360 CAPITAL INVESTMENT TRUST

Financial Report
For the year ended 30 June 2022

Comprising 360 Capital Investment Trust ARSN 104 552 598 and its controlled entities.

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The Directors of 360 Capital FM Limited (CFML) (ABN 15 090 664 396) (AFSL No 221474), the Responsible Entity of 360 Capital Investment Trust (Trust) present their report, together with the financial report of 360 Capital Investment Trust and its controlled entities (consolidated entity) for the year ended 30 June 2022.

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

Directors

The following persons were Directors of 360 Capital FM Limited during the year 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 1 March 2022)

Principal activities

360 Capital Group is an ASX-listed, investment and funds management group, focused on strategic and active investment management of real estate assets. Led by a highly experienced team, the Group operates in Australian and New Zealand investing across real estate equity and credit opportunities.

Operating and financial review

The key financial highlights for the year ended 30 June 2022 include:

- Statutory net loss attributable to unitholders of $0.6 million (2021 net profit: $1.7 million)
- Operating loss[1] of $0.5 million (2021 operating profit: $1.5 million)
- Statutory loss per Unit (EPU) of 0.3 cpu (2021: Statutory Earnings 0.8 cpu)
- Distributions per Unit (DPU) of nil cpu (2021: 4.0 cpu)

The key operating achievements for the year ended 30 June 2022 include:

- Disposal of Global Data Centre Group (ASX: GCD) on-market for total net consideration of $41.9 million.
- The trust invested $4.7 million to acquire additional 360 Capital REIT (ASX: TOT) securities during the year, increasing its ownership to 24.5%.
- The trust invested $0.05 million to acquire additional 360 Capital Enhanced Income Fund (ASX: TCF) securities during the year, increasing its ownership to 16.4%.

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

Operating environment

The Group has considered the impact of COVID-19 amongst other challenges including global supply chain disruption, increases in inflation and interest rates, geopolitical tensions and climate risks preparing its financial report for the year. The Group continually monitors these risks and considers them as part of its ongoing investment and funds management processes. Despite continuing challenges, including new strains of the virus, society has begun to learn to live with COVID-19 following the roll back of measures such as social distancing, travel restrictions and government economic stimulus.

The immediate financial impact of COVID-19 on the Trust's holdings have been limited, and the Trust has not made any provisions in respect of COVID-19. The Trust considers risks associated with COVID-19 as part of its investment assessment and monitoring program.

Summary and Outlook

360 Capital Group is an investment and funds management group, focused on strategic and active investment management of real estate assets. The Group intends to continue to execute on its simplified strategy of real estate equity and credit investment and funds management.

Distributions

There were no distribution declared by 360 Capital Investment Trust during the year. Distributions declared by 360 Capital Investment Trust during the prior year were as follows:

	30 June 2022 $'000	30 June 2021 $'000
1.0 cent per stapled security paid on 27 October 2020	-	2,295
1.0 cent per stapled security paid on 27 January 2021	-	2,295
1.0 cent per stapled security paid on 28 April 2021	-	2,299
1.0 cent per stapled security paid on 28 July 2021	-	2,300
Total	**-**	9,189

Significant changes in state of affairs

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

Likely developments and expected results of operations

The Group will continue to focus on implementing its simplified strategy focused on managing and investing in real estate assets. The Group will look for opportunities to capitalise on market volatility and dislocation using the Group's track record across real estate investing. Refer to Operating and financial review for further information.

Events subsequent to balance date

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

Environmental Issues

The consolidated entity complied with all applicable environmental regulations during the course of the financial year.

Buy back arrangement

The consolidated entity is not under any obligation to buy back, purchase or redeem units from stapled securityholders. During the year, the consolidated entity cancelled 11,050,000 units related to the Group's 2017 employee share plan at an average price of $0.77 (2021: 1,450,000 at an average price of $1.01).

Distribution Reinvestment Plan

The Group has a Distribution Reinvestment Plan (DRP) which was not active during the year ended 30 June 2022.

Options

During the year options below were issued under the Employee Incentive Plan (EIP), no other options over issued shares or interests in the Group were granted during or since the end of the financial year, and there were no other options outstanding at the date of this report.

On 4 November 2021, 1,289,700 2021 Long Term Incentive offer (2021LTI Rights) performance rights to KMPs pursuant to the terms of the 360 Capital Group Executive Incentive Plan (EIS), exercisable from on or around 31 August 2024 (vesting date) until 3 November 2028 (expiry date) subject to vesting conditions. 237,900 2021 Long Term Incentive offer (2021LTI Rights) performance rights to staff pursuant to the terms of the EIS, exercisable from on or around 31 August 2024 (vesting date) and expiring on vesting date, subject to vesting conditions. 1,200,768 Retention Offer (Retention Rights) to a KMP pursuant to the terms of the EIS, exercisable from on or around 3 November 2026 (vesting date) until 3 November 2028 (expiry date) subject to vesting conditions.

During the year 1,243,600 options were cancelled relating to employees who had left ceased employment with the Group (2021: 119,000 options were cancelled).

Fees paid to and interests held in the Fund by the responsible entity or its associates

Fees paid to the responsible entity and its associates out of Fund property during the year are disclosed in Note 21 to the financial statements.

The number of interests held in the Fund by the responsible entity, its associates, or directors is detailed in Note 21 to the financial statements.

Number of units on issue

As at 30 June 2022 the number of units on issue in the Fund was 218,997,551 (30 June 2021: 218,997,551). During the year there were no units issued (2021: 624,906 units were issued at an average price of $0.93 as part of the scrip consideration for an off-market takeover offer).

Indemnification and insurance of Officers and Directors

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 consolidated entity against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity as Officers 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 Limited and not out of the assets of the consolidated entity.

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.

Indemnification of auditors

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

Non-audit services

Disclosed in Note 19 were the non-audit services provided by the consolidated entity's auditors. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Auditor's independence declaration

The auditor's independence declaration required under Section 307C of the Corporations Act 2001 is set out on page 6 and forms part of the Directors' report for the year ended 30 June 2022.

Rounding of amounts

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

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

Tony Robert Pitt	**David van Aanholt**
Executive Chairman	Deputy Chairman

Sydney
25 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 Investment Trust

As lead auditor for the audit of the financial report of 360 Capital Investment Trust 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;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

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 Investment Trust and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

Douglas Bain
Partner
25 August 2022

360 Capital Investment Trust
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	30 June 2022 $'000	30 June 2021 $'000
Revenue from continuing operations			
Distributions from investments	3	242	154
Finance revenue	3	131	357
Total revenue from continuing operations		**373**	511
Other income			
Share of equity accounted profits	6	1,400	3,040
Net gain on disposal of financial assets		-	49
Net gain on fair value of financial assets		-	143
Reversal of provision for loss		-	10
Total other income		**1,400**	3,242
Total revenue and other income from continuing operations		**1,773**	3,753
Management fees		4	-
Administration expenses		867	940
Transaction costs		92	12
Net loss on fair value of financial assets	5	428	-
Net loss on disposal of equity accounted investment (including foreign exchange loss)	6	1,747	-
Net loss on deconsolidation of controlled entity	15	-	61
(Loss)/Profit for the year		**(1,365)**	2,740
Other comprehensive loss for the year		558	(1,028)
Net foreign currency (gain)/loss transferred to the income statement on business divestment, net of tax		240	-
		798	(1,028)
Total comprehensive (loss)/income for the year		**(567)**	1,712
Total comprehensive (loss)/income attributable to:			
(Loss)/Profit attributable to unitholders		(567)	1,712
Total comprehensive (loss)/income for the year		**(567)**	1,712
Earnings per unit for profit attributable to unitholders of the consolidated entity		**Cents**	**Cents**
Basic earnings per unit	20	**(0.3)**	0.8
Diluted earnings per unit	20	**(0.3)**	0.7

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

360 Capital Investment Trust
Consolidated statement of financial position
As at 30 June 2022

	Note	30 June 2022 $'000	30 June 2021 $'000
Current assets			
Cash and cash equivalents	10	48,195	2,968
Receivables	4	39	730
Financial assets at fair value through profit or loss	5	532	-
Due from related entities	21	84,978	95,811
Total current assets		**133,744**	**99,509**
Non-current assets			
Financial assets at fair value through profit or loss	5	3,588	3,964
Investments equity accounted	6	29,749	66,556
Total non-current assets		**33,337**	**70,520**
Total assets		**167,081**	**170,029**
Current liabilities			
Trade and other payables	7	70	120
Distribution payable	8	-	2,300
Total current liabilities		**70**	**2,420**
Total liabilities		**70**	**2,420**
Net assets		**167,011**	**167,609**
Equity			
Issued capital – trust units	9	195,395	195,395
Other capital reserves		-	(1,937)
Accumulated losses		(28,384)	(25,849)
Total equity attributable to unitholders		**167,011**	**167,609**
External non-controlling interest		-	-
Total equity		**167,011**	**167,609**

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

360 Capital Investment Trust
Consolidated statement of changes in equity
For the year ended 30 June 2022

	Note	Issued capital $'000	Other capital reserves $'000	Accumulated losses $'000	Total equity attributable to unitholders $'000	External non-controlling interest $'000	Total equity $'000
Balance at 1 July 2021		195,395	(1,937)	(25,849)	167,609	-	167,609
Loss for the year		-	-	(1,365)	(1,365)	-	(1,365)
Comprehensive income for the year		-	798	-	798	-	798
Total comprehensive income for the year		-	798	(1,365)	(567)	-	(567)
Reclassification between reserves on disposal of investments		-	1,139	(1,139)	-	-	-
Transactions with Unitholders in their capacity as Unitholders							
Issued units - ESP cancellation		-	-	(31)	(31)	-	(31)
Distributions	2	-	-	-	-	-	-
		-	-	(31)	(31)	-	(31)
Balance at 30 June 2022		**195,395**	**-**	**(28,384)**	**167,011**	**-**	**167,011**
Balance at 1 July 2020		194,877	-	(20,263)	174,614	199	174,813
Profit for the year		-	-	2,740	2,740	-	2,740
Comprehensive loss for the year		-	(1,028)	-	(1,028)	-	(1,028)
Total comprehensive income for the year		-	(1,028)	2,740	1,712	-	1,712
Transactions with non-controlling interest		-	(909)	863	(46)	(199)	(245)
Transactions with Unitholders in their capacity as Unitholders							
Issued units - Scrip		527	-	-	527	-	527
Equity raising transaction costs		(9)	-	-	(9)	-	(9)
Distributions	2	-	-	(9,189)	(9,189)	-	(9,189)
		518	-	(9,189)	(8,671)	-	(8,671)
Balance at 30 June 2021		**195,395**	**(1,937)**	**(25,849)**	**167,609**	**-**	**167,609**

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

360 Capital Investment Trust
Consolidated statement of cash flows
For the year ended 30 June 2022

	Note	30 June 2022 $'000	30 June 2021 $'000
Cash flows from operating activities			
Cash payments to suppliers		(885)	(941)
Distributions received		919	3,207
Finance revenue		131	438
Finance expenses		-	(1)
Net cash inflows from operating activities	10	**165**	2,703
Cash flows from investing activities			
Payments for equity accounted investments	6	(4,742)	-
Payments for financial assets		(614)	(3,792)
Proceeds from disposal of equity accounted investments	6	41,916	3,857
Proceeds from loans receivable		-	19,800
Net cash inflows from investing activities		**36,560**	19,865
Cash flows from financing activities			
Loans to related parties		10,802	(80,198)
Proceeds from issue of capital to NCI		-	527
Payment of transaction costs to issue capital		-	(9)
Distributions paid to unitholders		(2,300)	(9,198)
Net cash inflows/(outflows) from financing activities		**8,502**	(88,878)
Net increase/(decrease) in cash and cash equivalents		45,227	(66,310)
Cash balance on deconsolidation of controlled entities		-	(201)
Cash and cash equivalents at the beginning of the year		2,968	69,479
Cash and cash equivalents at the end of the year	10	**48,195**	2,968

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

Financial Information

This section provides additional information about those individual line items in the financial statements that the directors consider most relevant in the context of the operations of the Group.

Note 1: Segment reporting

The Trust is a single segment for reporting within Australia.

The Chief Operating Decision Maker, being the Executive Chairman of the Responsible Entity, monitors the performance and results of the Trust at a total Trust level. As a result, the Trust has only one segment in the current year. 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 Trust and is used as a guide to assess the Trust's ability to pay distributions to unitholders.

The information provided is net of non-operating items comprising transaction costs, unrealized fair value adjustments of financial assets and other assets, unrealized 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 unitholders of the Trust and operating profit.

	30 June 2022 $'000	30 June 2021 $'000
(Loss)/Profit attributable to the unitholders of the Trust	**(1,365)**	**2,740**
Non-operating items		
Net (gain)/loss on fair value of financial assets	428	(123)
Net (gain)/loss on disposal of equity accounted investments (including foreign exchange loss)	1,747	(49)
Share of equity accounted profits, net of distributions received	(1,400)	(1,117)
Net (gain)/loss on disposal of controlled entity	-	61
Loss allowance/(reversal of loss allowance)	-	(10)
Other items	-	-
Transaction costs	92	7
Operating (loss)/profit (before non-operating items)	**(498)**	1,509
Weighted average number of units ('000)	218,998	218,543
Operating profit per unit (profit before non-operating items) (EPU) – cents	**(0.2)**	0.7

Note 2: Distributions

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

	30 June 2022 $'000	30 June 2021 $'000
1.0 cent per stapled security paid on 27 October 2020	-	2,295
1.0 cent per stapled security paid on 27 January 2021	-	2,295
1.0 cent per stapled security paid on 28 April 2021	-	2,299
1.0 cent per stapled security paid on 28 July 2021	-	2,300
Total	**-**	9,189

Note 3: Revenue

Distributions from investments include:

	30 June 2022 $'000	30 June 2021 $'000
360 Capital Enhanced Income Fund	242	58
Intercompany distributions	-	96
	242	154

Finance revenue include:

	30 June 2022 $'000	30 June 2021 $'000
Interest on loan receivable	-	119
Interest on bank accounts and term deposits	131	238
	131	357

Note 4: Receivables

Receivables include:

	30 June 2022 $'000	30 June 2021 $'000
Current		
Trade receivables	19	33
Interest income receivable	-	-
Distributions receivable	20	697
	39	730

a) Expected credit loss
During the year, the consolidated entity made a Nil (2021: Nil) expected credit loss (ECL) provision for general receivables in respect of impairment under AASB 9. All receivables are expected to be received by their contractual payment dates.

b) Fair values
The receivables are carried at amounts that approximate their fair value.

c) Credit risk
There is a limited amount of credit risk – refer to Note 13 for more information on the risk management policy of the consolidated entity. As at 30 June 2022, trade receivables of Nil (2021: Nil) were past due but not impaired.

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

	30 June 2022 $'000	30 June 2021 $'000
Current		
Listed securities	532	-
Total Current	**532**	-
Non-current		
Listed securities	3,588	3,964
Total Non-current	**3,588**	**3,964**
Total	**4,120**	**3,964**

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

	30 June 2022 $'000	30 June 2021 $'000
Balance at 1 July	3,964	3,837
Financial assets acquired	584	3,777
Financial assets disposed - listed	-	(1,631)
Financial assets disposed - unlisted	-	(2,226)
Transfers to investments equity accounted	-	(3,539)
Transfers from investments equity accounted	-	3,603
Fair value adjustment of financial assets	(428)	143
Closing balance	**4,120**	**3,964**

Note 6: Investments equity accounted

	30 June 2022 %	30 June 2021 %	30 June 2022 $'000	30 June 2021 $'000
360 Capital Passive REIT	24.5	20.2	29,739	23,994
Global Data Centre Group	-	33.2	-	42,562
			29,739	66,556

Note 6: Investments equity accounted (continued)

Co-investment interest
The Trust holds a 24.5% interest in the stapled entity 360 Capital REIT (ASX: TOT), with the beneficial interest of 360 Capital Passive REIT units held by 360 Capital Diversified Property Fund and the beneficial interest of 360 Capital Active REIT units held by 360 Capital Property Limited.

Global Data Centre Group (ASX: GDC)
On 7 September 2021 the Trust disposed of its holding in GDC on-market for total consideration of $41.9 million, representing $1.93 per security.

360 Capital Enhanced Income Fund (ASX: TCF)
During the year, the Trust acquired 9,641 units in 360 Capital Enhanced Income Fund (ASX:TCF) for $0.05 million. As at 30 June 2022, the Trust held 16.39% stake in TCF. TCF was reclassified from Investment equity accounted to financial asset held at fair value through profit or loss in prior year.

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

	30 June 2022 $'000	30 June 2021 $'000
360 Capital Passive REIT		
Opening balance – 1 July	23,994	25,531
Acquisitions of interest	4,742	-
Equity accounted profit for the year	1,013	130
Distributions	-	(1,667)
Closing Balance	**29,749**	23,994
Global Data Centre Group		
Opening balance – 1 July	42,562	41,005
Equity accounted profit for the year	387	2,846
Equity accounted reserves	558	(798)
Proceeds on disposal of interest	(41,916)	-
Loss on disposal (including foreign exchange loss)	(1,747)	-
Brokerage cost on sale	(84)	-
Recycling of foreign exchange translation reserve	240	-
Distributions	-	(261)
Dilution loss on deemed disposal	-	(230)
Closing Balance	**-**	42,562

Note 6: Investments equity accounted (continued)

	30 June 2022 $'000	30 June 2021 $'000
360 Capital Enhanced Income Fund		
Opening balance – 1 July	-	-
Transfer in from financial assets at FVTPL	-	3,539
Equity accounted profit for the year	-	64
Transfer out to financial assets at FVTPL	-	(3,603)
Closing Balance	**-**	-
Total equity accounted investments at 30 June 2022	**29,749**	66,556

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

	30 June 2022 $'000	30 June 2021 $'000
360 Capital Passive REIT		
Current assets	191,051	190,392
Non-current assets	-	-
Current liabilities	(69,770)	(71,009)
Non-current liabilities	-	-
Net assets	**121,281**	**119,383**
Trust's carrying amount of investment	**29,749**	**23,994**

	$'000	$'000
Revenue from continuing operations	-	1,398
Other income	60	50
Expenses	(243)	(795)
Total comprehensive income for the year	**(183)**	653
Tax benefit/(expense)	-	-
Net Profit after tax	**(183)**	653
Trust's share of profit	**1,013**	130

Note 6: Investments equity accounted (continued)

The following table provides summarised financial information relating to GDC:

	30 June 2022 $'000	30 June 2021 $'000
Global Data Centre Group		
Current assets	-	25,875
Non-current assets	-	137,932
Current liabilities	-	(3,573)
Non-current liabilities	-	(22,676)
Net assets	**-**	137,558
Net assets attributable to NCI	-	9,221
Net assets attributable to unitholders	-	128,337
Trust's carrying amount of investment	**-**	42,562

	$'000	$'000
Revenue from continuing operations	2,565	7,901
Other income	6	11,956
Expenses	(1,518)	(11,076)
Total comprehensive income for the year	**1,053**	8,781
Tax benefit	114	323
Net Profit after tax	**1,167**	9,104
Trust's share of profit	**387**	2,846

The Trust disposed of its holding in GDC on 7 September 2021, therefore, the Trust has only share of profit from 1 July 2021 to 7 September 2021.

Note 7: Trade and other payables

	30 June 2022 $'000	30 June 2021 $'000
Trade payables	-	26
Accruals	70	94
	70	120

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

Note 8: Provisions

	30 June 2022 $'000	30 June 2021 $'000
Distribution payable	-	2,300
	-	2,300

There was no distribution declared by the Trust during the year.

Note 9: Equity

A 360 Capital Group stapled security comprises one 360 Capital Group Limited share stapled into one 360 Capital Investment Trust unit to create a single listed entity traded on the ASX. The stapled security cannot be traded or dealt with separately.

Ordinary securities of the Trust are listed on the Australian Securities Exchange (ASX); there are no separate classes of securities and each security in the Trust has the same rights attaching to it as all other securities of Trust. Each ordinary security confers upon the securityholder an equal interest in the Trust and is of equal value to other securities in the Trust. A security does not confer upon the holder any interest in any particular asset or investment of the Trust. The rights of securityholders are contained in the Trust's Constitution and include:
- The right to receive a distribution determined in accordance with the provisions of the Trust's Constitution, which states that securityholders are presently entitled to the distributable income of the Trust 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 Trust.

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 000's	30 June 2021 000's
360 Capital Investment Trust - Ordinary units issued[1]	**218,998**	218,998

1. Excluding ESP securities on issue and EIS rights issued

	$'000	$'000
360 Capital Investment Trust - Ordinary units issued	**195,395**	195,395

(b) Movements in issued capital

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

Issued capital – number of units	30 June 2022 000's	30 June 2021 000's
Opening balance at 1 July	218,998	218,373
Securities issued	-	625
Closing balance at 30 June	**218,998**	**218,998**

Issued capital - $'000	$'000	$'000
Opening balance at 1 July	195,395	194,877
Securities issued - scrip	-	527
Transaction costs incurred in issuing capital	-	(9)
Closing balance	**195,395**	**195,395**

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

	30 June 2022 000's	30 June 2021 000's
Total ordinary units disclosed	218,998	218,998
Issued capital – ESP issued in August 2017	-	11,050
Total units issued on the ASX	**218,998**	230,048

Note 9: Equity (continued)

(c) Share Based Payment Schemes

Reconciliation of Shares and Rights outstanding under SBP Schemes

Plan	Balance 1 July 2021 Securities	Issued	Vested	Forfeited/ Cancelled	Balance 30 June 2022 Securities
LTI – 23 December 2019	1,636,600	-	-	(472,000)	1,164,600
LTI - 21 October 2020	2,189,800	-	-	(771,600)	1,418,200
Retention – 4 November 2021	-	1,200,768	-	-	1,200,768
LTI – 4 November 2021	-	1,527,600	-	-	1,527,600
	3,826,400	**2,728,368**	**-**	**(1,243,600)**	**5,311,168**
ESP - 2 August 2017	11,050,000	-	-	(11,050,000)	-
	11,050,000	**-**	**-**	**(11,050,000)**	**-**
Total	**14,876,400**	**2,728,368**	**-**	**(12,293,600)**	**5,311,168**

Plan	Balance 1 July 2020 Securities	Issued	Vested	Forfeited/ Cancelled	Balance 30 June 2021 Securities
LTI – 23 December 2019	1,755,600	-	-	(119,000)	1,636,600
LTI - 21 October 2020	-	2,189,800	-	-	2,189,800
	1,755,600	2,189,800	-	(119,000)	3,826,400
ESP - 2 August 2017	12,500,000	-	-	(1,450,000)	11,050,000
	12,500,000	-	-	(1,450,000)	11,050,000
Total	14,255,600	2,189,800	**-**	(1,569,000)	14,876,400

Employee Security Plans (ESP)

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

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

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

In September 2020 and April 2021, 1,350,000 and 100,000 ESP securities were cancelled respectively, and in September 2021, the remaining 11,050,000 ESP securities were cancelled and the corresponding loans were repaid. At 30 June 2022, there is no outstanding ESP securities.

Performance Rights

On 23 December 2019, a total of 1,364,200 and 391,400 performance rights were granted under Long Term Incentive offer (2019 LTI rights) to KMPs and staff respectively pursuant to the terms of the 360 Capital Group Executive Incentive Plan (EIP), exercisable from on or around 31 August 2022 (vesting date) subject to vesting conditions. The fair value of each performance right was $0.81 at the issue date. Upon vesting and exercise in accordance with those plan terms, each performance right will vest and entitle the holder to one fully paid ordinary security (ASX:TGP). In September 2020, 119,000 performance rights were cancelled. And in August 2021 and December 2021, 446,700 and 25,300 performance rights were cancelled respectively.

Note 9: Equity (continued)

On 21 October 2020, a total of 1,589,300 and 600,500 performance rights were granted under the Group's Long Term Incentive (LTI) offer (2020 LTI rights) to KMPs and staff respectively pursuant to the terms of the 360 Capital EIP, exercisable from on or around 31 August 2023 (vesting date) subject to vesting conditions. The fair value of each performance right was $0.37 at the issue date. Upon vesting and exercise in accordance with those plan terms, each performance right will vest and entitle the holder to one fully paid ordinary security (ASX:TGP). In April 2021, August 2021 and December 2021, 55,900, 583,400 and 132,300 performance rights were cancelled respectively.

On 4 November 2021, a 1,200,768 retention offer was granted under the Group's Long Term Incentive (LTI) offer (2021 LTI rights) to KMPs pursuant to the terms of the 360 Capital EIP, exercisable from on or around 4 November 2026 (vesting date) subject to vesting conditions. The fair value of each performance right was $0.86 at the issue date. Upon vesting and exercise in accordance with those plan terms, each performance right will vest and entitle the holder to one fully paid ordinary security (ASX:TGP).

On 4 November 2021, a total of 1,289,700 and 237,900 performance rights were granted under the Group's Long Term Incentive (LTI) offer (2021 LTI rights) to KMPs and staff respectively pursuant to the terms of the 360 Capital EIP, exercisable from on or around 31 August 2024 (vesting date) subject to vesting conditions. The fair value of each performance right was $0.39 at the issue date. Upon vesting and exercise in accordance with those plan terms, each performance right will vest and entitle the holder to one fully paid ordinary security (ASX:TGP).

Note 10: Cash and cash equivalents

(a) Reconciliation of cash and cash equivalents

	30 June 2022 $'000	30 June 2021 $'000
Cash at bank	48,195	2,968
Cash and cash equivalents in the statement of cash flows	**48,195**	2,968

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

	30 June 2022 $'000	30 June 2021 $'000
Net (loss)/profit for the year	(567)	1,712
Adjustment for:		
Provision for/(reversal of) loss allowance	-	(10)
Net loss/(gain) on fair value of financial assets	428	(143)
Net loss on deconsolidation of controlled entity	-	61
Net loss /(gain) on disposal of equity accounted investment (including foreign exchange loss)	1,747	(49)
Transaction costs	113	12
Share of equity accounted loss, net of distributions received	(1,400)	(1,112)
Other comprehensive loss/profit	(798)	1,028
Change in assets and liabilities		
Decrease in receivables and prepayments	1,018	1,200
Increase/(decrease) in creditors and accruals	(376)	4
Net cash inflows from operating activities	**165**	2,703

Risk

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

Note 11: Basis of preparation

a) Reporting entity

The financial report of 360 Capital Investment Trust comprises the consolidated financial statements of 360 Capital Investment Trust and its controlled entities. The consolidated entity forms part of the stapled entity, 360 Capital Group (Stapled Group) (ASX: TGP) comprising 360 Capital Group Limited and its controlled entities and 360 Capital Investment Trust and its controlled entities. A 360 Capital Group stapled security comprises one 360 Capital Group Limited share stapled to one 360 Capital Investment Trust unit to create a single listed entity traded on the ASX. The stapled security cannot be traded or dealt with separately.

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 consolidated entity are disclosed in the Directors' report.

The financial report was approved for issue by the Board on 25 August 2022.

The principal accounting policies adopted in the preparation of the financial report are set out below and in Note 23.

b) Statement of compliance

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

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

c) Basis of preparation

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

The financial report has been prepared on accruals basis and on the historical cost basis except for investment properties, financial assets and financial liabilities, which are stated at their fair value or amortised cost. The accounting policies set out in Note 23 have been applied consistently to all periods presented in this financial report and to all entities in the consolidated entity.

The financial report is presented in Australian dollars.

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

d) Critical judgements and significant accounting estimates

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

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 years.

Note 11: Basis of preparation (continued)

The critical accounting estimates, judgements and assumptions have required additional analysis due to the COVID-19 pandemic. The Group has considered the impact of COVID-19 amongst other challenges including global supply chain disruption, increases in inflation and interest rates, geopolitical tensions and climate risks preparing its financial report for the year. The Group continually monitors these risks and considers them as part of its ongoing investment and funds management processes, 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:

<u>Control of entities</u>
The Trust has consolidated the financial results of entities it is deemed to control under AASB10 *Consolidated Financial Statements*. Critical judgements are made by the Trust to determine whether control exists, principally around the three criteria which must be met (refer to Note 23(b)). Further information on Controlled Entities is included in Note 14.

Judgements made by management in the application of Australian Accounting Standards that have a significant effect on the financial report and estimates with a significant risk of material adjustment in the next year are disclosed in Note 23.

Certain new or amended Australian Accounting Standards have been published that are not mandatory for this reporting period. Based on management's assessment, the recently issued or amended Accounting Standards are not expected to have a significant impact on the amounts recognised or disclosures made in this financial report when restated for the application of the new or amended Accounting Standards.

The consolidated entity has applied the amendments contained in the Corporations Amendment (Corporate Reporting Reform) Bill 2010 in the preparation of this financial report which allows for removing the requirement in consolidated financial statements to include full parent entity information. A note containing information about the Parent Entity has been included at Note 22.

e) Changes in accounting policies and disclosures

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

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

These amendments have been deemed not to have a material impact to the consolidated entity. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 12: Capital management

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

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends and distributions paid to unitholders, return capital to unitholders, issue new units or sell assets to reduce debt.

For information on issued units refer to Note 9.

Note 13: Other financial assets and liabilities

Overview
The consolidated entity's activities expose it to various types of financial risks including credit risk, liquidity risk, and market 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 developed risk management principles and policies and monitors their implementation. Policies are established to identify and analyse the financial risks faced by the consolidated entity, 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 consolidated entity's activities.

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

a) Credit risk

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

	30 June 2022 $'000	**30 June 2021 $'000**
Cash and cash equivalents	48,195	2,968
Receivables	39	730
Total	**48,234**	3,698

The consolidated entity manages credit risk and the losses which could arise from default by ensuring that parties to contractual arrangements are of an appropriate credit rating, or do not show a history of defaults. At reporting date, there are no issues with the credit quality of financial assets, there are no amounts past due or impaired, and all amounts are expected to be received in full.

b) 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 consolidated entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Note 13: Other financial assets and liabilities (continued)

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

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

	Floating interest rate	Fixed interest maturing in 1 year or less	Fixed interest maturing in 1 to 5 years	Fixed interest maturing in more than 5 years	Non-interest bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000
30 June 2022						
Financial assets						
Cash and cash equivalents	48,195	-	-	-	-	48,195
Receivables	-	-	-	-	39	39
Financial assets at fair value through profit or loss	-	-	-	-	4,120	4,120
Due from related entities	-	-	-	-	84,978	84,978
Total financial assets	**48,195**	**-**	**-**	**-**	**89,137**	**137,332**
Financial liabilities						
Trade and other payables	-	-	-	-	70	70
Total financial liabilities	**-**	**-**	**-**	**-**	**70**	**70**
Net financial assets	**48,195**	**-**	**-**	**-**	**89,067**	**137,262**
30 June 2021						
Financial assets						
Cash and cash equivalents	2,968	-	-	-	-	2,968
Receivables	-	-	-	-	730	730
Loans receivable	-	-	-	-	-	-
Financial assets at fair value	-	-	-	-	3,964	3,964
Due from related entities	-	-	-	-	95,811	95,811
Total financial assets	2,968	-	-	-	100,505	103,473
Financial liabilities						
Trade and other payables	-	-	-	-	120	120
Total financial liabilities	-	-	-	-	120	120
Net financial assets	2,968	-	-	-	100,385	103,353

Note 13: Other financial assets and liabilities (continued)

Summarised interest rate sensitivity analysis

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

		Change in interest rate			
		-1%	1%	-1%	1%
	Carrying amount	Profit	Profit	Net assets	Net assets
	$'000	$'000	$'000	$'000	$'000
30 June 2022					
Financial assets					
Cash and cash equivalents	48,195	(482)	482	(482)	482
Total (decrease) increase		**(482)**	**482**	**(482)**	**482**
30 June 2021					
Financial assets					
Cash and cash equivalents	2,968	(30)	30	(30)	30
Total (decrease) increase		(30)	30	(30)	30

Liquidity risk

Liquidity risk is the risk that the consolidated entity 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 consolidated entity's reputation.

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

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

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

	Carrying amount	Contractual cash flow	Less than 1 Year	Between 1-5 Years	Over 5 Years
	$'000	$'000	$'000	$'000	$'000
30 June 2022					
Trade and other payables	70	(70)	(70)	-	-
Distribution payable	-	-	-	-	-
	70	**(70)**	**(70)**	**-**	**-**
30 June 2021					
Trade and other payables	120	(120)	(120)	-	-
Distribution payable	2,300	(2,300)	(2,300)	-	-
	2,420	**(2,420)**	**(2,420)**	**-**	**-**

Note 13: Other financial assets and liabilities (continued)

Price risk
Price risk is the risk that the fair value of investments will change as a result of changes in market prices, whether those changes are caused by factors specific to the individual security or factors affecting all instruments in the market.

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

The Trust's overall risk to exposures from investments is monitored and managed by the Board, with an established investment and risk framework governing the composition of the securities held by the consolidated entity.

Price risk – sensitivity analysis
A fluctuation of 1% in the market price of underlying equity securities/units, with all other variables held constant, would impact the net profit and net assets of the consolidated entity by an increase/(decrease) of $35,880 (2021: $39,640).

Fair values
The fair value of receivables and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

Fair value hierarchy
All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows and based on the lowest level input that is significant to the fair value measurements as a whole:

Level 1 – Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities
Level 2 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable)
Level 3 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable)

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

As at 30 June 2022, the consolidated entity held the following classes of financial instruments measured at fair value:

	Total	Level 1	Level 2	Level 3
	$'000	$'000	$'000	$'000
30 June 2022				
Financial assets				
Financial assets at fair value through profit or loss	**4,120**	4,120	-	-
30 June 2021				
Financial assets				
Financial assets at fair value through profit or loss	3,964	3,964	-	-

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

Note 13: Other financial assets and liabilities (continued)

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

	30 June 2022 $'000	30 June 2021 $'000
Balance at 1 July	-	2,226
Financial assets acquired	-	-
Financial assets disposed	-	(2,226)
Fair value adjustment of financial assets	-	-
Closing balance	-	-

Valuation techniques

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss may include investments in listed and unlisted assets. The value of investments in the listed market is stated at unit price as quoted on the ASX at reporting date. As such, listed investments are categorised as Level 1 instruments.

Group Structure

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

Note 14: Business combinations and acquisition of non-controlling interests

There were no business combinations and acquisitions of non-controlling interests during the years ended 30 June 2022 and 30 June 2021.

Note 15: Business divestment

Business divestment transactions during the year are detailed below.

Global Data Centre Group (GDC)
On 7 September 2021 the Trust disposed of its holding in GDC on-market for total consideration of $41.9 million, representing $1.93 per security.

Details of the disposal consideration to divest the controlling interest in GDC on 7 September 2021 are as follows:

	7 September 2021 $'000
Cash received (net of costs)	41,916
Total consideration received	**41,916**

Net assets divested:

	$'000
Assets	
Cash and cash equivalents	20,605
Receivables and other current assets	3,855
Investment properties	45,000
Non-current assets	95,500
Liabilities	
Trade and other payables	(2,243)
Borrowings	(21,883)
Non-current liabilities	(3,655)
Carrying value of net assets divested	137,179
Less: Non-controlling interests	(94,962)
Carrying value of net assets divested excluding non-controlling interest	**42,217**
Consideration received (net of costs)	41,916
Net loss on disposal (exclusive of foreign exchange loss)	**(301)**

Note 15: Business divestment (continued)

Other comprehensive income amounts previously recognised reclassified to profit or loss upon divestment:

	$'000
Exchange losses on translation of foreign operations reclassified to profit or loss	(240)
Total amounts reclassified to profit or loss	**(240)**

Business divestment transactions from the prior period are detailed below:

360 Capital Active Value Equity Fund (CAVEF)

In the prior year, CAVEF liquidated a significant portion of its investments. Cash from the sale of investments was used to fund the redemption of all units held by the consolidated entity.

Redemptions occurred over two transactions as set out below, over which all of the consolidated entity's units in CAVEF were redeemed and subsequently cancelled.

	$'000
Consideration received on redemption of CAVEF units	
Cash receipt – redemption on 31 July 2020	1,626
Cash receipt – redemption on 24 September 2020	1,982
Total consideration received	**3,608**

Up until the final redemption on 24 September 2020, the Trust consolidated CAVEF into its financial statements. The details of the deconsolidation upon the final redemption are as follows:

	$'000
Assets	
Cash and cash equivalents	40
Financial assets at fair value through profit or loss	2,226
Liabilities	
Trade and other payables	(16)
Carrying value of assets divested	2,250
Less: Non-controlling interests	(206)
Carrying value of assets divested excluding non-controlling interest	**2,044**
Consideration received	1,982
Net loss on disposal	**(62)**
Net gain on disposal recognised on 31 July 2020	1
Net loss on disposal recognised during the year	**(61)**

Note 16: Subsidiaries and controlled entities

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

Name of entity	Country of domicile	Equity Class	Equity Holding 30 June 2022 %	30 June 2021 %
Trafalgar Opportunity Fund No.4	Australia	Ordinary units	100	100
360 Capital Trust	Australia	Ordinary units	100	100
360 Capital Retail Fund	Australia	Ordinary units	100	100
360 Capital Diversified Property Fund	Australia	Ordinary units	100	100
360 Capital DIP Trust	Australia	Ordinary units	100	100

Unrecognised Items

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

Note 17: Commitments and contingencies

Capital commitments
As at 30 June 2022, the consolidated entity had no capital commitments (2021: Nil).

Contingencies

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

Note 18: Events subsequent to balance date

No circumstances have arisen since 30 June 2022 that have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Other Information

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

Note 19: Auditor's remuneration

	30 June 2022 $	30 June 2021 $
Audit services		
Fees for auditing the statutory financial reports of the parent and its controlled entities	22,075	23,710
Fees for other assurance services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm	16,400	-
Non-audit services		
Taxation compliance services	11,550	27,950
Total fees to Ernst & Young Australia	**50,025**	**51,660**

Note 20: Earnings per unit

	30 June 2022 ¢	30 June 2021 ¢
Basic earnings per unit	(0.3)	0.8
Diluted earnings per unit	(0.3)	0.7

	$'000	$'000
Basic and diluted earnings		
Profit attributable to unitholders of the consolidated entity used in calculating earnings per unit	(577)	1,712

	000's	000's
Weighted average number of units used as a denominator		
Weighted average number of units - basic	218,998	218,543
Weighted average number of units - diluted	221,571	230,005

Dilution

On 2 August 2017 and 13 October 2017, there is a total of 11,050,000 stapled securities outstanding that have been granted to employees of the Stapled Group under the 360 Capital Group Employee Security Plans (ESP). In September 2020 and April 2021, 1,350,000 and 100,000 ESP securities were cancelled respectively, and in September 2021, the remaining 11,050,000 ESP securities were cancelled and the corresponding loans were repaid. At 30 June 2022, there is no outstanding ESP securities.

Further information on the ESP is provided in Note 9.

Note 21: Related party transactions

Parent entity

The legal parent entity is 360 Capital Investment Trust (ARSN 104 552 598).

Controlled entities

Interests in controlled entities are set out in Note 16.

Responsible Entity

The Responsible Entity of the Trust is 360 Capital FM Limited. The immediate parent entity of the Responsible Entity is 360 Capital Property Limited (ABN 46 146 484 433), and its ultimate parent entity is 360 Capital Group Limited (ABN 18 113 569 136).

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

360 Capital REIT (ASX: TOT)

The trust invested $4.7 million to acquire additional 360 Capital REIT (ASX: TOT) securities during the year, increasing its ownership to 24.5%.

360 Capital Enhanced Income Fund (ASX: TCF)

The trust invested $0.05 million to acquire additional 360 Capital Enhanced Income Fund (ASX: TCF) securities during the year, increasing its ownership to 16.4%.

Key management personnel

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

Payments made by the consolidated entity to the Responsible Entity do not specifically include any amounts attributable to the compensation of key management personnel.

Directors

David van Aanholt (Deputy Chairman)
Tony Robert Pitt (Executive Chairman)
William John Ballhausen
Andrew Graeme Moffat
Anthony Gregory McGrath (appointed 1 March 2022)

KMP

Tony Pitt, Executive Chairman
Glenn Butterworth, Chief Financial Officer and Joint Company Secretary
James Storey, Chief Executive Officer
Christopher Chase, Head of Private Credit (role made redundant on 6 June 2022)

Note 21: Related party transactions (continued)

Securities held in 360 Capital Group by Directors

	Held at 1 July 2021	Granted as remuneration	Acquisition	Disposal	Held at 30 June 2022
David van Aanholt	377,650	-	154,332	(100,000)	431,982
William Ballhausen	500,000	-	-	(100,000)	400,000
Andrew Moffat	1,057,050	-	242,950	(100,000)	1,200,000
	1,934,700	-	397,282	(300,000)	2,031,982

Securities held in 360 Capital Group by key management personnel

	Held at 1 July 2021	Granted as remuneration	Acquisition	Disposal **	Held at 30 June 2022
Tony Pitt	67,700,000	-	7,800,000	(3,000,000)	72,500,000
Glenn Butterworth	3,262,926	-	-	(3,000,000)	262,926
James Storey	3,000,000	-	-	(3,000,000)	-
Christopher Chase	1,000,000	-	-	(1,000,000)	-
Dennison Hambling *	120,885	-	-	(120,885)	-
	75,083,811	-	7,800,000	(10,120,885)	72,762,926

*Dennison Hambling was made redundant from Head of Public & Private Equity effective 1 July 2021, from this date his securities held were no longer reported.

The following loans have been provided to KMP through their participation in the 360 Capital Group employee security plan:

KMP	Balance at start of the year $	ESP loans issued during the year $	Interest charged in the year $	Payments made during the year ** $	Balance at end of the year $	Highest indebtedness during the year $
Tony Pitt	2,940,000	-	-	(2,940,000)	-	2,940,000
Glenn Butterworth	2,940,000	-	-	(2,940,000)	-	2,940,000
James Storey	2,940,000	-	-	(2,940,000)	-	2,940,000
Christopher Chase	1,030,000	-	-	(1,030,000)	-	1,030,000
	9,850,000	-	-	(9,850,000)	-	9,850,000

The loan provided on the grant date was equivalent to the face value of the securities. Existing loans at the beginning of the year were granted on 2 August 2017 as part of the Group's ESP. Interest on the loan is equal to any distributions or dividends paid on the securities over the 3 year period, and should performance hurdles not be met, or participants elect not to repay the loan, then the Board, at its discretion, will either sell or cancel the securities.

** In September 2020 and April 2021, 1,350,000 and 100,000 ESP securities were cancelled respectively, and in September 2021, the remaining 11,050,000 ESP securities were cancelled and the corresponding loans were repaid. At 30 June 2022, there is no outstanding ESP securities. For further information on these loans refer to Note 9.

Note 21: Related party transactions (continued)

<u>Due from/to related entities</u>
The following amounts are outstanding with related parties at balance date:

	30 June 2022 $	30 June 2021 $
Current Assets		
Due from 360 Capital Group Limited	84,978,569	95,811,106
	84,978,569	95,811,106

Related entity loans are unsecured, non-interest bearing and payable on demand.

<u>Responsible Entity's fees</u>
Under the terms of the constitution, the Responsible Entity is entitled to receive management fees. During the year the Responsible Entity charged management fees totalling $679,200 (2021: $715,800).

Note 22: Parent entity disclosures

The following details information relating to the parent entity 360 Capital Investment Trust.

	30 June 2022 $'000	30 June 2021 $'000
Current assets	48,103	105,688
Non-current assets	292,425	83,357
Total assets	**340,528**	189,045
Current liabilities	55	2,668
Non-current liabilities	232,145	76,400
Total liabilities	**232,200**	79,068
Issued capital	270,676	277,323
Accumulated losses	(162,348)	(167,346)
Total equity	**108,328**	109,977
Net profit for the year	(710)	660
Total comprehensive income for the year	**(710)**	660

Note 23: Statement of significant accounting policies

a) Changes in accounting policy

There were no changes to the Trust's accounting policies for the year. New or amended Accounting Standards effective from this financial reporting period, as detailed in Note 11, have been deemed not to have a material impact to the consolidated entity.

b) Basis of consolidation

Stapling
On 2 October 2013, 360 Capital Group was formed by stapling together the shares of the 360 Capital Group Limited (Company) and the units of 360 Capital Investment Trust (Trust). Equity holders of the Stapled Group are entitled to an equal interest in each stapled entity.

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

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

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

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

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the consolidated entity re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the statement of profit or loss.

Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Trust as at 30 June 2022 and the results of all subsidiaries for the period then ended.

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

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

Intercompany transactions, balances and unrealised gains on transactions between consolidated entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

Note 23: Statement of significant accounting policies (continued)

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

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

c) Segment reporting

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

d) Revenue recognition

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

<u>Distributions from property funds</u>
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.

<u>Interest income</u>
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.

<u>Other income</u>
Other income is recognised when the right to receive the revenue has been established.

e) Finance expenses

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

f) Income tax

Under current Australian income tax legislation, the consolidated entity is not liable for income tax provided its taxable income and taxable capital gains are fully distributed to unitholders each year.

Note 23: Statement of significant accounting policies (continued)

g) Impairment of assets

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

h) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

i) Receivables

Receivables are recognised initially at fair value and subsequently at amortised cost using the effective interest method, less any allowance for expected credit losses. 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.

Amounts not recoverable are assessed at each reporting date. Indicators that an amount is not recoverable include where there is objective evidence of significant financial difficulties, debtor bankruptcy, financial reorganisation or default in payment. Any allowances for non-recoverable receivables are recognised in a separate allowance account. Any bad debts which have previously been provided for are eliminated against the allowance account. In all other cases bad debts are written off directly to the statement of profit or loss.

j) Financial instruments

Financial assets and financial liabilities are recognised when the consolidated entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured 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", "Financial assets at fair value through other comprehensive income", or "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 at fair value through profit or loss
Financial assets designated at fair value through profit or loss comprises investments in unlisted and listed funds. Upon initial recognition, the investments are designated at fair value through profit or loss in accordance with AASB 9 *Financial Instruments*. The consolidated entity has elected to measure these investments at fair value through profit or loss as allowed under paragraph 18 of AASB 128 *Investments in Associates and Joint Ventures*.

Financial assets designated at fair value through profit or loss at inception, are those that are managed and their performance evaluated on a fair value basis in accordance with the consolidated entity's documented investment strategy. The consolidated entity'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 consolidated entity has transferred substantially all the risk and rewards of ownership.

Note 23: Statement of significant accounting policies (continued)

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 consolidated entity's right to receive payments is established.

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

Related party loans
Loans from and to related parties are unsecured, non-interest bearing and payable on demand unless otherwise specified.

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

k) Assets held for sale

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

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

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

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

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

l) Trade and other payables

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

m) Provisions

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

Note 23: Statement of significant accounting policies (continued)

Distributions

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

n) Issued units

Issued units represent the amount of consideration received for units issued by the consolidated entity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

o) Goods and services tax (GST)

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

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

p) Accounting standards issued but not yet effective

At the date of authorisation of the financial statements, the Trust 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 1 January 2022)
- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current (application 1 January 2023)
- AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date (application 1 January 2023)
- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates (application 1 January 2023)
- AASB 2021-6 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards (application 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 1 January 2025)

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

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 39 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 financial year ended on that date; and

   (ii) complying with Australian Accounting Standards and *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   (iii) complying with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 11 to the consolidated financial statements; and

2) There are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

3) The Directors have given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2022.

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

Tony Robert Pitt
Executive Chairman

David van Aanholt
Deputy Chairman

Sydney
25 August 2022

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Independent auditor's report to the members of 360 Capital Investment Trust

Report on the audit of the financial report

Opinion

We have audited the financial report of 360 Capital Investment Trust (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2022 and of its consolidated 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.

Disposal of Global Data Centre Group

Why significant	How our audit addressed the key audit matter
During the year the Group disposed of its equity accounted investment, Global Data Centre Group, for net consideration of $41.9m. This has been disclosed in note 15 to the financial report. This was considered a Key Audit Matter due to the significance of the transaction to the Group's overall financial results.	Our audit procedures included the following: ▸ Inspected the relevant contracts between the Group and the acquiring parties of Global Data Centre Group. ▸ Assessed the derecognition accounting entries and considering their appropriateness with reference to applicable accounting standards. ▸ Assessed the appropriateness of the carrying value of the investment at disposal date. ▸ Assessed the adequacy of the disclosures in the financial report outlined in Note 15.

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 Company'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.

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

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

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

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

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

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

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

Responsibilities

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

Ernst & Young

Ernst & Young

Douglas Bain
Partner
Sydney
25 August 2022