



ASX Release

10 February 2022

REAL ASSETS
PRIVATE EQUITY
CREDIT

360 Capital Enhanced Income Fund (ASX: TCF) Appendix 4D for the half-year ended 31 December 2021

Page 1 of 2

This Preliminary Financial Report is given to the ASX in accordance with Listing Rule 4.2.A. This report should be read in conjunction with the Annual Report for the year ended 30 June 2021. It is also recommended that the Annual Report be considered together with any public announcements made by the Fund. Reference should also be made to the statement of significant accounting policies as outlined in the Financial Report. The Interim Financial Report for the half year ended 31 December 2021 is attached and forms part of this Appendix 4D.

Details of reporting period

Current reporting period: 1 July 2021 – 31 December 2021
Prior corresponding period: 1 July 2020 – 31 December 2020

Results for announcement to the market

				31 Dec 2021 \$'000	31 Dec 2020 \$'000
Revenue and other income from ordinary activities	up	138.7%	to	771	323
Profit for the half year attributable to the unitholders of 360 Capital Enhanced Income Fund	up	346.6%	to	661	148

				31 Dec 2021 cents per unit	31 Dec 2020 cents per unit
Earnings per unit – Basic and diluted				18.9	6.3

Net tangible asset per unit

				31 Dec 2021 \$	31 Dec 2020 \$
NTA per unit				5.944	5.935



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Page 2 of 2

Distributions

Distributions paid during the half-year were as follows, no distributions were paid in the prior period.

	cents per unit	Record date	Date of payment
July 2021 monthly distribution	3.0	30 July 2021	6 August 2021
August 2021 monthly distribution	3.0	31 August 2021	7 September 2021
September 2021 monthly distribution	3.0	30 September 2021	10 October 2021
October 2021 monthly distribution	3.0	29 October 2021	5 November 2021
November 2021 monthly distribution	3.0	30 November 2021	7 December 2021
December 2021 monthly distribution	3.0	31 December 2021	7 January 2022
Total distribution for the period ended 31 December 2021	18.0		

Distribution Reinvestment Plans

The Fund does not have a distribution reinvestment plan in place.



360 Capital



360 CAPITAL ENHANCED INCOME FUND

(ASX:TCF)

INTERIM FINANCIAL REPORT

For the half year ended 31 December 2021

General information

The financial statements are presented in Australian dollars, which is 360 Capital Enhanced Income Fund's functional and presentation currency.

360 Capital Enhanced Income Fund (Fund) is a listed managed investment fund, constituted and domiciled in Australia. Its registered office and principal place of business are:

Suite 3701, Level 37, 1 Macquarie Place, Sydney NSW 2000 Australia

A description of the nature of the Fund's operations and its principal activities are included in the Responsible Entity report, which is not part of the financial statements.

The financial statements are presented in Australian dollars, which is 360 Capital Enhanced Income Fund's functional and presentation currency.

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 10 February 2022.

This interim financial report does not include all the notes of the type normally included in annual financial report. Accordingly, this report is to be read in conjunction with the annual report of the Fund for the year ended 30 June 2021 and any public announcements made by the Fund during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Contents

Responsible entity report	5
---------------------------	---

Auditor's independence declaration	8
------------------------------------	---

Interim statement of profit or loss and other comprehensive income	9
---	---

Interim statement of financial position	10
---	----

Interim statement of changes in equity	11
--	----

Interim statement of cash flows	12
---------------------------------	----

Notes to the interim financial statements	13
---	----

Directors' declaration	19
------------------------	----

Independent auditor's review report to the unitholders of 360 Capital Enhanced Income Fund	20
---	----



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 financial statements of 360 Capital Enhanced Income Fund ARSN 115 632 990 (ASX: TCF)(Fund), formerly known as Australian Enhanced Income Fund, for the half-year ended 31 December 2021.

Directors

The following persons were directors of 360 Capital FM Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

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

Principal activities

Since the Responsible Entity was appointed as responsible entity of the Fund on 9 September 2020, a new investment strategy has been adopted. Under its current strategy, the fund aims to invest in a range of private credit opportunities across Australia and New Zealand including:

- senior secured floating rate notes
- fixed rate securities
- subordinated securities
- unlisted private debt

Significant changes in the state of affairs

The Fund is looking to expand to capitalise on a pipeline of prospective transactions with borrowers that meet the Fund's strategy.

The Fund is currently in the process of raising additional capital for deployment into these opportunities. A new unlisted wholesale fund, managed by 360 Capital, will invest alongside the Fund in these opportunities.

The Fund received ASX approvals during the half year for its ability to invest alongside the new unlisted wholesale credit fund. Further to this ASX approvals were also provided to enable the Fund to divest parts or all of its existing investments to the new fund to improve diversification, in accordance with the Fund's strategy of growth, scale and liquidity.

Review of operations

The Fund's net profit for the half-year ended 31 December 2021 was \$0.7 million (31 December 2020: \$0.1 million) with earnings of 18.9 cents per unit (cpu) (31 December 2020: 6.3 cpu). The Fund's balance sheet as at 31 December 2021 had total assets of \$22.4 million (30 June 2021: \$20.6 million). The Fund's Net Tangible Asset (NTA) per unit as at 31 December 2021 was \$5.94 (30 June 2021: \$5.94).

The Fund's existing loan investment has met all contractual payment obligations in full and on schedule, and the underlying business continues to perform well, achieving strong trading results during the period.

To further the growth and diversification of the Fund, the Fund is expecting to complete its second investment at the end of February 2022. The Fund has completed due diligence, and subject to satisfactory completion of documentation expects financial close to occur on or around 28 February 2022.

The new investment is a 3-year amortising loan facility of \$23.7m provided to a private regional infrastructure group, based in Sydney, with national operations. The borrower provides essential accommodation services to remote and regional energy and infrastructure projects, with revenues underpinned by long term contracts.

Capital management

In December 2021, the Fund raised approximately \$1.7 million through its pro-rata non-renounceable entitlement offer of new ordinary units in the Fund. As announced to the ASX on Monday 25 October 2021, the Responsible Entity offered each eligible unitholder the opportunity to acquire new fully paid units at an offer price of \$5.94, being the Fund's NTA. The entitlement offer also includes an oversubscription facility and a residual shortfall facility, under which entitlements not taken up initially are made available to existing eligible investors as well as new institutional and sophisticated investors respectively.

360 Capital Enhanced Income Fund
Responsible entity report
For the half-year ended 31 December 2021

In January 2022 the Fund raised an additional \$2.4 million through the residual shortfall facility. All new units issued under the entitlement offer (including the oversubscription and residual shortfall facilities) rank equally with existing units in all respects from date of issue. Capital raising costs are paid by 360 Capital Group and not paid out of the assets of the Fund.

Likely developments and expected results of operations

The Fund intends to continue to generate a stable revenue stream from its loan portfolio, and it is expected that distributions will continue at 3 cents per unit per month, in accordance with the existing distribution regime. As opportunities arise the Fund will look to grow and diversify its loan portfolio.

The Fund has provided a potential borrower with a non-binding term sheet to provide approximately \$23.7 million to refinance the borrower's existing arrangements.

Impact of COVID-19 on the Fund

The World Health Organization declared a global pandemic in March 2020 as a result of the novel coronavirus (COVID-19). The Fund has considered the impact of COVID-19 in preparing its financial report for the half-year. Although society has already adapted significantly to deal with COVID-19 through various measures such as vaccinations, social distancing, quarantining, travel restrictions, and economic stimulus, the future social, medical and economic impacts worldwide are unknown as the pandemic situation continues to evolve.

The immediate financial impact of COVID-19 on the Fund's holdings has been limited, as the Fund's current investment portfolio was structured and entered into after the initial impact of COVID-19. The Fund considers risks associated with COVID-19 as part of its due diligence process and ongoing loan assessment program.

Distributions

Distributions paid during the financial half-year were as follows, no distributions were paid during the prior financial period.

	31 Dec 2021 \$'000	31 Dec 2020 \$'000
July 2021 monthly distribution of 3 cents per unit paid on 6 August 2021	103	-
August 2021 monthly distribution of 3 cents per unit paid on 7 September 2021	104	-
September 2021 monthly distribution of 3 cents per unit paid on 7 October 2021	104	-
October 2021 monthly distribution of 3 cents per unit paid on 5 November 2021	104	-
November 2021 monthly distribution of 3 cents per unit paid on 7 December 2021	104	-
December 2021 monthly distribution of 3 cents per unit paid on 7 January 2022	112	-
	631	-

Matters subsequent to the end of the financial half-year

In January 2022, the Fund issued a further 396,561 ordinary units at \$5.94 per unit raising \$2.4 million under the residual shortfall facility as part of its latest capital raise.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Fund's operations, the results of those operations, or the Fund's state of affairs in future financial years.

Number of units on issue

As at 31 December 2021 the number of units on issue in the Fund was 3,734,866 (31 December 2020: 3,455,021).

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Responsible Entity report.

Rounding of amounts

The Fund is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



David van Aanholt
Chairman



Tony Robert Pitt
Managing Director

10 February 2022

Auditor's Independence Declaration to the Directors of 360 Capital FM Limited as Responsible Entity for 360 Capital Enhanced Income Fund

As lead auditor for the review of the interim financial report of 360 Capital Enhanced Income Fund for the half-year ended 31 December 2021, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.



Ernst & Young



Douglas Bain
Partner
10 February 2022

360 Capital Enhanced Income Fund
Interim statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2021

	Note	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Revenue			
Investment Income	3	771	20
Net gain on financial assets held at fair value through profit or loss		-	303
		771	323
Total revenue and other income from ordinary activities		771	323
Management fees	10	(90)	(38)
Fund expenses		(20)	(137)
Profit before finance costs attributable to unitholders		661	148
Finance costs attributable to unitholders			
Decrease in net assets attributable to unitholders		-	(159)
Profit after finance costs attributable to unitholders		661	(11)
Other comprehensive income for the half-year		-	-
Total comprehensive income for the half-year attributable to the unitholders of 360 Capital Enhanced Income Fund		661	148

	Cents	Cents
Basic earnings per unit	18.9	6.3
Diluted earnings per unit	18.9	6.3

Net assets attributable to unitholders were reclassified from liabilities to equity on 27 October 2020. Refer to Note 6 'Basis of preparation' for further details. Accordingly, effective from 27 October 2020, distributions to unitholders and increase in net assets attributable to unitholders are no longer presented as finance costs in the statement of profit or loss and other comprehensive income. Total comprehensive income is presented in the statement of changes in equity.

The above interim statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

360 Capital Enhanced Income Fund
Interim statement of financial position
As at 31 December 2021

	Note	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Assets			
Current assets			
Cash and cash equivalents		1,966	217
Trade and other receivables		3	26
Total current assets		1,969	243
Non-current assets			
Financial assets at fair value through other comprehensive income	4	20,400	20,400
Total non-current assets		20,400	20,400
Total assets		22,369	20,643
Liabilities			
Current liabilities			
Trade and other payables		58	33
Provision for distributions	2	112	104
Total current liabilities		170	137
Total liabilities		170	137
Net assets		22,199	20,506
Equity			
Issued capital	5	34,861	33,198
Accumulated losses		(12,662)	(12,692)
Total equity		22,199	20,506

Net assets attributable to unitholders were reclassified from liabilities to equity on 27 October 2020. Refer to Note 6 'Basis of preparation' for further details. Accordingly, effective from 27 October 2020, distributions to unitholders and increase in net assets attributable to unitholders are no longer presented as finance costs in the statement of profit or loss and other comprehensive income. Total comprehensive income is presented in the statement of changes in equity.

The above interim statement of financial position should be read in conjunction with the accompanying notes

360 Capital Enhanced Income Fund
Interim statement of changes in equity
For the half-year ended 31 December 2021

	Note	Issued capital \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2020		-	-	-
Reclassification of net assets attributable to unitholders from liabilities to equity - transfer in on 27 October 2020		21,154	(12,681)	8,473
Profit for the year as derived while under equity classification		-	300	300
<i>Transactions with unitholders in their capacity as equity-owners:</i>				
Issue of units		12,133	-	12,133
Redemption of units		(89)	-	(89)
Distributions paid or payable to unitholders		-	(311)	(311)
Balance at 30 June 2021		33,198	(12,692)	20,506
	Note	Issued capital \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2021		33,198	(12,692)	20,506
Profit for the half-year		-	661	661
<i>Transactions with unitholders in their capacity as equity-owners:</i>				
Issue of units	5	1,663	-	1,663
Distributions paid or payable	2	-	(631)	(631)
Balance at 31 December 2021		34,861	(12,662)	22,199

Net assets attributable to unitholders were reclassified from liabilities to equity on 27 October 2020. Refer to Note 6 'Basis of preparation' for further details. Accordingly, effective from 27 October 2020, distributions to unitholders and increase in net assets attributable to unitholders are no longer presented as finance costs in the statement of profit or loss and other comprehensive income.

The above interim statement of changes in equity should be read in conjunction with the accompanying notes

360 Capital Enhanced Income Fund
Interim statement of cash flows
For the half-year ended 31 December 2021

	Note	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Cash flows from operating activities			
Proceeds from the sale of securities		-	20,500
Purchase of securities		-	(935)
Payments to suppliers		(55)	(508)
Investment income		772	26
Net cash from operating activities		717	19,083
Cash flows from financing activities			
Proceeds from issue of units	5	1,663	12,134
Payments for unit buy-backs		-	(11,248)
Distributions paid	2	(631)	-
Net cash from financing activities		1,032	886
Net increase in cash and cash equivalents		1,749	19,969
Cash and cash equivalents at the beginning of the financial half-year		217	567
Cash and cash equivalents at the end of the financial half-year		1,966	20,536

The above interim statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Operating segments	14
Note 2. Distributions	14
Note 3. Investment income	14
Note 4. Financial assets at fair value through other comprehensive income	14
Note 5. Issued capital	15
Note 6. Basis of preparation	15
Note 7. Fair value measurement	16
Note 8. Events after the reporting period	16
Note 9. Earnings per unit	16
Note 10. Related party transactions	17
Note 11. Significant accounting policies	18

360 Capital Enhanced Income Fund
Notes to the interim financial statements
For the half-year ended 31 December 2021

Note 1. Operating segments

The Chief Operating Decision Maker, being the Managing Director of the Responsible Entity, monitors the performance and results of the Fund at a total Fund level. As a result, the Fund has only one segment.

Note 2. Distributions

Distributions paid during the half-year were as follows, no distributions were paid in the prior period.

	31 Dec 2021 \$'000	31 Dec 2020 \$'000
July 2021 monthly distribution of 3 cents per unit paid on 6 August 2021	103	-
August 2021 monthly distribution of 3 cents per unit paid on 7 September 2021	104	-
September 2021 monthly distribution of 3 cents per unit paid on 7 October 2021	104	-
October 2021 monthly distribution of 3 cents per unit paid on 5 November 2021	104	-
November 2021 monthly distribution of 3 cents per unit paid on 7 December 2021	104	-
December 2021 monthly distribution of 3 cents per unit paid on 7 January 2022	112	-
	631	-

Note 3. Investment income

Investment income includes:

	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Interest - Cash at bank	-	4
Interest - Investments	771	-
Dividends and distributions	-	16
	771	20

Note 4. Financial assets at fair value through other comprehensive income

	31 Dec 2021 \$'000	30 Jun 2021 \$'000
<i>Non-current assets</i>		
Non-current loans receivable	20,400	20,400

The Fund invests in corporate loans with long dated maturities that give rise to repayments of principal and interest on specific dates, however in order to actively manage a long term diversified portfolio, the Fund may from time to time, sell part or all of its loan investments to recycle capital from loan investments that may be more suitable to the Fund's strategy, objectives or return profile.

In March 2021 the Fund invested its available capital in a loan to a diversified consumer group based in Sydney with national operations. The borrower has a demonstrated track record over 15 years of producing positive earnings growth in its industry and is a market leader. The Fund provided the borrower with committed capital of \$20.4 million over a 48 month term to support its local and overseas expansionary aspirations. The loan is secured by a general security agreement over the assets of the company and all its subsidiaries with the facility documentation containing appropriate risk controls in the form of financial and non-financial covenants.

An expected credit loss has not been recognised in relation to the loan given the loan collateral of business assets and shares over which the Fund has a registered exclusive interest as a creditor exceed the outstanding loan balance. The Fund expects that it will be able to recover the full value of the loan in the event of default through liquidation of collateralised assets.

Note 5. Issued capital

	31 Dec 2021 Units	30 Jun 2021 Units	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Issued capital	3,734,866	3,455,021	34,861	33,198

Ordinary units

Ordinary units of the Fund are listed on the Australian Securities Exchange (ASX); there are no separate classes of units and each unit in the Fund has the same rights attaching to it as all other units of Fund. Each ordinary unit confers upon the unitholder an equal interest in the Fund and is of equal value to other units in the Fund. A unit does not confer upon the holder any interest in any particular asset or investment of the Fund. The rights of unitholders are contained in the Fund's Constitution and include:

- The right to receive a distribution determined in accordance with the provisions of the Fund's Constitution, which states that unitholders are presently entitled to the distributable income of the Fund as determined by the responsible entity;
- The right to attend and vote at meetings of unitholders; and
- The right to participate in the termination and winding up of the Fund.

Equity classification

Units are classified as equity. The Responsible Entity considers the units to meet the requirements for equity classification within AASB 132.16C-D based on the rights granted by the units.

Units were classified as a liability up until 26 October 2020. They were subsequently reclassified as equity. Transactions before 26 October 2020 occurred while units were classified as liabilities.

Movements in the number and value of units of issued capital of the Fund were as follows

Details	Date	Units '000	Unit price	\$'000
Balance	1 July 2021	3,455		33,198
Capital raised	9 December 2021	280	\$5.94	1,663
Balance	31 December 2021	3,735		34,861

Equity raising

During the half-year the Fund issued 279,845 new units at \$5.94 per unit to investors raising circa \$1.7 million. The allotment of new units was completed on 9 December 2021. The new units rank equally with existing units on issue. The proceeds have since been allocated for future deployment in accordance with the Fund's private credit investment strategy. Costs associated with the equity issue have been paid by 360 Capital Group on behalf of the Fund. The Responsible Entity has elected not to have the equity issue costs recharged to the Fund, therefore the Fund did not bear any costs in relation to the equity issue.

Unit buy-back

As detailed in the Fund constitution, the Responsible Entity may, but is not under obligation to, buy back, purchase or redeem units from unit holders. During the half-year there were no unit buy-backs (2020: nil units).

Note 6. Basis of preparation

Reporting Entity

360 Capital Enhanced Income Fund is a listed managed investment scheme, constituted and domiciled in Australia. Its registered office and principal place of business are:

Suite 3701, Level 37, 1 Macquarie Place, Sydney NSW 2000 Australia

The financial statements are presented in Australian dollars, which is the Fund's functional and presentation currency.

On 9 September 2020, unitholders of the Fund passed a resolution to change the Responsible Entity from Elstree Investment Management Limited to 360 Capital FM Limited. The change in Responsible Entity was effective from this date, subsequently the name and ASX symbol of the Fund were updated from Australian Enhanced Income Fund (ASX: AYF) to 360 Capital Enhanced Income Fund (ASX: TCF).

360 Capital Enhanced Income Fund
Notes to the interim financial statements
For the half-year ended 31 December 2021

Note 7. Fair value measurement

Fair value hierarchy

The following tables detail the Fund's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

31 Dec 2021	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Financial assets at fair value through other comprehensive income	-	-	20,400	20,400
Total assets	-	-	20,400	20,400

30 Jun 2021	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Financial assets at fair value through other comprehensive income	-	-	20,400	20,400
Total assets	-	-	20,400	20,400

There were no transfers between levels during the financial half-year.

The Fund's Level 3 assets represented its private credit loan portfolio of \$20.4 million. The value of this investment is held at fair value through other comprehensive income as the objective of the investment is achieved by both collecting the contractual cash flows and selling the financial asset as deemed necessary in order to manage the overall portfolio. By its nature as a private credit transaction, the investment has been classified as a Level 3 Asset as its valuation depends on inputs which are not directly or indirectly observable in active markets; the valuation of the investment is performed at regular intervals by computing the risk of default and loss given default under various scenarios using established risk models. The Fund has determined that the fair value of the loan has not changed since the loan was originated. The fair value assessment of these assets include the best estimate of the impacts of the COVID-19 pandemic using information available at the balance date.

Note 8. Events after the reporting period

In January 2022, the Fund issued a further 396,561 ordinary units at \$5.94 per unit under the Residual Shortfall Facility as part of its latest capital raise.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Fund's operations, the results of those operations, or the Fund's state of affairs in future financial years.

Note 9. Earnings per unit

	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Profit before finance costs attributable to unitholders	661	148
	units	units
Weighted average number of units - basic	3,490,001	2,333,231
Weighted average number of units - diluted	3,490,001	2,333,231
	cents	cents
Basic earnings per unit	18.9	6.3
Diluted earnings per unit	18.9	6.3

Note 10. Related party transactions

Responsible entity

The responsible entity of the Fund is 360 Capital FM Limited (CFML) (ABN 15 090 664 396) (AFSL No 221474). On 9 September 2020, unitholders of the Fund passed a resolution to change the responsible entity from Elstree Investment Management Limited (EIML) to 360 Capital FM Limited (CFML). The change in responsible entity was effective from this date.

The registered office and the principal place of business of the Responsible Entity are:

Suite 3701, Level 37, 1 Macquarie Place, Sydney NSW 2000 Australia

Responsible Entity's fees and other transactions

Under the terms of the Constitution, the Responsible Entity is entitled to receive fees in accordance with the product disclosure statement. Management fees paid/payable to EIML and CFML are as follows.

	31 Dec 2021	31 Dec 2020
	\$	\$
Fees paid/payable by the Fund:		
Management fees - EIML	-	27,816
Management fees - CFML	89,743	10,586
	89,743	38,402

Management fee: The Responsible Entity is entitled to a Management Fee of 0.85% p.a. of the total assets of the Fund during the relevant year for its role in managing and administering the Fund.

Recoverable expenses: The Responsible Entity is entitled to recover all expenses properly incurred in managing and administering the Fund. During the half-year, the Responsible Entity paid for equity raising costs on behalf of the Fund. At its discretion the Responsible Entity elected not to recover these expenses from the Fund.

Indirect costs: The Responsible Entity is entitled to recover indirect costs, being any amounts that directly or indirectly reduce the returns on the units of the Fund, or the amount of income or assets of the Fund.

Unitholdings

The Responsible Entity or other funds managed by and related to the Responsible Entity held units in the Fund as follows:

	31 Dec 2021	31 Dec 2021	30 Jun 2021	30 Jun 2021
	%	units	%	units
<i>360 Capital Diversified Property Fund</i>				
Units held	18.0%	671,539	19.3%	667,333

Distributions

Distributions paid by the Fund to entities related to the Responsible Entity are as follows:

	31 Dec 2021	31 Dec 2020
	\$	\$
<i>360 Capital Diversified Property Fund</i>		
Distributions paid/payable by the Fund	120,254	-

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	31 Dec 2021	30 Jun 2021
	\$	\$
<i>Current payables</i>		
Trade and other payables	35,177	13,747

Note 11. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by the Fund during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

(a) Net assets attributable to unitholders

Net assets attributable to unitholders comprise units on issue and undistributed reserves. On 27 October 2020, an amendment to the Fund's Constitution was executed by member approval in an Extraordinary Meeting. Prior to 27 October 2020, net assets attributable to unitholders were classified as liabilities and not as equity because the Responsible Entity had a contractual obligation to pay the distributable income of the Fund to unitholders and units were redeemable at the unitholders' option (subject to the provisions of the Fund's Constitution). The amendment of the Fund's Constitution in line with its new strategy removed the Responsible Entity's contractual obligation to redeem units upon request by unitholders. As the Responsible Entity is no longer obligated to redeem units, and the units on issue comprise one class of units with identical features which are equally subordinate to any other financial instruments on issue, the Fund's net assets attributable to unitholders have been reclassified to equity in accordance with AASB 132 'Financial Instruments: Presentation'.

Units requested to be redeemed prior to 27 October 2020 were transferred to equity at the transition date until payment was transferred. The amount payable on redemption of units were determined based on the net tangible asset value of the Fund as calculated in accordance with the redemption price formula set out in the Fund's previous Constitution.

(b) Rounding

The Fund is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

New or amended Accounting Standards and Interpretations adopted

The Fund has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The following amendments to the Australian Accounting Standards (AAS) are applicable to this Financial Report.

- *AASB 2020-5 Amendments to AASs - Insurance Contracts*
- *AASB 2020-8 Amendments to AASs - Interest Rate Benchmark Reform - Phase 2*

These amendments have been deemed not to have an immaterial impact to the Fund.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

- (1) The attached financial statements and notes are in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the Fund's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standards, the *Corporations regulations 2001* and other mandatory professional reporting requirements; and
 - (iii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting and Corporations regulations 2001* and other mandatory professional reporting requirements; and
- (2) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.



David van Anholt
Chairman



Tony Robert Pitt
Managing Director

10 February 2022

Independent auditor's review report to the unitholders of 360 Capital Enhanced Income Fund

Conclusion

We have reviewed the accompanying half-year financial report of 360 Capital Enhanced Income Fund (the Fund), which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Fund is not in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the financial position of the Fund as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- b. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Fund 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

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

Auditor's responsibilities for the half-Year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Fund's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



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

Ernst & Young

Douglas Bain

Partner

Sydney

10 February 2022

Directors & Officers

Non-Executive Directors

David van Aanholt (Chairman)
William John Ballhausen
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

Responsible Entity

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Auditor

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360 Capital



Identifying
strategic investment
opportunities.

360capital.com.au