360 Capital

ASX Release

REAL ASSETS
PRIVATE EQUITY
PUBLIC EQUITY
CREDIT

360 Capital Group (ASX: TGP) **31 August 2020**

Appendix 4E

For the year ended 30 June 2020

360 Capital Group comprises the stapling of 360 Capital Group Limited (ABN 18 113 569 136) and 360 Capital FM Limited (ABN 15 090 664 396 AFSL 221474) as Responsible Entity for 360 Capital Investment Trust (ARSN 104 552 598).

This Preliminary Financial Report is given to the ASX in accordance with Listing Rule 4.3A. This report should be read in conjunction with the Annual Report for the year ended 30 June 2020. 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 Annual Report for the year ended 30 June 2020 is attached and forms part of this Appendix 4E.

Details of reporting period

Current reporting period: 1 July 2019 – 30 June 2020

Prior corresponding period: 1 July 2018 – 30 June 2019

Results announcement to the market

	30 Jun 2020 $'000	30 Jun 2019 $'000	Movement $'000	Movement %
Revenue and other income from ordinary activities	15,409	11,019	4,390	39.8
Profit attributable to stapled securityholders for the year	1,345	1,594	(249)	(15.6)
Operating profit [1]	4,314	4,827	(513)	(10.6)

[1] Operating profit is a financial measure which is not prescribed by Australian Accounting Standards (AAS) and represents the profit under AAS adjusted for non-operating items. The Directors considers operating profit to reflect the core earnings of the Group and it is used as a guide to make strategic decisions and as a guide to assess the Groups' resource allocation, performance and the level of distributions. A reconciliation of the Group's statutory profit to operating earnings is provided in Note 1 of the Financial Report.

	30 Jun 2020 Cents per security	30 Jun 2019 Cents per security	Movement Cents per security	Movement %
Earnings per security – Basic	0.6	0.7	(0.1)	(14.3)
Earnings per security – Diluted	0.6	0.7	(0.1)	(14.3)
Operating profit per security	2.1	2.3	(0.2)	(8.7)

360 Capital

ASX Release

Distributions

	Cents per Security	Total paid $'000	Date of payment
September quarter distribution	1.0	2,309	24 October 2019
December quarter distribution	1.0	2,309	23 January 2020
March quarter distribution	1.0	2,309	23 April 2020
June quarter distribution	1.0	2,309	28 July 2020
Total distribution for the year ended 30 June 2019	**4.0**	**9,236**	
September quarter distribution	1.0	2,299	29 October 2018
December quarter distribution	1.0	2,309	24 January 2019
Total distribution for the year ended 30 June 2019	**2.0**	**4,608**	

Dividends

	Cents per Security	Total paid $'000	Date of payment
Fully franked dividend	-	-	-
Total dividend for the year ended 30 June 2020	**-**	**-**	
Fully franked special dividend	3.0	6,926	10 April 2019
Total dividend for the year ended 30 June 2019	**3.0**	**6,926**	

Net tangible asset per security

	30 Jun 2020 $	30 Jun 2019 $
NTA per security [2]	0.87	0.93

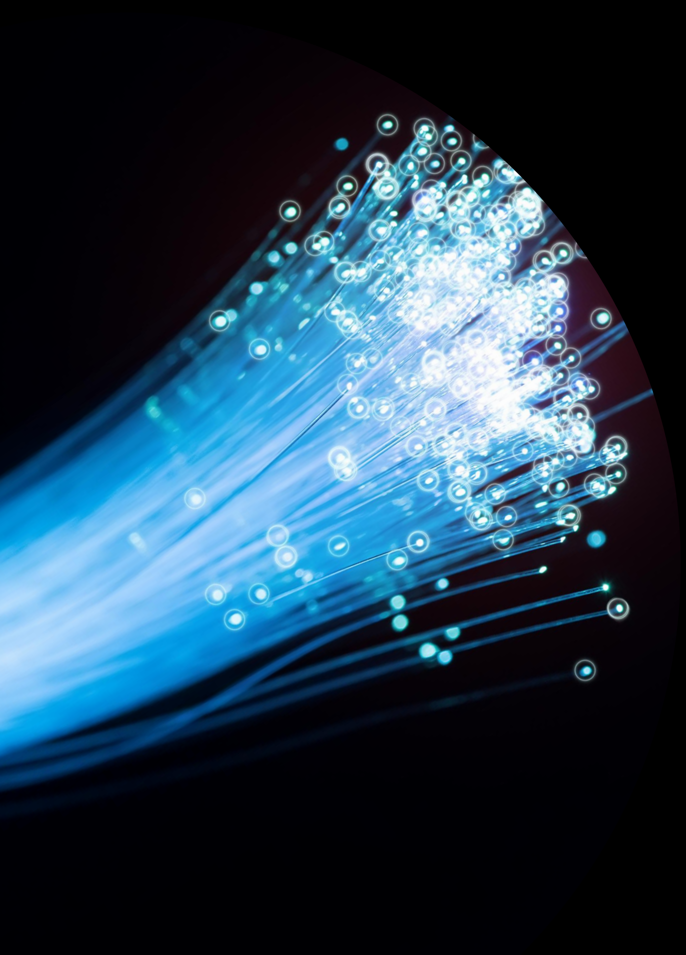
[2] For purposes of financial reporting NTA basic per security is calculated using 218.4 million securities (June 2019: 218.4 million). representing the number of ASX securities on issue of 230.9m less ESP securities issued. The difference represents securities issued under the 360 Capital Group Employee 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.

Control Gained or Lost over Entities during the year

During the year the Group consolidated the 360 Capital Digital Infrastructure Fund following its 37.9% investment into the Fund, refer to Note 22 Business Combinations and Acquisition of Non-Controlling Interests the Financial Report.

Details of Associates and Joint Venture Entities

Refer to Note 11 Investments Equity Accounted of the Financial Report.



360 CAPITAL GROUP

Annual Report

FOR THE YEAR ENDED 30 JUNE 2020

360 CAPITAL GROUP 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.

360 Capital

360 CAPITAL GROUP

Annual Report
For the year ended 30 June 2020

360 Capital Group 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.

Contents **Page**

The Directors of 360 Capital Group Limited (Company) along with the Directors of 360 Capital FM Limited (CFML) (ABN 15 090 664 396) (AFSL No 221474), the Responsible Entity present their report, together with the annual financial report of 360 Capital Group (Group) (ASX: TGP) for the year ended 30 June 2020. 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 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 is a diversified investment and funds management business whose purpose is to be a leading Australian investor and fund manager of alternative assets, who partners with stakeholders to identify, invest and realise on opportunities.

FINANCE
PRODUCT DISTRIBUTION
GOVERNANCE AND COMPLIANCE
GROWTH CAPITAL

REAL ASSETS	PRIVATE EQUITY	PUBLIC EQUITY	CREDIT
360 Capital REIT (ASX:TOT) 360 Capital Digital Infrastructure Fund (ASX:TDI) 360 Capital Digital Management Pty Limited	360 Capital Cardioscan Trust FibreconX	360 Capital Active Value Equity Fund Ralton Asset Management	360 Capital Credit Income Fund Australian Enhanced Income fund (ASX: AYF) (19.9% interest)

Operating and financial review

Key financial highlights for the year ended 30 June 2020

Statutory net profit

$1.3m

(2019: $1.6 million)

Statutory net profit attributable to securityholders of 0.6cps (2019: 0.7cps) slightly down on prior year as the Group continued to maintain high cash balances.

Operating profit

$4.3m

(2019: $4.8 million)

- Operating profit[1] and earnings per security (EPS) of $2.1cps[2] (2019: 2.3cps) decrease primarily due to high cash balances and increased operating costs from investment in staffing up for growth

Distributions

4.0

cents per security
(2019: 5.0 cps)

Distributions of 4.0cps, reflecting a 20.0% reduction from prior year.

Net tangible assets

$0.87

per security
(June 2019: $0.93cps)

Net tangible assets (NTA)[2] per security decreased during year, contributed to by the acquisition of intangible management rights and businesses assets totaling $3.6 million

ASX closing price

$0.85

per security
(June 2019: $1.03)

Security price has continued to trade down post the initial sharemarket impact of COVID-19 commencing in March 2020 and was trading at a discount to NTA at 30 June 2020.

1 Operating profit is a financial measure which is not prescribed by Australian Accounting Standards (AAS) and represents the profit under AAS adjusted for non-operating items. The Directors consider operating profit to reflect the core earnings of the Group and it is used to make strategic decisions and as a guide to assess the Groups' resource allocation, performance and the level of distributions. 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 Net Tangible Asset per security basic (excluding ESP securities and ESP loans receivable) as at 30 June 2020.

Operating and financial review (continued)

Key operational achievements for the year ended 30 June 2020

TDI Investment

$43.6m

Strategic investment

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

Significant cash balance

$83.2m

Capital to fund future opportunities

Cash balance as at 30 June 2020 (excluding cash held in TDI) placing the Group in a strong position to take advantage of future opportunities, particularly in light of current market and economic volatility and uncertainty

Group Overview

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 year ending 30 June 2020

- Statutory net profit attributable to securityholders of $1.3 million (2019: $1.6 million)
- Operating profit of $4.3 million (2019: $4.8 million) decline due to high cash balance and increased operating costs from investment in staffing up for growth
- Statutory earnings per security (EPS) of 0.6 cps (2019: 0.7 cps)
- Operating EPS 2.1 cps (2019: 2.3 cps)
- Distributions per security (DPS) of 4.0 cps (2019: 5.0 cps)
- NTA per security of $0.87 (2019: $0.93)
- Decrease in ASX trading price from $1.03 to $0.85, representing a discount NTA

Operating and financial review (continued)

Group key operational highlights for the year ending 30 June 2020

- Listed 360 Capital Digital Infrastructure Fund (ASX: TDI) after raising $115 million
- Group loaned $19.8 million to childcare operator which was repaid subsequent to balance date
- TOT merged with $70 million URB Investments Limited (URB) and completed $10.8 million institutional placement
- TGP and TOT jointly purchased 19.9% stake in Velocity Property Group (ASX: VP7)
- Launch of 360 Capital Active Value Equity Fund unlisted equities fund
- Launch of 360 Capital Credit Income Fund unlisted credit fund
- Acquired 19.9% stake in Australian Enhanced Income Fund (ASX: AYF) and proposed change in responsible entity to 360 Capital
- Established 360 Capital Cardioscan Trust private equity fund owning approximately 16% of Cardioscan a global cardiac monitoring company
- Establishment of Cambridge Investment Partners distribution team
- Acquired Ralton Asset Management (Ralton) equities platform with $87.4 million in FUM
- Post period the Group acquired an 18.3% interest in Evans Dixon (ASX: ED1) an ASX listed financial services company for $19.4 million.

In line with the Groups' strategy of becoming a leading manager and investor of alternative assets, and notwithstanding the disruption from COVID-19, the Group has continued to execute transactions across its four key strategies of Real Assets, Private Equity, Public Equity and Credit.

Real Assets

360 Capital REIT (ASX: TOT) merged with the $70 million URB Investments Limited via a scheme of arrangement and completed a $10.8 million institutional placement, increasing TOT's gross assets to $161.7 million as at 30 June 2020. Post period, TOT announced that it has approximately $90 million of cash and is focusing on investing in real estate equity opportunities going forward.

The Group and TOT jointly purchased a 19.9% stake in Velocity Property Group (ASX: VP7) alongside a TOT loan to VP7 of $33.7 million.

360 Capital Digital Infrastructure Fund (ASX:TDI) listed on the ASX after raising $115m. During the year, TDI acquired a data centre in Perth, an equity interest in a newly constructed data centre in Guam and provided financing via a $10.7 million convertible note to a global data centre operator which was repaid during the year. The COVID-19 pandemic has highlighted to the world the need for data centres.

Private Equity

In late June 2020 the Group launched the 360 Capital Cardioscan Trust. A single asset private equity fund owning an initial 16% stake of Cardioscan, a global cardiac monitoring company. Cardioscan has been operating since 1984 and has achieved sales growth of 20% p.a. for the past five years. The fund is expected to close in September 2020.

Public Equity

In the second half of the year, the Group launched the 360 Capital Active Value Equity Fund as an unlisted equities fund focused on active value investing in Australian equities. The Fund achieved a 15.7% return in FY20 and is now intending to list on the Chi-x Quoted Managed Funds platform to provide liquidity to investors. In January 2020, the Group acquired the Ralton Asset Management platform for a nominal amount, since the acquisition, we have rationalised the mandates to higher value clients.

Operating and financial review (continued)

Credit

In the second half of the year, the Group launched the 360 Capital Credit Income Fund an unlisted credit fund focusing on investing into mid-market Australian corporate credit. Post period, the Group acquired a 19.9% stake in Australian Enhanced Income Fund (ASX: AYF) and has proposed a change in responsible entity to 360 Capital FM Limited. If appointed responsible entity, the Group will immediately look to recapitalise the fund through a capital raising.

Other Activities

The Group lent $19.8 million to a childcare operator in October 2019 and was fully repaid on July 2020. The Group established Cambridge Investment Partners, our in-house distribution and advisory capability.

Strategy and Outlook

The Group having built the alternative assets platform across Real Assets, Private Equity, Public Equity and Credit, is now focused on scaling the platform to drive revenue and profits for all securityholders.

The Group will continue to achieve this growth through both organic acquisitions across individual strategies and corporate opportunities including acquisition of platforms which may be undercapitalised or special situations.

As at 30 June 2020, the Group had $83.2 million in cash (excluding TDI) with a further $19.8 million received from the repayment of our childcare loan post year end. The Group's nimble approach to investment, coupled with these uncertain times, means the Group is well placed and in a very strong position to capitalise on opportunities in the near term.

Post the outbreak of COVID-19, the Group and a number of its managed funds are working on transactions with overseas capital partners, including potential privatisation opportunities. It is envisaged, subject to certain markets continuing to be disconnected with the underlying fundamentals, that we will undertake our first substantial joint venture in FY21.

The Group believes the next 12 months will continue to be volatile across the various markets and the Group and its managed funds are well capitalised to take advantage of opportunities which are now presenting themselves. The Group is now well resourced across the four strategies of: Real Assets, Private Equity, Public Equity and Credit to enable the timely analysis and execution of these opportunities.

Risks

The key risk areas that could impact the Group's ability to achieve its strategic objectives and impact its prospects for future years include regulatory, operational and market risks. The Group is subject to regulatory and licencing conditions including in relation to its funds management activities, any breach of these conditions could result in additional costs and restrictions imposed by regulators and could significantly impact the Group's ability to operate its funds and service its investors. The Group has always maintained a strict regulatory compliance framework and continually monitors its licence and regulatory compliance

Impact of COVID-19 on the Group

The World Health Organization declared a global pandemic in March 2020 as a result of the novel coronavirus COVID-19. The Group has considered the impact of COVID-19 in preparing its financial report for the year. The effects of the pandemic are continuing to unfold, and the extent of the social, medical and economic impacts worldwide are unknown.

During the second half of the financial year the Group has taken a conservative approach with a focus on capital preservation given the market volatility and economic uncertainty, as such the Group delayed deploying cash balances into new opportunities impacting earnings for FY20. The Group was also impacted by disruption to normal equities marketing channels creating challenges with raising funds for its unlisted credit and equity funds launched during the second of half of FY20.

Dividends and distributions

Distributions declared by the Trust directly to Securityholders during the year were as follows:

Distributions	30 June 2020 $'000	30 June 2019 $'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	-
1.0 cents per unit paid on 23 April 2020	2,309	-
1.0 cents per unit paid on 28 July 2020	2,309	-
	9,235	4,608

The Company did not declare any dividends during the year or up to the date of this report. In the prior year the Company paid a fully franked dividend of 3.0 cps.

Dividends	2020 $'000	2019 $'000
3.0 cents per share fully franked special dividend	-	6,926
	-	6,926

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 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 implementing its expanded strategy of managing and investing in alternative assets. The Group will build out its capabilities across the four pillars and is well placed to take advantage of opportunities that arise in the market.

Information on Directors and Key Management Personnel

Directors

David van Aanholt – Independent Chairman

David has over 30 years' experience in the property and funds management industry. Prior to establishing his own property group in 2007, David worked for the ASX listed Goodman Group where he was the Chief Executive Officer (Asia Pacific) and was responsible for Goodman's operations in Australia, New Zealand, Hong Kong and Singapore. Prior to working for Goodman David held senior roles Paladin Australia and CDH Properties (acquired by KPMG). David holds a Bachelor of Business (Land Economy), a Post Graduate Diploma in Management, a Masters in Business Administration and he is a Fellow of the Australian Property Institute.

David holds a Bachelor of Business (Land Economy) and a Post Graduate Diploma in Management and a Masters in Business Administration. He is non-executive Director and Chairman of Kennard's Self Storage Group and a Councillor at the University of New England where he sits on the Audit and Risk, Finance and Infrastructure, Innovation and Remuneration Committees. David is a Fellow of the Australian Property Institute.

Tony Robert Pitt – Managing Director

Tony is a founding Director of 360 Capital and has worked in the property and property funds management industries for over 20 years. As Managing Director, Tony is responsible for the Group's investments strategic direction and overall Group strategy. He has overseen the IPO on the ASX of three AREITs since 2012 as well as the creation of various unlisted funds, undertaken various corporate acquisitions and disposals, mergers and acquisitions and the ASX listing of 360 Capital Group.

Tony has formerly held numerous senior roles and directorships at Mirvac Group, James Fielding Group and Paladin Australia. He also held positions at Jones Lang LaSalle and CB Richard Ellis. Tony graduated from Curtin University with a Bachelor of Commerce (Property), has a Graduate Diploma in Applied Finance and Investment from the Financial Services Institute of Australasia.

William John Ballhausen – Non-Executive Independent Director

John is a financial services professional with over 35 years' experience. He is a founder of Quay Fund Services Limited providing trustee and responsible entity services to fund managers. He is also a non-executive director of Arctic Intelligence.

John founded Rimcorp Property Limited and became its Managing Director. In 2008, Rimcorp was successfully sold with approximately $100 million in funds under management spread over four registered property schemes. Before 2002 John held the position of Chief Investment Officer of HIH Insurance, with responsibility for more than $3 billion of funds across fixed interest, equities and property asset classes.

John has a Bachelor of Commerce from the University of NSW, is a Fellow of the Financial Services Institute of Australasia and a Graduate of the Australian Institute of Company Directors.

Directors (continued)

Graham Ephraim Lenzner – Non-Executive Independent Director

Graham has had a career spanning four decades, with particular emphasis on funds management and financial markets.

Graham was an Executive Director of the Armstrong Jones Group for 12 years, the last four years as Joint Managing Director. Other previous roles include Finance and Deputy Managing Director of Aquila Steel, General Manager Finance and Investments of MMI Insurance Limited and Director Head of Equities with Schroder Darling Management Limited. Graham has served on the Board of a number of public and private companies.

Andrew Graeme Moffat – Non-Executive Independent Director

Andrew has in excess of 23 years of corporate and investment banking experience, including serving as a director of Equity Capital markets and Advisory for BNP Paribas Equities (Australia) Limited. Andrew is the sole principal of Cowoso Capital Pty Ltd, a company providing corporate advisory services.

Andrew is also a non-executive Director of Pacific Star Network Limited and a Director of ICP Funding Pty Ltd. His past public company directorships include Rubik Financial Limited, Keybridge Capital Limited, CCK Financial Solutions Limited, itX Group Limited and Infomedia Limited.

Senior Management

Glenn Butterworth – Chief Financial Officer and Joint Company Secretary

Glenn is a key executive within the business and is responsible for all 360 Capital's financial management activities. Glenn has over 25 years' experience and joined 360 Capital from Mirvac Group where he spent 11 years, most recently as Financial Controller of the Mirvac's Investment Division where he was responsible for Mirvac Property Trust, listed and wholesale managed funds and partnership structures and has a wealth of transactional and financial management experience. Glenn was appointed joint Company Secretary on 11 December 2019.

Glenn is a Chartered Accountant and holds a Bachelor of Commerce and commenced his career as an accountant at Deloitte.

James Storey – Head of Real Assets

James has over 12 years' experience in real estate funds management including such areas as asset management, capital transactions, analytics and valuations. Prior to his current role, James was the Fund Manager of the 360 Capital Office Fund (ASX: TOF) and 360 Capital Industrial Fund (ASX: TIX) with a combined gross asset of over A$1.1b. Prior to his tenure at 360 Capital, James held the role of Investment Manager at Brookfield Office Properties, Senior Analyst at Valad Property Group and worked for Ernst & Young within its Transaction Advisory Services team.

James has a Bachelor of Business (Property Economics) from the University of Western Sydney and a graduate certificate of applied finance and investment. He is also a licensed real estate agent.

Senior Management (continued)

Christopher Chase – Head of Credit (appointed 27 August 2019)

Chris joined 360 Capital in 2019 and is responsible for the strategy and execution of the groups diversified credit strategy.

Chris has over 14 years' experience in banking and corporate finance across Australia and Asia with significant experience in origination, structuring and portfolio management of diversified loan portfolios for mid-market and institutional borrowers.

Chris has experience structuring and executing complex corporate lending transactions, including growth capital and leverage and acquisition finance across a range of industries including Healthcare, Telecommunications, Retail, Transport & Logistics, Business Services, Technology and Diversified Industrials.

Prior to joining 360 Capital, Chris spent time at Macquarie Bank, CBA and ANZ within their Corporate Finance, Corporate Banking and Institutional businesses. Chris holds a Bachelor of Business (Finance & Accounting) from the University of Technology and is a CPA.

Dennison Hambling – Head of Public & Private Equity (appointed 27 February 2020)

Dennison joined the Group in 2019 and is responsible for overseeing the Group's public and private equity strategy.

Prior to joining 360 Capital, Dennison was the Chief Investment Officer at First Samuel, holding this position for 12 years and previously held the position of Portfolio Manager at Cooper Investors.

Dennison began his career in NZ, working as an Analyst for NZ Funds Management and Goldman Sachs, covering a range of industries.

Dennison has a MCom (Hons) in Economics from the University of Auckland and is a CFA Charterholder.

Kim Child – Joint Company Secretary (appointed 17 August 2020)

Kim joined the Group and was appointed Company Secretary of 360 Capital Group in August 2020 having previously worked with the Group in private practice.

Kim has over 10 years of legal experience and has practiced corporate law in London and Sydney including at top tier firms Clayton Utz and King & Wood Mallesons. Kim has gained experience advising investors, asset and fund managers, financial institutions and listed and unlisted entities on strategic transactions in the corporate real estate sector.

Kim holds a Bachelor of Laws and is qualified to practice in both New South Wales and the UK.

Jennifer Vercoe – Company Secretary (resigned 31 July 2020)

Jennifer had worked in finance and funds management within the commercial property industry since 2001. She was appointed Company Secretary of 360 Capital Group in February 2017 and has worked alongside 360 Capital Group since 2015 as Financial Controller of TT Investments. Prior to this, she held finance and funds management roles at Stockland, Valad Property Group and AMP Capital.

Jennifer was a Chartered Accountant and had a certificate in Applied Finance and Bachelors of Commerce and Business Administration from Macquarie University.

Directors meetings

The number of Board meetings and Directors' attendance at those meetings during the year are set out below:

	Board		Audit Committee		Nominations & Remuneration	
	Meetings attended	Meetings held	Meetings attended	Meetings held	Meetings attended	Meetings held
Director						
David van Aanholt	12	12	-	-	-	-
Tony Robert Pitt	12	12	-	-	3	3
William John Ballhausen	11	12	4	4	-	-
Graham Ephraim Lenzner	12	12	4	4	3	3
Andrew Graeme Moffat	10	12	4	4	3	3

Remuneration report (audited)

The Remuneration Report for the year ended 30 June 2020 outlines the remuneration arrangements of the 360 Capital Group in accordance with the requirements of the *Corporations Act 2001* and its regulations (the Act). This information has been audited as required by section 308(3C) of the Act.

The 360 Capital Group Board is committed to clear and transparent disclosure of the remuneration structure and details of the value that Key Management Personnel (KMP) derive from their remuneration arrangements.

The remuneration report is presented under the following sections:

a. Introduction
b. Remuneration governance
c. Executive remuneration arrangements
d. Executive remuneration outcomes
e. Executive contracts
f. Non-executive director remuneration arrangements
g. Additional disclosures relating to options and securities
h. Loans to key management personnel and their related parties
i. Other transactions and balances with key management personnel and their related parties

Remuneration report (continued)

a. Introduction

The remuneration report details the remuneration arrangements for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise).

(i) Non-executive directors (NEDs)
David van Aanholt, Independent Chairman
William John Ballhausen, Independent Director
Graham Ephraim Lenzner, Independent Director
Andrew Graeme Moffat, Independent Director

(ii) Executive director
Tony Robert Pitt, Managing Director

(iii) Other KMP
Glenn Butterworth, Chief Financial Officer & Joint Company Secretary
James Storey, Head of Real Assets
Christopher Chase, Head of Private Credit (appointed 27 August 2019)
Dennison Hambling, Head of Public & Private Equity (appointed 27 February 2020)

There were no changes to KMP after the reporting date and before the date the financial report was authorised for issue.

b. Remuneration governance

Remuneration Committee
The Remuneration Committee is appointed by the Board and comprises the following directors:

Andrew Graeme Moffat (Chairman of the Committee)
Graham Ephraim Lenzner
Tony Robert Pitt

The Remuneration Committee has delegated decision making authority for some matters related to the remuneration arrangements for NEDs and executives and is required to make recommendations to the Board on other matters.

Specifically, the Board approves the remuneration arrangements of the Managing Director and other executives and all awards made under the short term (STI) and long-term incentive (LTI) plans, following recommendations from the Remuneration Committee. The Board also sets the aggregate remuneration of NEDs, which is then subject to securityholder approval, and NED fee levels. The Remuneration Committee approves, having regard to the recommendations made by the Managing Director, the level of the Group STI pool.

The Remuneration Committee meets throughout the year. The Managing Director is not present during any discussions related to his own remuneration arrangements.

Further information on the Remuneration Committee's role, responsibilities and membership can be viewed at www.360capital.com.au

Use of remuneration advisors

To ensure the Remuneration Committee is fully informed when making remuneration decisions, it may seek external remuneration advice. Remuneration advisors are engaged by, and report directly to, the Committee. In selecting remuneration advisors, the Committee considers potential conflicts of interest and requires independence from the Group's key management personnel and other executives as part of their terms of engagement. No remuneration recommendation was provided by any external advisors during the 2020 financial year.

Remuneration report approval at 2019 Annual General Meeting (AGM)

The remuneration report for the year ended 30 June 2019 received positive securityholder support at the AGM with a vote of 92.0% in favour.

Remuneration report (continued)

c. Executive remuneration arrangements

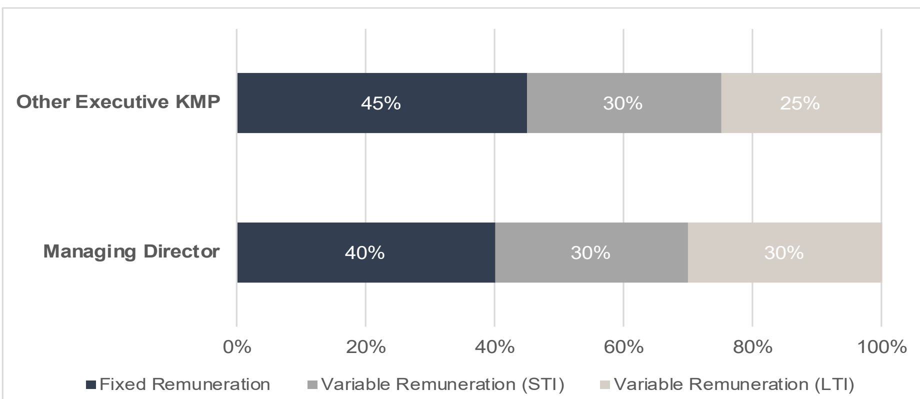
Remuneration principles and strategy

360 Capital Group's executive remuneration strategy is designed to attract, motivate and retain high performing individuals and encourage performance which aligns with the business strategy of the Group and long-term interest of securityholders.

Approach to setting remuneration

The Group aims to reward executives with a level and mix of remuneration appropriate to their position, responsibilities and performance within the Group and aligned with market practice. In determining the level and composition of executive KMP's remuneration the Remuneration Committee have regard to market levels of remuneration for comparable executive roles. Remuneration packages include a mix of fixed and variable remuneration which includes short and long-term performance based incentives.

While the actual allocation may vary from period to period the, the chart below details the target mix of fixed and variable remuneration components for executive KMP's.



For the year ended 30 June 2020, the executive remuneration framework consisted of fixed remuneration and short and long-term incentives as outlined below. The following table summarises the Managing Director's and other executives' actual remuneration mix.

		Fixed remuneration	STI	LTI
Tony Pitt - Managing Director	**2020**	78.6%	-	21.4%
	2019	74.3%	12.6%	13.1%
Glenn Butterworth - Chief Financial Officer	**2020**	76.1%	-	23.9%
	2019	65.9%	16.2%	17.9%
James Storey - Head of Real Assets	**2020**	75.5%	-	24.5%
	2019	60.0%	19.2%	20.8%
Christopher Chase - Head of Private Credit	**2020**	82.4%	-	17.6%
	2019	-	-	-
Dennison Hambling - Head of Public & Private Equity	**2020**	76.8%	-	23.2%
	2019	-	-	-

Remuneration report (continued)

Details of fixed remuneration

Fixed remuneration levels are considered annually through a remuneration review that considers market data, insights into remuneration trends, the performance of the Group and individual, and the broader economic environment. Fixed remuneration comprises salary, superannuation and packaged benefits and is commensurate with an individual's responsibilities, performance, qualifications and experience.

Details of short-term incentives

The Group operates an annual STI program that is available to executives and awards a cash or equity bonus subject to the attainment of clearly defined Group performance measures. The Remuneration committee reviews Group performance measures included in the STI program annually.

Actual STI payments awarded to each executive depend on the extent to which specific targets have been met. The targets consist of a number of key performance indicators (KPIs) covering financial and non-financial measures of performance. Financial and non-financial measures are given equal weighting; however, in any year, one set of measures may be given greater weighting if it specifically relates to the delivery of Group initiatives underpinning the business strategy in that year. Although financial and non-financial measures are generally given equal weighting, the Group is generally expected to achieve at least 90% of the Board approved operating EPS target "financial gateway" before any STI will be granted.

The Group performance measures chosen represent the key drivers for the short-term success of the Group and provide a framework for delivering long-term value. The performance measures are consistent across the Managing Director and other executive roles. The performance measures (and their intended objectives) are as follows:

50% weighting to financial measures, comprising;

- Earnings per security: To align performance incentives to the key Group earnings performance measure.
- Total securityholder returns: To align performance incentives to returns to those of Group Securityholders.

50% weighting to non-financial measures, comprising;

- Implementation of key strategic initiatives: To ensure performance incentives are aimed at achieving the Group's strategy any key business objectives.
- Compliance and risk management: To ensure performance measures encourage the maintenance of an effective compliance and risk management culture.

On an annual basis, after consideration of performance against KPIs, the Board, in line with their responsibilities, determines the amount, if any, of the short-term incentive to be paid to each executive, seeking recommendations from the Managing Director as appropriate.

Remuneration report (continued)

Details of long-term incentives

LTI awards to executives are made under the executive LTI plan and are delivered in the form of securities or rights issued. The securities or rights will vest over a period of three years subject to meeting performance measures, with limited opportunity to retest.

The Group uses absolute Total Securityholder Return (TSR) as the performance measure for the LTI plan. LTI awards vest if the Group's TSR over a 3 year period achieves the following:

ESP August 2017 and EIP December 2019

Absolute TSR Achieved (% pa)	**Proportion of Target Award Vesting**
12%	100%
>8% and <12%	Pro Rata Allocation
8%	50%
<8%	0%

Absolute TSR was selected as the LTI performance measure for the following reasons:

- TSR ensures an alignment between comparative securityholder return and reward for executives.
- The alternate use of relative TSR is challenging due to identifying a comparable group of ASX listed companies that are of a similar size, industry sector and transitional phase, thus the comparator group would be unlikely to be comparable which is necessary for there to be TSR outcomes that reflect different management performances rather than other factors.
- No LTI awards vest when the Group's TSR is less than the minimum 8% per annum target. Thus, executives are not rewarded where securityholder returns are low or negative.
- Provides clear line of sight for executives.

Termination and change of control provisions

Where a participant ceases employment prior to their award vesting due to resignation or termination for cause, awards will be forfeited. Where a participant ceases employment for any other reason, they may retain a number of unvested awards pro-rated to reflect the participant's period of service during the LTI grant performance period at the absolute discretion of the Board. These unvested awards only vest subject to meeting the relevant LTI performance measures.

In the event of a change of control of the Group, the performance period end date will generally be brought forward to the date of the change of control and awards will vest subject to performance over this shortened period, subject to ultimate Board discretion.

Remuneration report (continued)

d. Executive remuneration outcomes for 2020

Fixed remuneration

For the year ended 30 June 2020 the fixed remuneration reviews were as follows:

Managing Director - no change

Chief Financial Officer/Joint Company Secretary – no change

Head of Real Assets – no change

Head of Private Credit – appointed on 27 August 2019 at fixed remuneration of $375,000 per annum

Head of Public & Private Equity – appointed on 27 February 2020 at fixed remuneration of $421,690 per annum

Group performance and its link to short-term incentives

The Group aims to align executive remuneration to its strategic business objectives and long-term interests of securityholders. The table below measures the Group's financial performance over the last five years as required by the Corporations Act 2001, however, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMPs.

The financial performance measures driving STI payment outcomes are primarily operating profit per security of the Group and TSR. The Group's TSR for the year ended 30 June 2020 was -14.0% (2018: 6.6%) compared to ASX Small Ordinaries Accumulation Index of -5.7% (2019: 1.9%) and the S&P/ ASX 300 A-REIT Accumulation Index of -20.7% (2019: 19.4%) for the same period.

	2016	**2017**	**2018**	**2019**	**2020**
Profit attributable to securityholders of the Group ('000)	24,074	63,580	16,181	1,594	1,345
Basic EPS (cents)	10.6	29.5	7.8	0.7	0.6
Operating diluted EPS (cents)	7.0	6.1	5.0	2.3	2.1
Distributions per security (cents)	6.25	6.50	5.50	2.00	4.00
Special Dividend per security (cents)	-	-	21.01	3.00	-
Net Tangible Assets (NTA)	0.68	0.95	0.97	0.93	0.87
Security price ($)	0.96	0.97	1.02	1.03	0.85
Increase/(decrease) in security price	(10.7%)	0.5%	5.7%	1.0%	(17.5%)
Total KMP incentives as a percentage of profit for the year (%)	3.2%	0.9%	1.1%	36.6%	40.6%

Remuneration report (continued)

There were no STI's awarded during the financial year (2019: $300,000). The formal STI outcomes relating to this program are included in the table below for reference.

As detailed below, the 2020 STI financial gateway key performance measure Operating EPS for the year was not satisfied with Operating EPS below the Board's internal target measures. The Groups TSR for 2020 of -14.0% was lower than the ASX Small Ordinaries Accumulation Index of -5.7% and higher than the S&P/ ASX 300 A-REIT Accumulation Index of -20.7%.

Across the non-financial performance measures the Group continued implementing its expanded strategy of alternative asset funds management and investment, recruiting teams and resourcing each of the respective pillars and launching new funds. The Group also continued to maintain its strong compliance culture and risk management framework across the business. The financial gateway KPI was not met and a number the other financial and non-financial performance measures were also not fully satisfied during the year. Given this together with consideration of the prevailing conditions and future uncertainty regarding the economic, market and social impacts of COVID-19 the Remuneration Committee recommended no STI awards be granted for the Managing Director and executives for the 2020 year (2019: $300,000).

Performance measure	Weighting	Outcome	Action
Operating EPS	Gateway	Operating EPS 2.1 cps less than 90% of target	STI measure not satisfied
Operating EPS		Operating EPS of 2.1 cps	STI measure not satisfied
TSR for 2020	50%	Total return of -14.0% higher than S&P/ ASX 300 A-REIT index of -20.7% and lower than ASX Small Ordinaries Index of -5.7% for the year	STI measure partially satisfied
Implementation of key strategic initiatives	50%	Groups expansion into alternative asset management and investment continued building capacities across the four pillar strategy however some of these initiatives were hindered by disruption caused by COVID-19 resulting delays in launching new funds and raising capital	STI measure partially satisfied
Compliance and risk management		Group continued to maintain a strong compliance and risk management focus across its activities during the year	STI measure satisfied

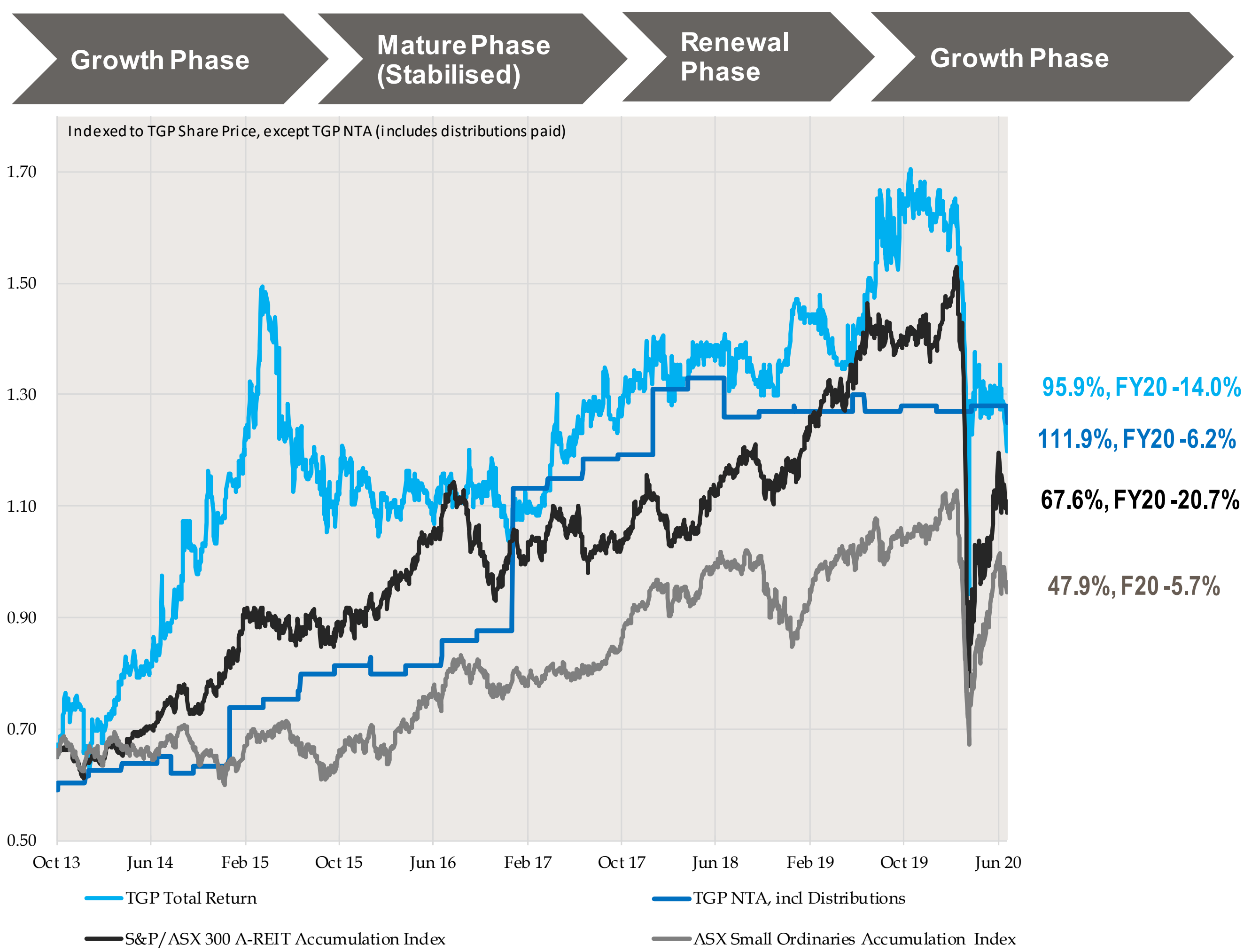
Remuneration report (continued)

Long term performance measure

The following chart demonstrates how the Group's TSR (including share price movements and dividends/distributions) has performed relative to the ASX Small Cap Industrials Accumulation Index and the S&P/ ASX 300 A-REIT Accumulation Index since listing of the Group in 2013. Whilst the LTI plan is based on absolute TSR the below graph gives an indication of the relative performance of the Group since the October 2013.

The LTI plans target returns in alignment with the Group's strategic return targets, with the TSR target of 12% pa, over the 3 year vesting periods. The return targets reflected the Boards view of the existing position and likely future direction of the market and the broader economic environment at the time of issue.

The below chart illustrates the Group's historic performance relative to comparable indexes and the phases of the evolution of the Group's business.



Remuneration report (continued)

	Year	Short-term benefits			Post-employment benefits	Security based benefits		Other		
		Salary & fees $	Short-term incentive[1] $	Non monetary benefits[3] $	Super-annuation $	Securities under ESP[4] $	Rights under EIS[5] $	Long service leave[2] $	Total $	Performance related %
Executive Director										
Tony Pitt - Managing Director	**2020**	578,791	-	23,876	20,995	94,600	77,609	9,604	805,475	21.4%
	2019	548,266	100,000	22,533	20,531	94,600	-	9,592	795,522	24.5%
KMP										
Glenn Butterworth - Chief Financial Officer	**2020**	403,997	-	-	21,003	94,600	40,726	6,704	567,030	23.9%
	2019	385,302	100,000	-	20,531	94,600	-	15,476	615,909	31.6%
James Storey - Head of Real Assets	**2020**	378,998	-	-	21,003	94,600	38,335	8,797	541,732	24.5%
	2019	295,391	100,000	-	17,110	94,600	-	13,573	520,673	37.4%
Christopher Chase - Head of Private Credit[6]	**2020**	286,664	-	-	17,852	28,906	35,927	-	369,350	17.6%
	2019	-	-	-	-	-	-	-	-	-
Dennison Hambling - Head of Public & Private Equity[7]	**2020**	126,332	-	-	7,001	-	40,350	-	173,683	23.2%
	2019	-	-	-	-	-	-	-	-	-
Total	**2020**	**1,774,783**	**-**	**23,876**	**87,854**	**312,706**	**232,947**	**25,104**	**2,457,270**	**22.2%**
	2019	1,228,959	300,000	22,533	58,172	283,800	-	38,640	1,932,104	30.2%

1. Salary and fees includes accrued annual leave paid out as part of salary.

2. Long service leave based on movement in accrual for the year.

3. Car parking including associated Fringe Benefits Tax.

4. Securities were granted to employees under the 360 Capital Group Employee Security Plan (ESP) on 2 August 2017. The securities are subject to a 3 year Total Securityholder Return hurdle. The fair value of the grants was determined by an independent actuary and has been proportionally disclosed in the remuneration report to reflect the 3 year vesting period. Further information on 360 Capital Group Employee Security Plan is provided in Note 17(c).

5. Rights were granted to employees under the 360 Capital Group Employee Incentive Plan (EIP) on 23 December 2019. The securities are subject to a 3 year Total Securityholder Return hurdle. The fair value of the grants was determined by an independent actuary and has been proportionally disclosed in the remuneration report to reflect the 3 year vesting period. Further information on 360 Capital Group Employee Security Plan and Employee Incentive Scheme is provided in Note 17(c).

6. Christopher Chase was appointed as a KMP of the Group from 27 August 2019.

6. Dennison Hambling was appointed as a KMP of the Group from 27 February 2020.

Remuneration report (continued)

e. Executive contracts

Remuneration arrangements for Executive KMP, including the Managing Director (MD), are formalised in employment agreements. These agreements are of a continuing nature and have no fixed term of service. There were no changes to the service agreements for executive KMP during the year. The following outlines the details of contracts with KMP:

Tony Pitt the Managing Directors fixed remuneration is $600,000 per annum and this has not changed since October 2013. The key terms of the service agreements for the Managing Director and other executive KMP members are as follows:

		Notice period		
	Contract term	**Employee**	**Group**	**Termination Payment** [1]
Managing Director	No fixed term	6 months [2]	12 months	12 months
Other Executive KMP	No fixed term	1-3 months	1-6 months	1-6 months

[1] Payable if the Group terminates employee with notice for reasons other than unsatisfactory performance.
[2] In the event of change of circumstances one month's notice.

f. Non-executive director remuneration arrangements

Remuneration policy

The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain staff and directors of the highest calibre, whilst incurring a cost that is acceptable to securityholders.

The amount of aggregate remuneration sought to be approved by securityholders and the fee structure is reviewed annually against fees paid to NEDs of comparable companies. The Board considers advice from external consultants when undertaking the annual review process when required.

The Company's constitution and the ASX listing rules specify that the NED fee pool shall be determined from time to time by a general meeting. The latest determination was at the 2005 AGM when securityholders approved an aggregate fee pool of $750,000 per year. The Board will not seek any increase for the NED pool at the 2020 AGM.

Remuneration report (continued)

Structure

The remuneration of NEDs consists of directors' fees and committee fees. The payment of additional fees for serving on a committee recognises the additional time commitment required by NEDs who serve on sub-committees. There were committee fees totaling $20,091 paid to Board members during the year (2019: $35,160). Committee fees may vary based on time and effort required to fulfil the required duties. The table below summarises the NED standard committee fee entitlements for the year for work involved with due diligence on the Group's funds, noting William Ballhausen was paid additional fees during the prior year relating to his role as Chairman of the IBC together with his involvement in the court proceedings relating to the Group's investment in AJD.

Board fees	**$**	**Committee fees**	**$**
Chairman	130,000	Committee chair	9,132
Other NEDs	85,000	Committee member	9,132

In addition, the NEDs receive superannuation contributions at the Superannuation Guarantee Levy rate.

The remuneration of NEDs for the year ended 30 June 2020 is detailed below:

		Short-term benefits		**Post-employment benefits**	**Security based benefits**		
	Year	**Salary**	**Committee Fees**	**Superannuation**	**Securities under ESP[1]**	**Total**	**Performance related**
		$	**$**	**$**	**$**	**$**	%
NED							
David van Aanholt	**2020**	130,000	9,132	13,218	3,153	155,503	2.0%
	2019	130,000	-	12,350	3,153	145,503	2.2%
William Ballhausen	**2020**	85,000	10,959	11,068	3,153	110,181	2.9%
	2019	85,000	35,160	11,415	3,153	134,728	2.3%
Graham Lenzner	**2020**	85,000	-	8,943	3,153	97,096	3.2%
	2019	85,000	-	8,075	3,153	96,228	3.3%
Andrew Moffat	**2020**	85,000	-	8,943	3,153	97,096	3.2%
	2019	85,000	-	8,075	3,153	96,228	3.3%
Total	**2020**	**385,000**	**20,091**	**42,171**	**12,613**	**459,876**	**2.7%**
	2019	385,000	35,160	39,915	12,613	472,688	2.7%

1. Securities were granted to employees under the 360 Capital Group Employee Security Plan on 2 August 2017. The securities were subject to a 3 year TSR hurdle, the securities fully vesting on 1 August 2020. The fair value of the grants was determined by an independent actuary and has been proportionally disclosed in the remuneration report to reflect the 3year vesting period. Further information on 360 Capital Group Employee Security Plan is provided in Note 17.

Remuneration report (continued)

g. Additional disclosures relating to options and securities

Securities awarded, vested and lapsed during the year

There are currently 10,400,000 securities awarded to KMPs and NEDs under the Group's ESP, which commenced on 2 August 2017, subject to a 3 year vesting period and TSR targets. During the year there was 1,000,000 securities reallocated under the ESP, subject to the same vesting conditions. Securities under the ESP were due to vest on 1 August 2020. Given the security price volatility triggered by the COVID-19 pandemic, together with ongoing market and economic uncertainty, the Board has decided to extend the vesting period by up to 12 months to 1 August 2021, subject to certain conditions and any securityholder approval where required. A holding lock remains on vested securities until such time as the associated loan is repaid.

During the year the Group issued 1,364,200 Performance Rights to KMP under the 2019 Executive Incentive Plan (EIP). Each Right is a right to receive a fully paid ordinary stapled security in the Group ("Security") or equivalent cash amount, subject to meeting the Performance Conditions. Upon meeting the Performance Conditions, the Rights vest and securities are allocated. Rights do not carry a right to vote or to dividends (subject to dividend equivalent post vesting), or in general, a right to participate in other corporate actions such as bonus issues.

Remuneration report (continued)

Employee Share Scheme		Securities awarded during the year	Award date	Fair value per security at award date	Vesting date	No. vested during year	No. lapsed during year
KMP	**Year**	**No.**		**$**			
Tony Pitt	**2020**	-	-	-	-	-	-
	2019	-	-	-	-	-	-
	2018	3,000,000	02/08/17	0.98	01/08/20	-	-
Glenn Butterworth	**2020**	-	-	-	-	-	-
	2019	-	-	-	-	-	-
	2018	3,000,000	02/08/17	0.98	01/08/20	-	-
James Storey [1]	**2020**	-	-	-	-	-	-
	2019	-	-	-	-	-	-
	2018	3,000,000	02/08/17	0.98	01/08/20	-	-
Christopher Chase [2]	**2020**	1,000,000	27/08/19	1.03	27/08/22	-	-
	2019	-		-		-	-
NEDs							
David van Aanholt	**2020**	-	-	-	-	-	-
	2019	-	-	-	-	-	-
	2018	100,000	02/08/17	0.98	01/08/20	-	-
William Ballhausen	**2020**	-	-	-	-	-	-
	2019	-	-	-	-	-	-
	2018	100,000	02/08/17	0.98	01/08/20	-	-
Graham Lenzner	**2020**	-	-	-	-	-	-
	2019	-	-	-	-	-	-
	2018	100,000	02/08/17	0.98	01/08/20	-	-
Andrew Moffat	**2020**	-	-	-	-	-	-
	2019	-	-	-	-	-	-
	2018	100,000	02/08/17	0.98	01/08/20	-	-

1. Securities were granted to James Storey under the 360 Capital Group Employee Security Plan on 2 August 2017 and he subsequently became a KMP on 1 September 2018.
2. Securities were granted to Christopher Chase under the 360 Capital Group Employee Security Plan on 2 August 2019 upon his appointment to the Group.

Remuneration report (continued)

2019 Employee Incentive Scheme KMP	Year	Rights awarded during the year No.	Award date	Fair value per security at award date $	Vesting date	No. vested during year	No. lapsed during year
Tony Pitt	**2020**	454,500	23/12/19	0.81	31/08/22	-	-
	2019	-		-		-	-
Glenn Butterworth	**2020**	238,500	23/12/19	0.81	31/08/22	-	-
	2019	-		-		-	-
James Storey	**2020**	224,500	23/12/19	0.81	31/08/22	-	-
	2019	-		-		-	-
Christopher Chase	**2020**	210,400	23/12/19	0.81	31/08/22		
	2019	-		-		-	-
Dennison Hambling	**2020**	236,300	27/02/20	0.81	26/02/23	-	-
	2019	-		-		-	-

Value of 360 Capital Group securities awarded, exercised and lapsed during the year and the prior year

For details on the valuation of securities, including models and assumptions used, please refer to Note 17(c) and Note 29. There were no alterations to the terms and conditions of securities awarded as remuneration since their award date.

Securities held in 360 Capital Group by key management personnel

KMP	Held at 1 July 2019	Granted as remuneration	Acquisition	Disposal	Held at 30 June 2020
Tony Pitt	67,500,000	-	-	-	67,500,000
Glenn Butterworth	3,262,926	-	-	-	3,262,926
James Storey	3,000,000	-	-	-	3,000,000
Christopher Chase[1]	-	1,000,000	-	-	1,000,000
Dennison Hambling[2]	-	-	1,000,000	-	1,000,000
	73,762,926	1,000,000	1,000,000	-	75,762,926

1. Securities were granted to Christopher Chase under the 360 Capital Group Employee Security Plan on 27 August 2019.
2. Securities held by Dennison Hambling at the date he was appointed a KMP.

Securities held in 360 Capital Group by non-executive directors

NEDS	Held at 1 July 2019	Granted as remuneration	Acquisition	Disposal	Held at 30 June 2020
David van Aanholt	377,650	-	-	-	377,650
William Ballhausen	500,000	-	-	-	500,000
Graham Lenzner	352,409	-	-	-	352,409
Andrew Moffat	1,057,050	-	-	-	1,057,050
	2,287,109	-	-	-	2,287,109

Remuneration report (continued)

The tables above include, securities held directly, indirectly and beneficially by KMP and NEDs. All equity transactions with KMP and NEDs other than those arising from the ESP have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

h. Loans to key management personnel and their related parties

The following loans have been provided to KMP through their participation in the Group employee security plan:

KMP	Balance at 1 July 2019 $	ESP loans issued during the year $	Interest charged in the year $	Payments made during the year $	Balance at 30 June 2020 $	Highest indebtness during the year $
Tony Pitt	2,940,000	-	120,000	(120,000)	2,940,000	2,940,000
Glenn Butterworth	2,940,000	-	120,000	(120,000)	2,940,000	2,940,000
James Storey	2,940,000	-	120,000	(120,000)	2,940,000	2,940,000
Christopher Chase[1]	-	1,030,000	40,000	(40,000)	1,030,000	1,030,000
	8,820,000	1,030,000	400,000	(400,000)	9,850,000	9,850,000

1. Loan was granted to Christopher Chase under the 360 Capital Group Employee Security Plan upon appointment to the Group on 27 August 2019.

The loan provided on the grant date was 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. For further information on these loans refer to Note 17. There were no other loans to key management personnel and their related parties during the year.

i. Other transactions and balances with key management personnel and their related parties

There were no transactions or balances with key management personnel and their related parties during the year.

Events subsequent to balance date

On 22 July 2020 the Group's loan receivable of $19.8 million to a childcare operator was repaid and the Group does not currently have any loans to third parties outstanding.

In August 2020, the Group acquired a 19 .9% stake in Australian Enhanced Income Fund (ASX: AYF) and has proposed a change in responsible entity to 360 Capital FM Limited.

On 27 August the Group acquired an 18.1% stake in Evan Dixon (ASX: ED1) for $19.1 million and acquired a further $0.3 million taking the Group's ownership to 18.3% at the date of this report.

On 28 August 2020, TDI disposed of FibreconX Pty Ltd at market value of $2,010,706 to a wholly owned subsidiary of the 360 Capital Group.

In the event there is a longer than expected impact from the COVID-19 pandemic, this could have unforeseen impacts to the Group post 30 June 2020.

No other circumstances have arisen since the end of the 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.

Environmental Issues

The Group complied with all environmental regulations during the course of the financial year.

Buy back arrangement

The Group is not under any obligation to buy back, purchase or redeem units from stapled securityholders. During the year, the Group bought back and cancelled Nil (2019: Nil) securities.

Distribution Reinvestment Plan

The Group has a Distribution Reinvestment Plan (DRP) which was not active during the year ended 30 June 2020.

Options

During the year options were issued under the EIP, no other options over issued shares or interests in the Group were granted during or since the end of the financial year, and there were no other options outstanding at the date of this report. For options held by directors and executives of the Group refer to the Remuneration Report.

Indemnification and insurance of Officers and Directors

During or since the end of the financial year, the Group has paid insurance premiums to insure each of the aforementioned Directors as well as Officers of the Group against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of the as officers of the Group, other than conduct involving a wilful breach of duty in relation to the Group. The Group has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify an officer of the Group.

Indemnification of auditors

To the extent permitted by law, the Group has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Extension of auditor eligibility term

In the prior financial year the Group extended its auditor, Mark Conroy of Ernst & Young, for a period of 2 years commencing for the year ended 30 June 2019 in accordance with section 324DAB of the Corporations Act 2001. The year ended 30 June 2020 is the final year for Mark Conroy.

Non-audit services

Disclosed in Note 26 were the non-audit services provided by the Group's auditors. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Auditor's independence declaration

The auditor's independence declaration required under Section 307C of the Corporations Act 2001 is set out on page 29 and forms part of the Directors' report for the year ended 30 June 2020.

Rounding of amounts

360 Capital Group is an entity of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC). In accordance with that Instrument, amounts in the annual 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
31 August 2020

Building a better working world

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

As lead auditor for the audit of the financial report of 360 Capital Group Limited for the financial year ended 30 June 2020, 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 audit*;* and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of 360 Capital Group Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

Mark Conroy

Mark Conroy
Partner
31 August 2020

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360 Capital Group
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	30 June 2020 $'000	30 June 2019 $'000
Revenue from continuing operations			
Rental from investment properties	3	1,930	3,969
Management fees	3	1,725	533
Distributions	3	124	2,205
Finance revenue		2,901	2,349
Total revenue from continuing operations		**6,680**	9,056
Other income			
Net gain on fair value of financial assets		4,822	-
Share of equity accounted profits	11	2,486	1,963
Foreign exchange gains		1,064	-
Other income		357	-
Total other income		**8,729**	1,963
Total revenue from continuing operations and other income		**15,409**	11,019
Employee benefit expenses	5	5,548	3,215
Administration expenses		2,186	1,129
Management fees		831	-
Investment property expenses		29	-
Depreciation expenses		20	7
Finance expenses	6	61	1,026
Transaction costs	4	1,032	1,606
Net loss on fair value of financial assets	9	-	2,044
Net loss on fair value of investment property		2,024	-
Net loss on disposal of subsidiary		-	91
Net loss on disposal of financial assets		139	-
Provision for loss on financial assets		10	-
Profit from continuing operations before income tax		**3,529**	1,901
Income tax benefit	7	(134)	(384)
Profit for the year		**3,663**	2,285

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

360 Capital Group
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	30 June 2020 $'000	30 June 2019 $'000
Profit for the year		**3,663**	2,285
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**3,663**	2,285
Total comprehensive income attributable to:			
Shareholders of 360 Capital Group Limited		(3,107)	(2,061)
Unitholders of 360 Capital Investment Trust		4,452	3,655
Profit after tax attributable to the stapled securityholders		**1,345**	1,594
External non-controlling interests		2,318	691
Profit for the year		**3,663**	2,285

Earnings per stapled security for profit after tax attributable to the stapled securityholders of 360 Capital Group		**Cents**	**Cents**
Basic earnings per security	27	**0.6**	0.7
Diluted earnings per security	27	**0.6**	0.7

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

	Note	30 June 2020 $'000	30 June 2019 $'000
Current assets			
Cash and cash equivalents	18	149,521	177,230
Receivables	8	936	904
Loans receivable	8	19,790	-
Financial assets at fair value through profit or loss	9	1,611	2,183
Other current assets		641	263
Total current assets		**172,499**	180,580
Non-current assets			
Financial assets at fair value through profit or loss	9	19,316	-
Investments equity accounted	11	33,725	21,964
Investment properties	10	37,000	40
Intangible assets	12	3,943	-
Property, plant and equipment	13	655	40
Deferred tax assets	14	1,086	952
Total non-current assets		**95,725**	22,956
Total assets		**268,224**	203,536
Current liabilities			
Trade and other payables	15	360	652
Distribution payable		4,273	-
Provisions	16	132	75
Total current liabilities		**4,765**	727
Non-current liabilities			
Provisions	16	139	119
Total non-current liabilities		**139**	119
Total liabilities		**4,904**	846
Net assets		**263,320**	202,690

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

360 Capital Group
Consolidated statement of financial position
As at 30 June 2020

	Note	30 June 2020 $'000	30 June 2019 $'000
Equity			
Issued capital - ordinary shares	17	1,191	1,194
Issued capital - trust units	17	193,078	194,880
Security based payments reserve		9,880	8,021
Accumulated losses		(8,870)	(1,405)
Total equity attributable to stapled Securityholders		**195,280**	202,690
External non-controlling interest		68,039	-
Total equity		**263,320**	202,690

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

360 Capital Group
Consolidated statement of changes in equity
For the year ended 30 June 2020

	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
Balance at 1 July 2019		1,194	194,880	8,021	13,188	(14,592)	202,690	-	202,690
Total comprehensive income for the year		-	-	-	(3,107)	4,452	1,345	2,318	3,663
Transactions with non-controlling interest		-		-	-	(873)	(873)	69,328	68,455
Transactions with Securityholders in their capacity as Securityholders									
Security based payment transactions		-	-	1,359	-	-	1,359	-	1,359
Equity raising transaction costs		(3)	(3)	-	-	-	(6)	-	(6)
Dividends/distributions		-	-	-	-	(9,235)	(9,235)	(3,606)	(12,841)
		(3)	(3)	1,359	-	(9,235)	(7,882)	(3,606)	(11,488)
Balance at 30 June 2020		**1,191**	**194,877**	**9,380**	**10,081**	**(20,249)**	**195,281**	**68,039**	**263,320**
Balance at 1 July 2018		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 year		-	-	-	(2,061)	3,655	1,594	691	2,285
Transactions with non-controlling interest		-	-	-	-	-	-	(75,210)	(75,210)
Transactions with Securityholders in their capacity as Securityholders									
Issued shares/units - DRP		328	1,950	-	-	-	2,278	-	2,278
Issued shares/units - ESP		608	2,932	-	-	-	3,540	-	3,540
Security based payment transactions		-	-	1,562	-	(542)	1,020	-	1,020
Equity raising transaction costs		(2)	(13)	-	-	-	(16)	-	(16)
Dividends/distributions		-	-	-	(6,926)	(4,608)	(11,534)	(1,504)	(13,038)
		934	4,869	1,562	(6,926)	(5,150)	(4,711)	(1,504)	(6,215)
Balance at 30 June 2019		**1,194**	**194,880**	**8,021**	**13,188**	**(14,592)**	**202,690**	**-**	**202,690**

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

360 Capital Group
Consolidated statement of cash flows
For the year ended 30 June 2020

	Note	30 June 2020 $'000	30 June 2019 $'000
Cash flows from operating activities			
Cash receipts from customers		4,376	4,100
Cash payments to suppliers and employees		(8,468)	(6,028)
Dividends and distributions received		2,711	4,384
Finance revenue		2,935	2,235
Finance expenses		(71)	(1,087)
Net cash inflows from operating activities	18	**1,483**	3,604
Cash flows from investing activities			
Payments for additions to investment properties		(39,024)	-
Payments for property, plant and equipment		(520)	(7)
Payments for equity accounted investments		(11,916)	(1,896)
Payments for financial assets		(37,358)	-
Proceeds from disposal of financial assets		24,728	39,384
Payments for intangibles		(3,932)	-
Proceeds from disposal of subsidiaries		-	156,313
Payments for loans receivable		(19,815)	-
Payment of transaction costs		(400)	(1,606)
Net cash (outflows)/inflows from investing activities		**(88,237)**	192,638
Cash flows from financing activities			
Repayment of borrowings		-	(20,000)
Proceeds from repayment of ESP loans		-	3,540
Proceeds from issue of capital – NCI, net of capital raising costs		72,876	-
Distributions paid to stapled securityholders		(6,926)	(13,826)
Distributions paid to external non-controlling interests		(1,642)	(940)
Payment of transaction costs to issue capital		(3,993)	(16)
Payment for buy back of stapled securities NCI		(1,220)	-
Net cash inflows/(outflows) from financing activities		**59,045**	(31,242)
Net (decrease)/increase in cash and cash equivalents		(27,709)	165,000
Cash and cash equivalents at the beginning of the year		177,230	14,814
Cash balance on deconsolidation of controlled entities		-	(2,584)
Cash and cash equivalents at the end of the year	18	**149,521**	177,230

The above consolidated statement of cash flows should be read with the accompanying 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 comprising the four investment strategies which make up its alternative assets management and investment strategy:

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

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 non-operating items comprising transaction costs, unrealised fair value adjustments of financial assets and other assets, unrealised foreign exchange gains and losses, impairment adjustments, share of equity accounted profits in excess of distributions received, security based payments expense and all other non-operating activities.

Corporate

Income and expenses for management of the Group on an overall basis and unallocated overheads are not allocated to the four core operation segments. Cash and borrowings not directly allocated to an operating segment together with tax assets and liabilities 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, are 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.

Note 1: Segment reporting (continued)

The operating segments provided to the Board for the reportable segments for the year ended 30 June 2020 are as follows:

Year ended 30 June 2020	Real Assets	Private Equity	Public Equity	Credit	Corporate	Operating profit	Consolidation & eliminations	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Management fee revenue	2,038	-	286	-	9	**2,333**	(39)	2,294
Investment Revenue	4,591	-	-	-	-	**4,591**	3,287	7,878
Rental revenue	-	-	-	-	-	**-**	1,901	1,901
Finance revenue	1,405	-	-	-	1,172	**2,577**	324	2,901
Total revenue and other income	**8,034**	**-**	**286**	**-**	**1,181**	**9,501**	**5,473**	**14,974**
Operating expenses	609	-	648	526	4,450	**6,233**	1,532	7,765
Earnings before interest and tax (EBIT)	**7,425**	**-**	**(362)**	**(526)**	**(3,269)**	**3,268**	**3,941**	**7,209**
Interest expense	-	-	-	-	-	**-**	61	61
Operating profit before tax	**7,425**	**-**	**(362)**	**(526)**	**(3,269)**	**3,268**	**3,880**	**7,148**
Income tax benefit/(expense)	-	-	-	-	1,046	**1,046**	216	1,262
Operating profit (before non-operating items)	**7,425**	**-**	**(362)**	**(526)**	**(2,223)**	**4,314**	**4,097**	**8,411**
Interest on Group ESP	-	-	-	-	500	500		
Operating earnings used in calculating - diluted operating EPS						**4,814**		
Weighted average number of securities - diluted ('000)						231,505		
Operating profit per security (EPS) - cents - diluted						**2.1**		

Reconciliation of total segment revenue to total revenue in the statement of profit or loss is on page 41.

Note 1: Segment reporting (continued)

The operating segments provided to the Board for the reportable segments for the year ended 30 June 2019 are as follows:

Year ended 30 June 2019	**Real Assets**	**Private Equity**	**Public Equity**	**Credit**	**Corporate**	**Operating profit**	**Consolidation & eliminations**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Management fee revenue	578	-	-	-	-	**578**	-	578
Net property income	-	-	-	-	-	**-**	3,969	3,969
Investment revenue	5,826	-	-	-	-	**5,826**	(1,548)	4,278
Finance revenue	2,135	-	-	-	214	**2,349**	-	2,349
Total revenue and other income	**7,865**	**-**	**-**	**-**	**214**	**8,753**	**2,421**	**11,174**
Operating expenses	158	-	-	-	1,611	**3,956**	-	3,956
Earnings before interest and tax (EBIT)	**7,707**	**-**	**-**	**-**	**(1,397)**	**4,797**	**2,421**	**7,218**
Interest expense	-	-	-	-	674	**674**	352	1,026
Operating profit before tax	**7,707**	**-**	**-**	**-**	**(2,071)**	**4,123**	**2,069**	**6,192**
Income tax expense	-	-	-	-	(704)	**(704)**	-	(704)
Operating profit (before non-operating items)	**7,707**	**-**	**-**	**-**	**(1,367)**	**4,827**	**2,069**	**6,896**
Interest on Group ESP						497		
Operating earnings used in calculating - diluted operating EPS						**5,324**		
Weighted average number of securities - diluted ('000)						230,454		
Operating profit per security (EPS) - cents - diluted						**2.3**		

Comparative numbers have been restated to reflect a change in core business segments in the current year.

Reconciliation of total segment revenue to total revenue in the statement of profit or loss is on page 41.

Note 1: Segment reporting (continued)

Reconciliation of total segment revenue to total revenue in the statement of profit or loss is as follows:

	30 June 2020 $'000	30 June 2019 $'000
Total revenue per segment report	**14,974**	11,174
Investment property expenses reported in rental revenue	29	-
Distibutions from equity accounted investments	(2,291)	(2,074)
Net realised gain on financial assets NCI [1]	(4,543)	-
Net realised foreign exchange gain NCI 1	(920)	-
Share of equity profits in exess of distributions received	(212)	(44)
Other income	(357)	-
Total revenue in the statement of profit or loss	**6,680**	9,056

[1].Represents gain realised on redemption of convertible note asset held by TDI.

Note 1: Segment reporting (continued)

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

	Operating profit 30 June 2020 $'000	Operating profit 30 June 2019 $'000	30 June 2020 $'000	30 June 2019 $'000
Profit after tax attributable to stapled securityholders	**1,345**	1,594		
Profit for the year			**3,663**	2,285
Non-operating items				
Net loss/(gain) on fair value of financial assets	-	2,044	(279)	2,044
Net loss on disposal of financial assets	139	170	139	-
Net loss on fair value of investment properties	-	-	2,024	-
Loss allowance	10	-	10	-
Security based payments expense	694	395	820	395
Share of equity accounted profits, net of distributions received	2,503	155	2,274	155
Foreign exchange gains	-	-	(144)	-
Net loss on disposal of controlled entity	-	-	-	91
Transaction costs	752	149	1,032	1,606
Tax effect				
Tax effect of non-operating items	(1,129)	320	(1,129)	320
Operating profit (before non-operating items)	**4,314**	4,827	**8,410**	6,896

Note 1: Segment reporting (continued)

The segment balance sheet provided to the Board for the reportable segments for the year ended 30 June 2020 and 30 June 2019 are as follows:

As at 30 June 2020	Real Assets $'000	Private Equity $'000	Public Equity $'000	Credit $'000	Corporate $'000	Total core $'000	Consolidation & eliminations $'000	Total $'000
Assets								
Cash and cash equivalents	-	-	-	-	83,194	**83,194**	66,327	149,521
Loans receivable	19,790	-	-	-	-	**19,790**	-	19,790
Financial assets and equity accounted assets	75,639	9,156	3,614	-	-	**88,409**	(33,757)	54,652
Investment properties	-	-	-	-	-	**-**	37,000	37,000
Other assets	2,028	-	90	61	600	**2,779**	(547)	2,232
Intangibles and deferred tax	2,500	-	1,123	-	870	**4,493**	535	5,028
Total assets	99,957	9,156	4,827	61	84,664	**198,665**	69,558	268,223
Liabilities								
Other liabilities	170	-	5	17	3,192	**3,384**	1,519	4,903
Total liabilities	170	-	5	17	3,192	**3,384**	1,519	4,903
Net assets	**99,787**	**9,156**	**4,822**	**44**	**81,472**	**195,281**	68,039	**263,320**
Less Intangibles and deferred tax						(4,493)		
Net assets used to calculate NTA per security						**190,788**		
Total issued securities - basic ('000)						218,373		
NTA per security basic - $						**0.87**		

As at 30 June 2019	Real Assets $'000	Private Equity $'000	Public Equity $'000	Credit $'000	Corporate $'000	Total core $'000	Consolidation & eliminations $'000	Total $'000
Assets								
Cash and cash equivalents	176,290	-	-	-	940	**177,230**	-	177,230
Financial assets and equity accounted assets	24,146	-	-	-	-	**24,146**	-	24,146
Other assets and intangibles	686	-	-	-	1,473	**2,159**	-	2,159
Total assets	201,122	-	-	-	2,413	**203,535**	-	203,535
Liabilities								
Other liabilities	137	-	-	-	708	**845**	-	845
Total liabilities	137	-	-	-	708	**845**	-	845
Net assets	**200,985**	**-**	**-**	**-**	**1,705**	**202,690**	**-**	**202,690**
Net assets used to calculate NTA per security						**202,690**		
Total issued securities - basic ('000)						212,934		
NTA per security basic - $						**0.93**		

Comparative numbers have been restated to reflect a change in core business segments in the current year.

Note 2: Distributions and dividends

Distributions declared by the Trust directly to Securityholders during the year were as follows:

Distributions	30 June 2020 $'000	30 June 2019 $'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	-
1.0 cents per unit paid on 23 April 2020	2,309	-
1.0 cents per unit paid on 28 July 2020	2,309	-
	9,235	4,608

The Company did not declare any dividends during the year or up to the date of this report. In the prior year the Company paid a fully franked dividend of 3.0 cps.

Dividends	30 June 2020 $'000	30 June 2019 $'000
3.0 cents per share fully franked special dividend	-	6,926
	-	6,926

Note 3: Revenue

Rental from investment properties include:

	30 June 2020 $'000	30 June 2019 $'000
S1, Macquarie Park, Sydney, NSW	-	1,675
M1, Port Melbourne, Melbourne, VIC	-	1,426
P1, Malaga, Perth, WA	-	868
Malaga Data Centre, Perth, WA	1,930	-
	1,930	3,969

The Group holds a 37.9% investment in 360 Capital Digital Infrastructure Fund (ASX: TDI) and accordingly the results of TDI have been consolidated into the financial results of the Group, including the investment property located at Malaga, Perth. In the prior period, the results of AJD were deconsolidated from the financial results of the Group.

Management fees include:

	30 June 2020 $'000	30 June 2019 $'000
Fund management fees	1,063	533
Underwriting fees	662	-
	1,725	533

Note 3: Revenue (continued)

Distributions from property funds include:

	30 June 2020 $'000	30 June 2019 $'000
Centuria 111 St Georges Terrace Fund	-	1,093
Centuria Retail Fund	124	1,112
	124	2,205

Note 4: Transaction costs

	30 June 2020 $'000	30 June 2019 $'000
Legal fees - court case	-	1,606
Fund establishment costs	632	-
Transaction costs - other	400	-
	1,032	1,606

Note 5: Employee benefit expenses

	30 June 2020 $'000	30 June 2019 $'000
Wages and salaries	4,335	2,585
Employer superannuation contributions	291	144
Security based payments expense	820	394
Payroll tax	102	92
	5,548	3,215

In August 2017 the Group implemented an Employee Security Plan (ESP). Employees were granted 12,500,000 securities subject to a 3 year Total Securityholder Return target. In December 2019 the Group introduced an Executive Incentive Plan (EIP) and issued 1,755,600 performance rights to employees. The fair value of the issue of securities and rights under the ESP and EIP has been determined by an independent Actuary using a binominal pricing model. The Group has recognised $0.7 million (2019: $0.4 million) of security based payment expense in the statement of profit or loss. Further information on the ESP and EIP and the fair value calculation is provided in Note 17.

In 18 March 2020, FibreconX Pty Limited, a wholly owned entity of TDI, implemented an ESP for management. Employees were granted 7,603,040 options subject to vesting conditions over a 4 to 6 year period. The fair value of the issue of securities under the ESP has been determined by an independent Actuary using a Black-Scholes option pricing model. TDI has recognised $0.1 million of security based payment expense in the statement of profit or loss.

Note 6: Finance expenses

	30 June 2020 $'000	30 June 2019 $'000
Interest and finance charges paid and payable	61	1,026
	61	1,026

Note 7: 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 year are:

	30 June 2020 $'000	30 June 2019 $'000
Profit before tax attributable to stapled securityholders	1,395	1,210
Income tax expense at the effective corporate rate of 27.5%	384	333
Increase/(decrease) in income tax expense due to:		
Trust income exempt from income tax	(1,216)	(1,004)
Impairment of financial asset	(101)	-
Equity accounted profits	(311)	(31)
Employee Security Plan interest income taxable	138	137
Security based payments expense non-tax deductible	191	108
Dividend income	133	-
Intangible - management rights	996	-
Other tax adjustments	-	(10)
Income tax expense/(benefit)	215	(468)
Adjustment for current tax of prior years	-	84
Franking credits current year	(133)	-
Income tax attributable to NCI	(216)	-
Income tax benefit recognised in the statement of profit or loss	**(134)**	(384)

The 360 Capital Group Limited has carried forward capital tax losses of $2.3 million which it has not recognised as a deferred tax asset as it not considered probable that the corporate entities in the Group will realise any capital gains through the sale of assets and therefore the capital losses had not been recognised.

Note 8: Receivables

Receivables include:

	30 June 2020 $'000	30 June 2019 $'000
Current		
Trade receivables	41	-
Interest receivables	82	-
Distributions receivables	625	571
Other receivables	188	333
	936	904

Loans receivable include:

	30 June 2020 $'000	30 June 2019 $'000
Current		
Secured loans – amortised cost	19,800	-
Loss allowance	(10)	-
	19,790	-

Note 8: Receivables (continued)

a) Expected credit losses

During the year, the Group provided a $10,098 (2019: Nil) expected credit loss (ECL) provision for loans receivable in respect of impairment under AASB 9 for the Group's loans receivable.

b) Fair values

The receivables are carried at amounts that approximate their fair value. There are no receivables where the fair value would be materially different from the carrying value.

c) Credit risk

There is a limited amount of credit risk – refer to Note 21 for more information on the risk management policy of the Group.

As at 30 June 2020, trade receivables of Nil (2019: Nil) were past due but not impaired.

Note 9: Financial assets at fair value through profit or loss

	30 June 2020 $'000	30 June 2019 $'000
Current		
Units in unlisted funds managed externally	-	2,183
Shares in listed company	1,611	
Total	**1,611**	2,183
Non-current		
Shares in unlisted company	19,316	-
	19,316	**-**
	20,927	2,183

As at 30 June 2020, the Group held a 94.8% interest in 360 Capital Active Value Equity Fund (Equity Fund) and a 37.9% interest in 360 Capital Digital Infrastructure Fund (ASX: TDI). The assets of the Equity Fund and TDI are consolidated into the financial results of the Group at 30 June 2020.

In January 2020, Centuria Retail Fund paid a special distribution of $0.19 per unit to the unitholders. A further $0.007 (0.7 cents) was distributed in June 2020 upon wind up of the Fund.

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

	30 June 2020 $'000	30 June 2019 $'000
Balance at 1 July	2,183	44,060
Financial assets acquired - other	26,642	-
Financial assets disposed - unlisted	(8,399)	-
Financial assets disposed – call option exercised	-	(39,833)
Loss on disposal of financial assets	(139)	-
Fair value adjustment of financial assets	5,040	(2,044)
Convertible note funded	10,726	-
Convertible note redeemed	(16,189)	-
Other movements	1,063	-
Closing balance	**20,927**	2,183

Note 10: Investment properties

	30 June 2020 $'000	30 June 2019 $'000
Investment properties		
Data Centre, Malaga, Perth, WA	37,000	-
Total	**37,000**	-

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

	Note	30 June 2020 $'000	30 June 2019 $'000
Opening Balance 1 July		**-**	**261,000**
Investment properties acquired through consolidation		39,024	-
Investment properties disposed through deconsolidation		-	(261,000)
Fair value adjustment of investment properties		(2,024)	-
Total		**37,000**	**-**

As a result of the Group's investment in TDI on 2 July 2019, the results of TDI have been consolidated into the Group's financial results. For more information on the consolidation of TDI refer to Note 22. The fair value of the investment properties is determined by the Directors by reference to the most recent independent valuation for that property, updated to take into account any changes in valuation factors. An independent valuation was carried out on the property on 31 March 2020 by CBRE, a specialist in valuing these types of investment properties. Refer below for more details on fair value of investment properties.

All rent on the investment property has continued to be paid current and in full during the COVID-19 pandemic.

a) Valuation basis

Investment properties are carried at fair value. Fair value of the properties is determined by the Directors, having regard to the most recent independent valuations prepared by valuers with appropriately recognised professional qualification and recent experience in the location and category of the property being valued. Valuation methods used to determine the fair value include market sales comparison, discounted cash flow and capitalisation rate. The fair value for a property may be determined using a combination of these and other valuation methods. As discounted cash flow and capitalisation rate use unobservable inputs, the investment property is categorised as Level 3 under the Fair Value Hierarchy. These inputs include net passing rent, gross market rent and net market rent as set out in the sensitivity matrix below.

Market sales comparison: The sales comparison approach utilises recent sales of comparable properties, adjusted for any differences including the nature, location and lease profile, to indicate the fair value of a property. Where there is a lack of recent sales, activity adjustments are made from previous comparable sales to reflect changes in economic conditions.

Discounted cash flow: Projections derived from contracted rents, market rents, operating costs, lease incentives, lease fees, capital expenditure and future income on vacant space are discounted at a rate to arrive at a value. The discount rate is a market assessment of the risk associated with the cash flows, and the nature, location and tenancy profile of the property absolute to returns from alternative investments, CPI rates and liquidity risk. It is assumed that the property is sold at the end of the investment period at terminal value. The terminal value is determined by using an appropriate capitalisation rate.

Capitalisation rate: An assessment is made of fully leased net income based on contracted rents, market rents, operating costs and future income on vacant space. The adopted fully leased net income is capitalised in perpetuity from the valuation date at an appropriate capitalisation rate. The capitalisation rate reflects the nature, location and tenancy profile of the property together with current market investment criteria, as evidenced by current sales evidence. Various adjustments, including incentives, capitalised expenditure and reversions to market rent are made to arrive at the property value.

Note 10: Investment properties (continued)

As at 30 June 2020 there is significant valuation uncertainty arising from the COVID-19 pandemic and the response of Governments to it. This means that the property value may change significantly and unexpectedly over a relatively short period of time. This uncertainty affects our ability to reliably determine the key judgements and assumptions used in the property valuations. Two property valuation approaches are generally used: the Income Capitalisation approach and the Discounted Cash Flow approach to arrive at a range of valuation outcomes, from which a best estimate of fair value is derived at a point in time.

The key assumptions and estimates used in these valuation approaches which have been impacted by COVID-19 include:

- forecast future rental income, based on the location, type and quality of the property, which are supported by the terms of any existing leases, other contracts or external evidence such as current market rents for similar properties adjusted to recognise the COVID-19 impact;
- lease assumptions based on current and expected future market conditions after expiry of any current lease;
- the capitalisation rate and discount rate derived from recent comparable market transactions adjusted for COVID-19 to reflect the uncertainty in the amount and timing of cash flows;
- the impact of government support on tenants and rental schemes giving rise to rental deferrals, rental forgiveness, and eviction moratoriums.

b) Sensitivity Matrix

Inputs	**Fair value measurement sensitivity to increase in input**	**Fair value measurement sensitivity to decrease in input**
Net passing rent	Increase	Decrease
Gross market rent	Increase	Decrease
Net market rent	Increase	Decrease
Adopted capitalisation rate	Decrease	Increase
Adopted terminal yield	Decrease	Increase
Adopted discount rate	Decrease	Increase

Capitalisation and discount rates are considered significant Level 3 inputs. The $37.0 million valuation of the data centre in Perth is based on a capitalisation rate of 5.9% and a discount rate of 7.0%.

Net passing rent is the contracted amount for which a property or space within a property is leased. In a net rent, the owner recovers outgoings from the tenant on a pro-rata basis (where applicable).

Gross market rent is the estimated total amount for which a tenancy within a property should lease between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and wherein the parties have each acted knowledgably, prudently and without compulsion.

Net market rent is the estimated amount for which a property or space within a property should lease between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and wherein the parties have each acted knowledgeably, prudently and without compulsion. In a net rent, the owner recovers outgoings from the tenant on a pro-rata basis (where applicable).

c) Highest and best use
For all investment properties, the current use equates to the highest and best use.

Note 10: Investment properties (continued)

d) Leases as lessor

The investment properties (including investment properties classified as held for sale) are leased to tenants under long term operating leases with rentals payable monthly. Minimum lease payments under non-cancellable operating leases of the investment properties not recognised in the financial statements are receivable as follows:

	30 June 2020 $'000	**30 June 2019 $'000**
No later than 12 months	2,393	-
Between 12 months and five years	9,572	-
Greater than five years	688	-
	12,653	-

Note 11: Investments equity accounted

	30 June 2020 %	**30 June 2019 %**	**30 June 2020 $'000**	**30 June 2019 $'000**
Partnership interest				
Renewing Homebush Bay Partnership	-	50.0	-	-
Joint venture				
AMF Finance Pty Limited	50.0	50.0	181	397
TGP TOT JV Pty Limited	50.0	-	961	-
360 Capital Digital Management Pty Ltd	50.0	50.0	78	-
Digital Software Solutions Pty Ltd	50.0	-	1,008	-
Co-investment interest				
360 Capital REIT	20.0	26.3	31,497	21,567
			33,725	21,964

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. At 30 June 2020, the partnership was 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 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.

The Group acquired a 50% stake in Digital Software Solutions Pty Limited is a fintech company providing an online real estate loan origination platform.

Note 11: Investments accounted for using the equity method (continued)

Co-investment interest

The Group holds a 20.0% interest in 360 Capital REIT (ASX: TOT), formerly 360 Capital Total Return Fund.

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

	30 June 2020 $'000	30 June 2019 $'000
360 Capital REIT		
Opening Balance - 1 July	21,567	18,307
Acquisitions of interest	10,112	3,414
Equity accounted profit for the year	2,108	1,918
Distributions	(2,291)	(2,073)
Closing Balance	**31,496**	21,567
AMF Finance Pty Limited		
Opening Balance - 1 July	397	352
Equity accounted profit for the year	134	45
Dividends	(350)	-
Closing Balance	**181**	397
TGP TOT JV Pty Limited		
Opening Balance - 1 July	-	-
Acquisitions of interest	797	-
Equity accounted profit for the year	165	-
Closing Balance	**962**	-
360 Capital Digital Management Pty Ltd		
Opening Balance - 1 July	-	-
Equity accounted profit for the year	78	-
Closing Balance	**78**	-
Digital Software Solutions Pty Ltd		
Opening Balance - 1 July	-	-
Acquisitions of interest	1,008	-
Closing Balance	**1,008**	
Total	**33,725**	21,964

Note 11: Investments equity accounted (continued)

The following table provides summarized financial information relating to 360 Capital REIT:

	30 June 2020 $'000	30 June 2019 $'000
360 Capital REIT		
Current assets	144,400	65,713
Non current assets	17,323	20,975
Current liabilities	(4,630)	(4,312)
Non current liabilities	(42)	-
Equity	157,051	82,376
Group's carrying amount of investment	**31,496**	21,567

	$'000	$'000
Revenue from continuing operations	20,749	8,695
Other income	-	459
Expenses	(10,885)	(1,423)
Total comprehensive income for the year	**9,864**	7,731
Tax expense/(benefit)	(565)	60
Net Profit after tax	**10,429**	7,671
Group's share of profit	**2,108**	1,918

Note 12: Intangible assets

	30 June 2020 $'000	30 June 2019 $'000
URB management rights – indefinite life	2,500	-
Goodwill recognised on Ralton acquisition	88	-
Goodwill recognised on equities investment manager acquisition	1,035	-
Software	320	-
	3,943	-

During the 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.

In February 2020, the Group acquired Ralton AM Pty Limited, a managed account specialist providing separately managed account (SMA) products to individual and institutional investors. The Group established 360 Capital Equities Management Pty Limited in 2019 as a joint venture and in February 2020 acquired the other 50% of held by its joint venture partner, taking its ownership to 100% and recognising goodwill as part of this acquisition.

As at 30 June 2020, TDI had commenced the implementation of software to support the dark fibre network being constructed around Sydney. Total carrying value at year end reflects the total capitalized cost of the software to date.

Note 12: Intangible assets (continued)

The value of intangible assets are reviewed annually for impairment. Management's internal valuation for indefinite-life management rights as at 30 June 2020 have been undertaken using the discounted cash flow approach, on cash flow projections based on financial budgets approved by the directors covering a 5 year period. Cash flows beyond 5 years are extrapolated using appropriate estimated growth rates. The recoverable amount of the cash generating unit (CGU), is determined based on value-in-use calculations which require the use of assumptions.

Key assumption and sensitivity analysis used for indefinite life intangible calculations:

- Post-tax discount rates are applied to future cash flows based using rates that are relevant the the Group (30 June 2020: 8%)
- The equivalent pre-tax discount rate used is 11.0%.
- Growth over the next 5 years of 3.0%

Impairment is tested at the CGU level, with the CGU representing the management agreements which generates management fee income.

Impairment of intangible assets
There was no impairment recognised during the year (2019: Nil).

Note 13: Property, plant and equipment

	30 June 2020 $'000	30 June 2019 $'000
Non-current		
Cost	801	165
Accumulated depreciation	(146)	(125)
	655	40

As at 30 June 2020, TDI had commenced construction on a dark fibre network around Sydney. Total carrying value at year end reflects the total capitalized cost of the construction to date.

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

	30 June 2020 $'000	30 June 2019 $'000
Opening balance 1 July	40	40
Additions	35	7
Construction in progress	601	-
Depreciation charge	(21)	(7)
	655	40

Property plant and equipment includes construction of dark fibre cables in TDI.

Note 14: Deferred tax assets and liabilities

	30 June 2020 $'000	30 June 2019 $'000
Deferred tax assets comprises temporary differences attributable to:		
Accrued expenses	125	202
Business acquisition costs	164	34
Tax losses	1,915	716
	2,204	952
Deferred tax liabilities comprises temporary differences attributable to:		
Gain on investments	122	-
Management rights	996	-
	1,118	-
Net deferred tax assets	**1,086**	952

A reconciliation of the carrying amount of deferred tax assets and liabilities movements during the year is set out below:

	30 June 2020 $'000	30 June 2019 $'000
Balance at 1 July	952	581
Recognition and reversal of timing differences	(1,066)	11
Tax losses current year	1,200	360
Closing balance	1,086	852
Net deferred tax assets expected to reverse within 12 months	2,040	952
Net deferred tax assets expected to reverse after more than 12 months	(954)	-
	1,086	952

For further information on recognition of deferred tax balances refer to Note 7.

Tax consolidation

360 Capital Group Limited formed a tax consolidated group with effect from 1 July 2005. All wholly owned Australian resident subsidiaries are part of the tax consolidated group. 360 Capital Group Limited is the head entity of the tax consolidated group. Members of the Group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

Note 15: Trade and other payables

	30 June 2020 $'000	30 June 2019 $'000
Trade & GST payables	-	21
Employee benefits	-	396
Accruals	343	235
Other payables	17	-
	360	652

All trade and other payables are expected to be settled within 12 months.

Note 16: Provisions

	30 June 2020 $'000	30 June 2019 $'000
Current		
Employee benefits	132	75
	132	75
Non-current		
Employee benefits	139	119
	139	119

Note 17: Equity

(a) Issued capital

	30 June 2020 '000	30 June 2019 '000
360 Capital Group Limited - Ordinary shares issued	218,373	218,373
360 Capital Investment Trust - Ordinary units issued	218,373	218,373
	$'000	**$'000**
360 Capital Group Limited - Ordinary shares issued	1,191	1,194
360 Capital Investment Trust - Ordinary units issued	193,078	194,880
Total issued capital	**194,269**	196,074

Note 17: Equity (continued)

(b) Movements in issued capital

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

	30 June 2020 '000	30 June 2019 '000
Opening balance at 1 July	218,373	210,028
Securities issued under the Dividend Reinvestment Plan	-	2,345
Employee securities where non-recourse loans were repaid during the year	-	6,000
Closing balance at 30 June	**218,373**	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:

	30 June 2020 '000	30 June 2019 '000
Total ordinary securities disclosed at 1 July	230,873	218,373
Issued capital – ESP issued in August 2017	-	12,500
Total securities issued on the ASX	**230,873**	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 preceding 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. The security based payments reserve captures all transactions relating to the securities under the plan.

Securities under the ESP were due to vest on 1 August 2020. Given the security price volatility triggered by the COVID-19 pandemic, together with ongoing market and economic uncertainty, the Board has decided to extend the vesting period by up to 12 months to 1 August 2021, subject to certain conditions and any securityholder approval where required. A holding lock remains on vested securities until such time as the associated loan is repaid.

On 23 December 2019, a total of 1,127,900 and 181,100 performance rights were granted under Long Term Incentive offer (2019 LTI rights) to KMPs and staff respectively pursuant to the terms of the 360 Capital Group Executive Incentive Plan (EIP), exercisable from on or around 31 August 2022 (vesting date) subject to vesting conditions. The fair value of each performance right was $0.81 at the issue date. 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).

Note 18: Cash flow information

(a) Reconciliation of cash and cash equivalents

	30 June 2020 $'000	30 June 2019 $'000
Cash at bank	149,521	177,230
Cash and cash equivalents in the statement of cash flows	**149,521**	177,230

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

	30 June 2020 $'000	30 June 2019 $'000
Net profit for the year	**3,663**	2,285
Adjustment for:		
Depreciation	20	7
Net gain on disposal of financial assets	139	-
Net (gain)/loss on fair value of financial assets	(4,822)	2,044
Net gain on fair value of investment properties	(2,024)	-
Foreign exchange gains	(1,064)	-
Security based payments expense	820	394
Share of equity accounted profits, net of distributions received	2,503	109
Transaction costs	1,032	1,606
Provision for loss	(10)	-
Change in assets and liabilities		
(Increase)/decrease in receivables and prepayments	(32)	102
Increase/(decrease) in creditors and accruals	1,392	(2,609)
Net decrease in income tax liabilities	(134)	(384)
Net cash inflows from operating activities	**1,483**	3,604

Risk

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

Note 19: Basis of preparation

a) Reporting entity

The 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 ASX. The stapled security cannot be traded or dealt with separately.

360 Capital Group Limited is a company limited by shares, established and domiciled in Australia. The registered office and the principal place of business is Level 8, 56 Pitt Street, Sydney NSW 2000 Australia. The nature of operations and principal activities of the Group are disclosed in the Directors' report.

The financial report was authorised for issue by the Board on 31 August 2020.

The principal accounting policies adopted in the preparation of the financial report are set out below and in Note 31.

b) Statement of compliance

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

The financial report complies with IFRS as issued and interpretations adopted by the International Accounting Standards Board.

c) Basis of preparation

360 Capital Group Limited and its subsidiaries are for-profit entities for the purpose of preparing the financial report.

The 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 or amortised cost. The accounting policies set out in Note 31 have been applied consistently to all periods presented in this financial report except for the new accounting standards AASB 16 *Leases*. For more detail on the impact of the adoption of this standard refer to Note 31(a). The accounting policies have been applied consistently by all entities in the Group.

The financial report is presented in Australian dollars.

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

d) Critical judgements and significant accounting estimates

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

Note 19: Basis of preparation (continued)

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

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

Valuation of investment properties
The Directors ascertain the fair value of investment properties after having regard to independent valuations which are undertaken at least once in a two-year period. These valuations are determined through the use of the properties' lease profile and direct market comparison and include the valuers' assessments of appropriate capitalisation rates and discounted cash flow rates. The valuations are in accordance with accounting policy Note 31(m).

Income taxes
The Group is subject to income taxes in Australia. There are transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain.

The Group recognises assets and liabilities based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Financial assets at fair value through profit or loss
The fair value of investments which are not traded in an active market is determined by using valuation techniques. The Net Tangible Assets (NTA) of the underlying Funds is used as a basis for valuation but may be amended as deemed appropriate. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each statement of financial position date.

In determining the NTA of the underlying investments, property assets are either valued using an external professional valuer, or subject to a Director valuation. All other assets and liabilities held within entities are valued in accordance with accounting policies, consistent with those noted in Note 31.

Control of entities
The Group has consolidated the financial results of entities it is deemed to control under AASB10 *Consolidated Financial Statements*. Critical judgements are made by the Group to determine whether control exists, principally around the three criteria which must be met (refer to Note 31(b)). Further information on Controlled Entities is included in Note 23.

The consolidated entity has applied the amendments contained in the Corporations Amendment (Corporate Reporting Reform) Bill 2010 in the preparation of this financial report which allows for removing the requirement in consolidated financial statements to include full parent entity information. A note containing information about the Parent Entity has been included at Note 31.

e) Changes in accounting policies and disclosures

The Group applied AASB 16 for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard are described below and in Note 31(a).

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.

Note 20: Capital Management

Under the direction of the Board, the Group manages its capital structure to safeguard the ability of the Group to continue as a going concern while maximising the return to securityholders through the optimisation of net debt and total equity balances.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends and distributions paid to securityholders, return capital to securityholders, issue new stapled securities, purchase the Group's own securities on the market, or sell assets to reduce debt.

Neither the Company nor any of its related entities are subject to externally imposed capital requirements with the exception of the Responsible Entity. The Responsible Entity must hold capital in accordance with Australian Financial Services Licence requirements.

For information on issued capital refer to Note 17.

Note 21: Other financial assets and liabilities

Overview
360 Capital Group's activities expose it to various types of financial risks including credit risk, liquidity risk, and market risk. The Group's Board of Directors has responsibility for the establishment and oversight of the risk management framework ensuring the effective management of risk.

The Board has developed risk management principles and policies and monitors their implementation. Policies are established to identify and analyse the financial risks faced by the Group, to set appropriate risk limits and controls, and monitor the risks and adherence to limits. The Board meets regularly to review risk management policies and systems and ensure they reflect changes in market conditions and the Group's activities.

The nature and extent of the financial instruments and the risk management policies employed by the Group are discussed below.

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is exposed to credit risk through the financial assets listed in the table below. The table also details the maximum exposure to credit risk for each class of financial instrument.

	30 June 2020 $'000	**30 June 2019 $'000**
Cash and cash equivalents	149,521	177,230
Receivables	936	865
Loans receivable	19,790	-
Financial assets at fair value through profit or loss	20,927	2,183
Total	**191,174**	180,278

The Group manages credit risk and the losses which could arise from default by ensuring that parties to contractual arrangements are of an appropriate credit rating, or do not show a history of defaults. At reporting date, there are no issues with the credit quality of financial assets that are neither past due or impaired, and all amounts are expected to be received in full. The Group calculated the expected credit loss (ECL) in accordance with AASB 9 and has booked a provision of $10,098 in relation to the lifetime ECL for loans receivable.

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Note 21: Other financial assets and liabilities (continued)

Interest rate risk
The Group's interest rate risk arises from borrowings and cash balances. Borrowings are at variable interest rates and expose the Group to cash flow interest rate risk. The Group utilises derivative financial instruments to hedge exposure to fluctuations in interest rates.

The Group's exposure to interest rate risk and the effective weighted average interest rate by maturity period is:

	Floating interest rate	Fixed interest maturing in 1 year or less	Fixed interest maturing in 1 to 5 years	Fixed interest maturing in more than 5 years	Non-interest bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000
30 June 2020						
Financial assets						
Cash and cash equivalents	149,521	-	-	-	-	149,521
Receivables	-	-	-	-	936	936
Loans receivable	-	19,790	-	-	-	19,790
Financial assets at FVTPL	-	-	-	-	20,927	20,927
Total financial assets	**149,521**	**19,790**	**-**	**-**	**21,863**	**191,174**
Financial liabilities						
Trade and other payables	-	-	-	-	359	359
Total financial liabilities	**-**	**-**	**-**	**-**	**359**	**359**
Net financial assets	**149,521**	**19,790**	**-**	**-**	**21,504**	**190,815**
30 June 2019						
Financial assets						
Cash and cash equivalents	177,230	-	-	-	-	177,230
Receivables	-	-	-	-	865	865
Financial assets at FVTPL	-	-	-	-	2,183	2,183
Total financial assets	177,230	-	-	-	3,048	180,278
Financial liabilities						
Trade and other payables	-	-	-	-	651	651
Total financial liabilities	-	-	-	-	651	651
Net financial assets	177,230	-	-	-	2,397	179,627

Note 21: Other financial assets and liabilities (continued)

Summarised interest rate sensitivity analysis

The table below illustrates the potential impact a change in interest rates by +/-1% would have had on the Group's profit.

		Change in interest rate	
		-1%	1%
	Carrying amount	Profit	Profit
	$'000	$'000	$'000
30 June 2020			
Financial assets			
Cash and cash equivalents	149,521	(1,495)	1,495
Total (decrease) increase		**(1,495)**	**1,495**
30 June 2019			
Financial assets			
Cash and cash equivalents	177,230	(1,772)	1,772
Total (decrease) increase		(1,772)	1,772

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Board has a policy of prudent liquidity risk management ensuring that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its exposure to liquidity by ensuring that there is sufficient cash on hand to meet the contractual obligations of financial liabilities as they fall due.

The maturities of financial liabilities at reporting date based on the contractual terms of each liability in place at reporting date have been disclosed in a table below. There are no financial liabilities where the fair value would be materially different from the amortised cost. The amounts disclosed are based on undiscounted cash flows.

The following are contractual maturities of financial liabilities, including estimated interest payments (using existing variable interest rates):

	Carrying amount	Contractual cash flow	Less than 1 Year	Between 1-5 Years	Over 5 Years
	$'000	$'000	$'000	$'000	$'000
30 June 2020					
Trade and other payables	360	(360)	(360)	-	-
Distribution payable	4,273	(4,273)	(4,273)	-	-
	4,633	**(4,633)**	**(4,633)**	**-**	**-**
30 June 2019					
Trade and other payables	651	(651)	(651)	-	-
	651	(651)	(651)	-	-

Note 21: Other financial assets and liabilities (continued)

Price risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified on the statement of financial position as financial assets at fair value through profit or loss. The Group is not exposed to commodity price risk.

The investments within the Group are listed and unlisted property securities. These risks include, but are not limited to, exposure from different investment classes and geographical locations. The overall risk to exposures from investments is monitored and managed by the Board, and policies are set which each individual fund complies with. The framework of the composition of the securities held by the Group is in line with Group policies.

Price risk – sensitivity analysis

A fluctuation of 1% in the market price of the underlying equity securities/units would impact the net profit of the Group, with all other variables held constant, by an increase/(decrease) of $209,270 (2019: $21,831).

Fair values

The fair value of the Fund's financial assets and liabilities are approximately equal to that of their carrying values as at 30 June 2020. 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. The fair values quoted in the above table in relation to non-current liabilities are all categorised within the fair value hierarchy as level 2 inputs.

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.

The Group held the following classes of financial instruments measured at fair value:

30 June 2020	$'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Financial assets measured at fair value				
Financial assets at fair value through profit or loss	**20,928**	1,612	-	19,316
Financial liabilities measured at fair value				
Derivatives	**-**	-	-	-

30 June 2019	$'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Financial assets measured at fair value				
Financial assets at fair value through profit or loss	2,183	-	-	2,183
Financial liabilities measured at fair value				
Derivatives	**-**	-	-	-

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 21: Other financial assets and liabilities (continued)

Reconciliation of fair value measurements categorised within the Level 3 hierarchy for the year is as follows:

	30 June 2020 $'000	30 June 2019 $'000
Balance at 1 July	2,183	4,227
Acquisitions	19,316	-
Disposals	(2,183)	-
Net loss on fair value of financial assets	-	(2,044)
Closing balance	**19,316**	2,183

Valuation techniques

Financial assets at fair value through profit or loss
For fair value profit or loss financial assets, the Group invests in listed and unlisted investments. The value of the investments in the listed market is stated at unit price as quoted on the ASX at each statement of financial position date. As such, listed investments are categorised as Level 1 instruments. Unlisted investments 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 (refer to Note 18). 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.

Derivatives
For derivatives, as market prices are unavailable the Group uses valuation models to derive fair value. The models are industry standard and mostly employ a Black–Scholes framework to calculate the expected future value of payments by derivative, which is discounted back to a present value. The models' interest rate inputs are benchmark interest rates such as BBSW and active broker quoted interest rates in the swap, bond and futures markets. Interest rate volatilities are sourced through a consensus data provider. As such, the input parameters into the models are deemed observable, thus these derivatives are categorised as Level 2 instruments.

Borrowings
The fair value of the borrowings is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

Group Structure

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

Note 22: Business combinations and acquisitions of non-controlling interests

The Group made the following investments into subsidiaries during the year:

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 $7.8 million of revenue and $3.8 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.

360 Capital Active Value Equity Fund (CAVEF)

On 26 November 2019 the Group subscribed for 808,541 units for $1,617,082 representing 100% ownership of CAVEF. 360 Capital FM Limited (an entity owned by the Group) was appointed as responsible entity of CAVEF. On 23 December 2019, CAVEF issued 66,452 additional units to external parties for $132,904 and on 25 June 2020 issued a further $774,298 units for $1,826,630, of which the Group acquired 754,298. At 30 June 2020 the Group holds 94.8% of the fund and the Group is deemed under AASB10 Consolidated Financial Statements to control CAVEF.

From the date of acquisition, CAVEF contributed $0.5 million of revenue and $0.2 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.

The Group made the following business combinations during the year:

Acquisition of 360 Capital Equities Management Pty Limited

The Group established 360 Capital Equities Management Pty Limited in 2019 as a joint venture. On 27 February 2020 the Group acquired the other 50% of held by its joint venture partner for $1.0 million, taking its ownership to 100%. At the acquisition date, the net assets of 360 Capital Equities Management Pty Limited were nil and goodwill was recognised upon acquisition.

Acquisition of Ralton platform

In January 2020, the Group set up Ralton AM Pty Limited and acquired the business assets from Ralton Asset Management Pty Limited at nominal value. An amount of $88,000 has been recognised as goodwill as part of this acquisition, primarily representing the value of business assets acquired including to agreements investment and wealth management platforms.

Note 23: Subsidiaries and controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

a) Interest in subsidiaries of 360 Capital Group Limited

Name of entity	Country of domicile	Equity Class	Equity Holding 30 June 2020 %	Equity Holding 30 June 2019 %
Trafalgar Corporate Pty Limited (TCL)	Australia	Ordinary	100	100
TC Group Developments Pty Limited	Australia	Ordinary	100	100
TC Rhodes Pty Limited	Australia	Ordinary	100	100
TC RHB Stage 6 Contractor Holdings Pty Limited[2]	Australia	Ordinary	-	100
TC RHB Stage 6 Contractor Pty Limited[2]	Australia	Ordinary	-	100
TC RHB Stage 8 Lessor Holdings Pty Limited[2]	Australia	Ordinary	-	100
TC RHB Stage 8 Lessor Pty Limited[2]	Australia	Ordinary	-	100
TCG Frances Park Pty Limited	Australia	Ordinary	100	100
TC Renewing Homebush Bay Pty Limited[2]	Australia	Ordinary	-	100
TC (RHB) Pty Limited[2]	Australia	Ordinary	-	100
360 Capital FM Limited	Australia	Ordinary	100	100
Trafalgar Twelve Four Finance Pty Limited	Australia	Ordinary	100	100
Trafalgar Twelve Four Note Issuer Pty Limited	Australia	Ordinary	100	100
360 Capital Property Limited	Australia	Ordinary	100	100
360 Capital Financial Services Pty Limited	Australia	Ordinary	100	100
360 Capital RE Pty Limited	Australia	Ordinary	100	100
360 Capital Custodian No.2 Pty Limited	Australia	Ordinary	100	100
360 Capital PS Management Pty Limited	Australia	Ordinary	100	100
360 Capital Properties No.2 Pty Limited	Australia	Ordinary	100	100
360 Capital CMBS Pty Limited	Australia	Ordinary	100	100
BRPTS Portfolio No.1 Pty Limited	Australia	Ordinary	100	100
BRPT Finance Pty Limited	Australia	Ordinary	100	100
360 Capital PERE Pty Limited[1]	Australia	Ordinary	-	75
CDIP No.1 Pty Limited	Australia	Ordinary	100	-
CDIP No.2 Pty Limited	Australia	Ordinary	100	-
360 Capital Credit Management Pty Limited	Australia	Ordinary	100	-
360 Capital Equities Management Pty Limited	Australia	Ordinary	100	-
Cambridge Investment Partners Pty Limited	Australia	Ordinary	100	-
Ralton AM Pty Limited	Australia	Ordinary	100	-
360 Capital Cardioscan Trust	Australia	Ordinary	100	-

[1] In December 2019, the Group reduced its interest in 360 Capital PERE Pty Limited to 50% and it was renamed TGP TOT JV Pty Limited and it is now classified as a joint venture
[2] Deregistered during the year.

Note 23: Subsidiaries and controlled entities (continued)

b) Interest in controlled entities of 360 Capital Investment Trust

Name of entity	Country of domicile	Equity Class	Equity Holding 30 June 2020	30 June 2019
			%	%
360 Capital Investment Trust (stapled entity)	Australia	Ordinary	100	100
Trafalgar Opportunity Fund No. 4	Australia	Ordinary	100	100
360 Capital Trust	Australia	Ordinary	100	100
360 Capital Retail Fund	Australia	Ordinary	100	100
360 Capital Diversified Property Fund	Australia	Ordinary	100	100
360 Capital DIP Trust	Australia	Ordinary	100	100
360 Capital Active Value Equity Fund [2]	Australia	Ordinary units	94.8	-

c) Interest in controlled entities with material non-controlling interest

360 Capital Digital Infrastructure Fund [1]	Australia	Ordinary	37.9	-

[1] During the year the Group invested in 360 Capital Digital Infrastructure Fund and the results are consolidated from 2 July 2019. Refer to Note 22 for details.

[2] During the prior year the Trust invested into 360 Capital Active Value Equity Fund and the results are consolidated into the results of the Group. Refer to Note 17 for more information.

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 24: Commitments and contingencies

Capital commitments
The Group had no capital commitments as at 30 June 2020 (2019: Nil).

Contingencies
There are no contingent liabilities as at 30 June 2020 (2019: Nil).

Note 25: Events subsequent to balance date

On 22 July 2020 the Group's loan receivable of $19.8 million to a childcare operator was repaid and the Group does not currently have any loans to third parties outstanding.

In August 2020, the Group acquired a 19.9% stake in Australian Enhanced Income Fund (ASX: AYF) and has proposed a change in responsible entity to 360 Capital FM Limited.

On 28 August 2020, TDI disposed of FibreconX Pty Ltd at market value of $2,010,706 to a wholly owned subsidiary of the 360 Capital Group.

On 27 August the Group acquired an 18.1% stake in Evan Dixon (ASX: ED1) for $19.1 million and acquired a further $0.3 million taking the Group's ownership to 18.3% at the date of this report.

Securities under the ESP were due to vest on 1 August 2020. Given the security price volatility triggered by the COVID-19 pandemic, together with ongoing market and economic uncertainty, the Board has decided to extend the vesting period by up to 12 months to 1 August 2021, subject to certain conditions and any securityholder approval where required.

Note 25: Events subsequent to balance date (continued)

In the event there is a longer than expected impact from the COVID-19 pandemic, this could have unforeseen impacts to the Group post 30 June 2020.

No other circumstances have arisen since the end of the 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 26: Auditors' remuneration

	30 June 2020 $	30 June 2019 $
Audit services		
Fees for auditing the statutory financial reports of the parent and its controlled entities	107,000	101,000
Fees for other assurance services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm	8,500	7,500
Non-audit services		
Taxation compliance services	44,800	46,750
Total Fees to Ernst & Young Australia	160,300	155,250

Note 27: Earnings per stapled security

	30 June 2020 ¢	30 June 2019 ¢
Basic earnings per stapled security	0.6	0.7
Diluted earnings per stapled security	0.6	0.7

	$'000	$'000
Basic and diluted earnings		
Profit attributable to stapled securityholders of 360 Capital Group used in calculating earnings per stapled security	1,345	1,594

	000's	000's
Weighted average number of stapled securities used as a denominator		
Weighted average number of stapled securities - basic	218,971	212,934
Weighted average number of stapled securities - diluted	231,505	230,454

Note 27: Earnings per stapled security (continued)

Dilution
As at 30 June 2020, there is a total of 12,500,000 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 17.

Note 28: Related party transactions

Parent entity
The legal parent entity is 360 Capital Group Limited.

Controlled entities
Interests in controlled entities are set out in Note 24.

Key management personnel
Key management personnel of the Group include:

Executive director
Tony Robert Pitt, Managing Director

Other KMP
Glenn Butterworth, Chief Financial Officer and Joint Company Secretary
James Storey, Head of Real Assets
Christopher Chase, Head of Private Credit – commenced role on 27 August 2019
Dennison Hambling, Head of Public & Private Equity – commenced role on 27 February 2020

Compensation of key management personnel during the year was as follows:

	30 June 2020 $	30 June 2019 $
Short-term benefits	1,798,659	1,551,492
Post-employment benefits	87,854	58,172
Security based payments	545,653	283,800
Total compensation	**2,432,166**	1,893,464

Further disclosures relating to key management personnel are set out in the Remuneration report.

The following loans have been provided to KMPs through their participation in the Group employee security plan:

KMP	Balance at 1 July 2019 $	ESP loans issued during the year $	Interest charged in the year $	Payments made during the year $	Balance at 30 June 2020 $	Highest indebtness during the year $
Tony Pitt	2,940,000	-	120,000	(120,000)	2,940,000	2,940,000
Glenn Butterworth	2,940,000	-	120,000	(120,000)	2,940,000	2,940,000
James Storey	2,940,000	-	120,000	(120,000)	2,940,000	2,940,000
Christopher Chase[1]	-	1,030,000	40,000	(40,000)	1,030,000	1,030,000
	8,820,000	1,030,000	400,000	(400,000)	9,850,000	9,850,000

1. Loan was granted to Christopher Chase under the 360 Capital Group Employee Security Plan on 2 August 2019.

Note 28: Related party transactions (continued)

The following loans have been provided to NEDs through their participation in the Group employee security plan:

NEDS	Balance at 1 July 2019 $	ESP loans issued during the year $	Interest charged in the year $	Payments made during the year $	Balance at 30 June 2020 $	Highest indebtness during the year $
David van Aanholt	98,000	-	5,000	(5.000)	98,000	98,000
William Ballhausen	98,000	-	5,000	(5,000)	98,000	98,000
Graham Lenzner	98,000	-	5,000	(5,000)	98,000	98,000
Andrew Moffat	98,000	-	5,000	(5,000)	98,000	98,000
	392,000	-	20,000	(20,000)	392,000	392,000

The loan provided on the grant date was 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.

For further information on these loans refer to Note 17.

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

Investment in TOT
The Group acquired 6,642,587 securities in 360 Capital REIT (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).

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

Investment in entity related to director and KMP
In July 2019, the Group acquired a 50% interest in a company Digital Software Solutions Pty Ltd for $1,000,000. The remaining 50% interest is held separately by director Tony Pitt and KMP's James Storey and Glenn Butterworth (together "Founding Shareholders"). The Group interest was acquired at market value and as part of the acquisition the Group issued a two year option to the founding shareholders to buy back a 25% interest based on an agreed 20% return to the Group upon exercise.

Joint Venture
TGP TOT JV Pty Limited (formerly 360 Capital 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.

Acquisition of JV partner
In February 2020, the Group acquired the other 50% of joint venture company 360 Capital Equities Management Pty Limited for consideration of $1,035,000 from Dennison Hambling.

Borrowings
During the period, the Group provided short term, non-interest bearing loans amounting to $44,685,968 to TDI whilst it was a wholly owned entity within the stapled 360 Capital Group, which were fully repaid by 17 September 2019.

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

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.

Note 28: Related party transactions (continued)

Responsible Entity fees
360 Capital FM Limited, a wholly owned subsidiary of the Group, acted as Responsible Entity and/or Custodian for a number of managed investment schemes in which the Group also held an investment.

A summary of fee income earned during the year from these managed investment schemes is provided below:

	30 June 2020 $	30 June 2019 $
360 Capital REIT	1,131,283	532,813
360 Capital Digital Infrastructure Fund	38,118	-
	1169,401	532,813

Fee income includes Responsible Entity fees, Custodian fees, Performance fees, Acquisition and Disposal fees, and other recoveries.

The Responsible Entity is entitled to a management fee and custodian fees calculated in accordance with the Fund's constitution, which is a percentage per annum of the gross asset value of the Fund.

A summary of distribution income earned during the year from these managed investment schemes is provided below:

	30 June 2020 $	30 June 2019 $
360 Capital REIT	2,290,987	2,072,520
360 Capital Digital Infrastructure Fund	2,176,181	-
	4,467,168	2,072,520

For details of the Group's investment in the management investment schemes refer to Note 11.

Note 29: Deed of cross guarantee

360 Capital Group Limited and its wholly owned subsidiary, 360 Capital Property Limited (CPL), are parties to a deed of cross guarantee under which each company guarantees the debts of the other. By entering into the deed, CPL has been relieved from the requirement to prepare financial statements and a directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission. The effect of the feed is that the Group has guaranteed to pay any deficiency in the event of winding up of a subsidiary if they do not meet their obligations under the terms of overdrafts, loans, leases, or other liabilities subject to the guarantee. The subsidiaries have also given a similar guarantee in that in the event that the Group is wound up or does not meet its obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee.

Consolidated balance sheet for the closed group:	**30 June 2020 $'000**	**30 June 2019 $'000**
Current assets	1,111	355
Non-current assets	58,569	87,853
Total assets	**59,680**	88,208
Current liabilities	77	99
Non-current liabilities	37,162	65,727
Total liabilities	**37,239**	65,826
Net Assets	**22,441**	22,382
Issued capital	14,285	14,288
Security based payments reserve	3,283	2,589
Retained earnings/(Accumulated losses)	4,873	5,505
Total equity	**22,441**	22,382

Consolidated income statement for the closed group:	**30 June 2020 $'000**	**30 June 2019 $'000**
Profit from Continuing operations before income tax	381	(452)
Income tax	(979)	-
(Loss)/profit after tax from continuing operations	(598)	(452)
Net loss for the year	**(598)**	(452)
Retained earnings at the beginning of the year	10,460	17,838
Dividends provided for or paid	-	(6,926)
Retained earnings at the end of the year	**9,862**	10,460

Note 30: Parent entity disclosures

The following details information relating to the parent entity 360 Capital Group Limited.

	30 June 2020 $'000	30 June 2019 $'000
Current assets	1,111	342
Non-current assets	24,337	67,587
Total assets	**25,448**	67,587
Current liabilities	77	99
Non-current liabilities	3,487	45,244
Total liabilities	**3,564**	45,343
Issued capital	5,242	5,245
Security based payments reserve	3,283	2,589
Retained earnings	13,359	14,752
Total equity	**21,884**	22,586
Net loss for the year	(1,358)	(342)
Total comprehensive loss for the year	**(1,358)**	(342)

Parent entity contingencies

360 Capital Group Limited and its wholly owned subsidiary, 360 Capital Property Limited (CPL), are parties to a deed of cross guarantee, refer to Note 29 for further information. There are no other contingencies at 30 June 2020 (2019: Nil).

Note 31: Statement of significant accounting policies

a) Changes in accounting policy

The Group applied AASB 16 for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard 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.

There were no other changes to the Group's accounting policies for the financial reporting year commencing 1 July 2019. The remaining policies of the Group are consistent with the prior year.

b) Basis of consolidation

Stapling

In October 2013, each ordinary share in 360 Capital Group Limited was stapled to a unit in the 360 Capital Investment Trust and together they form the Stapled Entity known as 360 Capital Group. Equity holders of the Group are entitled to an equal interest in each stapled entity.

In accordance with the principles contained in AASB 3 *Business Combinations*, the Group has determined that the Company is the parent entity in the stapling arrangement.

Note 31: Statement of significant accounting policies (continued)

For statutory reporting purposes, the Group reflects the consolidated entity being the Company (the acquirer) and its controlled entities. On the basis that the Company does not hold any interest in the Trust, the net assets, profit or loss and other comprehensive income of the Trust are considered non-controlling interests and are therefore disclosed separately.

The Constitutions of the Trust and the Company ensure that, for so long as these entities remain jointly listed, the number of units in the Trust and the number of shares in the Company shall be equal and that unitholders and shareholders be identical. Both the Responsible Entity of the Trust and the Company must at all times act in the best interest of 360 Capital Group.

The stapling arrangement will cease upon the earlier of the winding up of any of the stapled entities, or any of the entities terminating the stapling arrangement.

Business combinations and Goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then a gain on bargain purchase is recognised in the statement of profit or loss within the year of the acquisition.

Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company and Trust as at 30 June 2020 and the results of all subsidiaries for the year then ended.

Subsidiaries are entities controlled by the Company and Trust. Control exists when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of subsidiaries are included in the financial report from the date that control commences until the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost in the individual financial statements of the parent entity, less any impairment

Investments in associates and joint ventures
Investments in associates and joint ventures are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date.

The Group's share of net profit or loss is recognised in the statement of profit or loss from the date joint control commences until the date joint control ceases. Other movements in reserves are recognised directly in the consolidated reserves.

Note 31: Statement of significant accounting policies (continued)

c) 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.

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.

d) Revenue recognition

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

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

Funds management fees
Management, custodian and deferred exit fee revenue is recognised in accordance with AASB 15, being the entitlement to fees for the management service provided.

Distributions from property funds
Distribution income from investments is recognised when the unitholder's right to receive payment has been established, provided that it is probable that the economic benefits will flow to the unitholder and the amount of income can be measured reliably.

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

e) Employee benefits

Wages and salaries and annual leave
Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised as current provisions in respect of employees' services provided up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities expected to be settled beyond 12 months are discounted back to their net present value.

Long service leave
The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on commercial bond rates with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Bonus entitlements
A liability is recognised for employee benefits in the form of employee bonus entitlements which are determined before the time of completion of the financial report. Liabilities for employee bonus entitlements are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

Note 31: Statement of significant accounting policies (continued)

Share-based payments
Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). Refer to Note 17(c) for further detail.

f) Finance expenses

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

g) Income tax

Companies
Income tax expense or benefit for the year is the tax payable on the current year's taxable income based on the national income tax rate for each jurisdiction and deferred tax expense calculated by reference to changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and

laws) that have been enacted or substantively enacted by the balance date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets are reduced to the extent that is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Trusts and Funds
Under current Australian income tax legislation, the Trusts and Funds in the Group are not liable for income tax provided their taxable income and taxable capital gains are fully distributed to unitholders each year. Accordingly, income tax amounts disclosed in this financial report relate only to the companies within the Group.

Tax consolidation
The Company and its wholly owned entities formed a tax consolidated group with effect from 1 July 2005.

h) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Note 31: Statement of significant accounting policies (continued)

i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Restricted cash is separately disclosed and is based on a calculation to meet the Australian Financial Services Licence net tangible asset requirements.

j) Receivables

Receivables, are classified and measured as *Financial assets at amortised cost* under AASB 9 *Financial Instruments*. Receivables are recognised initially at fair value and subsequently at amortised cost. The payment terms are usually 30 days after the invoice is raised. They are classified as current assets except where the maturity is greater than 12 months after the reporting date in which case they are classified as non-current.

The Group assesses expected credit losses upon initial recognition of the financial asset with a forward-looking expected credit loss (ECL) approach. For trade and other receivables, the Group applies the simplified approach permitted by the standard, which requires expected lifetime losses to be recognized from initial recognition of the receivables. Any allowances for non-recoverable receivables were recognised in a separate allowance account. Any bad debts which had previously been provided for were eliminated against the allowance account. In all other cases bad debts were written off directly to the statement of profit or loss.

k) Financial instruments

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instrument. At initial recognition, the Group measures a financial assets and financial liabilities (other than trade receivables, loan receivables and cash) at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets are classified into the following specified categories: “Financial assets at amortised cost” and “Financial assets at fair value through profit or loss”. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

<u>Financial assets at fair value through profit or loss</u>
Financial assets designated at fair value through profit or loss comprises investments in unlisted and listed funds. Upon initial recognition, the investments are designated at fair value through profit or loss in accordance with AASB 9 *Financial Instruments*.

Financial assets designated at fair value through profit or loss at inception, are those that are managed and their performance evaluated on a fair value basis in accordance with the Group’s documented investment strategy. The Group’s policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risk and rewards of ownership.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the statement of profit or loss within income or expenses in the period in which they arise. Dividend/distribution income from financial assets at fair value through profit and loss is recognised in the statement of profit or loss as part of revenue from continuing operations when the Group’s right to receive payments is established.

<u>Financial assets at amortised cost</u>
Refer to Note 31(j).

Note 31: Statement of significant accounting policies (continued)

Financial liabilities and equity
Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. The accounting policies adopted for specific financial liabilities and equity instruments are set out in Note 31(n) and Note 31(q) below.

Impairment
Under AASB 9, the Group assesses expected credit losses upon initial recognition of the financial asset with a forward-looking expected credit loss (ECL) approach for all financial assets not held at fair value through profit or loss. For trade and other receivables, the Group applies the simplified approach permitted by the standard, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The ECL on trade and other receivables is immaterial.

l) Assets held for sale

Assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. The assets must meet the following criteria:

- the asset is available for immediate sale in its present condition and is highly probable;
- an active program to locate a buyer and complete a sale must have been initiated;
- the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- the sale should be completed within 12 months from the date of classification.

Immediately before applying the classification as held for sale, the measurement of the assets is brought up to date in accordance with applicable accounting standards.

Investment properties which are classified as held for sale are carried at fair value as the measurement provisions of AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* do not apply to investment properties.

Impairment losses determined at the time of initial classification of the non-current asset as held for sale are included in the statement of profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent remeasurement.

m) Investment properties

Investment properties are properties which are held for the purpose of producing rental income, capital appreciation, or both. Investment properties are initially recognised at cost including any acquisition costs. Investment properties are subsequently stated at fair value at each balance date with any gain or loss arising from a change in fair value recognised in the statement of profit or loss in the period. An external, independent valuer with appropriately recognised professional qualification and recent experience in the location and category of the property being valued, values the individual properties when considered appropriate as determined by management in accordance with a Board approved valuation policy. Valuation methods used to determine the fair value include market sales comparison, discounted cash flow and capitalisation rate. The fair value for a property may be determined using a combination of these and other valuation methods.

These external valuations are taken into consideration when determining the fair value of the investment properties. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without prejudice.

n) Derivative financial instruments

The Group uses derivative financial instruments to hedge its risks associated with interest rate fluctuations. The significant interest rate risk arises from bank borrowings. The Group does not use derivative financial instruments for speculative purposes.

Derivatives are initially measured at fair value on the date a derivative contract is entered into and are subsequently measured at fair value at each reporting date. The net fair value of all derivative financial instruments outstanding at the statement of financial position date is recognised in the statement of financial position as either a financial asset or liability.

Note 31: Statement of significant accounting policies (continued)

The Directors have decided not to use the option in AASB 139: *Financial Instruments: Recognition and Measurement* to classify the interest rate swaps as cash flow hedges and accordingly these are classified as at fair value through profit or loss, and the changes in the fair value of the derivative financial instruments are recognised in the statement of profit or loss.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the statement of financial position date, taking into account current and future interest rates and the current credit worthiness of the swap counterparties.

o) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Class of Fixed Asset	Depreciation Rate
Computer, office equipment, fixtures	2.5% - 33.3%

Each asset's residual value and useful life is reviewed, and adjusted if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in profit or loss.

p) Intangible assets

Certain internal and external costs directly incurred in acquiring and developing certain computer software programmes are capitalised and amortised over the estimated useful life. The capitalised software asset is subject to impairment testing on an annual basis. Amortisation of computer software programmes and impairments, where applicable, is recognised in other operating expenses.

Cost incurred on the maintenance of software is expensed as incurred and recognised in other operating expenses.

q) Trade and other payables

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

r) Borrowings

Interest bearing loans and overdrafts are initially measured at fair value, net of transaction costs incurred, and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit or loss over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Transaction costs are amortised over the term of the borrowing and the balance of transaction costs is amortised immediately upon a borrowing being substantially renegotiated, refinanced or repaid in full.

Note 31: Statement of significant accounting policies (continued)

s) Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate which reflects current market assessments of the time value of money and, where appropriate the risks specific to the liability.

<u>Distributions</u>
A provision for distributions payable is recognised in the reporting period in which the distributions are declared, determined, or publicly recommended by the Directors on or before the end of the financial period, but not distributed at balance date.

t) Issued capital

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

u) Goods and services tax (GST)

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

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

v) Accounting standards issued but not yet effective

The following new accounting standards and amendments to standards have been issued, but are not mandatory as at 30 June 2020. They are available for early adoption, but have not been applied in preparing these financial statements. The Group plans to adopt these standards on the effective date. The impact of these new standards and interpretations are as follows:

- AASB 3 Amendments to AASB 3 *Definition of a Business* (application date 1 January 2020)
- AASB 101 Amendments to the definition of materiality (application date 1 January 2020)
- AASB 7 Interest rate benchmark reform on hedge accounting (application date 1 January 2020)

The recently issued amendments are not expected to have a significant impact on the amounts recognised in the financial statements at the effective date.

In the opinion of the Directors of 360 Capital Group:

1) The consolidated financial statements and notes that are set out on pages 30 to 81, and the Remuneration report contained in the Directors' report on pages 2 to 29, 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 30 June 2020 and of its performance for the financial year ended on that date; and

   (ii) complying with Australian Accounting Standards 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.

3) There are reasonable grounds to believe that the members of the closed group identified in Note 29 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 29.

4) The Directors have given the declarations required by Section 295A of the *Corporations Act 2001* from the Managing Director and Chief Financial Officer for the financial year ended 30 June 2020.

5) The Directors draw attention to Note 19(b) to the consolidated financial statements, which include a statement of compliance with International Financial Reporting Standards.

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

David van Aanholt
Chairman

Tony Robert Pitt
Managing Director

Sydney
31 August 2020

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Independent Auditor's Report to the security holders of 360 Capital Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the 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 30 June 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the financial position of the Group as at 30 June 2020 and of its financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

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Valuation of Investment property

Why significant	How our audit addressed the key audit matter

Why significant

The Group's total assets include a direct investment in a single investment property valued at $37m at 30 June 2020. The property is carried at fair value, which is assessed by the directors with reference to an external independent property valuation.

As disclosed in note 10, the valuation of investment properties is inherently subjective. A small difference in any one of the key market input assumptions, could result in a significant change to the valuation of the investment property.

The Income Capitalisation approach and the Discounted Cash Flow approach have been used to arrive at a range of valuation outcomes, from which the valuer derived their best estimate of the value at a point in time.

As at 30 June 2020 there is significant valuation uncertainty arising from the COVID-19 pandemic and the response of Governments to it. This means that the property value may change significantly and unexpectedly over a relatively short period of time.

Given the market conditions at the valuation date, the independent valuer has reported on the basis of the existence of 'material valuation uncertainty', noting that less certainty, and a higher degree of caution, should be attached to the valuation than would normally be the case. In this situation the disclosures in the financial statements provide particularly important information about the assumptions made in the property valuation and the market conditions at 30 June 2020.

We have, therefore, considered this a key audit matter due to the number of judgments required in determining fair value. For the same reasons we consider it important that attention is drawn to the information in Notes 10 in assessing the property valuation at 30 June 2020.

How our audit addressed the key audit matter

The valuation of investment property is inherently subjective given that there are alternative assumptions and valuation methods that may result in a range of values. The impact of COVID-19 at 30 June 2020 has resulted in a wider range of possible values than at past valuation points.

Our audit procedures included the following:

- We discussed the following matters with management:
  - changes in the condition of the property since the date of the external valuation at 30 March 2020 to 30 June 2020;
  - the impact that COVID-19 has had on the Group's investment property including whether there has been any impact on tenants that would influence the assumptions adopted in the property valuation.
- We performed the following procedures for the investment property valuation:
  - Evaluated the key assumptions and agreed current rental levels to the tenancy schedule. These assumptions and inputs included market and contractual rent, occupancy rates including forecast occupancy levels, forecast rent, lease terms, re-leasing costs, operating expenditure and future capital expenditure.
  - Assessed whether COVID-19 rent relief had been provided to tenants and, if so, had been factored into the valuation and that changes in tenant occupancy risk were also considered.
  - Tested the mathematical accuracy of the valuation.
  - We considered the report of the independent valuer to gain an understanding of the assumptions and estimates used and the valuation methodology applied. This included the impact that COVID-19 has had on key assumptions such as the capitalisation, discount or growth rate and future forecast rentals.
  - We have assessed whether the valuation that was prepared at 30 March 2020 remains appropriate for 30 June 2020. We involved our real estate valuation specialists to assist us in making this assessment.

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Why significant	How our audit addressed the key audit matter
	‣ Assessed the qualifications, competence and objectivity of the valuer ‣ We have considered whether there have been any indicators of material changes in the property value from 30 June 2020 up to the date of our opinion. We involved our real estate valuation specialists to assist us in making this assessment. ‣ We have considered whether the financial report disclosures and in particular those relating to the valuation uncertainty are appropriate.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's 2020 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 27 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of 360 Capital Group Limited for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Mark Conroy

Mark Conroy
Partner
Sydney
31 August 2020

Information below was prepared as at 25 August 2020.

a) Top 20 registered securityholders:

Holder Name	Securities held	% of issued securities
TT INVESTMENTS PTY LTD <TT INVESTMENT A/C>	29,006,159	12.56
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	18,349,447	7.94
PRUDENTIAL NOMINEES PTY LTD	13,650,000	5.91
PENTAGON FINANCIAL SERVICES PTY LIMITED <PENTAGON INVESTMENT A/C>	13,579,009	5.88
NATIONAL NOMINEES LIMITED	13,219,218	5.72
WYLLIE GROUP PTY LTD	12,474,576	5.40
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	11,096,604	4.80
PENTAGON CAPITAL PTY LIMITED	9,456,279	4.09
CITICORP NOMINEES PTY LIMITED	8,077,895	3.49
TT INVESTMENTS PTY LIMITED <TT SUPER FUND A/C>	7,236,994	3.13
UBS NOMINEES PTY LTD	7,129,989	3.08
NATIONAL EXCHANGE PTY LTD	6,400,000	2.77
PENTAGON CAPITAL PTY LIMITED	4,500,000	1.94
MR JAMES STOREY	3,000,000	1.29
MR GLENN BUTTERWORTH	3,000,000	1.29
MR TONY PITT	3,000,000	1.29
BNP PARIBAS NOMS (NZ) LTD <DRP>	1,700,684	0.73
GEMTRICK PTY LTD <JOHN HARRIS SUPER FUND A/C>	1,250,000	0.54
CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	1,105,043	0.47
NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	1,066,681	0.46
Total Securities held by Top 20 security holders	**168,298,578**	**72.89**
Total Securities on issue	**230,872,645**	**100.00**

b) Distribution of securityholders:

Number of securities held by securityholders	Number of holders	Securities held	% of issued securities
1 to 1,000	411	200,266	0.09
1,001 to 5,000	1,098	3,167,139	1.37
5,001 to 10,000	590	4,654,346	2.02
10,001 to 100,000	1,159	34,355,287	14.88
100,001 and over	92	188,495,607	81.64
Totals	**3,350**	**230,872,645**	**100.00**

The total number of securityholders with less than a marketable parcel was 248 and they hold 56,929 securities.

c) Substantial securityholder notices:

Name of securityholder	Date of notice	Securities held	% of issued securities
Mr Tony Pitt	31/07/18	66,841,314	29.07
LHC Capital Partners Pty Ltd	4/10/18	19,698,478	8.57
National Exchange Pty Ltd & Prudential Nominees	4/12/2019	20,000,000	8.66
Wylie Group Pty Ltd	02/10/13	12,474,576	5.52

Term	Definition
$ or A$ or cents	Australian currency
360 Capital Investment Trust	The managed investment trust (ARSN 104 872 844) that represents part of the stapled entity, 360 Capital Group
360 Capital Group Limited	The company (ABN 18 113 569 136) that represents part of the stapled entity, 360 Capital Group
360 Capital, 360 Capital Group	360 Capital Group, the stapled entity comprising 360 Capital Investment Trust and 360 Capital Group Limited
AASB	Australian Accounting Standards Board
AFSL	Australian Financial Services Licence
A-REIT	Australian Real Estate Investment Trust
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited or the market operated by it as the context requires
ASX Guidelines	The ASX Principles of Good Corporate Governance and Best Practice Guidelines
Board	Board of Directors of the Company/Group
CGT	Capital gains tax
Constitution	The constitution of the Fund, as amended
Corporations Act	Corporations Act 2001 (Cth) as amended from time to time
CPI	Consumer price index
Cps	Cents per Security
Director/s	A director of the Group
Distribution yield	Rate of return derived by dividing distribution per Unit by the price
Earnings yield	Rate of return derived by dividing earnings per Unit by the price
AFCA	Australian Financial Complaints Authority
Fund Investment Committee	The committee established to oversee the Fund's investments, key recruitment and policies
FY	Financial year (1 July to 30 June)
Gross Passing Income	The actual income being paid for a property by existing tenants
Gross Proceeds	The aggregate of all moneys (including all rent, licence fees, outgoings and all other amounts) received from tenants and other occupants and users of the real property assets (held directly or indirectly) of the Fund
Group	360 Capital Group, the stapled entity comprising 360 Capital Investment Trust and 360 Capital Group Limited
GST	Goods and services tax (Australia)
HY	Half Year (half year from 1 July to 31 December or 1 January to 30 June)
ICR	Interest Cover Ratio meaning net rent received divided by interest expense incurred on the facility
IFRS	International Financial Reporting Standards
Lender(s)	NAB and Bankwest
LVR	Loan to value ratio meaning interest bearing liabilities divided by total property values
NLA	Net lettable area
NPI	Net property income
NTA	Net tangible assets as per the balance sheet
NTA per Unit	Net tangible assets divided by the number of Units on issue
Operating earnings	Operating earnings is statutory net profit adjusted for non-cash and significant items
p.a.	Per annum
Property/ies	A property or properties owned or to be owned by the Group
Responsible Entity	360 Capital FM Limited (ABN 15 090 664 396, AFSL 221474)
WACR	Weighted average capitalisation rate
WALE	Weighted average lease expiry
YTD	Year to date

Parent Entity
360 Capital Group Limited
ACN 113 569 136
Level 8, 56 Pitt Street Sydney NSW 2000
Telephone (02) 8405 8860
Email: investor.relations@360capital.com.au

Directors & Officers
Non-Executive Directors
David van Aanholt (Chairman)
William John Ballhausen
Graham Ephraim Lenzner
Andrew Graeme Moffat

Executive Director
Tony Robert Pitt (Managing Director)

Officers
Glenn Butterworth - Chief Financial Officer and Joint Company Secretary
Kimberley Child – Joint Company Secretary

Share & Unit Registry
Boardroom Pty Limited
ACN 003 209 836
Grosvenor Place, Level 12, 255 George Street Sydney NSW 2000
Telephone 1300 082 138 Email: enquiries@boardroomlimited.com.au

Auditor
Ernst & Young
200 George Street Sydney NSW 2000

Website
www.360capital.com.au

360 Capital