



## ASX Release

24 August 2022

### 360 Capital REIT (ASX: TOT) Appendix 4E for the year ended 30 June 2022

Page 1 of 2

360 Capital REIT comprises the stapling of 360 Capital FM Limited (ABN 15 090 664 396 AFSL 221474) as Responsible Entity for 360 Capital Passive REIT (ARSN 602 304 432) and 360 Capital Active REIT (ARSN 602 303 613).

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 2022. 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 Annual Report for the year ended 30 June 2022 is attached and forms part of this Appendix 4E.

#### Details of reporting period

Current reporting period: 1 July 2021 – 30 June 2022

Prior corresponding period: 1 July 2020 – 30 June 2021

#### Results announcement to the market

	30 Jun 2022 \$'000	30 Jun 2021 \$'000	Movement \$'000	Movement %
Revenue and other income from ordinary activities	52,680	25,755	26,925	104.5
Profit attributable to stapled securityholders for the year	33,725	9,235	24,490	265.2
Operating profit <sup>1</sup>	35,500	8,580	26,920	313.8

<sup>1</sup> Operating profit is a financial measure which is not prescribed by Australian Accounting Standards (AAS) and represents the profit under AAS adjusted for non-operating items. The Responsible Entity considers operating profit to reflect the core earnings of the Fund. Operating earnings is used by the Board to make strategic decisions and as a guide to assessing an appropriate distribution to declare. A reconciliation of the Fund's statutory profit to operating earnings is provided in Note 1 of the Financial Report.

	30 Jun 2022 Cents per security	30 Jun 2021 Cents per security	Movement Cents per security	Movement %
Earnings per security – Basic and diluted	24.0	6.7	17.3	258.2
Operating profit per security	25.3	6.2	19.1	308.1



## Distributions

During the financial year, distributions made by the Fund to securityholders were in the form of fully franked distributions from Active REIT. In the comparative period distributions were made as distributions from Passive REIT.

	Amount per Security (cents)	Franked amount per security (cents)	Total paid \$'000	Record date	Date of payment
September 2021 quarterly distribution – fully franked	1.5	1.5	2,098	30 September 2021	27 October 2021
December 2021 quarterly distribution – fully franked	1.5	1.5	2,110	31 December 2021	27 January 2022
March 2022 quarterly distribution – fully franked	1.5	1.5	2,110	31 March 2022	27 April 2022
June 2022 quarterly distribution – fully franked	1.5	1.5	2,111	30 June 2022	27 July 2022
<b>Total distribution for the year ended 30 June 2022</b>	<b>6.0</b>	<b>6.0</b>	<b>8,429</b>		
September 2020 quarterly distribution	1.5	0.0	2,080	30 September 2020	27 October 2020
December 2020 quarterly distribution	1.5	0.0	2,066	31 December 2020	27 January 2021
March 2021 quarterly distribution	1.5	0.0	2,066	31 March 2021	28 April 2021
June 2021 quarterly distribution	1.5	0.0	2,066	30 June 2021	28 July 2021
<b>Total distribution for the year ended 30 June 2021</b>	<b>6.0</b>	<b>0.0</b>	<b>8,278</b>		

## Net tangible asset per security

	30 Jun 2022 \$	30 Jun 2021 \$
NTA per security	1.32	1.14

## Control Gained or Lost over Entities during the year

Refer to Note 22 Controlled Entities of the Financial Report.

## Details of Associates and Joint Venture Entities

Refer to Note 12 Investments Equity Accounted of the Financial Report.

360 Capital



# 360 CAPITAL REIT

ASX:TOT

ANNUAL REPORT

For the year ended 30 June 2022

360 Capital REIT comprises 360 Capital Passive REIT (ARSN 602 304 432)  
360 Capital Active REIT (ARSN 602 303 613)

## General information

The financial report of 360 Capital REIT (Consolidated Entity or Fund) comprises the consolidated financial statements of 360 Capital Passive REIT (Passive REIT) (ARSN 602 304 432) and its controlled entities and 360 Capital Active REIT (Active REIT) (ARSN 602 303 613) and its controlled entities. 360 Capital REIT is an Australian Securities Exchange (ASX) listed stapled security comprising 360 Capital Passive REIT and 360 Capital Active REIT trading as 360 Capital REIT (ASX: TOT).

The Responsible Entity of the Fund is 360 Capital FM Limited (ABN 15 090 664 396) (AFS License No. 221474). The registered office and the principal place of business is Suite 3701, Level 37, 1 Macquarie Place, Sydney NSW 2000 Australia. The nature of operations and principal activities of the Fund are disclosed in the Responsible Entity report.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 August 2022. The directors have the power to amend and reissue the financial statements.

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AVENUE

360 Capital REIT  
Responsible entity report  
For the year ended 30 June 2022

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The Directors of 360 Capital FM Limited (CFML) (ABN 15 090 664 396) (AFSL No 221474), the Responsible Entity, present their report together with the financial report of 360 Capital REIT (Fund or consolidated entity) (ASX: TOT) for the year ended 30 June 2022. 360 Capital REIT comprises 360 Capital Passive REIT (Parent Entity or Passive REIT) and its controlled entities and 360 Capital Active REIT (Active REIT) and its controlled entities.

**Directors**

The following persons were directors of 360 Capital FM Limited during the reporting period and up to the date of this report, unless otherwise stated:

**Tony Robert Pitt (Executive Chairman)**

**David van Aanholt (Deputy Chairman)**

**William John Ballhausen**

**Andrew Graeme Moffat**

**Anthony Gregory McGrath (Appointed on 1 March 2022)**

**Principal activities**

The Fund listed on the Australian Securities Exchange (ASX) in April 2015 as a unique fund investing in various forms of real estate assets.

The Fund has since refined its strategy to invest in real estate equity and is focused on acquiring a diversified portfolio of well leased, income producing commercial real estate assets across Australia and New Zealand.

Operating and financial overview

Key financial highlights for the year ended 30 June 2022

Statutory net profit

**\$33.7m**

(2021: \$9.2 million)

Statutory net profit of \$33.7 million represents a 265.2% increase on the prior year, primarily contributed to by the \$38.6 million fair value gain on the Irongate Group (ASX: IAP) (Irongate) investment.

Operating profit

**\$35.5m**

(2021: \$8.6 million)

Operating profit<sup>1</sup> of \$35.5 million (equating to 25.3cps) includes operating gain recognised of \$41.7 million on the Irongate investment.

Distributions per security

**6.0cps**

(2020: 6.0 cps)

The Fund continues to maintain consistent income distributions of 6.0 cps for the year in line with the prior year.

ASX closing price

**\$0.775**

per security

(Jun 2021: \$0.995)

The Fund's closing price of \$0.775 per security was down from \$0.995 per security as at 30 June 2021.

<sup>1</sup> Operating profit is a financial measure which is not prescribed by Australian Accounting Standards (AAS) and represents the profit under AAS adjusted for non-operating items. The Responsible Entity considers operating profit to reflect the core earnings of the Fund and it is used as a guide to assess the Fund's ability to pay distributions to securityholders. The operating profit information in the table has not been subject to any specific audit procedures by the Fund's auditor but has been extracted from Note 1: Segment reporting.



## Key operational achievements for the year ended 30 June 2022

Operating gain on  
Irongate Investment

**\$41.7m**

The Fund recognised an operating gain<sup>1</sup> on the Irongate investment of \$41.7 million or 29.7cps, before tax and transaction costs, and realised \$165.3 million in proceeds from the Scheme of Arrangement, settled in July 2022.

Investment Property  
Portfolio

**\$257.5m**

Post balance date, the Fund has settled on the acquisition of 2 Investment properties acquired from the Irongate Group and is due to settle on the 3rd property in September 2022 with a total value of \$257.5m

### Financial overview

The Fund's statutory profit attributable to securityholders for the year was \$33.7 million (2021: \$9.2 million). The operating profit for the year was \$35.5 million (2021: \$8.6 million). The Fund's statutory balance sheet as at 30 June 2022 had gross assets of \$201.8 million (2021: \$168.3 million).

### Significant transactions

#### Investment in Irongate Group

The Fund held a 12.8% stake in Irongate Group (ASX: IAP) (Irongate) valued at \$165.3 million as at 30 June 2022. Irongate is a diversified real estate investor with \$1.59 billion of real estate assets on balance sheet and a third-party funds management platform. Irongate owns office and industrial assets across major metro markets and established precincts in Australia and New Zealand.

On 28 January 2022, 360 Capital Group (ASX: TGP) (TGP), 360 Capital REIT and Charter Hall Group (ASX: CHC) (Charter Hall) entered into a Memorandum of Understanding (MOU) under which Charter Hall submitted an indicative and non-binding proposal to acquire all of the stapled securities in Irongate including TOT's and TGP's combined 19.9% stake, by way of an agreed trust scheme, and to sell to TGP and TOT certain assets of Irongate.

Following a period of due diligence, Charter Hall announced that a Charter Hall managed partnership comprising Dutch pension fund PGGM and Charter Hall had entered into a Scheme Implementation Agreement (SIA) with Irongate to acquire all IAP stapled securities by way of inter-conditional trust schemes, subject to certain conditions. Under the terms of the SIA, Irongate securityholders received \$1.90 cash per IAP stapled security and were entitled to retain the distribution for the period ending 31 March 2022 of up to 4.67 cents per IAP stapled security.

On 19 May 2022, Irongate released the Scheme Booklet for the securityholder meetings to consider and vote on the resolutions required to be passed by IAP securityholders to implement the Proposal. On 29 June 2022, the Scheme Meetings were held and the resolutions to approve the Proposal were passed by the requisite majorities of IAP securityholders. On the same date, FIRB approval was obtained.

On 5 July 2022, being the second court date, the judicial advice in relation to implementation of the Proposal was also received, at which time, all conditions precedent has been satisfied. On 15 July 2022, the Scheme was implemented, and the sale proceeds were paid to the IAP securityholders.

The Fund received cash consideration of \$165.3 million for its 86.98 million IAP stapled securities on 15 July 2022. The cash consideration along with a new debt facility entered into in July 2022 for \$105.0 million was used to acquire the properties below:

- 38 Sydney Ave, Forrest ACT for a gross purchase price of \$81.7 million, settled on 28 July 2022;
- 510 Church Street, Cremorne VIC for a gross purchase price of \$135.0 million (50% of ownership), settled on 12 August 2022; and
- 34 Southgate Ave, Cannon Hill QLD for a gross purchase price of \$40.8 million, expected to settle in September 2022.

#### PMG Funds

In February 2021, TOT entered into a 50% joint venture with PMG Group (PMG) for consideration of NZ\$17.5 million. PMG is a New Zealand based diversified commercial real estate funds management business, established in 1992. On 29 April 2022, the Fund proposed to sell its 50% interest in PMG to TGP at a cash consideration of NZ\$21.9 million, however prior to the approval and completion of this transaction the Fund received an alternative proposal to acquire its stake in PMG.

On 20 June 2022, TOT entered into a Memorandum of Understanding with a New Zealand based purchaser for the disposal TOT's 50% interest in PMG Holdings Limited at a slight premium to TGP's proposal, the purchaser was granted a six-week exclusivity period.

On 29 July 2022, the Fund entered into an unconditional Share Sale Agreement with a consortium consisting of existing PMG management and a New Zealand based private equity firm for the disposal of TOT's 50% interest in PMG. The purchase price was NZ\$22.0 million, plus 50% of PMG's NTA, with exchange and completion occurring on 29 July 2022, as part of the sale NZ\$17.0 million of the consideration was deferred and was received on 19 August 2022..

#### Exit of non-core joint ventures

The Fund previously held a 50% stake in a joint venture company, TGPTOT JV Pty Limited which held a 19.9% strategic stake in Dealt Holdings Limited (Dealt) (previously Velocity Property Group). Dealt was an ASX listed boutique property development company that pivoted towards commercial real estate finance origination, which delisted in September 2021. On 8 October 2021, the Fund's joint venture partner TGP bought out the Fund's 50% stake in TGPTOT JV Pty Limited for \$0.6 million.

The Fund also disposed of its 50% stake in another joint venture, AMF Finance Pty Limited to TGP for \$0.1 million in November 2021.

360 Capital REIT  
Responsible entity report  
For the year ended 30 June 2022

**Capital management**

The Fund issued 2,943,934 additional securities during the year (2021: Nil) and raised \$2.8 million in capital through activating its Distribution Reinvestment Plan (DRP) for the June 2021 and September 2021 quarterly distributions. The Fund also activated the DRP for its June 2022 quarterly distribution issuing 1,003,732 securities and raising a further \$0.8 million in July 2022.

In July 2022 the Fund entered into a \$105.0 million, 3 year debt facility with a major Australian bank to assist with the finance of the 3 Irongate investment properties.

**Strategy and operating environment**

**Impact of COVID-19 on the consolidated entity**

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. Although society has already adapted significantly to deal with COVID-19 through various measures such as vaccinations, social distancing, and economic stimulus, the future social, medical and economic impacts worldwide are unknown as the pandemic situation continues to evolve.

**Investment strategy**

Through the post period acquisition of 3 modern investment properties the Fund is well progressed on executing on its strategy of investing in real estate equity. TOT's strategy continues to focus on generating recurring income from real estate equity investments.

**Outlook**

TOT remains focused on closing the gap between trading price and NTA through continued promoting of market awareness of TOT, potential capital management initiatives and execution of TOT's real estate equity strategy as it continues to transition toward a more traditional AREIT.

**Distributions**

During the financial year, distributions made by the Fund to securityholders were in the form of fully franked distributions from Active REIT. In the comparative period distributions were made as distributions from Passive REIT. Distributions paid or payable during the year were as follows:

Distribution period	Date of payment	Amount per security (cents)	30 June 2022 \$'000	30 June 2021 \$'000
September 2020 quarterly distribution	27/10/2020	1.50	-	2,080
December 2020 quarterly distribution	27/01/2021	1.50	-	2,066
March 2021 quarterly distribution	28/04/2021	1.50	-	2,066
June 2021 quarterly distribution	28/07/2021	1.50	-	2,066
September 2021 quarterly distribution - fully franked	27/10/2021	1.50	2,098	-
December 2021 quarterly distribution - fully franked	27/01/2022	1.50	2,110	-
March 2022 quarterly distribution - fully franked	27/04/2022	1.50	2,110	-
June 2022 quarterly distribution - fully franked	27/07/2022	1.50	2,111	-
			<b>8,429</b>	<b>8,278</b>

**Significant changes in the state of affairs**

Other than the matters described above, there were no significant changes in the state of affairs of the consolidated entity during the year.

**Likely developments and expected results of operations**

The Fund will continue to invest in real estate based activities and actively manage a diversified portfolio of investments as in line with the Funds stated strategy.

**Number of interests on issue**

As at 30 June 2022 the number of securities on issue in the Fund was 140,683,691 (2021: 137,739,757).

**Buy back arrangements**

As detailed in the Fund constitution, the Responsible Entity is not under any obligation to buy back, purchase or redeem units from stapled securityholders. During the year ended 30 June 2022 there were no security buy backs (2021: 1,060,524 units at an average price of \$0.874).

**Environmental regulation**

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

**Matters subsequent to the end of the financial year**

Other than the matters referred to above in relation to the settlement of the disposal of the Irongate securities in July 2022, with proceeds, together with a \$105.0 million debt facility used for the subsequent acquisition of the 3 investment properties from the Irongate portfolio and the sale of the Funds 50% stake in PMG, no other matter or circumstance has arisen since 30 June 2022 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 year.

**Distribution Reinvestment Plan**

During the year the Fund activated its DRP for the June 2021, which was fully underwritten, and September 2021 quarterly distributions, with 2,144,305 and 799,629 securities issued at an issue price of \$0.96 and \$0.87 per unit respectively. The DRP was also activated in relation to the June 2022 quarterly distribution and in July 2022 the Fund issued 1,003,732 securities at a price of \$0.78.

**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 directors' report.

**Indemnity and insurance of officers**

During or since the end of the financial year, the Responsible Entity has paid insurance premiums to insure each of the aforementioned directors as well as officers of the Responsible Entity of the Fund against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity of the Responsible Entity, other than conduct involving a wilful breach of duty in relation to the Responsible Entity. Insurance premiums are paid out of 360 Capital Group and not out of the assets of the Fund. The Responsible Entity has not otherwise, during or since the end of the financial year indemnified or agreed to indemnify an officer of the Responsible Entity.

**Indemnity and insurance of auditor**

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, 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 end of the financial year.

**Non-audit services**

The Fund's auditor, Ernst & Young Australia provided non-audit services to the Fund during the year. Details of these services are provided in Note 26. 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.

**Stapled group report**

360 Capital REIT is an entity of the kind referred to in ASIC Corporations (Stapled Group Reports) Instrument 2015/838 issued by the Australian Securities and Investments Commission (ASIC). In accordance with that Instrument, amounts in the annual financial report and Responsible Entity report include the consolidated results of 360 Capital REIT alongside the result of the Active REIT presented in adjacent columns.

**Rounding of amounts**

360 Capital REIT 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 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Tony Robert Pitt  
Executive Chairman



David van Aanholt  
Deputy Chairman

24 August 2022



**Building a better  
working world**

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## **Auditor's Independence Declaration to the Directors of 360 Capital FM Limited as Responsible Entity for 360 Capital REIT and 360 Capital Active REIT**

As lead auditor for the audit of the financial reports of 360 Capital REIT and 360 Capital Active REIT for the financial year ended 30 June 2022, 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.
- c) No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit

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

Ernst & Young

Douglas Bain  
Partner  
24 August 2022

360 Capital REIT  
Consolidated statements of profit or loss and other comprehensive income  
For the year ended 30 June 2022

		Consolidated		Active REIT	
	Note	30 June 2022	30 June 2021	30 June 2022	30 June 2021
		\$'000	\$'000	\$'000	\$'000
<b>Income</b>					
Finance Revenue	3	208	1,873	198	726
Distribution from property funds	3	7,950	3,682	7,950	3,682
Sale of Inventory		3,020	10,058	3,020	10,058
Underwriting fee income		273	279	273	279
<b>Total revenue from continuing operations</b>		<b>11,451</b>	<b>15,892</b>	<b>11,441</b>	<b>14,745</b>
Share of profits of associates accounted for using the equity method		1,344	902	1,344	902
Net fair value gain on financial assets		39,710	3,031	39,721	2,780
Net gain on foreign exchange		29	445	29	445
Reversal of loss allowance on financial assets		66	109	65	59
Net gain on disposal of financial assets	9,12	80	5,354	37	5,354
Other income		-	22	-	22
<b>Total revenue from continuing operations and other income</b>		<b>52,680</b>	<b>25,755</b>	<b>52,637</b>	<b>24,307</b>
<b>Expenses</b>					
Cost of sales		(2,835)	(9,002)	(2,835)	(9,002)
Other expenses		(167)	(406)	(167)	(406)
Transaction costs		(388)	(726)	(355)	(726)
Administration expenses		(425)	(549)	(265)	(340)
Management fees		(1,230)	(3,428)	(1,197)	(2,842)
Finance costs		(2)	-	(2)	-
<b>Total expenses</b>		<b>(5,047)</b>	<b>(14,111)</b>	<b>(4,821)</b>	<b>(13,316)</b>
<b>Profit before income tax expense</b>		<b>47,633</b>	<b>11,644</b>	<b>47,816</b>	<b>10,991</b>
Income tax expense	4	(13,908)	(2,409)	(13,908)	(2,409)
<b>Profit after income tax expense for the year attributable to the securityholders of 360 Capital REIT</b>		<b>33,725</b>	<b>9,235</b>	<b>33,908</b>	<b>8,582</b>
Other comprehensive income for the year, net of tax		-	-	-	-
<b>Total comprehensive income for the year attributable to the securityholders of 360 Capital REIT</b>		<b>33,725</b>	<b>9,235</b>	<b>33,908</b>	<b>8,582</b>
Total comprehensive income attributable to:					
		Consolidated		Active REIT	
		30 June 2022	30 June 2021	30 June 2022	30 June 2021
Unitholders of 360 Capital Passive REIT		(183)	653	-	-
Unitholders of 360 Capital Active REIT		33,908	8,582	33,908	8,582
		<b>33,725</b>	<b>9,235</b>	<b>33,908</b>	<b>8,582</b>
		<b>Cents</b>		<b>Cents</b>	
Basic earnings per security	27	24.0	6.7		
Diluted earnings per security	27	24.0	6.7		

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

360 Capital REIT  
Consolidated statements of financial position  
As at 30 June 2022

		Consolidated		Active REIT	
	Note	30 June 2022	30 June 2021	30 June 2022	30 June 2021
		\$'000	\$'000	\$'000	\$'000
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		10,839	15,605	8,917	540
Receivables	5	546	819	535	803
Inventories	7	-	2,835	-	2,835
Financial assets at fair value through profit or loss	8	166,719	6,111	166,719	6,111
Assets held for sale	6	18,892	-	18,892	-
Loans receivable at amortised cost	10	-	3,160	-	3,160
<b>Total current assets</b>		<b>196,996</b>	<b>28,530</b>	<b>195,063</b>	<b>13,449</b>
<b>Non-current assets</b>					
Investments accounted for using the equity method	12	-	19,826	-	19,826
Financial assets at fair value through profit or loss	9	4,771	116,055	4,771	116,055
Financial assets at amortised cost	11	-	3,865	-	3,865
<b>Total non-current assets</b>		<b>4,771</b>	<b>139,746</b>	<b>4,771</b>	<b>139,746</b>
<b>Total assets</b>		<b>201,767</b>	<b>168,276</b>	<b>199,834</b>	<b>153,195</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	13	502	2,858	433	2,561
Borrowings	15	-	-	119,416	106,664
Provision for Income tax		216	1,505	216	1,505
Distribution payable		2,110	2,066	2,110	-
<b>Total current liabilities</b>		<b>2,828</b>	<b>6,429</b>	<b>122,175</b>	<b>110,730</b>
<b>Non-current liabilities</b>					
Trade and other payables	13	-	3,934	-	3,934
Deferred tax liabilities	14	13,827	835	13,827	835
<b>Total non-current liabilities</b>		<b>13,827</b>	<b>4,769</b>	<b>13,827</b>	<b>4,769</b>
<b>Total liabilities</b>		<b>16,655</b>	<b>11,198</b>	<b>136,002</b>	<b>115,499</b>
<b>Net assets attributable to unitholders</b>		<b>185,112</b>	<b>157,078</b>	<b>63,832</b>	<b>37,696</b>
<b>Equity</b>					
Issued capital	16	182,327	179,589	25,197	24,540
Retained profits/(accumulated losses)		2,785	(22,511)	38,635	13,156
<b>Total equity</b>		<b>185,112</b>	<b>157,078</b>	<b>63,832</b>	<b>37,696</b>

The above consolidated statements of financial position should be read in conjunction with the accompanying notes

360 Capital REIT  
Consolidated statements of changes in equity  
For the year ended 30 June 2022

<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Reserves \$'000</b>	<b>Retained profits \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2020	180,518	-	(23,467)	157,051
Profit after income tax expense for the year	-	-	9,235	9,235
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	9,235	9,235
<i>Transactions with securityholders in their capacity as securityholders:</i>				
Securities bought back	(927)	-	-	(927)
Equity raising transaction costs	(2)	-	-	(2)
Distributions	-	-	(8,279)	(8,279)
<b>Balance at 30 June 2021</b>	<b>179,589</b>	<b>-</b>	<b>(22,511)</b>	<b>157,078</b>
<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Reserves \$'000</b>	<b>Retained profits \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2021	179,589	-	(22,511)	157,078
Profit after income tax expense for the year	-	-	33,725	33,725
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	33,725	33,725
<i>Transactions with securityholders in their capacity as securityholders:</i>				
Distribution reinvestment plan	2,757	-	-	2,756
Transaction cost incurred	(19)	-	-	(19)
Distributions	-	-	(8,429)	(8,428)
<b>Balance at 30 June 2022</b>	<b>182,327</b>	<b>-</b>	<b>2,785</b>	<b>185,112</b>

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes



360 Capital REIT  
Consolidated statements of changes in equity  
For the year ended 30 June 2022

<b>Active REIT</b>	<b>Issued capital \$'000</b>	<b>Reserves \$'000</b>	<b>Retained profits \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2020	24,713	-	4,574	29,287
Profit after income tax expense for the year	-	-	8,582	8,582
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	8,582	8,582
<i>Transactions with securityholders in their capacity as securityholders:</i>				
Securities bought back and cancelled	(172)	-	-	(172)
Equity raising transaction costs	(1)	-	-	(1)
<b>Balance at 30 June 2021</b>	<b>24,540</b>	<b>-</b>	<b>13,156</b>	<b>37,696</b>
<b>Active REIT</b>	<b>Issued capital \$'000</b>	<b>Reserves \$'000</b>	<b>Retained profits \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2021	24,540	-	13,156	37,696
Profit after income tax expense for the year	-	-	33,908	33,908
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	33,908	33,908
<i>Transactions with securityholders in their capacity as securityholders:</i>				
Distribution reinvestment plan	662	-	-	660
Transaction cost incurred	(5)	-	-	(4)
Distributions	-	-	(8,429)	(8,428)
<b>Balance at 30 June 2022</b>	<b>25,197</b>	<b>-</b>	<b>38,635</b>	<b>63,832</b>

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes

360 Capital REIT  
Consolidated statements of cash flows  
For the year ended 30 June 2022

		Consolidated		Active REIT	
	Note	30 June 2022	30 June 2021	30 June 2022	30 June 2021
		\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>					
Receipts from customers (inclusive of GST)		3,309	10,277	3,309	10,277
Payments to suppliers and employees (inclusive of GST)		(4,462)	(2,110)	(4,015)	(1,502)
Dividends and distributions received		9,671	3,621	9,671	3,621
Finance revenue		320	2,659	311	613
Interest and other finance costs paid		(2)	-	(2)	-
Income taxes paid		(2,206)	(1,401)	(2,207)	(1,401)
Net cash from operating activities	17	<b>6,630</b>	13,046	<b>7,067</b>	11,608
<b>Cash flows from investing activities</b>					
Payments for financial assets		(18,237)	(134,629)	(17,798)	(137,925)
Payment for equity accounted investments		(41)	(13,663)	(41)	(13,663)
Loans receivable provided		-	(3,890)	-	(3,890)
Proceeds from disposal of financial assets		8,700	38,655	8,229	38,657
Proceeds from disposal of equity accounted investments		630	-	630	-
Loans receivable repaid		3,200	48,491	3,200	6,800
Payment of transaction costs		-	(625)	-	(625)
Net cash used in investing activities		<b>(5,748)</b>	(65,661)	<b>(5,780)</b>	(110,646)
<b>Cash flows from financing activities</b>					
Proceeds from issue of securities	16	1,434	-	-	-
Payments for security buy-backs		-	(927)	-	(172)
Security issue transaction costs		(20)	(2)	(5)	-
Distributions paid	2	(7,062)	(9,335)	(5,657)	-
Repayment of borrowings		-	-	12,752	97,636
Net cash from/(used in) financing activities		<b>(5,648)</b>	(10,264)	<b>7,090</b>	97,464
Net increase/(decrease) in cash and cash equivalents		(4,766)	(62,879)	8,377	(1,574)
Cash and cash equivalents at the beginning of the financial year		15,605	78,484	540	2,114
<b>Cash and cash equivalents at the end of the financial year</b>		<b>10,839</b>	15,605	<b>8,917</b>	540

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes

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360 Capital REIT  
Notes to the consolidated financial statements  
For the year ended 30 June 2022

**Note 1. Operating segments**

*Identification of reportable operating segments*

The Fund invests solely in the property sector within Australia and New Zealand.

The Chief Operating Decision Maker, being the Executive Chairman of the Responsible Entity, monitors the performance and results of the Fund at a consolidated Fund level. As a result, the Fund has only one segment and no segment information is reported for the Active REIT.

Operating profit is a financial measure which is not prescribed by AAS and represents the profit under AAS adjusted for non-operating items which management consider to reflect the core earnings of the Fund and is used as a guide to assess the Fund's ability to pay distributions to stapled securityholders. 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.

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

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Profit attributable to stapled securityholders of the Fund</b>	<b>33,725</b>	9,235
<b>Non-operating items</b>		
Net loss on disposal of financial assets	-	(5,355)
Net gain on fair value of financial assets <sup>1</sup>	(39,710)	(3,031)
Loss allowance on loans receivable	(65)	(109)
Non-operating share of profits of equity accounted investment	42	387
Transaction and acquisition costs	524	987
Tax expense on non-operating items	(700)	348
Performance fees	-	2,378
Realised foreign exchange gain	(50)	(449)
Unrealised foreign exchange loss	21	4
Distributable gain <sup>1,2</sup>	41,713	4,185
<b>Operating profit (profit before non-operating items)<sup>3</sup></b>	<b>35,500</b>	<b>8,580</b>
Weighted average number of stapled securities ('000)	140,266	138,125
<b>Operating profit (profit before non-operating items) per stapled security - cents</b>	<b>25.3</b>	<b>6.2</b>

1. 360 Capital REIT recognised an operating gain of \$41.7million relating to the Scheme of Arrangement (SOA) between Charter Hall and Irongate Group (ASX: IAP) approved by securityholder of Irongate Group on 29 June 2022. At 30 June 2022 all substantial conditions precedent relating to the SOA had been satisfied including a satisfactory Independent Expert Report, securityholder approval, FIRB and New Zealand Overseas Investment Office approval and only the Second Judicial Advice was outstanding which was subsequently received on 5 July 2022. Settlement of the sale of the IAP securities under the SOA occurred on 15 July 2022.

2. Distributable (taxable) gain realised on disposal of Peet Limited (ASX: PPC) securities.

3. 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 Responsible Entity considers operating profit to reflect the core earnings of the Fund and it is used as a guide to assess the Fund's ability to pay distributions to securityholders. The operating profit information in the table has not been subject to any specific audit or review procedures by the Fund's auditor.

360 Capital REIT  
Notes to the consolidated financial statements  
For the year ended 30 June 2022

**Note 2. Distributions**

During the financial year, distributions made by the Fund to securityholders were in the form of fully franked distributions from Active REIT. In the comparative period distributions were made as distributions from Passive REIT. Distributions paid or payable during the year were as follows:

Distribution period	Date of payment	Amount per security (cents)	30 June 2022 \$'000	30 June 2021 \$'000
September 2020 quarterly distribution	27/10/2020	1.50	-	2,080
December 2020 quarterly distribution	27/01/2021	1.50	-	2,066
March 2021 quarterly distribution	28/04/2021	1.50	-	2,066
June 2021 quarterly distribution	28/07/2021	1.50	-	2,066
September 2021 quarterly distribution - fully franked	27/10/2021	1.50	2,098	-
December 2021 quarterly distribution - fully franked	27/01/2022	1.50	2,110	-
March 2022 quarterly distribution - fully franked	27/04/2022	1.50	2,110	-
June 2022 quarterly distribution - fully franked	27/07/2022	1.50	2,111	-
			<b>8,429</b>	<b>8,278</b>

**Note 3. Revenue**

	Consolidated		Active REIT	
	30 June 2022 \$'000	30 June 2021 \$'000	30 June 2022 \$'000	30 June 2021 \$'000
<b>Finance income</b>				
Interest income - cash at bank	37	244	27	22
Interest income - loans receivable	171	1,629	171	704
	<b>208</b>	<b>1,873</b>	<b>198</b>	<b>726</b>

	Consolidated		Active REIT	
	30 June 2022 \$'000	30 June 2021 \$'000	30 June 2022 \$'000	30 June 2021 \$'000
<b>Distribution income</b>				
Distributions received - listed investments	7,855	3,466	7,855	3,466
Distributions received - unlisted investments	95	216	95	216
	<b>7,950</b>	<b>3,682</b>	<b>7,950</b>	<b>3,682</b>

360 Capital REIT  
Notes to the consolidated financial statements  
For the year ended 30 June 2022

**Note 4. Income tax expense**

	Consolidated		Active REIT	
	30 June 2022 \$'000	30 June 2021 \$'000	30 June 2022 \$'000	30 June 2021 \$'000
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>				
Profit before income tax expense	47,633	11,644	47,816	10,991
Tax at the statutory tax rate of 25% (2021: 26%)	11,908	3,027	11,954	2,858
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:				
Trust income exempt from income tax	55	(170)	-	-
Transaction costs	-	163	-	163
Equity accounted profits	(335)	(234)	(335)	(234)
Tax-deferred distributions	3	(215)	3	(215)
Franked dividends gross up	-	54	-	54
Other tax adjustments	(65)	(51)	(56)	(52)
Fair value gain on investment subject to 30% tax rate	2,231	-	2,231	-
	13,797	2,574	13,797	2,574
Prior year temporary differences not recognised now recognised	(39)	(2)	(39)	(2)
Adjustment for current tax of prior years	150	44	150	44
Tax offsets and rebates	-	(207)	-	(207)
<b>Income tax expense</b>	<b>13,908</b>	<b>2,409</b>	<b>13,908</b>	<b>2,409</b>

**Note 5. Receivables**

	Consolidated		Active REIT	
	30 June 2022 \$'000	30 June 2021 \$'000	30 June 2022 \$'000	30 June 2021 \$'000
<i>Current assets</i>				
Trade receivables	440	456	440	456
GST Receivable	75	157	72	154
	515	613	512	610
Prepayments	15	28	7	15
Dividends receivable	16	65	16	65
Interest receivable	-	113	-	113
	<b>546</b>	<b>819</b>	<b>535</b>	<b>803</b>

*a) Allowance for expected credit losses*

During the year, the Fund made a Nil (2021: Nil) ECL provision in respect of impairment under AASB 9 as this number is considered immaterial to the Fund.

*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 20 for more information on the risk management policy of the Fund.

360 Capital REIT  
Notes to the consolidated financial statements  
For the year ended 30 June 2022

**Note 6. Assets held for sale**

	Consolidated		Active REIT	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	\$'000	\$'000	\$'000	\$'000
<i>Current assets</i>				
Assets held for sale	18,892	-	18,892	-

Reconciliation of movements in assets held for sale for the year are as follows:

	Consolidated		Active REIT	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	\$'000	\$'000	\$'000	\$'000
<b>PMG Holdings Limited</b>				
Opening balance – 1 July	-	-	-	-
Reclassification from investments accounted for using the equity method	18,892	-	18,892	-
	18,892	-	18,892	-

On 29 April 2022, the Fund proposed to sell its 50% interest in PMG to TGP at a cash consideration of NZ\$21.9 million, however prior to the approval and completion of this transaction the Fund received an alternative proposal to acquire its stake in PMG. On 20 June 2022, TOT entered into a Memorandum of Understanding with a New Zealand based purchaser for the acquisition of TOT's 50% interest in PMG Holdings Limited at a slight premium to TGP's proposal, the purchaser was granted a six-week exclusivity period.

Subsequent to reporting date, in July 2022, the Fund entered into an unconditional Share Sale Agreement with a consortium consisting of existing PMG management and a New Zealand based private equity firm for the acquisition of TOT's 50% interest in PMG. The purchase price was NZ\$22.0 million, plus 50% of PMG's NTA, with exchange and completion occurring on 29 July 2022, as part of the sale NZ\$17.0 million of the consideration was deferred and was received on 19 August 2022.

**Note 7. Inventories**

	Consolidated		Active REIT	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	\$'000	\$'000	\$'000	\$'000
<i>Current assets</i>				
Gladesville apartments	-	2,835	-	2,835

In the financial year 2020, the Fund acquired 23 brand new strata titled apartments in Gladesville, NSW for a total purchase price of \$16.5 million. The apartments comprise a combination of one, two and three- bedroom apartments. During the year, the last 3 apartments were settled. As at 30 June 2022, all 23 apartments have been settled.

The carrying value of inventory includes associated acquisition costs including stamp duty.

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

	Consolidated		Active REIT	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July	2,835	11,838	2,835	11,838
Cost of goods sold during the period	(2,835)	(9,003)	(2,835)	(9,003)
<b>Closing balance</b>	-	2,835	-	2,835

**Note 8. Financial assets at fair value through profit or loss – current**

	Consolidated		Active REIT	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	\$'000	\$'000	\$'000	\$'000
<i>Current assets</i>				
Investments in listed securities	165,256	-	165,256	-
Investments in unlisted securities	1,463	6,111	1,463	6,111
	<b>166,719</b>	<b>6,111</b>	<b>166,719</b>	<b>6,111</b>
<i>Reconciliation</i>				
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:				
Balance at 1 July	6,111	11,021	6,111	11,021
Additions	7,286	2,786	7,286	2,786
Disposals	(8,183)	(7,727)	(8,183)	(7,727)
Fair value adjustment of financial assets	(3)	31	(3)	31
Reclassification from financial assets at fair value through profit or loss – non current	165,256	-	165,256	-
Reclassification to financial assets at fair value through profit or loss – non current	(3,748)		(3,748)	
<b>Closing fair value</b>	<b>166,719</b>	<b>6,111</b>	<b>166,719</b>	<b>6,111</b>

The investments in listed securities at 30 June 2022 of \$165.3 million relate to Irongate Group (ASX: IAP) representing 86,976,694 securities valued at \$1.90 per security. On 28 January 2022, 360 Capital Group (ASX: TGP), the Fund and Charter Hall Group (ASX: CHC) (Charter Hall) entered into a Memorandum of Understanding (MOU) under which Charter Hall submitted an indicative and non-binding proposal to acquire all of the stapled securities in Irongate including TOT's and TGP's combined 19.9% stake, by way of an agreed trust scheme, and to sell to TGP and TOT certain assets of Irongate.

Following a period of due diligence, Charter Hall announced that a Charter Hall managed partnership comprising Dutch pension fund PGGM and Charter Hall had entered into a Scheme Implementation Agreement (SIA) with Irongate to acquire all IAP stapled securities by way of inter-conditional trust schemes, subject to certain conditions. Under the terms of the SIA, Irongate securityholders receive \$1.90 cash per IAP stapled security and were entitled to retain the distribution for the period ending 31 March 2022 of up to 4.67 cents per IAP stapled security.

On 19 May 2022, Irongate released the Scheme Booklet for the securityholder meetings to consider and vote on the resolutions required to be passed by IAP securityholders to implement the Proposal. On 29 June 2022, the Scheme Meetings were held and the resolutions to approve the Proposal were passed by the requisite majorities of IAP securityholders. On the same date, FIRB approval was obtained.

On 5 July 2022, being the second court date, the judicial advice in relation to implementation of the Proposal was also received, at which time, all conditions precedent has been satisfied. On 15 July 2022, the Scheme was implemented, and the sale proceeds were paid to the securityholders.

Refer to note 21 for further information on fair value measurement.



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Notes to the consolidated financial statements  
For the year ended 30 June 2022

**Note 9. Financial assets at fair value through profit or loss – non current**

	Consolidated		Active REIT	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	\$'000	\$'000	\$'000	\$'000
<i>Non-current assets</i>				
Investments in unlisted securities - non current	4,771	116,055	4,771	116,055
<i>Reconciliation</i>				
Reconciliation of the fair values at the beginning and end of the current and previous periods are set out below:				
Balance at 1 July	116,055	6,305	116,055	3,260
Additions through market	10,962	132,288	10,524	135,584
Disposals through market	(471)	(30,929)	-	(30,929)
Gain on sale of financial asset	44	-	-	-
Fair value adjustment of financial assets	39,689	3,036	39,700	3,036
Realised gain on disposal of financial assets	-	5,355	-	5,104
Reclassification to financial assets at fair value through profit or loss – current	(165,256)	-	(165,256)	-
Reclassification from financial assets at fair value through profit or loss – current	3,748	-	3,748	-
<b>Closing fair value</b>	<b>4,771</b>	<b>116,055</b>	<b>4,771</b>	<b>116,055</b>

Refer to note 21 for further information on fair value measurement.

**Note 10. Loans receivable at amortised cost**

	Consolidated		Active REIT	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	\$'000	\$'000	\$'000	\$'000
<i>Current assets</i>				
Secured loans	-	3,200	-	3,200
Provision for expected credit losses	-	(40)	-	(40)
<b>Total current</b>	<b>-</b>	<b>3,160</b>	<b>-</b>	<b>3,160</b>

Loans receivable are initially recognised at fair value and subsequently carried at amortised cost in accordance with AASB 9. During the financial year, the full balance of loans receivable has been repaid, and a gain equal to the previous provision for expected credit losses has been recognised in the statement of profit or loss.

**Note 11. Financial assets at amortised cost**

	Consolidated		Active REIT	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	\$'000	\$'000	\$'000	\$'000
<i>Non-current assets</i>				
Non-current loans receivable	-	3,890	-	3,890
Provision for expected credit losses - non-current loans receivable	-	(25)	-	(25)
	-	3,865	-	3,865

*Reconciliation*

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

Opening carrying value	3,865	-	3,865	-
Loan granted	-	3,890	-	3,890
Repayment of loan	(3,912)	-	(3,912)	-
Foreign exchange adjustment	22	-	22	-
Impairment of assets	25	(25)	25	(25)
Closing fair value	-	3,865	-	3,865

This has been fully offset against the contingent consideration of the PMG acquisition during the year, refer to note 12.

**Note 12. Investments accounted for using the equity method**

	Consolidated		Active REIT	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	\$'000	\$'000	\$'000	\$'000
<i>Non-current assets</i>				
Investment in Assoc/JV - AMF	-	82	-	82
Investment in Assoc/JV - TGP TOT JV Pty Ltd	-	574	-	574
Investment in Assoc/JV - PMG Holdings Limited	-	19,170	-	19,170
	-	19,826	-	19,826

During the financial year, the Fund disposed of non-core holdings in joint ventures AMF Finance Pty Limited and TGP TOT JV Pty Limited. These investments were sold to the joint venture partner 360 Capital Group (ASX: TGP) which now owns 100% of these entities.

On 19 February 2021, the Fund entered into a 50% joint venture with PMG Holdings Limited (PMG), a New Zealand real estate funds management business. Consideration paid was AUD\$17.8 million, including a \$3.9 million loan to PMG equivalent to the amount of contingent consideration payable under the contract. Contingent consideration is payable to PMG shareholding upon the reaching of certain milestones under the contract.

All contingent consideration milestones were achieved during the year, \$3.9 million AUD equivalent was deemed to be payable in relation to the purchase. This was settled from the loan which was established for this purpose and therefore there was no cash impact.

In April 2022, PMG investment was reclassified to asset held for sale during the year following the Responsible Entities decision to sell the Fund's 50% stake in the company.

360 Capital REIT  
Notes to the consolidated financial statements  
For the year ended 30 June 2022

**Note 12. Investments accounted for using the equity method (continued)**

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

	Consolidated		Active REIT	
	30 June 2022 \$'000	30 June 2021 \$'000	30 June 2022 \$'000	30 June 2021 \$'000
<b>AMF Finance Pty Limited</b>				
Opening balance - 1 July	82	181	82	181
Share of equity accounted profit/(loss)	(21)	(99)	(21)	(99)
Units disposed	(61)	-	(61)	-
	-	82	-	82
<b>TGP TOT JV Pty Limited</b>				
Opening balance - 1 July	574	961	574	961
Share of equity accounted profit/(loss)	(42)	-	(42)	-
Units disposed	(568)	(387)	(532)	(387)
Gain on sale of financial asset	36	-	-	-
	-	574	-	574
<b>PMG Holdings Limited</b>				
Opening balance - 1 July	19,170	-	19,170	-
Acquisition of equity interest	-	17,783	-	17,783
Post-settlement adjustment	(12)	-	(12)	-
Share of equity accounted profit/(loss)	1,408	1,387	1,408	1,387
Dividend received during the year	(1,674)	-	(1,674)	-
Reclassification to assets held for sale	(18,892)	-	(18,892)	-
	-	19,170	-	19,170
	-	19,826	-	19,826

**Note 13. Trade and other payables**

	Consolidated		Active REIT	
	30 June 2022 \$'000	30 June 2021 \$'000	30 June 2022 \$'000	30 June 2021 \$'000
<i>Current liabilities</i>				
Trade payables and accruals	243	2,630	176	2,333
Other payables	259	228	257	228
	<b>502</b>	<b>2,858</b>	<b>433</b>	<b>2,561</b>
<i>Non-current liabilities</i>				
Deferred Consideration	-	3,934	-	3,934
	<b>502</b>	<b>6,792</b>	<b>433</b>	<b>6,495</b>

Refer to note 20 for further information on financial instruments.

As part of the 50% acquisition of PMG Holdings Limited on 19 February 2021, the Fund recognised a contingent consideration component payable to PMG shareholders upon the reaching of certain milestones under the purchase agreement. This was originally recognised at cost and has been subsequently measured at fair value. This has been fully repaid during the year, refer to note 10.

**Note 14. Deferred tax liabilities**

	Consolidated		Active REIT	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	\$'000	\$'000	\$'000	\$'000
<i>Non-current liabilities</i>				
<b>Deferred tax assets comprises temporary differences attributable to:</b>				
Accrued expenses	12	9	12	9
Business acquisition costs	132	268	132	268
	144	277	144	277
<b>Deferred tax liabilities comprises temporary differences attributable to:</b>				
Unrealised gain on investment	(13,971)	(1,112)	(13,971)	(1,112)
	(13,971)	(1,112)	(13,971)	(1,112)
<b>Net deferred tax liabilities</b>	<b>(13,827)</b>	<b>(835)</b>	<b>(13,827)</b>	<b>(835)</b>

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

	Consolidated		Active REIT	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July	(835)	(42)	(835)	(42)
Fair value movement on investments	(12,859)	(820)	(12,859)	(820)
Recognition of timing differences	(133)	27	(133)	27
<b>Closing balance</b>	<b>(13,827)</b>	<b>(835)</b>	<b>(13,827)</b>	<b>(835)</b>
Net deferred tax liabilities expected to reverse within 12 months	(13,376)	(247)	(13,376)	(247)
Net deferred tax liabilities expected to reverse after more than 12 months	(451)	(588)	(451)	(588)
	<b>(13,827)</b>	<b>(835)</b>	<b>(13,827)</b>	<b>(835)</b>

**Note 15. Borrowings**

	Consolidated		Active REIT	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	\$'000	\$'000	\$'000	\$'000
<i>Current liabilities</i>				
Due to/from TOT Passive/TOT Active	-	-	119,416	106,664

Refer to note 20 for further information on financial instruments.

**Note 16. Issued capital**

A 360 Capital REIT stapled security comprises one 360 Capital Passive REIT unit stapled to one 360 Capital Active REIT unit to create a single listed entity traded on the ASX. The stapled security cannot be traded or dealt with separately.

**Note 16. Issued capital (continued)**

**Ordinary securities**

Ordinary securities of the Fund are listed on the Australian Securities Exchange (ASX); there are no separate classes of securities and each security in the Fund has the same rights attaching to it as all other securities of Fund. Each ordinary security confers upon the securityholder an equal interest in the Fund and is of equal value to other securities in the Fund. A security does not confer upon the holder any interest in any particular asset or investment of the Fund. The rights of securityholders 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 securityholders 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 securityholders; and
- The right to participate in the termination and winding up of the Fund.

Redemption of units is not a right granted by the Constitution but may be performed at the discretion of the responsible entity.

**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.

**(a) Issued capital**

	30 June 2022 Securities '000	30 June 2021 Securities '000	30 June 2022 \$'000	Consolidated 30 June 2021 \$'000
Issued capital - trust units	140,684	137,740	182,327	179,589

  

	30 June 2022 Securities '000	30 June 2021 Securities '000	30 June 2022 \$'000	Active REIT 30 June 2021 \$'000
Issued capital - trust units	140,684	137,740	25,197	24,540

**(b) Movements in issued capital**

*Movements in issued capital - 360 Capital REIT*

Details	Date	Securities '000	Average price	\$'000
Balance	1 July 2020	138,800		180,518
Securities bought back and cancelled		(1,060)	\$0.87	(927)
Transaction costs incurred in securities buyback		-		(2)
Balance	1 July 2021	137,740		179,589
Securities issued	28 July 2021	2,144	\$0.96	2,065
Transaction costs incurred with issue of securities	28 July 2021	-		(15)
Securities issued	27 October 2021	800	\$0.86	692
Transaction costs incurred with issue of securities	27 October 2021	-		(4)
Balance	30 June 2022	<b>140,684</b>		<b>182,327</b>

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**Note 16. Issued capital (continued)**

*Movements in issued capital - 360 Capital Active REIT*

Details	Date	Securities '000	Average price	\$'000
Balance	1 July 2020	138,800		24,713
Securities bought back and cancelled		(1,060)	\$0.16	(172)
Transaction costs incurred in securities buyback				(1)
Balance	1 July 2021	137,740		24,540
Securities Issued	28 July 2021	2,144	\$0.23	496
Transaction costs incurred with issue of securities	28 July 2021	-		(4)
Securities Issued	27 October 2021	800	\$0.21	166
Transaction costs incurred with issue of securities	27 October 2021	-		(1)
Balance	30 June 2022	<b>140,684</b>		<b>25,197</b>

*Buy back*

During the year the Fund did not buy back and cancel any securities (2021: 1,060,524 units at an average price of \$0.874).

*Distribution reinvestment plan*

The Fund activated its Distribution Reinvestment Plan (DRP) for the June 2021 quarterly distribution which was fully underwritten, issuing 2,144,305 and the September 2021 issuing 799,629 securities. The DRP was also activated for the June 2022 quarterly distribution and 1,003,732 securities issued in July 2022.

**Note 17. Reconciliation of profit after income tax to net cash from operating activities**

	Consolidated 30 June 2022 \$'000	Consolidated 30 June 2021 \$'000	Active REIT 30 June 2022 \$'000	Active REIT 30 June 2021 \$'000
Profit after income tax expense for the year	33,725	9,235	33,908	8,582
Adjustments for:				
Loss allowance loans receivable	(65)	(109)	(65)	(59)
Net gain on disposal of financial assets	(81)	(5,355)	(37)	(5,355)
Net gain on fair value of financial assets	(39,710)	(3,031)	(39,721)	(2,780)
Share of equity accounted profit	(1,344)	(902)	(1,344)	(902)
Capitalised interest on loans receivable	-	854	-	-
Realised foreign exchange gain	(52)	(449)	(52)	(449)
Unrealised foreign exchange loss	21	4	21	4
Other expenses – non-cash	-	376	-	376
Acquisition and transaction costs	9	987	8	987
Change in operating assets and liabilities:				
(Increase) /decrease in receivables	1,935	(207)	1,941	(329)
Decrease in inventories	2,835	9,000	2,835	9,000
Increase /(decrease) in trade and other payables	9,357	2,643	9,573	2,533
Net cash from operating activities	<b>6,630</b>	<b>13,046</b>	<b>7,067</b>	<b>11,608</b>

**Note 18. Critical accounting judgements, estimates and assumptions**

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 18. Critical accounting judgements, estimates and assumptions (continued)**

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

The critical accounting estimates, judgements and assumptions have required additional analysis due to the COVID-19 pandemic. Given the effects of the COVID-19 global pandemic continue to unfold and the ultimate impact is still unknown, changes to estimates and assumptions used to measure assets and liabilities may arise in the future. Other than adjusting events which provide evidence of conditions which existed at the reporting date, the impact of events that arise subsequent to the reporting date will be accounted for in future reporting periods.

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:

*Financial assets at fair value through profit or loss*

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

*Income tax*

In circumstances where the Fund becomes 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 Fund may recognise liabilities based on the Fund'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.

*Recovery of deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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.

*Contingent consideration*

The contingent consideration liability is the difference between the total purchase consideration, usually on an acquisition of a business combination, and the amounts paid or settled up to the reporting date, discounted to net present value. The consolidated entity applies provisional accounting for any business combination. Any reassessment of the liability during the earlier of the finalisation of the provisional accounting or 12 months from acquisition-date is adjusted for retrospectively as part of the provisional accounting rules in accordance with AASB 3 'Business Combinations'. Thereafter, at each reporting date, the contingent consideration liability is reassessed against revised estimates and any increase or decrease in the net present value of the liability will result in a corresponding gain or loss to profit or loss. The increase in the liability resulting from the passage of time is recognised as a finance cost.

**Note 19. Capital management**

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

In order to maintain or adjust the capital structure, the Fund may adjust the amount of distributions paid to securityholder, return capital to securityholder, issue new units, purchase the Fund's own units, or sell assets to reduce debt.

In prior year the Fund bought back and cancelled 1,060,524 units, refer to Note 15: Issued Capital for further information

The Fund activated its Distribution Reinvestment Plan (DRP) for the June 2021 and September 2021 quarterly distribution. In July 2021, 2,144,305 securities were issued at a price of \$0.96 and in October 2021, 799,629 securities were issued at a price of \$0.87.

The Fund activated its Distribution Reinvestment Plan (DRP) for the June 2022 quarterly distribution and post balance date issued 1,003,732 securities at a price of \$0.78.

There were no changes in the Fund's approach to capital management during the year.

## Note 20. Financial instruments

### Overview

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

The Board has established risk management principles and policies and monitor their implementation. Policies are established to identify and analyse the financial risks faced by the Fund, 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 Fund's activities.

The nature and extent of the financial instruments and the risk management policies employed by the Fund are discussed in this section.

### 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 Fund'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. The Fund's market risk is managed in accordance with the investment guidelines as outlined in the Fund's Product Disclosure Statement.

#### Foreign currency risk

The Fund's foreign exchange rate risk arises from overseas investments. Some investments are denominated in foreign currencies and expose the Fund to foreign exchange rate risk.

#### Price risk

The Fund is exposed to equity securities price risk. This arises from investments held by the Fund and classified on the statement of financial position as financial assets at fair value through profit or loss. The Fund is not exposed to commodity price risk. These risks include, but are not limited to, exposure from different investment classes. The overall risk to exposures from investments is monitored and managed by the Board.

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

Consolidated - 30 June 2022	% change	Average price increase		% change	Average price decrease	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
Financial assets	1%	1,715	1,715	(1%)	(1,715)	(1,715)

  

Consolidated - 30 June 2021	% change	Average price increase		% change	Average price decrease	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
Financial assets at fair value through profit or loss	1%	1,222	1,222	(1%)	(1,222)	(1,222)
		1,222	1,222		(1,222)	(1,222)

  

Active REIT - 30 June 2022	% change	Average price increase		% change	Average price decrease	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
Financial assets	1%	1,715	1,715	(1%)	(1,715)	(1,715)



**Note 20. Financial instruments (continued)**

Active REIT - 30 June 2021	% change	Average price increase		% change	Average price decrease	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
Financial assets at fair value through profit or loss	1%	1,222	1,222	(1%)	(1,222)	(1,222)
		1,222	1,222		(1,222)	(1,222)

**Interest rate risk**

The Fund's main interest rate risk arises from cash balances. The potential impact of a change in interest rates by +/-100bps on profit has been disclosed in a table below.

Consolidated - 30 June 2022	Basis points change	Basis points increase		Basis points change	Basis points decrease	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
Cash and cash equivalents	100	108	108	(100)	(108)	(108)

Consolidated - 30 June 2021	Basis points change	Basis points increase		Basis points change	Basis points decrease	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
Cash and cash equivalents	100	156	156	(100)	(156)	(156)
Financial assets at amortised cost	100	70	70	(100)	(70)	(70)
		226	226		(226)	(226)

Active REIT - 30 June 2022	Basis points change	Basis points increase		Basis points change	Basis points decrease	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
Cash and cash equivalents	100	89	89	(100)	(89)	(89)

Active REIT - 30 June 2021	Basis points change	Basis points increase		Basis points change	Basis points decrease	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
Cash and cash equivalents	100	5	5	(100)	(5)	(5)
Financial assets at amortised cost	100	70	70	(100)	(70)	(70)
		75	75		(75)	(75)

**Credit risk**

Credit risk is the risk of financial loss to the Fund if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Fund 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.

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**Note 20. Financial instruments (continued)**

	Consolidated		Active REIT	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	10,839	-	8,917	-
Receivables	546	-	535	-
Financial assets at amortised cost	-	7,025	-	7,025
	<b>11,385</b>	<b>7,025</b>	<b>9,452</b>	<b>7,025</b>

The Fund 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 has been no significant deterioration in the credit risk of financial assets and nothing is credit impaired, and all amounts are expected to be received in full.

**Liquidity risk**

Liquidity risk is the risk that the Fund 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 Fund's reputation.

The Fund 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):

*Remaining contractual maturities*

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
	%	\$'000	\$'000	\$'000	\$'000	\$'000

**Consolidated - 30 June 2022**

**Non-derivatives**

*Non-interest bearing*

Trade payables	-	502	-	-	-	502
Distribution payable	-	2,110	-	-	-	2,110
Total non-derivatives		2,612	-	-	-	2,612

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
	%	\$'000	\$'000	\$'000	\$'000	\$'000

**Consolidated - 30 June 2021**

**Non-derivatives**

*Non-interest bearing*

Trade payables	-	2,858	-	-	-	2,858
Distribution payable	-	2,066	-	-	-	2,066
Contingent consideration	-	-	3,934	-	-	3,934
Total non-derivatives		4,924	3,934	-	-	8,858

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**Note 20. Financial instruments (continued)**

<b>Active REIT - 30 June 2022</b>	<b>Weighted average interest rate</b>	<b>1 year or less</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>	<b>Remaining contractual maturities</b>
	%	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	433	-	-	-	433
Borrowings	-	119,416	-	-	-	119,416
<b>Total non-derivatives</b>		<b>119,849</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>119,849</b>

<b>Active REIT - 30 June 2021</b>	<b>Weighted average interest rate</b>	<b>1 year or less</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>	<b>Remaining contractual maturities</b>
	%	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	2,561	-	-	-	2,561
Borrowings	-	106,664	-	-	-	106,664
Contingent consideration	-	-	3,934	-	-	3,934
<b>Total non-derivatives</b>		<b>109,225</b>	<b>3,934</b>	<b>-</b>	<b>-</b>	<b>113,159</b>

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

**Fair value of financial instruments**

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

**Note 21. Fair value measurement**

*Fair value hierarchy*

The fair value of the Fund's financial assets and liabilities are approximately equal to that of their carrying values as at 30 June 2022. The fair values of receivables, trade and other payables and distributions payable approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following tables detail the consolidated entity's and 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

<b>Consolidated - 30 June 2022</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>Assets</b>				
Financial assets at fair value through profit or loss	166,688	-	4,802	171,490
<b>Total assets</b>	<b>166,688</b>	<b>-</b>	<b>4,802</b>	<b>171,490</b>

<b>Consolidated - 30 June 2021</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>Assets</b>				
Financial assets at fair value through profit or loss	116,055	-	6,111	122,166
<b>Total assets</b>	<b>116,055</b>	<b>-</b>	<b>6,111</b>	<b>122,166</b>
<b>Liabilities</b>				
Contingent consideration	-	-	3,934	3,934
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>3,934</b>	<b>3,934</b>

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**Note 21. Fair value measurement (continued)**

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Active REIT - 30 June 2022</b>				
<i>Assets</i>				
Financial assets at fair value through profit of loss	166,688	-	4,802	171,490
<b>Total assets</b>	<b>166,688</b>	<b>-</b>	<b>4,802</b>	<b>171,490</b>
<b>Active REIT - 30 June 2021</b>				
<i>Assets</i>				
Financial assets at fair value through profit of loss	116,055	-	6,111	122,166
<b>Total assets</b>	<b>116,055</b>	<b>-</b>	<b>6,111</b>	<b>122,166</b>

For financial instruments that are recognised at fair value on a recurring basis, the Fund determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no transfers between Level 1, Level 2 or Level 3 fair value measurements during the year. Fair value hierarchy levels are reviewed on an annual basis unless there is a significant change in circumstances indicating that the classification may have changed.

**Valuation techniques**

The Fund invests in listed and unlisted investments which are carried at fair value through profit or loss. 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. The Net Tangible Assets (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 contingent consideration is valued based on the net present value of the expected future cashflows.

**Note 22. Controlled entities**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries controlled by 360 Capital Passive REIT:

Name	Principal place of business / Country of incorporation	Ownership interest	
		30 June 2022 %	30 June 2021 %
360 Capital Active REIT <sup>1</sup>	Australia	100%	100%
360 Capital TOT Residential Pty Limited <sup>2</sup>	Australia	100%	100%
URB Investments Pty Limited <sup>2</sup>	Australia	100%	100%
360 Capital Whiskey Trust <sup>2</sup>	Australia	100%	100%
360 Capital IG Trust <sup>2</sup>	Australia	100%	100%
360 Capital TOT Finance Trust	Australia	100%	100%
360 Capital Private Debt Fund	Australia	100%	100%

1. 360 Capital Active REIT forms part of the stapled entity 360 Capital REIT, which is a consolidated entity and units are held by Securityholders.

2. Entities controlled by stapled entity 360 Capital Active REIT which forms part of the consolidated entity's financial results.

#### Note 22. Controlled entities (continued)

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries controlled by 360 Capital Active REIT:

Name	Principal place of business / Country of incorporation	Ownership interest	Ownership interest
		30 June 2022 %	30 June 2021 %
360 Capital TOT Residential Pty Limited	Australia	100%	100%
URB Investments Pty Limited	Australia	100%	100%
360 Capital Whiskey Trust	Australia	100%	100%
360 Capital IG Trust	Australia	100%	100%

#### Note 23. Business combinations

There were no business combinations during the current and prior year.

#### Note 24. Commitments and contingencies

	30 June 2022	Consolidated	30 June 2022	Active REIT
	\$'000	30 June 2021 \$'000	30 June 2022 \$'000	30 June 2021 \$'000
<i>Capital commitments</i>				
Committed at the reporting date but not recognised as liabilities, payable:				
Underwriting commitment	-	6,513	-	6,513

#### *Contingencies*

There are no contingent liabilities as at 30 June 2022 (2021: Nil).

#### Note 25. Events after the reporting period

##### Disposal of Irongate Group securities and acquisition of assets

After Charter Hall's Irongate acquisition Proposal was approved by the requisite majorities of Irongate securityholders at the Scheme Meeting and the receipt of FIRB approval on 29 June 2022, the judicial advice in relation to implementation of the Proposal was also received on 5 July 2022. By then, all conditions precedent has been satisfied.

On 15 July 2022, the Scheme was implemented, and the sale proceeds were paid to the securityholders.

The Fund received cash consideration of \$165.3 million for its 86.98 million IAP stapled securities on 15 July 2022. The cash consideration along with a new debt facility entered into in July 2022 for \$105.0 million was used to acquire the properties below:

- 38 Sydney Ave, Forrest ACT for a gross purchase price of \$81.7 million, settled on 28 July 2022;
- 510 Church Street, Cremorne VIC for a gross purchase price of \$135.0 million (50% of ownership), settled on 12 August 2022; and
- 34 Southgate Ave, Cannon Hill QLD for a gross purchase price of \$40.8 million, expected to settle in September 2022.

##### Sale of 50% interest in PMG Holdings Limited

On 20 June 2022, TOT entered into a Memorandum of Understanding with a New Zealand based purchaser for the disposal of TOT's 50% interest in PMG Holdings Limited, the purchaser was granted a six-week exclusivity period.

On 29 July 2022, the Fund entered into an unconditional Share Sale Agreement with a consortium consisting of existing PMG management and a New Zealand based private equity firm for the acquisition of TOT's 50% interest in PMG. The purchase price was NZ\$22.0 million, plus 50% of PMG's NTA, with exchange and completion occurring on 29 July 2022, as part of the sale NZ\$17.0 million of the consideration was deferred and was received on 19 August 2022.

##### Distribution Reinvestment Plan

The Fund activated its Distribution Reinvestment Plan (DRP) for the June 2022 quarterly distribution and in July 2022 issued 1,003,732 securities at a price of \$0.78.

**Note 25. Events after the reporting period (continued)**

**Subsequent events**

Other than as disclosed in this report, no other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Note 26. Remuneration of auditors**

During the financial year the following fees were paid or payable for services provided by Ernst & Young, the auditor of the Fund:

	Consolidated		Active REIT	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	\$	\$	\$	\$
<i>Audit services - Ernst &amp; Young</i>				
Audit of the financial statements	82,000	100,000	41,000	50,000
<i>Other services - Ernst &amp; Young</i>				
Preparation of the tax return	12,500	18,600	9,000	8,000
Compliance plan audit	12,800	4,000	6,400	4,000
Distribution review fee	3,300	-	-	-
	28,600	22,600	15,400	12,000
	<b>110,600</b>	<b>122,600</b>	<b>56,400</b>	<b>62,000</b>

**Note 27. Earnings per security**

	Consolidated	
	30 June 2022	30 June 2021
	\$'000	\$'000
Profit after income tax attributable to the securityholders of 360 Capital REIT	33,725	9,235
	<b>Number</b>	<b>Number</b>
	<b>'000</b>	<b>'000</b>
Weighted average number of ordinary securities used in calculating basic earnings per security	140,267	138,125
Weighted average number of ordinary securities used in calculating diluted earnings per security	140,267	138,125
	<b>Cents</b>	<b>Cents</b>
Basic earnings per security	24.0	6.7
Diluted earnings per security	24.0	6.7

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**Note 27. Earnings per security (continued)**

	Active REIT	
	30 Jun 2022 \$'000	30 Jun 2021 \$'000
Profit after income tax attributable to the securityholders of 360 Capital REIT	33,908	8,582
	Number '000	Number '000
Weighted average number of ordinary securities used in calculating basic earnings per security	140,267	138,125
Weighted average number of ordinary securities used in calculating diluted earnings per security	140,267	138,125
	Cents	Cents
Basic earnings per security	24.2	6.2
Diluted earnings per security	24.2	6.2

**Note 28. Related party transactions**

**Responsible entity**

The Responsible Entity of the Fund is 360 Capital FM Limited (ABN 15 090 664 396) (AFSL No 221474). The immediate parent entity of the Responsible Entity is 360 Capital Property Limited (ABN 46 146 484 433), and its ultimate parent entity is 360 Capital Group Limited (ABN 18 113 569 136).

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

*Controlled entities*

Interests in associates are set out in note 22.

**Responsible Entity's fees and other transactions**

	Consolidated		Active REIT	
	30 June 2022 \$	30 June 2021 \$	30 June 2022 \$	30 June 2021 \$
<i>Management of the fund</i>				
Management fee	1,229,371	1,043,010	1,197,455	674,307
Acquisition/Disposal fees	30,200	100,575	30,200	100,575
Performance fees	-	2,377,815	-	2,163,840
Fund recoveries	55,861	6,952	27,931	3,476
	<b>1,260,607</b>	<b>3,528,352</b>	<b>1,228,173</b>	<b>2,942,198</b>

**Management Fee:** The Responsible Entity is entitled to a Management Fee of 0.65% p.a. of the gross value of the assets of the Fund during the relevant year for its role in managing and administering the Fund.

**Performance Fee:** The Responsible Entity is entitled to a Performance Fee of 20% of any total return in excess of 12% p.a. The calculation of total return is based on actual distributions paid to Stapled Unitholders during the relevant financial year plus any increase in the trading price of Stapled Units in the relevant financial year. The Performance Fee is payable yearly in arrears after the end of the relevant financial year. The Responsible Entity has agreed to waive ongoing Performance Fees (as defined under the Fund's constitution) however this waiver does not extend to fees which become payable as a result of a change of control.

**Acquisition Fee:** The Responsible Entity is entitled to an Acquisition Fee of up to 1.0% of the total purchase price of an investment of the Fund. The acquisition fee is payable upon the completion of the relevant acquisition.

**Disposal Fee:** The Responsible Entity is entitled to a Disposal Fee of up to 1.0% of the total sale price of investments sold by the Fund. The disposal fee is payable upon the completion of the relevant sale.

**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.

**Note 28. Related party transactions (continued)**

**Securityholdings**

Securities held by the Responsible Entity and other Funds managed by and related to the Responsible Entity held stapled securities in the Fund and Active REIT are as follows:

	30 June 2022 %	30 June 2022 units	30 June 2021 %	30 June 2021 units
<b>360 Capital Property Limited</b>				
Stapled securities held	24.5%	34,507,265	20.2%	27,785,491

**Distributions**

Distributions paid by the Fund to the Responsible Entity and other Funds managed by and related to the Responsible Entity are as follows. During the year distributions were paid by the Active REIT, in the prior year distributions were paid by Passive REIT.

	Consolidated		Active REIT	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	\$	\$	\$	\$
Distributions paid/payable by the Fund	1,976,962	1,667,130	1,976,962	-

**Disposal of joint ventures**

During the year, the Fund disposed of its stake in two joint venture companies to the Fund's joint venture partner, 360 Capital Property Limited, which is part of TGP.

	Consolidated		Active REIT	
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	\$	\$	\$	\$
Sale of JV - AMF Finance Pty Limited	60,755	-	60,755	-
Sale of JV - TGP TOT JV Pty Limited	569,192	-	569,192	-
	<b>629,947</b>	<b>-</b>	<b>629,947</b>	<b>-</b>

**Related party loan**

The Active REIT has a loan with the Passive REIT which relates to the working capital requirements between the two stapled entities. The balance of the loan payable at 30 June 2022 is \$119,416,183 (2021: \$106,663,868). This loan is non-interest bearing and at call.

**Joint Venture**

During the year the Fund participated as a sub-underwriter in the capital raise for one of PMG's unlisted property funds in New Zealand - PMG Generation Fund (PGF). The Fund received an underwriting fee of \$273,071 (2021: \$278,873) for this commitment. The underlying units were partially sold down in the months following the underwrite and there was 1,388,000 units remaining at its entry cost price as at 30 June 2022 representing \$1,431,524. Since reporting date, the Fund sold a total of 1,026,638 underwrite units representing \$1,056,720.

**Key management personnel**

The Fund does not employ personnel in its own right. However, it has an incorporated Responsible Entity, 360 Capital FM Limited, to manage the activities of the Fund. The directors and key management personnel of the Responsible Entity are detailed below. No compensation is paid directly by the Fund to directors or to any of the key management personnel of the Responsible Entity.

Payments made by the Fund to the Responsible Entity do not specifically include any amounts attributable to the compensation of key management personnel. The directors of the Responsible Entity during the year were as follows:

- Tony Robert Pitt (Executive chairman)
- David van Aanholt (Deputy chairman)
- William John Ballhausen
- Andrew Graeme Moffat
- Anthony Gregory McGrath (Appointed on 1 March 2022)



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**Note 28. Related party transactions (continued)**

Management personnel unitholdings

The number of units held directly or indirectly by Directors, Key Management Personnel and their related parties as at 30 June 2022 are as follows:

Name	Position	30 June 2021	Acquisitions/ Disposals	30 June 2022
		Equity Holding	Equity Holding	Equity Holding
David van Aanholt	Director	26,016	49,201	75,217
Tony Robert Pitt	Director	1,036,148	136,117	1,172,265
William John Ballhausen	Director	120,000	-	120,000
Andrew Graeme Moffat	Director	530,956	17,619	548,575
Glenn Butterworth	KMP	47,485	230	47,715
James Storey	KMP	78,002	57,962	135,964

**Note 29. Parent entity disclosures**

The following details information relating to the parent entity 360 Capital Passive REIT (for Consolidated) and 360 Capital Active REIT (for Active REIT). The information presented below has been prepared using the consistent accounting policies as presented in note 30.

	Consolidated		Active REIT	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	\$'000	\$'000	\$'000	\$'000
Current assets	1,950	15,087	26,378	4,628
Non-current assets	141,389	128,637	8,755	109,920
<b>Total assets</b>	<b>143,339</b>	<b>143,724</b>	<b>35,133</b>	<b>114,548</b>
Current liabilities	86	2,368	1,275	2,262
Non-current liabilities	-	-	-	83,486
<b>Total liabilities</b>	<b>86</b>	<b>2,368</b>	<b>1,275</b>	<b>85,748</b>
Issued capital	157,130	155,050	25,197	24,540
Retained earnings	(13,877)	(13,694)	8,661	4,260
<b>Total equity</b>	<b>143,253</b>	<b>141,356</b>	<b>33,858</b>	<b>28,800</b>
Net (loss)/profit for the year	(183)	(653)	12,830	205
<b>Total comprehensive profit for the year attributable to securityholders</b>	<b>(183)</b>	<b>(653)</b>	<b>12,830</b>	<b>205</b>

**Note 30. Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**New and amended Australian Accounting Standards and Interpretations that are effective for the current year**

The consolidated entity has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2021.

These new and revised Standards and Interpretations had no impact on the consolidated financial statements of the consolidated entity.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the consolidated entity include:

- AASB 2020-8 *Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform - Phase 2*

These amendments have been deemed not to have a material impact to the Fund.

**Note 30. Significant accounting policies (continued)**

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

**New and revised Australian Accounting Standards and Interpretations on issue but not yet effective**

At the date of authorisation of the financial statements, the consolidated entity has not applied or early adopted the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

- AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments* (application date 1 January 2022)
- AASB 2020-3 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current and Non-Current* (application date 1 January 2023)
- AASB 2020-3 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current and Non-Current - Deferral of Effective Date* (application date 1 January 2023)
- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* (application date 1 January 2023)
- AASB 2021-5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (application date 1 January 2023)
- AASB 2021-7 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections* (application date 1 January 2025)

**Basis of preparation**

*Statement of compliance*

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

*Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

*Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's and Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 18.

*Stapled group reports*

360 Capital REIT is an entity of the kind referred to in ASIC Corporations (Stapled Group Reports) Instrument 2015/838 issued by the Australian Securities and Investments Commission (ASIC). In accordance with that Instrument, amounts in the annual financial report and Responsible Entity report include the consolidated results of 360 Capital REIT alongside the results of the Active REIT presented in adjacent columns.

*Rounding*

360 Capital REIT 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.

**Note 30. Significant accounting policies (continued)**

**Basis of consolidation**

Stapling

On 21 April 2015, 360 Capital REIT was formed by stapling together the units of the 360 Capital Passive REIT, formerly 360 Capital Total Return Passive Fund, and the units of 360 Capital Active REIT, formerly 360 Capital Total Return Active Fund. The Fund was subsequently listed on 22 April 2015. Following approval at a CJT unitholder meeting held on 21 January 2015, CJT was restructured including the acquisition by the Passive Fund of all issued units in CJT, the issue of 1 Passive Fund unit for every 100 CJT units, and the stapling of each Passive Fund unit to an Active Fund unit.

The Fund has determined that the Passive Fund is the parent entity in the stapling arrangement.

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

The Constitutions of the Passive Fund and the Active Fund ensure that, for so long as these entities remain jointly listed, the number of units in the Passive Fund and the number of units in the Active Fund shall be equal and that securityholder in both funds be identical. Both the Responsible Entity of the Passive Fund and the Active Fund must at all times act in the best interest of consolidated entity.

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.

Controlled entities

The consolidated financial statements incorporate the assets and liabilities of all controlled entities of the Fund as at 30 June 2020 and the results of all controlled entities for the period then ended.

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

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

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

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

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 Fund's share of net assets of the associate or joint venture since the acquisition date.

The Fund'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.

**Segment reporting**

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

Operating segments are determined based on the information, which is regularly reviewed by the Executive Chairman, who is the Chief Operating Decision Maker (CODM) within the Fund. There is only one segment representing the Fund's investments in real estate equity in Australia and New Zealand and its performance is reviewed at this level.

**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:

*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.

**Note 30. Significant accounting policies (continued)**

*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.

*Sale of inventory*

Revenue from the sale of apartments is recognised at a point in time when control is transferred to the customer.

*Other income*

Other income is recognised when the right to receive the revenue has been established.

**Finance expenses**

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

**Income tax**

Passive Fund

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

Active Fund

The Active Fund may be subject to income tax due to its investment in active trading businesses. 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.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

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 Fund 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.

**Impairment of assets**

Non-financial 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.

**Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Note 30. Significant accounting policies (continued)**

**Trade and other receivables**

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

The Fund assesses expected credit losses upon initial recognition of the financial asset with a forward-looking expected credit loss (ECL) approach. For trade receivables, the Fund applies the simplified approach permitted by the standard, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

**Contract assets**

Contract assets are recognised when the consolidated entity has transferred goods or services to the customer but where the consolidated entity is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

**Inventories**

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**Joint ventures**

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduce the carrying amount of the investment.

**Financial instruments**

Financial assets and financial liabilities are recognised when a Fund entity becomes a party to the contractual provisions of the instrument. At initial recognition, the Fund 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.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

*Financial assets at amortised cost*

*Loans and other receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Such assets are carried at amortised cost using the effective interest method under AASB 9. Gains and losses are recognised in the consolidated statement of financial statement of financial performance when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

**Note 30. Significant accounting policies (continued)**

*Financial assets at fair value through profit or loss*

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

Financial assets measured 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 Fund's documented investment strategy. The Fund'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 Fund 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 Fund's right to receive payments is established.

*Financial liabilities and equity*

Financial liabilities and equity instruments issued by the Fund are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

*Impairment of financial assets*

Under AASB 9, the Fund's accounting for impairment losses for financial assets comprises a forward-looking expected credit loss (ECL) approach as prescribed by AASB 9. The Fund has applied the simplified approach and recorded lifetime expected losses on trade receivables. The ECL on trade receivables is immaterial.

For loans receivable financial assets, the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Fund has established a provision model which includes assessing the credit rating of each borrower to determine the probability of default, loss given default and exposure at default, taking into account sensitivity factors to work out the ECL provision for each loan receivable.

**Trade and other payables**

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

**Provisions**

A provision is recognised in the statement of financial position when the Fund 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.

**Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

**Note 30. Significant accounting policies (continued)**

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

**Issued capital**

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

**Business combinations**

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

**Goods and Services Tax (GST)**

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as 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 tax authority is included in other receivables or other 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 tax authority, are presented as operating cash flows.

360 Capital REIT  
Directors' declaration  
For the year ended 30 June 2022

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

1. The consolidated financial statements and notes that are set out on pages 11 to 44 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 2022 and of its performance for the 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 Fund will be able to pay its debts when they become due and payable.
3. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and the Chief Financial Officer for the financial year ended 30 June 2022.
4. The Directors draw attention to Note 30 to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

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



Tony Robert Pitt  
Executive Chairman



David van Aanholt  
Deputy Chairman

24 August 2022



## Independent auditor's report to the unitholders of 360 Capital REIT

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of 360 Capital REIT (the Group), which comprises 360 Capital Passive REIT and its controlled entities, and 360 Capital Active REIT (TOTA) and its controlled entities. The financial report comprises:

- ▶ The Group's consolidated statement of financial position as at 30 June 2022;
- ▶ TOTA's statement of financial position as at 30 June 2022;
- ▶ The Group's consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended;
- ▶ TOTA's statement of profit or loss and other comprehensive income, statement of changes in equity and 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 reports are in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the Group's and TOTA's financial positions as at 30 June 2022 and of their 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.

## Irongate transaction

Why significant	How our audit addressed the key audit matter
<p>On 28 January 2022, the Group entered into a sale agreement to dispose of their investment in Irongate Group for total gross cash consideration of \$1.90 per security.</p> <p>On 5 July 2022 all conditions precedent for the disposal were satisfied.</p> <p>The Irongate Group investment has been classified as a current financial asset. This has been disclosed in note 8 of the financial report.</p> <p>This was considered a Key Audit Matter due to the judgement in determining the timing of the sale, the significance of the transaction and the nature of the disclosures required.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>▶ Reviewed management's assessment that the business should be presented as a current financial asset as at 30 June 2022 in accordance with the requirements of AASB 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>.</li> <li>▶ Assessed the adequacy of the Group's disclosures in the financial report outlined in Note 8.</li> </ul>

## 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 2022 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.

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.

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## Responsibilities of the directors for the financial report

The directors of the Group 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.

## 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 reports, 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 or TOTA'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 or TOTA to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial reports, including the disclosures, and whether the financial reports represent the underlying transactions and events in a manner that achieves fair presentation.



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- 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.

Ernst & Young

Douglas Bain  
Partner  
Sydney  
24 August 2022

360 Capital REIT  
 Securityholder information  
 For the year ended 30 June 2022

The information below was prepared as at 15 August 2022.

**a) Top 20 registered securityholders:**

Holder Name	Securities held	% of issued securities
360 CAPITAL PROPERTY LIMITED	28,707,519	20.41
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	10,565,660	7.51
WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	8,984,749	6.39
360 CAPITAL PROPERTY LTD	3,638,028	2.59
FIRST SAMUEL LTD ACN 086243567 <ANF ITS MDA CLIENTS A/C>	3,197,266	2.27
HORRIE PTY LTD <HORRIE SUPERANNUATION A/C>	2,810,260	2.00
360 CAPITAL PROPERTY LTD	2,161,718	1.54
FRIDAY INVESTMENTS PTY LIMITED <GOLDBURG FAMILY ACCOUNT>	1,905,138	1.35
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	1,402,182	1.00
ABBAWOOD NOMINEES PTY LTD <ABBOTT FAMILY S/F NO 1 A/C>	1,265,000	0.90
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,204,286	0.86
NATIONAL NOMINEES LIMITED	1,084,986	0.77
QUOTIDIAN NO 2 PTY LTD	959,384	0.68
BNP PARIBAS NOMS (NZ) LTD <DRP>	900,000	0.64
COLONIAL FIRST STATE INV LTD <3041001 PETERS A/C>	847,458	0.60
INVESTMENT MANAGEMENT CO PTY LTD <VANTAGE INVESTMENT FUND A/C>	825,000	0.59
J S MILLNER HOLDINGS PTY LIMITED	734,433	0.52
CELLAR STOCKS PTY LTD <CELLAR INVESTMENT A/C>	700,000	0.50
COLONIAL FIRST STATE INV LTD <3051367 INVESTMENTS A/C>	677,966	0.48
COWOSO CAPITAL PTY LTD <COWOSO SUPER FUND A/C>	548,575	0.39
<b>Total securities held by top 20 securityholders</b>	<b>73,119,608</b>	<b>51.97</b>
<b>Total securities on issue</b>	<b>140,683,691</b>	<b>100.00</b>

**b) Distribution of securityholders:**

Number of securities held by securityholders	Number of holders	securities held	% of issued securities
1 to 1,000	375	93,517	0.07
1,001 to 5,000	727	2,211,864	1.57
5,001 to 10,000	497	4,119,735	2.93
10,001 to 100,000	1,178	39,063,047	27.77
100,001 and over	136	95,195,528	67.67
<b>Totals</b>	<b>2,913</b>	<b>140,683,691</b>	<b>100.00</b>

The total number of securityholders with less than a marketable parcel was 276 and they hold 16,572 securities.

**c) Substantial securityholder notices:**

Securityholder Name	Date of notice	securities held	% of issued securities
360 Capital Property Limited	11/03/2022	35,660,751	25.35
Washington H Soul Pattinson and Company Limited	20/12/2019	8,984,749	6.56

**d) Voting rights:**

Subject to the Constitutions of 360 Capital Active REIT and 360 Capital Passive REIT and to any rights or restrictions for the time being attached to any stapled securities:

- on a show of hands, each securityholder present in person or by proxy, attorney, or representative has one vote; and
- on a poll, each securityholder has:
  - in the case of a resolution of 360 Capital Active REIT, one vote for each unit in 360 Capital Active REIT held; and
  - in the case of a resolution of 360 Capital Passive REIT, one vote for each unit in 360 Capital Passive REIT held.

<b>Term</b>	<b>Definition</b>
\$ or A\$ or cents	Australian currency
360 Capital Passive REIT	The managed investment scheme (ARSN 602 304 432) that represents part of the stapled entity, 360 Capital REIT
360 Capital Active REIT	The managed investment scheme (ARSN 602 303 613) that represents part of the stapled entity, 360 Capital REIT
The Fund, 360 Capital REIT	360 Capital REIT (ASX: TOT), the stapled entity comprising 360 Capital Passive REIT and 360 Capital Active REIT
AAS	Australian Accounting Standards
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 Responsible Entity
CGT	Capital gains tax
Constitution	The constitution of the Fund, as amended
Consolidated entity	360 Capital REIT, the stapled entity comprising 360 Capital Passive REIT and 360 Capital Active REIT
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 Responsible Entity
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 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
GST	Goods and services tax (Australia)
HY	Half Year (half year from 1 July to 31 December or 1 January to 30 June)
IFRS	International Financial Reporting Standards
NPI	Net property income
NTA	Net tangible assets as per the balance sheet
NTA per Security	Net tangible assets divided by the number of Securities on issue
Operating earnings	Operating earnings is statutory net profit adjusted for non-cash and significant items
p.a.	Per annum
Responsible Entity	360 Capital FM Limited (ABN 15 090 664 396, AFSL 221474)
YTD	Year to date

360 Capital REIT Corporate directory  
For the year ended 30 June 2022

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**Parent Entity**

360 Capital Passive REIT  
ARSN 602 304 432

**Directors & Officers**

Non-Executive Directors

David van Aanholt (Deputy Chairman)  
William John Ballhausen  
Andrew Graeme Moffat  
Anthony Gregory McGrath (Appointed on 1 March 2022)

Executive Director

Tony Robert Pitt (Executive Chairman)

Officers

James Storey – Chief Executive Officer  
Glenn Butterworth – Chief Financial Officer and Joint Company Secretary  
Kimberley Child – Joint Company Secretary

**Responsible Entity**

360 Capital FM Limited  
ACN 090 664 396  
AFSL 221 474  
Suite 3701, Level 37, 1 Macquarie Place, Sydney NSW 2000  
Telephone 02 8405 8860  
Email: investor.relations@360capital.com.au

**Unit Registry**

Boardroom Pty Limited  
ACN 003 209 836  
Grosvenor Place, Level 12, 255 George Street Sydney NSW 2000  
Telephone 1300 082 130  
Email: enquiries@boardroomlimited.com.au

**Auditor**

Ernst & Young  
200 George Street Sydney NSW 2000

**Website**

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

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