 Capital Group (Stapled Group or Group) (ASX code: TGP) comprising 360 Capital Group Limited and its controlled entities and 360 Capital Investment Trust and its controlled entities.

Directors

The following persons were Directors of 360 Capital FM 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 consolidated entity is a diversified real estate investment trust. The principal activities during the course of the half year were focused on the core business segment representing investment in real estate debt and equity investments including co-investment in managed funds, providing income through distributions and finance revenue and potential capital growth in equity values. There were no significant changes in the nature of activities of the consolidated entity during the half year.

Operating and financial review

The key financial highlights for the half year ended 31 December 2019 include:

- Statutory net profit attributable to unitholders of \$2.0 million (December 2018: \$1.7 million)
- Operating profit¹ of \$2.1 million (December 2018: \$3.7 million)
- Statutory Earnings per Unit (EPU) of 0.9 cpu (December 2018: 0.8 cpu)
- Distributions per Unit (DPU) of 2.0 cpu (December 2018: 2.0 cpu)

The key operating achievements for the half year ended 31 December 2019 include:

- Investment in the 360 Capital Digital Infrastructure Fund for \$42.3 million.

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 items and significant items. The Responsible Entity considers operating profit to reflect the core earnings of the Trust and it is used as a guide to assess the Trust's ability to pay distributions to unitholders. The operating profit has not been subject to any specific audit procedures by the Trust's auditor but has been extracted from Note 1: Segment reporting.

360 Capital Investment Trust
Directors' report
For the half year ended 31 December 2019

Operating and financial review (continued)

The statutory profit attributable to the unitholders of the consolidated entity for the half year ended 31 December 2019 was \$2.0 million (December 2018: \$1.7 million). The current period statutory profit includes \$1.4m share of equity accounting profits of associates. The prior period statutory profit includes a \$1.4 million net loss on revaluation of the consolidated entity's remaining 16.4% interest in Centuria Retail Fund not under a put option agreement.

The operating profit (profit before specific non-cash and significant items) was \$2.1 million (December 2018: \$3.7 million) driven by the \$1.4 million of investment revenue in relation to the 360 Capital REIT and the 360 Capital Digital Infrastructure Fund.

Summary and Outlook

The 360 Capital Group has announced its intention to expand to become a listed investor and manager of alternative assets.

The Group's investment philosophy has not changed, and it will continue to be patient and aligned with its investors. The alternative asset strategy is an expansion of its existing platform.

Distributions

Distributions declared by 360 Capital Investment Trust directly to unitholders during the half year were as follows:

	31 December 2019 \$'000	31 December 2018 \$'000
1.0 cents per stapled security paid on 29 October 2018	-	2,299
1.0 cents per stapled security paid on 24 January 2019	-	2,309
1.0 cents per stapled security paid on 24 October 2019	2,309	-
1.0 cents per stapled security paid on 23 January 2020	2,309	-
	4,618	4,608

Significant changes in state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the consolidated entity 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 consolidated entity continues to focus on its investments in property funds to generate capital and income returns for its investors.

360 Capital Investment Trust
Directors' report
For the half year ended 31 December 2019

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.

No other circumstances have arisen since the end of the half year which have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity 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 5 and forms part of the Directors' report for the half year ended 31 December 2019.

Rounding of amounts

The consolidated entity 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 FM Limited as Responsible Entity for 360 Capital Investment Trust

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

A handwritten signature in black ink that reads "Ernst & Young".

Ernst & Young

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

Mark Conroy
Partner
27 February 2020

360 Capital Investment Trust
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
Revenue from continuing operations			
Rental from investment properties		306	3,969
Distributions from property funds		124	1,737
Finance revenue		1,298	549
Total revenue from continuing operations		1,728	6,255
Other income			
Share of equity accounted profits	6	1,383	700
Net foreign exchange gains	5	97	-
Net gain on deconsolidation of controlled entity		122	-
Total other income		1,602	700
Total revenue from continuing operations and other income		3,330	6,955
Administration expenses		541	509
Finance expenses	3	61	958
Transaction costs		15	103
Loss allowance		10	-
Net loss on disposal of financial assets	5	139	-
Net loss on fair value of financial assets		401	1,409
Net loss on disposal of controlled entity	10	-	1,095
Profit for the half year		2,163	2,881
Other comprehensive income for the half year		-	-
Total comprehensive income for the half year		2,163	2,881
Total comprehensive income attributable to:			
Profit attributable to unitholders		2,013	1,699
Profit attributable to external non-controlling interests		150	1,182
Profit for the half year		2,163	2,881
Earnings per unit for profit attributable to unitholders			
of the consolidated entity		Cents	Cents
Basic earnings per unit	13	0.9	0.8
Diluted earnings per unit	13	0.9	0.7

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

360 Capital Investment Trust
Consolidated interim statement of financial position
As at 31 December 2019

		31 December	30 June
		2019	2019
	Note	\$'000	\$'000
Current assets			
Cash and cash equivalents		81,017	164,780
Receivables		517	745
Financial assets at fair value through profit or loss	5	1,374	2,183
Due from related entities	14	6,025	-
Total current assets		88,933	167,708
Non-current assets			
Loan receivable	7	19,877	-
Financial assets at fair value through profit or loss	5	1,750	-
Investments equity accounted	6	68,789	17,989
Total non-current assets		90,416	17,989
Total assets		179,349	185,697
Current liabilities			
Trade and other payables		68	88
Distribution payable		2,321	-
Due to related entities	14	-	5,322
Total current liabilities		2,389	5,410
Total liabilities		2,389	5,410
Net assets		176,960	180,287
Equity			
Issued capital - trust units	8	194,880	194,880
Accumulated losses		(17,920)	(14,593)
Total equity attributable to unitholders		176,960	180,287
External non-controlling interest		-	-
Total equity		176,960	180,287

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

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

	Note	Issued capital \$'000	Accumulated losses \$'000	Total equity attributable to unitholders \$'000	External non- controlling interest \$'000	Total equity \$'000
Balance at 1 July 2019		194,880	(14,593)	180,287	-	180,287
Total comprehensive income for the year		-	2,013	2,013	150	2,163
Transactions with non-controlling interest		-	(723)	(723)	(150)	(873)
Transactions with Unitholders in their capacity as Unitholders						
Distributions	2	-	(4,617)	(4,617)	-	(4,617)
		-	(4,617)	(4,617)	-	(4,617)
Balance at 31 December 2019		194,880	(17,920)	176,960	-	176,960
Balance at 1 July 2018		189,863	(13,640)	176,223	75,648	251,871
Total comprehensive income for the year		-	1,699	1,699	1,182	2,881
Transactions with non-controlling interest		-	-	-	(75,326)	(75,326)
Transactions with Unitholders in their capacity as Unitholders						
Issued units - DRP		1,950	-	1,950	-	1,950
Issued units - ESP		656	-	656	-	656
Equity raising transaction costs		(13)	-	(13)	-	(13)
Distributions	2	-	(4,608)	(4,608)	(1,504)	(6,112)
		2,593	(4,608)	(2,015)	(1,504)	(3,519)
Balance at 31 December 2018		192,456	(16,549)	175,907	-	175,907

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

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

	31 December 2019 \$'000	31 December 2018 \$'000
Note		
Cash flows from operating activities		
Cash receipts from customers (inclusive of GST)	315	3,077
Cash payments to suppliers (inclusive of GST)	(156)	(1,650)
Dividends and distributions received	1,090	3,710
Finance revenue	1,305	315
Finance expenses	(61)	(958)
Net cash inflows from operating activities	2,493	4,494
Cash flows from investing activities		
Payments for equity accounted investments	(11,608)	(1,030)
Payments for investment properties	(39,024)	-
Payment for financial assets	(20,267)	-
Payments for loans receivable	(19,887)	-
Proceeds from disposal of financial assets	269	-
Payment of transaction costs	(15)	(103)
Proceeds from disposal of controlled entities	-	155,500
Net cash inflows/(outflows) from investing activities	(90,532)	154,367
Cash flows from financing activities		
Loan repayments to related parties	(11,348)	(25,793)
Repayment from related parties	7,500	-
Proceeds from issue of capital to NCI	10,634	-
Distributions paid to unitholders	(2,296)	(4,548)
Distributions paid to external non-controlling interests	-	(940)
Net cash (outflows)/ inflows from financing activities	4,490	(31,294)
Net increase/(decrease) in cash and cash equivalents	(83,549)	127,567
Cash balance on (deconsolidation)/ consolidation of controlled entities	(214)	(4,163)
Cash and cash equivalents at the beginning of the half year	164,780	4,821
Cash and cash equivalents at the end of the half year	81,017	128,225

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

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

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

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 Trust.

Note 1: Segment reporting

Segment information is presented in respect of the consolidated entity'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 segment is based on the consolidated entity's management and internal reporting structure is:

- Investment - real estate debt and equity investment in real estate including co-investment in managed funds, providing income through distributions and finance revenue and potential capital growth in equity values

The consolidated entity's management strategy and measures of performance focus on the returns from this core segment 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 of the consolidated entity.

The information provided is net of specific non-cash items including fair value adjustments, straight-lining of lease revenues and incentives and impairment adjustments. Significant one-off items are also excluded.

Consolidation and eliminations

Included in this segment are the elimination of inter-group transactions and conversion of the consolidated results from the entities deemed to be controlled under AASB 10, being entities with 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 consolidated entity'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 Investment Trust
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 \$'000	Total core \$'000	Consolidation & eliminations \$'000	Total \$'000
Net property income	-	-	306	306
Investment revenue	1,445	1,445	(280)	1,165
Finance revenue	1,156	1,156	142	1,298
Total revenue and other income	2,601	2,601	168	2,769
Operating expenses	476	476	65	541
Earnings before interest and tax (EBIT)	2,125	2,125	103	2,228
Interest expense	-	-	61	61
Operating profit (before specific non-cash and significant items)	2,125	2,125	42	2,167
<hr/>				
Weighted average number of units - basic ('000)		218,373		
Operating profit per unit (before specific non-cash and significant items) (EPU) - cents		1.0		

360 Capital Investment Trust
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 \$'000	Total core \$'000	Consolidation & eliminations \$'000	Total \$'000
Net property income	-	-	3,969	3,969
Investment revenue	4,263	4,263	(1,548)	2,715
Finance revenue	549	549	-	549
Total revenue and other income	4,812	4,812	2,421	7,233
Operating expenses	508	508	-	508
Earnings before interest and tax (EBIT)	4,304	4,304	2,421	6,725
Interest expense	606	606	352	958
Operating profit (before specific non-cash and significant items)	3,698	3,698	2,069	5,767
Weighted average number of units - basic ('000)		212,230		
Operating profit per unit (before specific non-cash and significant items) (EPU) - cents		1.7		

360 Capital Investment Trust
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
Profit after tax attributable to unitholders	2,013	1,699		
Profit for the year			2,163	2,881
Specific non-cash items				
Net loss/(gain) on fair value of financial assets	401	1,409	401	1,409
Net loss on disposal of financial assets	139	162	139	-
Share of equity accounted profits, net of distributions received	(342)	279	(342)	279
Foreign exchange gains	(135)	-	(97)	-
Loss allowance	10	-	10	-
Other items	24	-	-	-
Significant items				
Net (gain)/loss on disposal of controlled entity	-	-	(122)	1,095
Transaction costs	15	149	15	103
Operating profit (before specific non-cash items and significant items)	2,125	3,698	2,167	5,767

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

Note 1: Segment reporting (continued)

As at 31 December 2019	Investment \$'000	Total core \$'000	Consolidation & eliminations \$'000	Total \$'000
Assets				
Cash and cash equivalents	81,017	81,017	-	81,017
Financial and equity accounted assets	91,790	91,790	-	91,790
Other assets	6,542	6,542	-	6,542
Total assets	179,349	179,349	-	179,349
Liabilities				
Other liabilities	2,389	2,389	-	2,389
Total liabilities	2,389	2,389	-	2,389
Net assets	176,960	176,960	-	176,960

As at 31 December 2018	Investment \$'000	Total core \$'000	Consolidation & eliminations \$'000	Total \$'000
Assets				
Cash and cash equivalents	128,225	128,225	-	128,225
Financial and equity accounted assets	59,133	59,133	-	59,133
Other assets	1,225	1,225	-	1,225
Total assets	188,583	188,583	-	188,583
Liabilities				
Other liabilities	12,675	12,675	-	12,675
Total liabilities	12,675	12,675	-	12,675
Net assets	175,908	175,908	-	175,908

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

Note 2: Distributions

Distributions declared by 360 Capital Investment Trust directly to unitholders during the half year were as follows:

	31 December	31 December
	2019	2018
	\$'000	\$'000
1.0 cents per stapled security paid on 29 October 2018	-	2,299
1.0 cents per stapled security paid on 24 January 2019	-	2,309
1.0 cents per stapled security paid on 24 October 2019	2,309	-
1.0 cents per stapled security paid on 23 January 2020	2,309	-
	4,618	4,608

Note 3: Finance expenses

	31 December	31 December
	2019	2018
	\$'000	\$'000
Interest and finance charges paid and payable	61	958
	61	958

Note 4: Investment properties

Movements in the carrying value of investment properties during the period are as follows:

	31 December	30 June
	2019	2019
	\$'000	\$'000
Balance at 1 July	-	-
Investment properties acquired	39,024	-
Derecognised on deconsolidation	(39,024)	-
Closing balance	-	-

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

	31 December	30 June
	2019	2019
	\$'000	\$'000
Current		
Units in unlisted funds managed externally	1,374	2,183
Total current	1,374	2,183
Non-Current		
Shares in unlisted companies	1,750	-
Total non-current	1,750	-
Total	3,124	2,183

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

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

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

	31 December 2019 %	30 June 2019 %	31 December 2019 \$'000	30 June 2019 \$'000
Current				
<u>Unlisted funds managed externally</u>				
Centuria Retail Fund	16.4	16.4	1,374	2,183
Non-Current				
Shares in unlisted companies	-	-	1,750	-
Total			3,124	2,183

Movements in the carrying value during the half year are as follows:

	31 December 2019 \$'000	30 June 2019 \$'000
Balance at 1 July	2,183	44,060
Financial assets acquired	20,267	-
Financial assets disposed - unlisted	-	(39,833)
Fair value adjustment of financial assets	(809)	(2,044)
Derecognition of financial assets on deconsolidation	(18,614)	-
Foreign exchange adjustments on financial assets	97	-
Closing balance	3,124	2,183

Note 6: Investments accounted for using the equity method

	31 December 2019 %	30 June 2019 %	31 December 2019 \$'000	30 June 2019 \$'000
Co-investment interest				
360 Capital Passive REIT	19.3	26.3	26,110	17,989
360 Capital Digital Infrastructure Fund	37.4	-	42,679	-

360 Capital Passive REIT

The Group holds a 19.3% interest in the stapled entity 360 Capital REIT (ASX: TOT), with the beneficial interest of 360 Capital Passive REIT units held by 360 Capital Diversified Property Fund and the beneficial interest of 360 Capital Active REIT units held by 360 Capital Property Limited.

360 Capital Investment Trust
Condensed notes to the interim financial 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:

	31 December	30 June
	2019	2019
	\$'000	\$'000
360 Capital REIT		
Opening balance – 1 July	17,989	15,333
Acquisition of interest	8,477	2,884
Equity accounted profit	684	1,845
Distributions	(1,040)	(2,073)
Closing Balance	26,110	17,989

360 Capital Digital Infrastructure Fund

The Trust holds a 37.4% interest in the 360 Capital Digital Infrastructure Fund (ASX: TDI) at the reporting date. Significant influence was first established on 31 October 2019 when control of TDI was deconsolidated due to a loss of control. Refer to Note 9 for further details.

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

	31 December	30 June
	2019	2019
	\$'000	\$'000
360 Capital Digital Infrastructure Fund		
Opening balance – 1 July	-	-
Recognition on deconsolidation	39,667	-
Acquisition of interest	3,131	-
Equity accounted profit	699	-
Equity accounted reserves	(818)	-
Closing Balance	42,679	-

Note 7: Loan receivable

	31 December	30 June
	2019	2019
	\$'000	\$'000
Non-current		
Loan receivable	19,887	-
Allowance for loss	(10)	-
Total	19,877	-

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

Note 8: Equity

(a) Issued capital

	31 December	30 June
	2019	2019
	000's	000's
360 Capital Investment Trust - Ordinary units issued	218,373	218,373
	\$'000	\$'000
360 Capital Investment Trust - Ordinary units issued	194,880	194,880

(b) Movements in issued capital

	000's	'000
Opening balance at 1 July	218,373	210,028
ESP securities with non-recourse loans repaid during the year	-	6,000
Securities issued under the Distribution Reinvestment Plan	-	2,345
Closing balance	218,373	218,373

	31 December	30 June
	2019	2019
	\$'000	\$'000
Opening balance at 1 July	194,880	142,149
Capital Reallocation implemented on 31 January 2018	-	47,714
Employee security plan – non-recourse loan repaid during the period	-	3,080
Securities issued under the Distribution Reinvestment Plan	-	1,950
Transaction costs incurred in issuing capital	-	(13)
Closing balance	194,880	194,880

Under Australian Accounting Standards securities issued under the 360 Capital Group 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:

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

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

Note 8: Equity (continued)

(c) Employee Security Plan

On 2 October 2013, 21,970,000 stapled securities were granted to employees of the Stapled Group under the 360 Capital Group ESP. The ESP securities which had not been bought back or cancelled vested on 1 October 2016.

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.

(d) Distribution Reinvestment Plan

In the prior period, the Group had a Distribution Reinvestment Plan (DRP) which was active for the September 2018 quarter. In July 2018 the Group issued 1,368,599 securities and raised \$1.2 million relating to the June 2018 quarterly distribution and in October 2018 issued 976,746 and raised a further \$0.8 million relating to the September 2018 quarterly distribution. Post the September 2018 quarter the DRP has been suspended until further notice. Securities were issued at a 1.5% discount to the Group's 10 day average of the daily volume weighted average trading price as per the Group's DRP policy.

Note 9: Business combinations and acquisition of non-controlling interests

Business combinations during the half year ended 31 December 2019 are detailed below. There were no business combinations or acquisitions of non-controlling interests in the prior period.

360 Capital Digital Infrastructure Fund (ASX: TDI)

On 2 July 2019 TDI was established and the Trust subscribed for 12,875,001 units in the fund for \$25,000,002 representing 100% ownership of TDI. CFML was appointed as responsible entity of TDI. The Trust is deemed under AASB10 Consolidated Financial Statements to control TDI as it owns 100% of the fund.

On 17 September 2019, TDI issued 12,874,999 additional units for \$24,999,998. The Trust subscribed for 7,321,239 of these units for \$14,215,998, which led to an overall dilution in the Trust's ownership of TDI to 78.4%. The Trust is deemed under AASB10 Consolidated Financial Statements to control TDI as it continues to hold a 78.4% interest in TDI. At the date of dilution, the fair value of assets and liabilities was \$25.0 million leading to no gain or loss on dilution.

On 31 October 2019, TDI became listed on the ASX (ASX code TDI) and as part of the IPO issued 32,500,000 additional units for \$65,000,000. The Trust subscribed for 1,565,571 of these units for \$3,131,142, which led to an overall dilution in the Trust's ownership of TDI to 37.4%. The Trust is deemed under AASB10 Consolidated Financial Statements to no longer control TDI as its ownership of TDI is below 50%. TDI has been deconsolidated from this date and as the Trust then has significant influence over TDI, the fair value of TDI has been established as the initial carrying value of the equity accounted associate and equity accounting has been performed from 31 October 2019 through to the reporting date. A gain on deconsolidation of \$0.1m has been recognised.

360 Capital Investment Trust
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Note 10: Divestment transaction

There were no divestment transactions in the half year ended 31 December 2019. Divestment transactions in the prior period are detailed below.

Summary of divestment transaction

On 8 October 2018 NEXTDC Limited (ASX: NXT) made an unconditional on-market takeover bid for AJD, to acquire all the AJD securities it did not already own. NEXTDC offered \$2.00 per AJD security and AJD securityholders were entitled to receive a special distribution of \$0.02 cents per security together with the September 2018 quarterly distribution of \$0.02 cents per security.

On 12 October 2018, the Group disposed of its investment in Asia Pacific Data Centre Group (AJD) via the takeover offer by NEXTDC for a total consideration of \$154.8 million.

Prior to the disposal, the consolidated entity held a 67.3% stake in Asia Pacific Data Centre Trust (APDC Trust) and as a consequence of the disposal, APDC Trust has been deconsolidated from the results of the Group from 12 October 2018.

Details of the disposal consideration to divest the controlling interest in APDC Trust on 12 October 2018 are as follows:

	\$'000
Cash received	153,999
Total disposal consideration	153,999

Net assets divested:

	\$'000
Assets	
Cash and cash equivalents	4,163
Receivables and other current assets	361
Investment properties	261,000
Liabilities	
Trade and other payables	6,014
Borrowings	29,000
Derivative financial instruments	90
Carrying value of assets divested	230,420
Less: Non-controlling interests	(75,326)
Carrying value of assets divested excluding non-controlling interest	155,094
Net loss on disposal recognised during the period	(1,095)

The carrying value of net assets divested represents the value of assets and liabilities of AJD at 30 June 2018, adjusted for items that the Group believes can be reliably estimated including rental income and interest expense, the reversal of prepaid rent, the payment of the June 2018 distribution and the accrual of the September 2018 quarterly distribution of 2.0 cpu plus the special distribution of 2.0 cpu. These adjustments have been made to derive the value of net assets disposed of on 12 October 2018. The Group notes that these numbers are provisional as at 31 December 2018.

360 Capital Investment Trust
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Note 10: Divestment transaction (continued)

AJD financial information

The takeover offer by NEXTDC for AJD was announced on the 8 October 2018 and the Group accepted into the offer its 67.3% stake in AJD on 12 October 2018. Following the Group's acceptance of the takeover offer, NEXTDC effectively gained control of AJD on 12 October 2018 by obtaining a 97% interest in AJD. NEXTDC announced a compulsory takeover of all the AJD securities it did not already own on 23 October 2018 having acquired a relevant interest in AJD of 98.02%. On 29 November 2018 AJD was suspended from official quotation on the ASX following the dispatch of compulsory acquisition notices by NEXTDC and on 24 December 2018 AJD was removed from the official list of ASX.

Given the above events the Group has not been able to obtain all relevant financial information relating to AJD's operations or financial position for the period 1 July 2018 to the date of disposal of 12 October 2018. The Group has therefore used the AJD's financial position recorded in its financial statements as at 30 June 2018, adjusted for those items that the Group believes can be reliably estimated to derive the value of net assets disposed of on 12 October 2018.

Income statement

The net profit of AJD for the period from 1 July 2018 to 12 October 2018 included in the consolidated entity's results is set out below:

	\$'000
Rental income	3,969
Finance expenses	(352)
Net Profit	3,617

The Trust has included rental income and interest expense of AJD in its results as the Group believes these items can be reliably estimated. The Trust's net income and expenses recorded in the profit and loss will be misstated to the extent of difference between the estimated income and expenses above and AJD's actual profit and loss for the period. Any such misstatement will have a corresponding offsetting impact on the loss on disposal of AJD recorded in the Trust's profit and loss statement. The net profit attributed to the securityholders of the Trust for the period will not be impacted by any such misstatement.

Net assets on disposal

The net assets of AJD on disposal may be misstated to the extent any movement between 30 June 2018 and 12 October 2018 outside of those movements which the Group has estimated (refer above). These movements will impact the gain or loss on disposal of AJD. Any such misstatement will not impact the net assets of the Group as at 31 December 2018 given the compensating impact of the adjustment to the loss on disposal of AJD. The directors of the Group have assessed the fair value of investment properties owned by AJD at the disposal date and believe they were recorded at fair value. The carrying values were consistent with external valuations conducted by AJD as at 30 June 2018. The value of net assets attributed to the securityholder of the Group at 31 December 2018 should not be impacted by any movements in AJD net assets prior to disposal date.

Disposal consideration – cash flows on disposal

	\$'000
Cash consideration received	153,999
Less: Cash and cash equivalents deconsolidated	(4,163)
Inflow of cash upon disposal of subsidiary	149,836
Add: Business combination transaction costs expensed through profit or loss	-
Total cash inflow upon disposal	149,836

Risk

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

Note 11: Other financial assets and liabilities

Fair values

The fair value of the Trust's financial assets and liabilities approximate their carrying amounts 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 consolidated entity 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.

As at 31 December 2019, the consolidated entity held the following classes of financial instruments measured at fair value:

	Total	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000
As at 31 December 2019:				
Financial assets				
Financial assets at fair value through profit or loss	3,124	-	-	3,124
As at 30 June 2019:				
Financial assets				
Financial assets at fair value through profit or loss	2,183	-		2,183

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 11: Other financial assets and liabilities (continued)

Valuation techniques

Fair value profit or loss financial assets

Units in unlisted funds managed externally are not traded in an active market and are categorised as Level 3 instruments. 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 consolidated entity 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 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.

Unrecognised Items

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

Note 12: Events subsequent to balance date

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.

No other circumstances have arisen since the end of the half year which have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Other Information

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

Note 13: Earnings per unit

	31 December 2019	31 December 2018
	¢	¢
Basic earnings per unit	0.9	0.8
Diluted earnings per unit	0.9	0.7
	\$'000	\$'000
Basic and diluted earnings		
Profit attributable to unitholders of the consolidated entity used in calculating earnings per unit	2,013	1,699
	000's	000's
Weighted average number of units used as a denominator		
Weighted average number of units - basic	218,373	212,230
Weighted average number of units - diluted	230,873	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 Plans (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(c).

Note 14: Related party transactions

Responsible Entity

The Responsible Entity of the Trust is 360 Capital FM Limited. 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).

Other than noted below, there have been no significant changes to the type or nature of related party transactions compared to those disclosed in the last consolidated entity's annual financial report as at 30 June 2019.

Related Party Loan

At reporting date, the consolidated entity has a loan owing from the 360 Capital Group Limited of \$6.0 million. Interest is charged on the loan at market rates where applicable.

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

Note 14: Related party transactions (continued)

The following significant transactions occurred with related parties during the prior period:

Related Party Loan

At 30 June 2019, the consolidated entity has a loan owing to the 360 Capital Group Limited of \$5.3 million. Interest is charged on the loan at market rates where applicable.

Note 15: Basis of preparation

a) Reporting entity

The interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*. The interim financial report of 360 Capital Investment Trust comprises the consolidated financial statements of 360 Capital Investment Trust and its controlled entities. The consolidated entity forms part of the stapled entity, 360 Capital Group (Stapled Group) (ASX code: TGP) comprising 360 Capital Group Limited and its controlled entities and 360 Capital Investment Trust and its controlled entities.

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 Investment Trust 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.

Where accounting policies have changed, comparative financial information of the consolidated entity 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 15(c) below.

b) Basis of preparation

Basis of preparation

360 Capital Investment Trust and its controlled entities are for-profit entities for the purpose of preparing the interim financial report.

The financial report has been prepared on 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 consolidated entity 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.

Note 15: Basis of preparation (continued)

c) Changes in accounting policies and disclosures

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

AASB 16 Leases

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

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

360 Capital Investment Trust
Directors' declaration
For the half year ended 31 December 2019

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

- 1) The consolidated financial statements and notes that are set out on pages 6 to 28 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 Fund 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



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working world**

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Independent Auditor's Review Report to the unitholders of 360 Capital Investment Trust

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of 360 Capital Investment Trust 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 of 360 Capital FM Limited, the Responsible Entity of the Group.

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 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 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.



Independence

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

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive style.

Ernst & Young

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

Mark Conroy
Partner
Sydney
27 February 2020