360 Capital

ASX Release

360 Capital Group (ASX: TGP) **24 August 2023**

Appendix 4E

For the year ended 30 June 2023

360 Capital Group comprises the stapling of ordinary shares in 360 Capital Group Limited (ACN 113 569 136) and units in 360 Capital Investment Trust (ARSN 104 552 598)

This Preliminary Financial Report is given to the ASX in accordance with Listing Rule 4.3A. This report should be read in conjunction with the Annual Report for the year ended 30 June 2023. It is also recommended that the Annual Report be considered together with any public announcements made by the Group. Reference should also be made to the statement of significant accounting policies as outlined in the Financial Report. The Annual Report for the year ended 30 June 2023 is attached and forms part of this Appendix 4E.

Details of reporting period

Current reporting period:	1 July 2022 – 30 June 2023
Prior corresponding period:	1 July 2021 – 30 June 2022

Results announcement to the market

	30 Jun 2023 $'000	30 Jun 2022 $'000	Movement $'000	Movement %
Revenue and other income from ordinary activities	13,773	59,131	(45,358)	(76.7)
(Loss)/profit attributable to stapled securityholders for the year	(20,764)	31,671	(52,435)	(165.6)
Operating profit[1]	9,941	30,863	(20,922)	(67.8)

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

	30 Jun 2023 Cents per security	30 Jun 2022 Cents per security	Movement Cents per security	Movement %
Earnings per security – Basic	(9.3)	14.5	(23.8)	(164.1)
Earnings per security – Diluted	(9.3)	14.3	(23.6)	(165.0)
Operating profit per security	4.5	14.1	(9.6)	(68.1)

Distributions/Dividends

The Group declared a fully franked special dividend of 8.0cps together with ordinary distributions of 4.25cps for the year ended 30 June 2023. Dividends and distribution declared and paid during the year comprised the following:

The Company declared fully franked dividends during the year as detailed below;

	Amount per Security (cents)	Franked amount per security (cents)	Total paid $'000	Record date	Date of payment
Special fully franked dividend	8.0	8.0	17,520	31 August 2022	7 October 2022
Total dividends for the year ended 30 June 2023	**8.0**	**8.0**	**17,520**		
September 2021 quarter fully franked dividend	1.5	1.5	3,285	30 September 2021	27 October 2021
December 2021 quarter fully franked dividend	1.5	1.5	3,285	31 December 2021	27 January 2022
March 2022 quarter fully franked dividend	1.5	1.5	3,285	31 March 2022	27 April 2022
June 2022 quarter fully franked dividend	1.5	1.5	3,285	30 June 2022	27 July 2022
Total dividends for the year ended 30 June 2022	**6.0**	**6.0**	**13,140**		

360 Capital Investment Trust declared and paid distributions during the year as detailed below;

	Amount per Security (cents)	Total paid $'000	Record date	Date of payment
December 2022 half year distribution	2.25	5,461	30 December 2022	25 January 2023
June 2023 half year distribution	2.00	4,854	30 June 2023	27 July 2023
Total distribution for the year ended 30 June 2023	**4.25**	**10,315**		

Net tangible asset per security

	30 Jun 2023 $	30 Jun 2022 $
Net tangible asset per security	0.75	0.98

ASX Release

Control Gained or Lost over Entities during the year

Refer to Note 25 Subsidiaries and controlled entities and Note 23 Acquisition of non-controlling interests of the Financial Report.

Details of Associates and Joint Venture Entities

Refer to Note 11 Investments equity accounted of the Financial Report.

360 Capital

360
CAPITAL GROUP

(ASX:TGP)

ANNUAL REPORT

For the year ended 30 June 2023

360 Capital Group (ASX:TGP) comprises:
360 Capital Group Limited (ABN 18 113 569 136) and its controlled entities and
360 Capital Investment Trust (ARSN 104 552 598) and its controlled entities.

General information

The Annual Report of 360 Capital Group (Group) comprises the consolidated financial statements of 360 Capital Group Limited and its controlled entities and 360 Capital Investment Trust (ARSN 104 552 598) and its controlled entities. 360 Capital Group is an Australian Securities Exchange (ASX) listed stapled security comprising 360 Capital Group Limited and 360 Capital Investment Trust trading as 360 Capital Group (ASX:TGP).

The Directors of 360 Capital Group Limited (Company) along with the Directors of 360 Capital FM Limited (ABN 15 090 664 396) (AFSL No 221474), the Responsible Entity present their report, together with the annual financial report of 360 Capital Group for the year ended 30 June 2023. The registered office and the principal place of business is Suite 3701, Level 37, 1 Macquarie Place, Sydney NSW 2000 Australia.

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 August 2023. The directors have the power to amend and reissue the financial statements.

Contents


WEST

The Directors of 360 Capital Group Limited (Company) along with the Directors of 360 Capital FM Limited (CFML) (ABN 15 090 664 396) (AFSL No 221474), the Responsible Entity present their report, together with the annual financial report of 360 Capital Group (Group) (ASX: TGP) for the year ended 30 June 2023. 360 Capital Group comprises 360 Capital Group Limited (Parent Entity) and its controlled entities and 360 Capital Investment Trust (Trust) and its controlled entities.

Directors

The following persons were Directors of 360 Capital Group Limited during the year and up to the date of this report unless otherwise stated:

Tony Robert Pitt (Executive Chairman)
David van Aanholt (Deputy Chairman)
William John Ballhausen (resigned on 30 June 2023)
Andrew Graeme Moffat
Anthony Gregory McGrath

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

Key financial highlights for the year ended 30 June 2023

Statutory net loss

$20.8m

(June 2022: profit $31.7 million)

Statutory net loss of $20.8 million represents a 165.6% decrease on prior year, primarily attributable to the fair value loss on investments in Hotel Property Investments (ASX:HPI) and the share of equity accounted loss from 360 Capital REIT (ASX:TOT). The prior year profit was predominantly from the $21.3 million fair value gain on the Irongate Group investment.

Operating profit

$9.9m

(June 2022: $30.9 million)

Operating profit[1] of $9.9 million (equating to 4.5cps). The prior year profit of $30.9 million includes an operating gain of $23.0 million recognised on the Irongate Group investment.

Distributions

4.25cps

(June 2022: 6.0cps)

The Group's distributions during the year of 4.25cps represent 94.4% Operating Profit for the year.

Special Dividend

8.0cps

Special fully franked dividend of 8.0cps paid during the year was funded from the profits from the Irongate Group investment recognised in the prior year.

Net asset value

$0.78

per security
(June 2022: $0.99)

The Group's Net Asset Value (NAV) is $0.78 per security a decrease of 21.0cps or 21.2% from the prior year, primarily due to the fair value loss on investments during the year and the 8.0 cps special dividend funded from profits from Irongate Group investment.

ASX closing price

$0.65

per security
(June 2022: $0.865)

The Group's closing price of $0.65 per security was down from $0.865 per security in the prior year. The closing price reflects a 16.7% discount to the Group's NAV as at 30 June 2023.

[1] Operating profit is a financial measure which is not prescribed by Australian Accounting Standards (AAS) and represents the profit under AAS adjusted for non-operating items. The Directors consider operating profit to reflect the core earnings of the Group. Operating earnings is used by the Board to make strategic decisions and as a guide to assess the Group's ability to pay distributions to securityholders. The operating profit has not been subject to any specific audit procedures by the Group's auditor but has been extracted from Note 1: Segment reporting.

Operating and financial review (continued)

Key operational achievements for the year ended 30 June 2023

Fund redeployed

$102.9m

Invested during the year

The Group realised proceeds on the Irongate Group investment of $92.0 million, and redeployed the funds to invest $102.9 million into Hotel Property Investments.

Investment in Hotel Property Investments

14.9%

The Group's strategic 14.9% holding in Hotel Property Investments as at 30 June 2023 valued at $90.8 million, with the investment contributing $5.3 million in income during the year.

Operating and financial review (continued)

Group Overview

The Group completed its simplification strategy during the year positioning itself for opportunities which it expects to arise from the aggressive rise in interest rates over FY23. The Group's investment strategy is focused on its core strengths of real estate investing and funds management. The Group's real estate investing and funds management activities comprise:

- 360 Capital REIT (ASX:TOT) – core income producing REIT
- 360 Capital Mortgage REIT (ASX:TCF) – focused on investing in real estate credit
- Hotel Capital Partners – Joint venture managing hotel accommodation assets
- 360 Capital Strategic Real Estate Partners – opportunistically investing in real estate REITs.

Key financial highlights for the year ended 30 June 2023

- Statutory net loss attributable to securityholders of $20.8 million down 165.6% (June 2022: profit $31.7 million);
- Operating profit of $9.9 million down 67.8% (June 2022: $30.9 million);
- Statutory loss of 9.3cps, down 164.1% (June 2022: profit 14.5cps);
- Operating EPS of 4.5cps down 68.1% (June 2022: 14.1cps);
- Distribution per security (DPS) of 4.25cps down 29.2% (June 2022: dividends 6.0cps);
- A special 8.0cps fully franked dividend was paid in October 2022;
- NAV per security of $0.78, down 21.2% (June 2022: $0.99); and
- Strong balance sheet with $38.8 million in cash, and no debt.

Operating and financial review (continued)

360 Capital REIT

360 Capital REIT sold its 50% equity interest in New Zealand fund manager PMG in July 2022 for $21.6 million. 360 Capital REIT settled the Irongate Group transaction in September 2022, completing the implementation of its strategy of becoming a pure REIT, purchasing three modern investment properties from Irongate Group for $257.5 million. TOT increased the portfolio occupancy to 93.3% with leasing 800 sqm to PZ Cussons at 510 Church Street, Cremorne VIC. The fund distributed 6.0cps for during the year in line with guidance. TOT revalued the property portfolio in June 2023 resulting in a decrease of $32.2 million from their acquisition price as a result of softening in capitalisation rates with the portfolio weighted average capitalisation rate expanding by 67bp to 5.33%.

Credit

Transitioned TCF from corporate credit investing to real estate credit investing and renamed the fund to 360 Capital Mortgage REIT (formerly 360 Capital Enhanced Income Fund). The Group launched 360 Capital Private Credit Fund (PCF) as a contributory mortgage fund and commenced investing in first mortgage real estate loans in partnership with TCF. The Group, TCF and PCF wrote a total of $45.4 million in loans during the year together with an additional $19.4 million post period as part of its expansion of real estate credit activities with Group also committing underwriting capital to facilitate Group's credit expansion. The Group expanded its real estate credit investing capability with the full acquisition of the Dealt.com.au real estate debt platform.

Hospitality

Hotel Capital Partners (HCP) was appointed as asset manager on a further four hotels during the year, taking total assets under asset management to seven. The team expanded with Lucia Grambalova becoming shareholder and Chief Investment Officer of HCP. HCP continues to advise and work with private capital investors on hotel and co-living opportunities.

Opportunistic – 360 Capital Strategic Real Estate Partners (SREP)

The Group, via SREP, has become the largest securityholder in Hotel Property Investments (ASX:HPI) purchasing a strategic 14.9% stake worth $90.8 million as at 30 June 2023;

Operating and financial review (continued)

Risks

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

Given the current high level of inflation, it is expected that markets will continue to deteriorate as interest rates start impacting the Australian real estate markets and the general economy. Whilst the degree of this deterioration is yet to be determined in the event of fund consolidations and other special situations, the Group and its various investment vehicles are well positioned to capitalise on opportunities as they arise.

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.

As outlined above, the Group has completed its simplification strategy with no major legacy issues, no debt and a clear business strategy across the Group and its investment vehicles, in preparation to capitalise on opportunities expected to arise from the market downturn.

The Group is well positioned with the Board and management team having a diversified skill set across all aspects of real estate investing and funds management and having been through various economic cycles.

Dividends and distributions

The Company declared a $17.5 million fully franked special dividend during the year as detailed below (June 2022: ordinary dividends $13.1 million).

Dividend period	Date of payment	Cents per unit	30 June 2023 $'000	30 June 2022 $'000
Special fully franked dividend	7 October 2022	8.0	17,520	-
Total dividends for the year ended 30 June 2023		**8.0**	**17,520**	**-**
September 2021 quarter fully franked dividend	27 October 2021	1.5	-	3,285
December 2021 quarter fully franked dividend	27 January 2022	1.5	-	3,285
March 2022 quarter fully franked dividend	27 April 2022	1.5	-	3,285
June 2022 quarter fully franked dividend	27 July 2022	1.5	-	3,285
Total dividends for the year ended 30 June 2022		6.0	-	13,140

360 Capital Investment Trust declared $10.3 million in distributions during the year (June 2022: nil).

Distribution period	Date of payment	Cents per unit	30 June 2023 $'000	30 June 2022 $'000
December 2022 half year distribution	25 January 2023	2.25	5,461	-
June 2023 half year distribution	27 July 2023	2.00	4,854	**-**
Total distributions for the year		**4.25**	**10,315**	**-**

Significant changes in state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of 360 Capital Group that occurred during the year under review other than those referred to 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.

Information on Directors and Key Management Personnel

Directors

Tony Robert Pitt – Executive Chairman

Tony is a founding Director of 360 Capital and has worked in the property and property funds management industries for over 25 years. As Executive Chairman, Tony is responsible for the Group's investments strategic direction and overall Group strategy. He has overseen the IPO on the ASX of four AREITs since 2012 as well as the creation of various unlisted funds, undertaken various corporate acquisitions and disposals, mergers and acquisitions and the ASX listing of 360 Capital Group.

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

David van Aanholt – Independent Deputy Chairman

David has over 30 years of experience in the Property and Funds Management industry. Prior to establishing his own property investment and advisory group in 2009 and taking on several Board roles as a Non-Executive Director, David was the Chief Executive Officer (Asia Pacific) of Goodman Group. In that role David was responsible for Goodman's operations in Australia, New Zealand, Hong Kong and Singapore.

David worked for Goodman for more than a decade and before joining them he was a Fund Manager at Paladin Australia Limited and Associate Director of the property advisory firm CDH Properties (acquired by KPMG). David holds a Bachelor of Business (Land Economy), Post Graduate Diploma in Management and a Master's in Business Administration. He is also a Fellow of the Australian Property Institute

David is a Board member and Chairman of several companies and is a Councillor at The University of New England.

William John Ballhausen – Non-Executive Independent Director (resigned on 30 June 2023)

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

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

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

Andrew Graeme Moffat – Non-Executive Independent Director

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

Andrew is also a non-executive Director of Sports Entertainment Group Limited (previously Pacific Star Network Limited) (ASX: SEG) since November 2017, IPD Group Limited since March 2020 and ICP Funding Pty Ltd.

Information on Directors and Key Management Personnel (continued)

Anthony Gregory McGrath – Non-Executive Independent Director

Anthony is a chartered accountant of almost 40 years standing, specialising in restructuring and insolvency. Following an initial career at KPMG, in 2004 Anthony founded McGrathNicol, a specialist restructuring and forensics practice.

Today Anthony is a consultant to McGrathNicol and is an experienced non-executive director.

In addition to 360 Capital, Anthony is a non-executive director at Servcorp Limited since August 2019 and at the NRL.

Senior Management

James Storey – Chief Executive Officer

James has over 16 years' experience in real estate funds management including such areas as asset management, capital transactions, analytics and valuations. Prior to being promoted to Chief Executive Officer, James was Head of Real Assets of the Group and also his previous roles included Fund Manager of the 360 Capital Office Fund and 360 Capital Industrial Fund with a combined gross asset of over A$1.1b. Prior to his tenure at 360 Capital, James held the role of Investment Manager at Brookfield Office Properties, Senior Analyst at Valad Property Group and worked for Ernst & Young within its Transaction Advisory Services team.

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

Glenn Butterworth – Chief Financial Officer and Company Secretary

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

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

Directors meetings

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

	Board		Audit Committee		Nominations & Remuneration		ESG Committee	
	Meetings attended	Meetings held	Meetings attended	Meetings held	Meetings attended	Meetings held	Meetings attended	Meetings held
Director								
Tony Robert Pitt	8	8	-	-	4	4	2	2
David van Aanholt	8	8	-	-	4	4	-	-
William John Ballhausen	8	8	5	6	-	-	2	2
Andrew Graeme Moffat	7	8	5	6	3	4	-	-
Anthony Gregory McGrath	8	8	6	6	-	-	2	2

Remuneration report (audited)

The Remuneration Report for the year ended 30 June 2023 outlines the remuneration arrangements of the 360 Capital Group in accordance with the requirements of the *Corporations Act 2001* and its regulations (the Act). This information has been audited as required by section 308(3C) of the Act.

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

The remuneration report is presented under the following sections:

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

Remuneration report (continued)

a. Introduction

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

(i) Executive Chairman
Tony Robert Pitt

(ii) Non-executive directors (NEDs)
David van Aanholt, Independent Deputy Chairman
William John Ballhausen, Independent Director (resigned on 30 June 2023)
Andrew Graeme Moffat, Independent Director
Anthony Gregory McGrath, Independent Director

(iii) Other KMP
James Storey, Chief Executive Officer
Glenn Butterworth, Chief Financial Officer & Company Secretary

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

b. Remuneration governance

Nominations and Remuneration Committee
The Nominations and Remuneration Committee (Remuneration Committee) is appointed by the Board and comprises the following directors:
Andrew Graeme Moffat (Chairman of the Committee)
Tony Robert Pitt
David van Aanholt

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

Specifically, the Board approves the remuneration arrangements of the Executive Chairman, Chief Executive Officer and other executives and all awards made under the short term (STI) and long-term incentive (LTI) plans, following recommendations from the Remuneration Committee. The Board also sets the aggregate remuneration of NEDs, which is then subject to securityholder approval, and NED fee levels. The Remuneration Committee approves, having regard to the recommendations made by the Executive Chairman and Chief Executive Officer, the level of the Group STI pool. The Remuneration Committee meets throughout the year. The Executive Chairman is not present during any discussions related to his own remuneration arrangements.

Remuneration report (continued)

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

Use of remuneration advisors

To ensure the Remuneration Committee is fully informed when making remuneration decisions, it may seek external remuneration advice. Remuneration advisors are engaged by, and report directly to, the Committee. In selecting remuneration advisors, the Committee considers potential conflicts of interest and requires independence from the Group's key management personnel and other executives as part of their terms of engagement. No remuneration recommendation was provided by any external advisors during the 2023 financial year.

Remuneration report approval at 2022 Annual General Meeting (AGM)

The remuneration report for the year ended 30 June 2022 received positive securityholder support at the AGM with a vote of 99.42% in favour.

Remuneration report (continued)

c. Executive remuneration arrangements

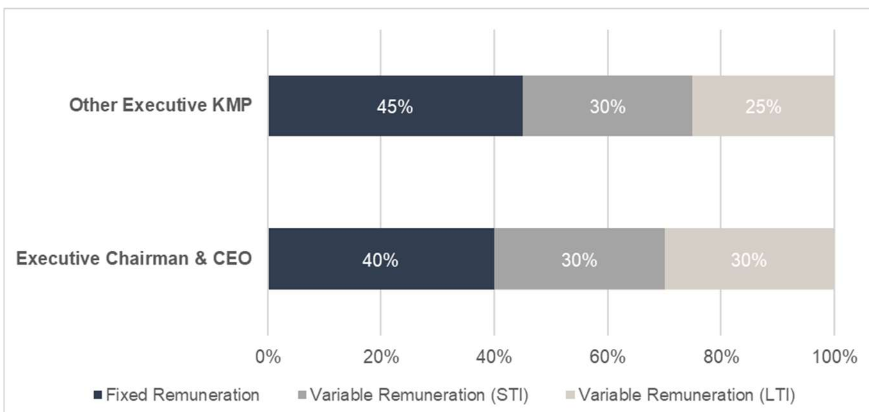
Remuneration principles and strategy

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

Approach to setting remuneration

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

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



For the year ended 30 June 2023, the executive remuneration framework consisted of fixed remuneration and short and long-term incentives as outlined below. The following table summarises the Executive Chairman's and Chief Executive Officer's and other executives' actual remuneration mix.

		Fixed remuneration	STI	LTI
Tony Pitt - Executive Chairman	**2023**	68.2%	- %	31.8%
	2022	38.3%	30.8%	30.9%
James Storey - Chief Executive Officer	**2023**	60.0%	- %	40.0%
	2022	34.8%	32.7%	32.5%
Glenn Butterworth - Chief Financial Officer	**2023**	66.3%	- %	33.7%
	2022	39.3%	27.3%	33.4%

Remuneration report (continued)

c. Executive remuneration arrangements (continued)

Details of fixed remuneration

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

Details of short-term incentives

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

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

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

50% weighting to financial measures, comprising;

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

50% weighting to non-financial measures, comprising;

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

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

Remuneration report (continued)

c. Executive remuneration arrangements (continued)

Details of long-term incentives

LTI awards to executives are made under the executive LTI plan and are delivered in the form of securities or rights issued. The securities or rights will vest over a period of three years subject to meeting performance measures, with limited opportunity to retest. The Group currently has an Employee Incentive Plan (EIP) operating as its LTI plans.

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

Historic Performance Rights

Award date 21 October 2020

Absolute TSR Achieved (% pa)	Proportion of Target Award Vesting
10%	100%
>8% and <10%	Pro Rata Allocation
8%	50%
<8%	0%

Award date 4 November 2021

Absolute TSR Achieved (% pa)	Proportion of Target Award Vesting
10%	100%
>6% and <10%	Pro Rata Allocation
6%	50%
<6%	0%

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

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

Remuneration report (continued)

EIP - Loan Plan

The FY2023 LTI comprises a limited recourse loan for the acquisition of TGP securities at a price of $0.82 per security. The FY2023 LTI is subject to vesting hurdles as outlined below, over a 3-year performance period commencing 1 July 2022, which may be waived or altered in certain circumstances at the Board's discretion.

Award date 13 September 2022

Target	Proportion of Target Award Vesting
$250 million or more third party capital raised in Strategic Real Estate Partners	100%
More than $100 million less than $250 million	Pro Rata Allocation between 50% to 100%
Threshold $100 million	50%
Less than threshold	0%

The specific Target criteria was to align management remuneration to the Group's strategic objectives and was selected as the LTI performance measure for the following reasons:

The Target criteria was based on the key driver for the Group's long term strategic focus which includes generating returns from strategy investment into ASX listed REIT's. The strategy requires the raising of third-party capital to invest alongside the Group to generate income and capital returns from investing for the Group, investors and ultimately securityholders.

Remuneration report (continued)

c. Executive remuneration arrangements (continued)

Termination and change of control provisions

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

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

d. Executive remuneration outcomes for 2023

Fixed remuneration

For the year ended 30 June 2023 the fixed remuneration reviews were as follows:

Executive Chairman – no change to remuneration.
Chief Executive Officer – no change to remuneration.
Chief Financial Officer/Company Secretary – no change to remuneration.

Group performance and its link to short-term incentives

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

The financial performance measures driving STI payment outcomes are primarily operating profit per security of the Group and TSR. The Group's TSR for the year ended 30 June 2023 was -12.5% (June 2022: 4.5%) underperformed compared to ASX Small Ordinaries Accumulation Index of 7.5% (2022: -19.5%) and the S&P/ ASX 300 A-REIT Accumulation Index of 8.4% (2022: -11.2%) for the same period.

	2019	2020	2021	2022	2023
Profit attributable to securityholders of the Group ('000)	1,594	1,345	5,290	31,671	(20,764)
Basic EPS (cents)	0.7	0.6	2.4	14.5	(9.3)
Operating EPS (cents)	2.3	2.1	4.2	14.1	4.5
Distributions/Dividends per security (cents)	2.0	4.0	4.0	6.0	4.25
Special Dividend per security (cents)	3.0	-	-	-	8.00
Net Tangible Assets (NTA)	0.93	0.87	0.89	0.98	0.75
Security price ($)	1.03	0.85	0.89	0.865	0.65
Increase/(decrease) in security price	1.0%	(17.5%)	4.1%	(2.3%)	(24.9%)
Total KMP incentives as a percentage of profit for the year (%)	36.6%	40.6%	32.8%	9.7%	(4.5%)

Remuneration report (continued)

There was no STI's awarded during the financial year (2022: $1.3 million). The formal STI outcomes relating to this program are included in the table below for reference.

As detailed below, the 2023 STI financial gateway key performance measure Operating EPS for the year was not achieved with Operating EPS of 4.5cps which was less than 90% of the Board's EPS target measure. The Groups TSR for financial year 2023 of -12.5% was lower than both the ASX Small Ordinaries Accumulation Index of 7.5% and the S&P/ASX 300 A-REIT Accumulation Index of 8.4%. The Group's financial performance for the year reflect Operating EPS of 4.5cps, payment of a 8.0cps fully franked dividend together with 4.25cps ordinary distributions, NTA declined by 23.0cps and the Group's security price fell by 21.5cps for the financial year.

Across the non-financial performance measures the Group continued to execute on its strategies for the Group and its listed funds, simplifying the Group's core business back to focusing on real estate funds management and investment. The Group completed the transition of TOT back to a traditional REIT with the settlement of the three Irongate Group properties and TCF's strategy shifted to focus on real estate lending. The Group continued to maintain its strong compliance culture and risk management framework across the business.

The financial gateway KPI was not met and given the financial performance of the Group for the year and considering the negative security price performance, negative TSR and relative performance against benchmarks, weighted against satisfactory performance against other non-financial KPI's, the Remuneration Committee recommended that no STI's be awarded to the Executive Chairman and Chief Executive Officer and other executives for the 2023 financial year (June 2022: $1.3 million).

Performance measure	Weighting	Outcome	Action
Operating EPS	Gateway	Operating EPS 4.5cps less than 90% of target.	STI measure not satisfied
Operating EPS	50%	Operating EPS of 4.5cps less than 90% of target.	STI measure not satisfied
TSR for 2023		Total return of -12.5% lower than both S&P/ ASX 300 A-REIT index of 7.5% and ASX Small Ordinaries Index of 8.4% for the year.	STI measure not satisfied
Implementation of key strategic initiatives	50%	Group performed in executing on transitioning TOT to a traditional REIT and TCF to real estate lending. The Group through it simplification also delivery reduction in expenses of $4.4 million or 45% during the year.	STI measure satisfied
Compliance and risk management		Group continued to maintain a strong compliance, risk management and ESG focus.	STI measure satisfied

Remuneration report (continued)

Long term performance measure

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

The performance rights LTI plans issued in 2021 and 2022 financial years target returns in alignment with the Group's strategic return targets, with the TSR target of 10% pa, over the 3 year vesting periods. The return targets reflected the Board's view of the existing position and likely future direction of the market and the broader economic environment at the time of issue.

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

Remuneration report (continued)

		Short-term benefits			Post-employment benefits	Security based benefits				Other		
	Year	Salary & fees[1] $	Short-term incentive $	Non monetary benefits[3] $	Super-annuation $	Securities under EIP[4] $	Rights under EIP[5] $	Long term cash incentive[7] $	Termination benefits $	Long service leave[2] $	Total $	Performance related %
Executive Director												
Tony Pitt - Executive Director	**2023**	574,707	-	2,642	25,292	148,500	137,302	-	-	9,608	898,051	31.8%
	2022	576,432	495,000	7,153	23,568	-	246,662	250,000	-	8,487	1,607,302	61.7%
KMP												
James Storey - Chief Executive Officer	**2023**	574,708	-	2,642	25,292	148,500	275,328	-	-	34,206	1,060,676	40.0%
	2022	459,765	495,000	2,127	23,568	-	241,350	250,000	-	41,756	1,513,566	65.2%
Glenn Butterworth - Chief Financial Officer	**2023**	399,707	-	2,642	25,292	148,500	72,049	-	-	6,007	654,197	33.7%
	2022	401,432	310,000	2,127	23,568	-	129,436	250,000	-	18,598	1,135,161	60.7%
Christopher Chase - Head of Private Credit[6]	**2023**	-	-	-	-	-	-	-	-	-	-	- %
	2022	374,062	37,500	2,127	23,568	-	117,118	250,000	291,205	-	1,095,580	36.9%
Total	**2023**	**1,549,122**	**-**	**7,926**	**75,877**	**445,500**	**484,678**	**-**	**-**	**49,821**	**2,612,923**	**35.6%**
	2022	1,811,691	1,337,500	13,533	94,272	-	734,567	1,000,000	291,205	68,841	5,351,609	57.4%

1. Salary and fees includes accrued annual leave paid out as part of salary.
2. Long service leave based on movement in accounting accrual for the year.
3. Car parking benefits before tax.
4. Securities were granted to employees under the Group Executive Incentive Plan (EIP) on 13 September 2022. The securities are subject to a 3 year Total Securityholder Return hurdle. The fair value of the grants was determined by an independent actuary and has been proportionally disclosed in the remuneration report to reflect the 3 year vesting period. Further information on EIP is provided in Note 18(c).
5. Rights were granted to employees under the EIP on 20 October 2020 and 4 November 2021. The securities are subject to a 3 year Total Securityholder Return hurdle. The fair value of the grants was determined by an independent actuary and has been proportionally disclosed in the remuneration report to reflect the 3 year vesting period. Further information on EIP is provided in Note 18(c).
6. Christopher Chase was made redundant on 6 June 2022. Termination payments totalling $291,205 were paid in June 2022.
7. In the prior year, following the forfeiture of securities under 2017 ESP in August 2021 the Remuneration Committee considered and recommended to the Board who approved a payment of $250,000 to be made to the Executive Chairman and each KMP, totalling $1,000,000, based on their continued employment to 30 June 2022, Christopher Chase retained the payment in consideration of his role being made redundant on 6 June 2022.

Remuneration report (continued)

e. Executive contracts

Remuneration arrangements for Executive KMP, Executive Chairman and Chief Executive Officer, are formalised in employment agreements. These agreements are of a continuing nature and have no fixed term of service. There were no changes to the service agreements for executive KMP during the year other than those noted below. The following outlines the details of contracts with KMP.

Tony Pitt changed roles on 1 March 2022 to Executive Chairman, previously Managing Director, his fixed remuneration is $600,000 pa and this has not changed since October 2013. James Storey was appointed as Chief Executive Officer on 1 March 2022, his fixed remuneration was $600,000 his role was previously Head of Real Assets. The key terms of the service agreements for the Executive Chairman and other executive KMP members are as follows:

		Notice period		
	Contract term	**Employee**	**Group**	**Termination Payment [1]**
Executive Chairman	No fixed term	6 months [2]	12 months	12 months
Chief Executive Officer	No fixed term	12 months [2]	12 months	12 months
Other Executive KMP	No fixed term	3 months	6 months	6 months

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

f. Non-executive director remuneration arrangements

<u>Remuneration policy</u>

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

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

The Company's constitution and the ASX listing rules specify that the NED fee pool shall be determined from time to time by a general meeting. The latest determination was at the 2005 AGM when securityholders approved an aggregate fee pool of $750,000 per year. The Board will not seek any increase for the NED pool at the 2023 AGM.

Remuneration report (continued)

Structure

The remuneration of NEDs were updated during the year and consists of directors' fees and committee fees. The payment of additional fees for serving as Chair on a committee recognises the additional time commitment required by NEDs who serve on these sub-committees. Committee fees paid to Board members during the year are outlined below. Committee fees may vary based on time and effort required to fulfil the required duties. The table below summarises the NED standard committee fee entitlements.

Board fees	$	Committee fees	$
Deputy Chairman	120,000	Committee Chairman	10,000
Other NEDs	100,000	Committee Member	-

Included in the fees, the NEDs receive superannuation contributions at the Superannuation Guarantee Levy rate.

The remuneration of NEDs for the year ended 30 June 2023 is detailed below:

		Short-term benefits		Post-employment benefits	Security based benefits		
	Year	Salary $	Committee Fees $	Superannuation $	Securities under ESP $	Total $	Performance related %
NED							
David van Aanholt	**2023**	108,597	-	11,403	-	120,000	- %
	2022	123,030	-	12,303	-	135,333	- %
William Ballhausen	**2023**	90,498	9,050	10,452	-	110,000	- %
	2022	86,970	3,030	9,000	-	99,000	- %
Anthony Gregory McGrath	**2023**	90,498	9,050	10,452	-	110,000	- %
	2022	30,303	3,030	3,333	-	36,666	- %
Andrew Moffat	**2023**	90,498	9,050	10,452	-	110,000	- %
	2022	86,970	3,030	9,000	-	99,000	- %
Total	**2023**	**380,091**	**27,149**	**42,760**	**-**	**450,000**	- %
	2022	327,273	9,090	33,636	-	369,999	- %

Remuneration report (continued)

g. Additional disclosures relating to options and securities

Securities awarded, vested and lapsed during the year

Executive Incentive Plan

On 13 September 2022, a total of 18,000,000 stapled securities were granted to employees of the Group under the EIP. The issue price per security was $0.82 which was equal to the volume weighted average daily price for the 10 days preceding the issue date. 6,000,000 of the securities were bought on market and 12,000,000 of the securities were newly issued. The fair value of each option was $0.165 at the issue date. Upon vesting and exercise in accordance with those plan terms, each option will vest.

The employees who participated in the EIP 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 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. These EIP 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 EIP loans. The EIP securities and associated loan are not recognised under AASB until they vest, and the non-recourse loan is repaid.

Performance Rights

During the year no Performance Rights were issued to KMP under the EIP (2022: 1,289,700) and a total of 917,500 were cancelled (2022: 1,230,300) due to vesting conditions not being met or following the termination of employment . During the year no Retention Rights were issued (2022: 1,200,768).

1,068,600 of the Performance Rights issued to the Executive Chairman and KMPs on 21 October 2020 were subject to vesting conditions over the 3-year performance period. As at 30 June 2023 the minimum performance hurdle on these Performance Rights was not met therefore they did not vest and will be cancelled.

917,500 of the Performance Rights issued to the Executive Chairman and KMPs on 23 December 2019 were subject to vesting conditions over the 3-year performance period, they did not vest and were cancelled on 1 September 2022.

Remuneration report (continued)

Employee Share Scheme KMP	Year	Securities awarded during the year[1] No.	Award date	Fair value per security at award date $	Vesting date	No. vested during year	No. lapsed during year [2]
Tony Pitt	**2023**	6,000,000	13/09/2022	0.82	12/09/2025	-	-
	2022	-	-	-	-	-	3,000,000
	2021	-	-	-	-	-	-
	2020	-	-	-	-	-	-
	2019	-	-	-	-	-	-
	2018	3,000,000	2/08/2017	0.98	1/08/2021	-	-
James Storey	**2023**	6,000,000	13/09/2022	0.82	12/09/2025	-	-
	2022	-	-	-	-	-	3,000,000
	2021	-	-	-	-	-	-
	2020	-	-	-	-	-	-
	2019	-	-	-	-	-	-
	2018	3,000,000	2/08/2017	0.98	1/08/2021	-	-
Glenn Butterworth	**2023**	6,000,000	13/09/2022	0.82	12/09/2025	-	-
	2022	-	-	-	-	-	3,000,000
	2021	-	-	-	-	-	-
	2020	-	-	-	-	-	-
	2019	-	-	-	-	-	-
	2018	3,000,000	2/08/2017	0.98	1/08/2021	-	-
NEDs							
David van Aanholt	**2023**	-	-	-	-	-	-
	2022	-	-	-	-	-	100,000
	2021	-	-	-	-	-	-
	2020	-	-	-	-	-	-
	2019	-	-	-	-	-	-
	2018	100,000	2/08/2017	0.98	1/08/2021	-	-
William Ballhausen	**2023**	-	-	-	-	-	-
	2022	-	-	-	-	-	100,000
	2021	-	-	-	-	-	-
	2020	-	-	-	-	-	-
	2019	-	-	-	-	-	-
	2018	100,000	2/08/2017	0.98	1/08/2021	-	-
Andrew Moffat	**2023**	-	-	-	-	-	-
	2022	-	-	-	-	-	100,000
	2021	-	-	-	-	-	-
	2020	-	-	-	-	-	-
	2019	-	-	-	-	-	-
	2018	100,000	2/08/2017	0.98	1/08/2021	-	-

1. .Securities were granted to employees under EIP on 13 September 2022. The securities are subject to a 3 year Total Securityholder Return hurdle. The fair value of the grants was determined by an independent actuary and has been proportionally disclosed in the remuneration report to reflect the 3 year vesting period. The employees who participated in the EIP 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. Further information on 360 Capital Group Employee Security Plan is provided in Note 18(c).
2. The 2017 ESP securities were cancelled in September 2021, and the corresponding loans were fully settled.

Remuneration report (continued)

Employee Incentive Scheme KMP	Financial Year	Rights awarded during the year [1,2,3] No.	Award date	Fair value per security at award date $	Vesting date	No. vested during year	No. lapsed during year[4]
Tony Pitt	**2023**	-	-	-	-	-	(454,500)
	2022	501,000	4/11/2021	0.390	31/08/2024	-	-
	2021	529,400	21/10/2020	0.365	31/08/2023	-	-
	2020	454,500	23/12/2019	0.805	31/08/2022	-	-
James Storey	**2023**	-	-	-	-	-	(224,500)
	2022	262,900	4/11/2021	0.390	31/08/2024	-	-
	2022	1,200,768 [2]	4/11/2021	0.855	3/11/2026	-	-
	2021	261,400	21/10/2020	0.365	31/08/2023	-	-
	2020	224,500	23/12/2019	0.805	31/08/2022	-	-
Glenn Butterworth	**2023**	-	-	-	-	-	(238,500)
	2022	262,900	4/11/2021	0.390	31/08/2024	-	-
	2021	277,800	21/10/2020	0.365	31/08/2023	-	-
	2020	238,500	23/12/2019	0.805	31/08/2022	-	-

1 On 4 November 2021, a total of 1,289,700 performance rights were granted under the Group's Long Term Incentive (LTI) offer (2021 LTI rights) to KMPs pursuant to the terms of the EIP, subsequent to a KMP's departure on 6 June 2022, the balance reduced to 1,026,800. This is exercisable from on or around 31 August 2024 subject to vesting conditions, refer Note 18(c).

2 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 James Storey pursuant to the terms of the 360 Capital EIP, exercisable from on or around 4 November 2026 subject to vesting conditions.

3 On 21 October 2020, a total of 1,068,600 of the performance rights were granted under the Group's Long Term Incentive (LTI) offer (2020 LTI rights) to KMPs pursuant to the terms of the EIP, subsequent to a KMP's departure on 6 June 2022, the balance reduced to 1,026,800. This is exercisable from on or around 31 August 2024 subject to vesting conditions, refer Note 18(c).

4 917,500 of the Performance Rights issued to the Executive Chairman and KMPs on 23 December 2019 were subject to vesting conditions over the 3-year performance period, they did not vest and were cancelled on 1 September 2022.

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

For details on the valuation of securities, including models and assumptions used, please refer to Note 18(c) and Note 22. There were no alterations to the terms and conditions of securities awarded as remuneration since their award date.

Securities held in 360 Capital Group by key management personnel

KMP	Held at 30 June 2022	Granted as remuneration [1]	Acquisitions	Disposals	Held at 30 June 2023
Tony Pitt	72,500,000	6,000,000	10,191,814	-	88,691,814
James Storey	-	6,000,000	-	-	6,000,000
Glenn Butterworth	262,926	6,000,000	-	(52,353)	6,210,573
Total	72,762,926	18,000,000	10,191,814	(52,353)	100,902,387

1 On 13 September 2022, a total of 18,000,000 stapled securities were granted to employees of the Group under the EIP, refer to Note 18.

Remuneration report (continued)

Securities held in 360 Capital Group by non-executive directors

NEDs	Held at 30 June 2022	Granted as remuneration	Acquisitions	Other changes [1]	Held at 30 June 2023
David van Aanholt	431,982	-	44,243	-	476,225
William John Ballhausen[1]	400,000	-	-	(400,000)	-
Andrew Moffat	1,200,000	-	122,904	-	1,322,904
Total	2,031,982	-	167,147	(400,000)	1,799,129

[1] William John Ballhausen resigned as a director effective 30 June 2023, his security holdings are no longer reported from this date.

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

h. Loans to key management personnel and their related parties

The following loans have been provided to KMP through their participation in the Group EIP. There have been no loans provided to NEDs during the year.

KMP	Balance at 1 July 2022 $	ESP loans issued during the year $	ESP loans repaid during the year $	Interest charged in the year $	Payments made during the year $	Balance at 30 June 2023 $	Highest indebtness during the year $
Tony Pitt	-	4,920,000	-	255,000	(255,000)	4,920,000	4,920,000
James Storey	-	4,920,000	-	255,000	(255,000)	4,920,000	4,920,000
Glenn Butterworth	-	4,920,000	-	255,000	(255,000)	4,920,000	4,920,000
	-	14,760,000	-	765,000	(765,000)	14,760,000	14,760,000

In September 2022, a total of 18,000,000 stapled securities were granted to employees of the Group under the 360 Capital Group's EIP. These EIP securities have an associated loan to the employees. The loan provided on the grant date was equivalent to the face value of the securities. Interest on the loan is equal to any distributions or dividends paid on the securities over the 3-year period, and should performance hurdles not be met, or participants elect not to repay the loan, then the Board, at its discretion, will either sell or cancel the securities. For further information on these loans refer to Note 18. There were no other loans to key management personnel and their related parties during the year.

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

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

Events subsequent to balance date

On 21 July 2023, the Group's subsidiary, 360 Capital Private Credit Fund (PCF) together with 360 Capital Mortgage REIT settled a total of $18.2 million master residual stock facility. This facility is made up of a $7.5 million loan provided by PCF and a $10.7 million loan provided by TCF. It is secured against a total of 21 brand new, unencumbered, completed freestanding houses. The PCF loan is subject to a margin of 10.5% + BBSW, while TCF loan is subject to 6.5% + BBSW. The loans are serviced, with interest paid monthly in advance and will be repaid through the proceeds from sales over the 12-month term.

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

Environmental Regulation

The Group's management, with oversights from the ESG Committee and Board, oversee the policies, procedures and systems that have been implemented to ensure adequacy of the Group's environmental risk management practices. The Group believes that adequate systems are in place for the management of the Group's environmental responsibilities and compliance with its various license requirements and regulations and is not aware of any breaches of these requirements.

Distribution Reinvestment Plan

The Group has a Distribution Reinvestment Plan (DRP) which was active for the special dividend paid on 7 October 2022.

The Group issued 11,721,500 stapled securities under the DRP at a price of $0.78 per security in October 2022 and raised $9.2 million relating to this special dividend. Securities were issued at a 1.5% discount to the Group's 10 day weighted average daily trading price as per the Group's DRP policy. Post the special dividend paid in October 2022, the DRP has been suspended until further notice. (June 2022: nil)

New securities issued

During the year, there were 11,721,500 securities issued under the DRP, 12,000,000 securities issued under the EIP and an additional 6,000,000 securities bought on market for the purpose of issuing under the Group's EIP. As at 30 June 2023, the number of stapled securities on issue was 242,719,051 (June 2022: 218,997,551).

Buy back arrangement

The Group is not under any obligation to buy back, purchase or redeem securities from securityholders. During the year, the Group bought on market 6,000,000 securities related to the Group's EIP offer at an average price of $0.82. In the prior year the Group bought back and cancelled 11,050,000 units related to the Group's 2017 employee share plan at an average price of $0.77.

Options

During the year, 18,000,000 options were issued related to the EIP (June 2022: 11,050,000 options were cancelled). Performance rights totalling 1,791,300 were cancelled relating to employees who had ceased employment with the Group (June 2022: 1,243,600 performance rights were cancelled).

As at 30 June 2023, there were 18,000,000 options and 3,519,868 performance rights outstanding (June 2022: nil options and 5,311,168 performance rights). For options held by KMP of the Group refer to the Remuneration Report.

Indemnification and insurance of Officers and Directors

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

Indemnification of auditors

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

Non-audit services

Disclosed in Note 28 were the non-audit services provided by the Group's auditors. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Auditor's independence declaration

The auditor's independence declaration required under Section 307C of the Corporations Act 2001 is set out on page 32 and forms part of the Directors' report for the year ended 30 June 2023.

Rounding of amounts

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

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

Tony Robert Pitt
Executive Chairman

David van Aanholt
Deputy Chairman

Sydney
24 August 2023

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Building a better working world

Auditor's independence declaration to the directors of 360 Capital Group Limited

As lead auditor for the audit of the financial report of 360 Capital Group Limited for the financial year ended 30 June 2023, 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 Group Limited and the entities it controlled during the financial year.

Ernst & Young

Douglas Bain
Partner
24 August 2023

360 Capital Group
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	30 June 2023 $'000	30 June 2022 $'000
Revenue from continuing operations			
Management fee income	3	5,103	1,847
Rental from investment properties		-	391
Data centre services revenue		-	1,560
Distribution income	3	5,627	4,593
Finance revenue	3	2,960	261
Total revenue from continuing operations		**13,690**	8,652
Other income			
Net gain on disposal of subsidiary		-	13,859
Net gain on fair value of financial assets	9	-	19,628
Net gain on disposal of financial assets		-	5,706
Share of equity accounted profits	11	-	9,738
Foreign exchange gains		-	1,424
Other income		83	124
Total other income		**83**	50,479
Total revenue from continuing operations and other income		**13,773**	59,131
Employee benefit expenses	5	4,106	8,368
Administration expenses		1,877	3,215
Management fees		-	643
Investment property expenses		-	64
Data centre facility costs		-	599
Depreciation expenses		967	985
Finance expenses	6	152	274
Transaction costs	4	2,482	694
Net loss on disposal of financial assets	9	328	-
Share of equity accounted losses	11	11,523	-
Net loss on fair value of financial assets	9	15,618	-
(Loss)/profit from continuing operations before income tax		**(23,280)**	44,289
Income tax benefit/(expense)	7	579	(10,962)
(Loss)/profit for the year		**(22,701)**	33,327

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

360 Capital Group
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	30 June 2023 $'000	30 June 2022 $'000
(Loss)/profit for the year attributable to:			
Shareholders of 360 Capital Group Limited		(3,576)	32,304
Unitholders of 360 Capital Investment Trust		(17,188)	(633)
(Loss)/profit after tax attributable to the stapled securityholders		**(20,764)**	31,671
External non-controlling interests	25	(1,937)	1,656
(Loss)/profit for the year		**(22,701)**	33,327

Other comprehensive income that may be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operations		-	1,683
Net foreign currency gain transferred to the income statement on business divestment, net of tax		-	240
Total comprehensive income for the year		**-**	35,250
Total comprehensive income attributable to:			
Shareholders of 360 Capital Group Limited		(3,576)	32,304
Unitholders of 360 Capital Investment Trust		(17,188)	165
Total comprehensive income attributable to the stapled securityholders		**(20,764)**	32,469
External non-controlling interests		(1,937)	2,781
Total comprehensive income for the year		**(22,701)**	35,250

Earnings per stapled security for profit after tax attributable to the stapled securityholders of 360 Capital Group		**Cents**	**Cents**
Basic earnings per security	29	**(9.3)**	14.5
Diluted earnings per security	29	**(9.3)**	14.3

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

360 Capital Group
Consolidated statement of financial position
As at 30 June 2023

	Note	30 June 2023 $'000	30 June 2022 $'000
Current assets			
Cash and cash equivalents	19	38,808	80,329
Receivables	8	3,476	1,131
Financial assets at fair value through profit or loss	9	97,796	92,570
Investment property held for sale	10	-	510
Income tax refundable		-	1,297
Lease receivable	14	383	-
Other current assets		336	636
Total current assets		**140,799**	176,473
Non-current assets			
Financial assets at fair value through profit or loss	9	3,527	13,831
Investments equity accounted	11	34,384	45,689
Lease receivable	14	705	-
Intangible assets	12	4,896	5,399
Property, plant and equipment	13	270	274
Right-of-use assets	14	625	2,233
Deferred tax assets	15	356	-
Total non-current assets		**44,763**	67,426
Total assets		**185,562**	243,899
Current liabilities			
Trade and other payables	16	513	2,175
Lease liabilities	14	826	827
Distribution payable		4,854	3,285
Income tax payable		133	-
Provisions	17	244	241
Total current liabilities		**6,570**	6,528
Non-current liabilities			
Lease liabilities	14	1,352	1,873
Deferred tax liabilities	15	-	7,511
Provisions	17	276	235
Total non-current liabilities		**1,628**	9,619
Total liabilities		**8,198**	16,147
Net assets		**177,364**	227,752

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

	Note	30 June 2023 $'000	30 June 2022 $'000
Equity			
Issued capital - ordinary shares	18	1,870	1,241
Issued capital - trust units	18	198,945	195,395
Security based payments reserve		12,561	11,272
Other capital reserve		(110)	(110)
Accumulated profits/(losses)		(39,088)	9,904
Total equity attributable to stapled Securityholders		**174,178**	217,702
External non-controlling interest	25	3,186	10,050
Total equity		**177,364**	227,752

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

360 Capital Group
Consolidated statement of changes in equity
For the year ended 30 June 2023

	Note	Issued capital - ordinary shares $'000	Issued capital - trust units $'000	Security based payments reserve $'000	Other capital reserve - Corporate $'000	Other capital reserve - Trust $'000	Retained earnings - Corporate $'000	Accumulated losses - Trust $'000	Total equity attributable to stapled Securityholders $'000	External non-controlling interest $'000	Total equity $'000
Balance at 1 July 2022		1,241	195,395	11,272	(110)	-	38,264	(28,360)	217,702	10,050	227,752
Profit for the year		-	-	-	-	-	(3,576)	(17,188)	(20,764)	(1,937)	(22,701)
Comprehensive income for the year		-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	-	(3,576)	(17,188)	(20,764)	(1,937)	(22,701)
Transactions with non-controlling interests	23	-	-	-	-	-	(393)	-	(393)	(4,927)	(5,320)
Transactions with Securityholders in their capacity as Securityholders											
Issued shares/units - DRP		1,419	7,737	-	-	-	-	-	9,156	-	9,156
Securities bought on market to issue under EIP		(763)	(4,157)	-	-	-	-	-	(4,920)	-	(4,920)
Security based payment transactions		-	-	1,289	-	-	-	-	1,289	-	1,289
Equity raising transaction costs		(27)	(30)	-	-	-	-	-	(57)	-	(57)
Dividends/distributions	2	-	-	-	-	-	(17,520)	(10,315)	(27,835)	-	(27,835)
		629	3,550	1,289	-	-	(17,520)	(10,315)	(22,367)	-	(22,367)
Balance at 30 June 2023		**1,870**	**198,945**	**12,561**	**(110)**	**-**	**16,775**	**(55,863)**	**174,178**	**3,186**	**177,364**

Balance at 30 June 2022

	Note	Issued capital - ordinary shares $'000	Issued capital - trust units $'000	Security based payments reserve $'000	Other capital reserve - Corporate $'000	Other capital reserve - Trust $'000	Retained earnings - Corporate $'000	Accumulated losses - Trust $'000	Total equity attributable to stapled Securityholders $'000	External non-controlling interest $'000	Total equity $'000
Balance at 1 July 2021		1,241	195,395	10,539	4,898	(1,937)	14,092	(25,846)	198,382	120,048	318,430
Profit for the year		-	-	-	-	-	32,304	(633)	31,671	1,656	33,327
Comprehensive income for the year		-	-	-	-	798	-	-	798	1,125	1,923
Total comprehensive income for the year		-	-	-	-	798	32,304	(633)	32,469	2,781	35,250
Reclassification between reserves on disposal of investments		-	-	-	(5,008)	1,139	5,008	(1,139)	-	-	-
Transactions with non-controlling interests		-	-	-	-	-	-	(711)	(711)	(112,779)	(113,490)
Transactions with Securityholders in their capacity as Securityholders											
Issued shares/units - EIP cancellation		-	-	-	-	-	-	(31)	(31)	-	(31)
Security based payment transactions		-	-	733	-	-	-	-	733	-	733
Dividends/distributions	2	-	-	-	-	-	(13,140)	-	(13,140)	-	(13,140)
		-	-	733	-	-	(13,140)	(31)	(12,438)	-	(12,438)
Balance at 30 June 2022		**1,241**	**195,395**	**11,272**	**(110)**	**-**	**38,264**	**(28,360)**	**217,702**	**10,050**	**227,752**

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

360 Capital Group
Consolidated statement of cash flows
For the year ended 30 June 2023

	Note	30 June 2023 $'000	30 June 2022 $'000
Cash flows from operating activities			
Cash receipts from customers		6,377	11,874
Cash payments to suppliers and employees		(7,041)	(16,488)
Dividends and distributions received		5,079	6,843
Finance revenue		2,995	268
Finance expenses		(23)	(134)
Income tax paid		(5,521)	(6,391)
Net cash inflows/(outflows) from operating activities	19	**1,866**	(4,028)
Cash flows from investing activities			
Proceeds from disposal of investment properties	10	510	3,610
Proceeds from disposal of investment in equity accounted entities		-	5,456
Payments for property, plant and equipment	13	(34)	(6,298)
Payments for equity accounted investments		(2,439)	(7,593)
Payments for financial assets		(106,592)	(21,330)
Proceeds from disposal of financial assets	9	95,558	28,933
Payments for intangible assets		(68)	(621)
Proceeds from disposal of subsidiaries		-	68,165
Proceeds from loans receivable		10,600	-
Payment for loans receivable		(10,600)	-
Payment of transaction costs		(2,310)	(36)
Net cash (outflows)/inflows from investing activities		**(15,375)**	70,286
Cash flows from financing activities			
Proceeds from borrowings		-	1,008
Repayment of borrowings		-	(2,172)
Payments for borrowing costs		-	(7)
Distributions paid to stapled securityholders		(16,705)	(12,155)
Distributions paid to external non-controlling interests		-	(526)
Payment of transaction costs to issue capital		(56)	-
Payment of transaction costs to issue capital NCI		-	(131)
Payment for securities bought on market for EIP		(4,920)	-
Payment for transactions with non-controlling interests		(5,657)	-
Lease payments		(674)	-
Net cash outflows from financing activities		**(28,012)**	(13,983)
Net (decrease)/increase in cash and cash equivalents		**(41,521)**	52,275
Cash and cash equivalents at the beginning of the year		80,329	54,263
Net cash balance on consolidation/deconsolidation of controlled entities		-	(26,209)
Cash and cash equivalents at the end of the year	19	**38,808**	80,329

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

Contents **Page**

Financial Information

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

Note 1: Segment reporting

Segment information is presented in respect of the Group's operating segments, which are the primary basis of segment reporting. An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other operating segments. The primary segments are based on the Group's management and internal reporting structure. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Core operations
During the year ended 30 June 2023, the Group simplified its strategy to focus on real estate funds management and investing. For segment reporting, core operating business segments now comprise as follows:

- Real Estate Equity
- Real Estate Credit

Following a simplification of the Group's investment strategy, the Group has exited its public equity strategy in the 2022 financial year and follow the disposal of the majority of its private equity business, it will focus on the two remaining segments within its real estate equity and credit strategy. Given there were residual transactions and investments associated with the non-core private equity business during the year these are now reallocated to corporate segment and are no longer reported separately, and the comparative period results has been restated to reflect the new reporting segment structure. In the prior year real estate equity and real estate credit segments were reported under real assets and credit respectively.

The Group's management strategy and measures of performance focus on the returns from these core segments in order to deliver returns and value to investors. Operating segments are determined based on the information, which is regularly reviewed by the Executive Chairman, who is the Chief Operating Decision Maker within the Group. The information provided is reported on an operating profit basis and excludes non-operating items including transaction costs, unrealised fair value adjustments of financial assets and other assets, unrealised and realised foreign exchange gains and losses, impairment adjustments, share of equity accounted non-operating items, security-based payments expense and all other non-operating activities. Funds management revenue and Investment revenue includes recognised and distributable gains made on disposal of investments and other interests. Recognised or distributable gains or losses represents the cash surplus or deficit between acquisition cost and proceeds on disposal and may differ to the realised accounting gain or loss.

Operating profit is a financial measure which is not prescribed by Australian Accounting Standards (AAS) and represents the profit under AAS adjusted for non-operating items. The Directors consider operating profit to reflect the core earnings of the Group. Operating earnings is used by the Board to make strategic decisions and as a guide to assess the Group's ability to pay distributions to securityholders

Corporate Segment
Income and expenses for management of the Group on an overall basis and unallocated overheads are not allocated to the two core operating segments. Cash and borrowings are not directly allocated to an operating segment. Non-core business activities are also reported under the corporate segment. Also, tax assets and liabilities and other incidental assets and liabilities are not allocated to core operating segments as they are either non-core or for management of the Group on an overall basis. All these items are included under corporate in the segment disclosures.

Consolidation and eliminations
Includes the elimination of inter-group transactions and inclusion of the consolidated results from entities deemed to be controlled under AASB 10, these entities have non-controlling interests. The performance of these controlled entities are considered to be non-core and are reviewed separately to that of the performance of the Group's business segments refer to Note 25(b) for a list of controlled entities with non-controlling interest.

Geographical segments
In presenting information on the basis of geographical segments, segment revenue and segment assets are based on the geographical location of the underlying assets. All segments operate solely within Australia.

Note 1: Segment reporting (continued)

The operating segments provided to the Board for the reportable segments for the year ended 30 June 2023 are as follows:

Year ended 30 June 2023	**Real Estate Equity $'000**	**Real Estate Credit $'000**	**Corporate $'000**	**Segment total $'000**	**Consolidation & eliminations $'000**	**Total $'000**
Funds management revenue	4,455	622	26	**5,103**	-	5,103
Investment revenue	7,254	264	-	**7,518**	1,899	9,417
Finance revenue	-	706	2,250	**2,956**	4	2,960
Total revenue and other income	**11,709**	**1,592**	**2,276**	**15,577**	1,903	**17,480**
Operating expenses	1,497	24	3,842	**5,363**	369	5,732
Earnings before interest and tax (EBIT)	**10,212**	**1,568**	**(1,566)**	**10,214**	1,534	**11,749**
Interest expense	-	-	-	**-**	152	152
Operating profit/(loss) before tax	**10,212**	**1,568**	**(1,566)**	**10,214**	1,382	**11,597**
Income tax expense related to operating items	-	-	(273)	**(273)**	-	(273)
Operating profit/(loss) (before non-operating items)	**10,212**	**1,568**	**(1,839)**	**9,941**	1,382	**11,324**
Non-operating items	(28,660)	(57)	(1,988)	(30,705)	(3,319)	(34,024)
Statutory net profit/(loss) attributable to securityholders	**(18,448)**	**1,511**	**(3,827)**	**(20,764)**	(1,937)	**(22,701)**
Operating earnings used in calculating - operating EPS				**9,941**		
Weighted average number of securities - basic ('000)				222,788		
Operating profit per security (EPS) - cents				**4.5**		

Reconciliation of total segment revenue to total revenue in the statement of profit or loss is on page 43.

Note 1: Segment reporting (continued)

The operating segments provided to the Board for the reportable segments for the year ended 30 June 2022 are as follows:

Year ended 30 June 2022	Real Assets	Credit	Corporate	Segment total	Consolidation & eliminations	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Funds management revenue	6,212	321	28	**6,561**	4,434	10,995
Investment revenue	29,736	242	17,103	**47,081**	(1,161)	45,920
Rental revenue	-	-	-	**-**	327	327
Finance revenue	-	-	248	**248**	13	261
Total revenue and other income	**35,948**	**563**	**17,379**	**53,890**	3,613	**57,503**
Operating expenses	1,992	1,592	6,241	**9,825**	2,983	12,808
Earnings before interest and tax (EBIT)	**33,956**	**(1,029)**	**11,138**	**44,065**	630	**44,695**
Interest expense	-	-	-	**-**	274	274
Operating profit/(loss) before tax	**33,956**	**(1,029)**	**11,138**	**44,065**	356	**44,421**
Income tax benefit/(expense) related to operating items	-	-	(13,202)	**(13,202)**	284	(12,918)
Operating profit/(loss) (before non-operating items)	**33,956**	**(1,029)**	**(2,064)**	**30,863**	640	**31,503**
Non-operating items	1,655	(934)	87	808	1,016	1,824
Statutory net profit/(loss) attributable to securityholders	**35,611**	**(1,963)**	**(1,977)**	**31,671**	1,656	**33,327**
Operating earnings used in calculating - operating EPS				**30,863**		
Weighted average number of securities - basic ('000)				218,998		
Operating profit per security (EPS) - cents				**14.1**		

The Corporate Segment has been restated to include the prior year results of the Private Equity segment due to the change in reporting segments. The restatement has resulted in the Corporate segment revenue increasing by $17.1 million and the operating loss reducing by $17.0 million to a $2.1 operating net loss.

Reconciliation of total segment revenue to total revenue in the statement of profit or loss is on page 43.

Note 1: Segment reporting (continued)

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

	30 June 2023 $'000	30 June 2022 $'000
Total revenue per segment report	**17,480**	57,503
Investment property expenses reported in rental revenue	-	64
Data centre facility costs reported in investment revenue	-	599
Share of equity accounted (loss)/profit, non-operating items	(15,558)	6,420
Share of equity accounted loss/(profit)	11,523	(9,738)
Recognised operating gain	-	(26,507)
Net loss/(gain) on disposal of financial assets	328	(5,706)
Net gain on disposal of subsidiary	-	(13,859)
Other income	(83)	(124)
Total revenue in the statement of profit or loss	**13,690**	8,652

Note 1: Segment reporting (continued)

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

	Segment total 30 June 2023 $'000	Segment total 30 June 2022 $'000	30 June 2023 $'000	30 June 2022 $'000
Net profit/(loss) after tax attributable to stapled securityholders	**(20,764)**	31,671		
Profit/(loss) for the year			**(22,701)**	33,327
Non-operating items				
Net loss/(gain) on fair value of financial assets	12,480	(20,716)	15,618	(19,628)
Recognised operating gain [1,2]	-	26,507	-	26,507
Impairments and loss allowance	-	-	-	5
Security based payments expense	884	622	884	766
Share of equity accounted profits, non-operating items	15,558	(6,420)	15,558	(6,420)
Foreign exchange loss/(gain)	-	797	-	(1,424)
Transaction costs	2,305	699	2,482	694
Other items	332	(341)	333	(368)
Tax effect of non-operating items	(854)	(1,956)	(852)	(1,956)
Operating profit (before non-operating items)	**9,941**	30,863	**11,322**	31,503

[1] During the prior year, the Group recognised an operating gain of $23.0 million relating to the Scheme of Arrangement between Charter Hall Partnership and Irongate Group approved by securityholder of Irongate Group on 29 June 2022. Settlement of the sale of the IAP securities under the scheme occurred on 15 July 2022.
[2] During the prior year, the Group recognised an operating gain adjustment of $2.9 million relating to the difference between the realised gain and the accounting gain on the disposal of its FibreconX investment on 16 November 2021.

Note 1: Segment reporting (continued)

The segment balance sheet provided to the Board for the reportable segments for the year ended 30 June 2023 and 30 June 2022 are as follows:

As at 30 June 2023	Real Estate Equity $'000	Real Estate Credit $'000	Corporate $'000	Segment total $'000	Consolidation & eliminations $'000	Total $'000
Assets						
Cash and cash equivalents	-	-	38,799	**38,799**	9	38,808
Financial assets and equity accounted assets	125,230	3,527	3,687	**132,444**	3,263	135,707
Property plant and equipment	-	-	895	**895**	-	895
Other assets	-	-	5,342	**5,342**	(86)	5,256
Intangible assets	4,782	114	-	**4,896**	-	4,896
Total assets	130,012	3,641	48,723	**182,376**	3,186	185,562
Liabilities						
Borrowings	-	-	-	**-**	-	-
Other liabilities	45	-	8,153	**8,198**	-	8,198
Total liabilities	45	-	8,153	**8,198**	-	8,198
Net assets	**129,967**	**3,641**	**40,570**	**174,178**	3,186	177,364
Net assets used to calculate NAV per security				**174,178**		
Total issued securities - basic ('000)				224,719		
NAV per security basic - $				**0.78**		

As at 30 June 2022	Real Assets $'000	Credit $'000	Corporate $'000	Segment total $'000	Consolidation & eliminations $'000	Total $'000
Assets						
Cash and cash equivalents	-	-	76,466	**76,466**	3,863	80,329
Financial assets and equity accounted assets	139,646	3,588	5,470	**148,704**	3,386	152,090
Investment properties & property plant and equipment	-	-	3,038	**3,038**	(531)	2,507
Other assets	-	-	2,934	**2,934**	640	3,574
Intangible assets	2,500	114	-	**2,614**	2,785	5,399
Total assets	142,146	3,702	87,908	**233,756**	10,143	243,899
Liabilities						
Other liabilities	36	144	15,874	**16,054**	93	16,147
Total liabilities	36	144	15,874	**16,054**	93	16,147
Net assets	**142,110**	**3,558**	**72,034**	**217,702**	10,050	227,752
Net assets used to calculate NAV per security				**217,702**		
Total issued securities - basic ('000)				218,998		
NAV per security basic - $				**0.99**		

The Corporate Segment has been restated to include the prior year results of the Private Equity segment due to the change in reporting segments. The restatement has resulted in the Corporate segment net assets increasing by $5.5 million.

Note 2: Distributions and dividends

The Company declared $17.5 million fully franked dividends during the year as detailed below (June 2022: $13.1 million).

Dividend/Distribution period	Date of payment	Cents per unit	30 June 2023 $'000	30 June 2022 $'000
Special fully franked dividend	7 October 2022	8.0	17,520	-
Total dividends for the year ended 30 June 2023		**8.0**	**17,520**	-
September 2021 quarter fully franked dividend	27 October 2021	1.5	-	3,285
December 2021 quarter fully franked dividend	27 January 2022	1.5	-	3,285
March 2022 quarter fully franked dividend	27 April 2022	1.5	-	3,285
June 2022 quarter fully franked dividend	27 July 2022	1.5	-	3,285
Total dividends for the year ended 30 June 2022		6.0	-	13,140

360 Capital Investment Trust declared $10.3 million during the year (June 2022: nil).

Dividend/Distribution period	Date of payment	Cents per unit	30 June 2023 $'000	30 June 2022 $'000
December 2022 half year distribution	25 January 2023	2.25	5,461	-
June 2023 half year distribution	27 July 2023	2.00	4,854	**-**
Total distributions for the year		**4.25**	**10,315**	**-**

Franking Credits

The dividends recommended by the Company during the year were fully franked out of existing franking credits, or out of franking credits arising from the payment of income tax in the year ended 30 June 2023.

Franking credits available for subsequent reporting periods based on a tax rate of 30% (2022: 30%) would be $2,042,003 (2022: $3,282,534). The amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax and dividends after the end of the year. The amounts include franking credits that would be available to the parent entity, 360 Capital Group Limited, if distributable profits of subsidiaries were paid as dividends.

Note 3: Revenue

Management fees include:

	30 June 2023 $'000	30 June 2022 $'000
Fund management fees	1,912	1,416
Loan Establishment fees	403	-
Acquisition and disposal fees	2,788	30
Service fees	-	214
Other fees	-	187
	5,103	1,847

Note 3: Revenue (continued)

Distributions from investments include:

	30 June 2023 $'000	30 June 2022 $'000
Hotel Property Investments (ASX: HPI)	5,310	-
360 Capital Mortgage REIT (ASX: TCF)	264	242
Irongate Group	-	4,351
Others	53	-
	5,627	4,593

Finance revenue include:

	30 June 2023 $'000	30 June 2022 $'000
Interest on loans receivable	706	-
Interest on bank accounts and term deposits	2,254	261
	2,960	261

Note 4: Transaction costs

	30 June 2023 $'000	30 June 2022 $'000
Transaction costs for acquisition of non-controlling interests	362	245
Transaction costs for disposal of financial assets	1,942	-
Fund establishment costs	-	127
Brokerage fees	173	45
Transaction costs – other	5	277
	2,482	694

During the year, transaction costs for acquisition of non-controlling interests were related to the acquisition of Dealt Holdings Limited and the transaction costs for disposal of financial assets were related to the disposal of IAP securities and other financial assets.

Note 5: Employee benefit expenses

	30 June 2023 $'000	30 June 2022 $'000
Wages and salaries	2,814	4,305
Employer superannuation contributions	212	444
Bonuses	37	2,561
Security based payments expense	884	766
Payroll tax	159	292
	4,106	8,368

The fair value of the issue of securities and rights under the EIP has been determined by an independent Actuary using a Black Scholes option pricing valuation methodology. The Group has recognised $0.8 million (2022: $0.8 million) of security based payment expense in the statement of profit or loss. Further information on the EIP and the fair value calculation is provided in Note 18.

Note 6: Finance expenses

	30 June 2023 $'000	30 June 2022 $'000
Interest from lease liabilities	152	179
Others	-	95
	152	274

Note 7: Income tax expense

The Group calculates income tax expense using the tax rate applicable to the expected total annual earnings. The major components of income tax expense during the year are:

	30 June 2023 $'000	30 June 2022 $'000
(Loss)/profit before tax attributable to stapled securityholders	**(21,343)**	42,733
Income tax (benefit)/expense at the effective corporate rate of 30% (2022: 30%)	(6,403)	12,820
<u>Increase/(decrease) in income tax expense due to</u>:		
Trust income exempt from income tax	5,156	190
Capital losses applied to disposal of shares	-	(341)
Equity accounted profits	681	(1,715)
EIP interest income taxable	230	-
Security based payments expense non-tax deductible	265	186
Dividend income	192	183
Other tax adjustments	39	118
Income tax expense	**160**	11,441
Adjustment for current tax of prior years	(14)	(4)
Impact of change in tax rate	-	236
Franking credits from dividends received	(725)	(611)
Income tax attributable to NCI	-	(100)
Income tax (benefit)/expense recognized in the statement of profit or loss	**(579)**	10,962

Note 8: Receivables

Receivables include:

	30 June 2023 $'000	30 June 2022 $'000
Current		
Trade receivables	27	467
Distributions receivable	3,308	538
Other receivables	141	126
	3,476	1,131

a) Expected credit losses

During the year, the Group has assessed that there is not a material ECL and not recognised an expected credit loss provision at 30 June 2023 (2022: nil).

b) Fair values

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

c) Credit risk

There is a limited amount of credit risk – refer to Note 22 for more information on the risk management policy of the Group.
As at 30 June 2023, trade receivables of Nil (2022: Nil) were past due but not impaired.

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

	30 June 2023 $'000	30 June 2022 $'000
Current		
Shares in other listed entities	-	532
Hotel Property Investments securities	90,846	-
CardioScan investment	6,950	-
Irongate Group securities	-	92,038
Total	**97,796**	92,570
Non-current		
Shares in unlisted entities	-	10,243
Shares in 360 Capital Mortgage REIT	3,527	3,588
	3,527	13,831
	101,323	106,401

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

	30 June 2023 $'000	30 June 2022 $'000
Balance at 1 July	106,401	96,403
Financial assets acquired – on market	106,426	21,330
Financial assets disposed – listed	(95,558)	-
Loss on disposal of financial assets	(328)	-
Fair value adjustment of financial assets	(15,618)	19,643
Derecognition on disposal of subsidiary	-	(31,687)
Unrealised foreign exchange gain on financial assets	-	712
Closing balance	**101,323**	106,401

During the year, the Group acquired 14.9% of Hotel Property Investments (ASX:HPI) securities for $102.9 million and the market value was $90.8 million as at 30 June 2023.

During the year, the Group recorded a fair value loss of $3.3 million on its investment in CardioScan, at 30 June 2023 the carrying value was $6.9 million. As CardioScan investment was on market for sale in May 2023, it was reclassified as current financial asset at fair value through profit and loss as at 30 June 2023.

In prior year, the Group and 360 Capital REIT and Charter Hall Group (Charter Hall) had entered into a memorandum of understanding under which Charter Hall submitted an indicative and non-binding proposal to acquire all of the stapled securities of Irongate Group at the price of $1.90 per security, by way of an agreed trust scheme. The trust scheme was approved by the Irongate Group securityholders on 29 June 2022. The scheme was subsequently implemented in July 2023 and the Group received sale proceeds of 92.0 million.

Note 10: Investment properties

	30 June 2023 $'000	30 June 2022 $'000
Investment properties held for sale		
20 Lower Clifton Terrace, Red Hill, QLD	-	510
Total	**-**	510

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

	30 June 2023 $'000	30 June 2022 $'000
Opening Balance 1 July	510	45,000
Derecognition on deconsolidation	-	(45,000)
Investment properties acquired through business combination	-	4,035
Proceeds from disposal of investment properties	(510)	(3,610)
Gain on disposal of investment properties	-	35
Fair value adjustment of investment properties	-	50
Total	**-**	510

On 31 March 2022, following the resignation of the managing director of Dealt Holdings Limited, the Group was deemed to control the company, refer to Note 23. The investment properties held by Dealt Group, an apartment located at Red Hill, QLD was consolidated to the Group's financial statements since then. As at 30 June 2022, there was only one unit left with carrying value of $0.5 million, which was subsequently settled on 14 July 2022.

A) Valuation basis

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

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

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

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

Note 10: Investment properties (continued)

b) Sensitivity Matrix

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

Capitalisation and discount rates are considered significant Level 3 inputs. In prior year, the $0.5 million valuation of the apartment unit located at 20 Lower Clifton Terrace, Red Hill, QLD is based on the market value, which was subsequently sold on 14 July 2022.

Refer to Note 22 for further information on the fair value hierarchy.

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

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

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

c) Highest and best use

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

d) Leases as lessor

The investment properties were leased to tenants under long term operating leases with rentals payable monthly. Following the deconsolidation of the Global Data Centre Group (GDC) investment property and the expiry of the lease on the apartment held for sale in June 2022, there is no rental receivable as at 30 June 2023 (2022: nil).

Note 11: Investments equity accounted

	30 June 2023 %	30 June 2022 %	30 June 2023 $'000	30 June 2022 $'000
Joint venture				
Hotel Capital Partners Pty Limited[1]	56.0	70.0	110	284
Associate				
360 Capital REIT (ASX:TOT)	26.1	24.5	34,274	45,405
			34,384	45,689

1. Ownership of Hotel Capital Partners Pty Limited is 56% and voting rights held are 50%; as a result the Group does not control the entity.

Joint venture

During the year, Hotel Capital Partners Pty Limited (HCP) issued 89,288 new shares to other joint venture partners, TGP's interest in HCP was diluted to 56% from 70%. A loss of $128,652 was recognized from this dilution.

Associate

The Group participated in the 360 Capital REIT's June 22 and September 22 quarter Distribution Reinvestment Plan (DRP), also sub-underwrote the September 2022 DRP. As a result, TGP's interest in TOT has increased to 26.1% (June 2022: 24.5%).

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

	30 June 2023 $'000	30 June 2022 $'000
Opening Balance – 1 July	45,689	69,413
Acquisitions of JV interests	2,440	8,230
Derecognition on deconsolidation	-	(36,113)
Disposal of interest	-	(1,182)
Equity accounted (loss)/profit for the year	(11,523)	9,738
Transferred to Investment in subsidiaries	-	(2,475)
Distributions	(2,222)	(2,352)
Foreign currency translation	-	430
Total	**34,384**	45,689

Note 11: Investments equity accounted (continued)

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

	30 June 2023 $'000	30 June 2022 $'000
360 Capital REIT		
Opening Balance – 1 July	45,405	31,687
Acquisitions of interest	2,440	6,247
Share of equity accounted (loss)/profit	(11,349)	9,448
Distributions	(2,222)	(1,977)
Closing Balance	**34,274**	45,405
Hotel Capital Partners Pty Ltd		
Opening Balance – 1 July	284	180
Share of equity accounted (loss)/profit	(174)	104
Closing Balance	**110**	284
AMF Finance Pty Limited		
Opening Balance – 1 July	-	82
Share of equity accounted loss	-	(22)
Disposal on consolidation of subsidiary	-	(60)
Closing Balance	-	-
TGP TOT JV Pty Limited		
Opening Balance – 1 July	-	575
Share of equity accounted loss	-	(42)
Disposal on consolidation of subsidiary	-	(533)
Closing Balance	-	-
Dealt Holdings Limited		
Opening Balance – 1 July	-	-
Acquisitions of interest	-	1,983
Share of equity accounted loss	-	(101)
Disposal on consolidation of subsidiary	-	(1,882)
Closing Balance	-	-
360 Capital Digital Management Pty Ltd		
Opening Balance – 1 July	-	945
Proceeds from disposal	-	(4,556)
Gain on disposal	-	4,358
Share of equity accounted (loss)/profit	-	(372)
Distributions	-	(375)
Closing Balance	-	-
Digital Software Solutions Pty Ltd		
Opening Balance – 1 July	-	984
Proceeds from disposal	-	(1,800)
Gain on disposal	-	816
Closing Balance	-	-

Note 11: Investments equity accounted (continued)

	30 June 2023 $'000	30 June 2022 $'000
Gateway Network Connections LLC [1]		
Opening Balance – 1 July	-	27,301
Foreign currency translation	-	430
Derecognition on deconsolidation	-	(27,731)
Closing Balance	-	-
ETIX Everywhere Nantes 2 S.A.S [1]		
Opening Balance – 1 July	-	2,128
Share of equity accounted profit	-	723
Derecognition on deconsolidation	-	(2,851)
Closing balance	-	-
ETIX Everywhere Nord 2 S.A.S [1]		
Opening Balance – 1 July	-	1,047
Derecognition on deconsolidation	-	(1,047)
Closing balance	-	-
BelgiumDC SA [1]		
Opening Balance – 1 July	-	2,796
Derecognition on deconsolidation	-	(2,796)
Closing balance	-	-
ETIX Everywhere Compunet Inversiones S.A.S [1]		
Opening Balance – 1 July	-	1,560
Derecognition on deconsolidation	-	(1,560)
Closing balance	-	-
ETIX Compunet S.A.S[1]		
Opening Balance – 1 July	-	128
Derecognition on deconsolidation	-	(128)
Closing balance	-	-
Total investments equity accounted	**34,384**	45,689

[1] Following the disposal of Global Data Centre Group (GDC) in September 2021, these entities under the GDC group were deconsolidated from the Group's financial statements in the prior year.

Note 11: Investments equity accounted (continued)

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

	30 June 2023 $'000	30 June 2022 $'000
360 Capital REIT		
Current assets	7,897	196,996
Non-current assets	225,000	4,771
Current liabilities	(17,410)	(2,828)
Non-current liabilities	(84,036)	(13,827)
Equity	131,451	185,112
Group's share of net assets	**34,274**	45,405
Group's carrying amount of investment	**34,274**	45,405

	$'000	$'000
Revenue from continuing operations	16,411	52,680
Expenses	(65,501)	(5,047)
Total comprehensive income for the year	(49,090)	47,633
Tax benefits/(expenses)	1,169	(13,908)
Net (loss)/profit after tax	(47,921)	33,725
Group's share of (loss)/profit	**(11,349)**	9,448

Note 12: Intangible assets

	30 June 2023 $'000	30 June 2022 $'000
Indefinite life management rights	2,614	2,614
Software	2,282	2,785
	4,896	5,399

A reconciliation of the movements in the carrying value of intangible assets during the year is set out below:

Indefinite life management rights

	30 June 2023 $'000	30 June 2022 $'000
Cost		
Balance at start of year	2,614	2,614
Acquisition of management rights	-	-
Total	**2,614**	2,614
Net book value	**2,614**	2,614

Management rights included $0.1 million associated with 360 Capital Mortgage REIT (ASX:TCF) (formerly 360 Capital Enhanced Income Fund) acquired in 2021 and $2.5 million associated with URB Investments Limited (URB) in December 2019.

Software

	30 June 2023 $'000	30 June 2022 $'000
Cost		
Balance at start of year	2,953	1,281
Derecognition on deconsolidation	-	(1,281)
Disposal	(153)	-
Acquisition through business combination	-	2,800
Additions	68	153
Total	**2,868**	2,953
Accumulated Amortisation		
Balance at start of year	(168)	(30)
Derecognition on deconsolidation	-	30
Disposal	153	-
Amortisation	(571)	(168)
Total	**(586)**	(168)
Net book value	**2,282**	2,785

Dealt's software for an online brokerage platform for commercial real estate was acquired through business combination in 2022. Total carrying value at year end reflects the total capitalized cost of Dealt's software to date less amortisation.

Note 12: Intangible assets (continued)

Customer Contracts

	30 June 2023 $'000	30 June 2022 $'000
Cost		
Balance at start of year	-	6,212
Derecognition on deconsolidation	-	(6,212)
Total	**-**	**-**
Accumulated Amortisation		
Balance at start of year	-	(208)
Derecognition on deconsolidation	-	208
Total	**-**	**-**
Net book value	**-**	-

Customer contracts were recognised as part of the fair value assessment of assets acquired through the ETIX acquisition and was being amortised over 15 years. In prior year, the Group derecognised customer contracts as the result of deconsolidation of its co-investment in GDC.

Goodwill

	30 June 2023 $'000	30 June 2022 $'000
Cost		
Balance at start of year	-	16,718
Derecognition on deconsolidation	-	(16,718)
Total	**-**	**-**

In the prior year, the Group derecognised $16.7 million of goodwill, acquired through the ETIX acquisition in GDC, following the disposal of GDC.

Impairment of intangible assets

Indefinite life management rights

Management's internal valuation for indefinite-life management rights as at 30 June 2023 have been undertaken using the discounted cash flow approach, on cash flow projections based on financial budgets approved by the directors covering a 5 year period. Cash flows beyond 5 years are extrapolated using appropriate estimated growth rates. The recoverable amount of the cash generating unit (CGU), is determined based on value-in-use calculations which require the use of assumptions. The CGU representing the management agreements which generates management fee income.

Key assumption and sensitivity analysis used for indefinite life intangible calculations relating to the URB management rights:

- Post-tax discount rates are applied to future cash flows based on rates that are relevant to the Group is 8.8% (2022:7.7%)
- The equivalent pre-tax discount rate used is 12.5% (2022: 11.0%)
- Growth over the next 5 years of 3.0% (2022: 3.0%)

There was nil provision for impairment during the year (2022: $ nil), as the above valuation did not indicate impairment in the Indefinite life management rights.

Note 12: Intangible assets (continued)

Impairment of intangible assets (continued)

Software

There was nil provision for impairment during the year (2022: nil), as the above valuation did not indicate impairment in the software.

Note 13: Property, plant and equipment

	30 June 2023 $'000	30 June 2022 $'000
Non-current		
Equipment	270	274
	270	274

As at 30 June 2023, the balance represents the costs of office equipment and fit-out less accumulated depreciation.

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

	30 June 2023 $'000	30 June 2022 $'000
Cost		
Balance at start of year	410	1,695
Derecognition on deconsolidation	-	(1,557)
Acquisitions	34	292
Disposal	-	(20)
Total	**444**	410
Accumulated Depreciation		
Balance at start of year	(136)	(226)
Derecognition on deconsolidation	-	253
Depreciation	(38)	(163)
Total	**(174)**	(136)
Net book value	**270**	274

Note 14: Leases

The consolidated statement of financial position contains the following amounts relating to leases:

	30 June 2023 $'000	30 June 2022 $'000
Right-of-use-assets		
Office leases	625	2,233
	625	2,233
Lease liabilities		
Lease liabilities – current	826	827
Lease liabilities – non current	1,352	1,873
	2,178	2,700
Lease receivables		
Lease receivables – current	383	-
Lease receivables – non current	705	-
	1,088	-

Movements during the year are as follows**:**

Right-of-use assets	30 June 2023 $'000	30 June 2022 $'000
Opening balance	2,233	3,185
Derecognition on deconsolidation	-	(364)
Disposal due to sub lease	(1,249)	-
Depreciation	(359)	(588)
Closing balance	**625**	2,233

Lease liabilities		
Opening balance	2,700	4,301
Derecognition on deconsolidation	-	(1,299)
Payment of lease liabilities	(674)	(490)
Borrowing costs capitalised	152	188
Closing balance	**2,178**	2,700

Lease receivables		
Opening balance	-	-
Additions from the sub lease	1,203	
Payment of lease receivables	(150)	-
Interest income capitalised	35	-
Closing balance	**1,088**	-

The Group's lease only related to the office in Sydney CBD for 360 Capital Group. In December 2022, the Group entered a contract to sublease part of its office space with rental payment started from 1 February 2023. A lease receivable was recognised at the net present value of the future rental payments as of 31 December 2022, the related portion of the right of use asset was disposed accordingly.

Note 15: Deferred tax assets and liabilities

	30 June 2023 $'000	30 June 2022 $'000
Deferred tax assets comprises temporary differences attributable to:		
Accrued expenses	227	658
Business acquisition costs	335	13
Intangible asset	146	-
Unrealised loss on investments	654	119
Others	(26)	2
Deferred tax assets	**1,336**	792
Deferred tax liabilities comprises temporary differences attributable to:		
Unrealised gain on investments	-	7,334
Management rights	813	813
Accrued revenue	167	156
Deferred tax liabilities	**980**	8,303
Net deferred tax assets/(liabilities)	**356**	(7,511)

The Group recognised a deferred tax asset on the unrealised loss on investments of $653,927 (June 2022: $119,303) which is expected to be utilised by future gains realised from the disposal of investments.

Deferred tax assets and liabilities are shown as a net amount to the extent that they were with the same tax authority in Australia.

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

	30 June 2023 $'000	30 June 2022 $'000
Balance at 1 July	(7,511)	(1,912)
Recognition and reversal of timing differences	7,867	(6,077)
Derecognition on deconsolidation	-	478
Closing balance	**356**	(7,511)
Net deferred tax (liabilities)/assets expected to reverse within 12 months	-	(6,832)
Net deferred tax assets/(liabilities) expected to reverse after more than 12 months	356	(679)
	356	(7,511)

Tax consolidation

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

Note 16: Trade and other payables

	30 June 2023 $'000	30 June 2022 $'000
Trade & GST payables	142	383
Accruals	314	1,774
Prepaid income	39	-
Other payables	18	18
	513	2,175

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

Note 17: Provisions

	30 June 2023 $'000	30 June 2022 $'000
Current		
Employee benefits	244	241
	244	241
Non-current		
Employee benefits	276	235
	276	235

Note 18: 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 Australian Securities Exchange (ASX). The stapled security cannot be traded or dealt with separately.

Ordinary securities
Ordinary securities of the Group are listed on the ASX; there are no separate classes of securities and each security in the Group has the same rights attaching to it as all other securities of Group. Each ordinary security confers upon the securityholder an equal interest in the Group and is of equal value to other securities in the Group. A security does not confer upon the holder any interest in any particular asset or investment of the Group. The rights of securityholders are contained in the Group's Constitution and include:

- The right to receive a distribution determined in accordance with the provisions of the Group's Constitution, which states that securityholders are presently entitled to the distributable income of the Group 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 Group.

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 in the Trust 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.

Note 18: Equity (continued)

(a) Issued capital

	30 June 2023 '000	30 June 2022 '000
360 Capital Group Limited – Ordinary shares issued	224,719	218,998
360 Capital Investment Trust – Ordinary units issued	224,719	218,998

	$'000	$'000
360 Capital Group Limited – Ordinary shares issued	1,870	1,241
360 Capital Investment Trust – Ordinary units issued	198,945	195,395
Total issued capital	**200,815**	196,636

(b) Movements in issued capital

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

	30 June 2023 '000	30 June 2022 '000
Opening balance at 1 July	218,998	218,998
Securities bought on market for EIP	(6,000)	-
Securities issued under DRP	11,721	-
Closing balance at 30 June	**224,719**	218,998

The Group had a DRP which was active for the special dividend paid by the Company on 7 October 2022. The Group issued 11,721,500 stapled securities at a price of $0.78 per security in October 2022, totalling $9.2 million. Securities were issued at a 1.5% discount to the Group's 10 day weighted average daily trading price as per the Group's DRP policy. Post the special dividend paid in October 2022, the DRP has been suspended until further notice.

Under Australian Accounting Standards securities issued under the 360 Capital Group Executive Incentive Plan (EIP) 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 2023 000's	30 June 2022 000's
Total ordinary securities disclosed 1 July	218,998	218,998
Securities issued under DRP	11,721	-
Securities bought on market for EIP	(6,000)	-
Securities subject to EIP	18,000	-
Total securities issued on the ASX	**242,719**	218,998

During the year, the Group issued 12,000,000 securities and bought an additional 6,000,000 securities on market to issue to employees related to the Group's 2022 EIP offer at an average price of $0.82 (June 2022: nil).

Note 18: Equity (continued)

(c) Security Based Payment Schemes

Reconciliation of Options and Rights outstanding under Employee Security Schemes

Plan	Balance 1 July 2022 Securities	Issued	Vested	Forfeited/ Cancelled	Balance 30 June 2023 Securities
LTI - 23 December 2019	1,164,600	-	-	(1,164,600)	-
LTI - 21 October 2020	1,418,200	-	-	(302,500)	1,115,700
Retention – 4 November 2021	1,200,768	-	-	-	1,200,768
LTI - 4 November 2021	1,527,600	-	-	(324,200)	1,203,400
	5,311,168	**-**	**-**	**(1,791,300)**	**3,519,868**
LTI – 13 September 2022	-	18,000,000	-	-	18,000,000
	-	**18,000,000**	**-**	**-**	**18,000,000**
Total	**5,311,168**	**18,000,000**	**-**	**(1,791,300)**	**21,519,868**

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
LTI - 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

Options

On 13 September 2022, a total of 18,000,000 stapled securities were granted to employees of the Group as Long Term Incentive plan (LTI) under the 360 Capital EIP (LTI - 13 September 2022). The issue price per security was $0.82 which was equal to the volume weighted average daily price for the 10 days preceding the issue date. The 6,000,000 of the securities were bought on market and 12,000,000 of the securities were newly issued. The fair value of each option was $0.165 at the issue date. Upon vesting and exercise in accordance with those plan terms, each option will vest.

The employees who participated in the EIP 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 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. These EIP 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 EIP loans. The EIP securities and associated loan are not recognised under AASB until they vest and the non-recourse loan is repaid.

Note 18: Equity (continued)

(c) Security Based Payment Schemes (continued)

Rights

On 23 December 2019, a total of 1,364,200 and 391,400 performance rights were granted under an LTI offer (LTI -23 December 2019) to KMPs and staff respectively pursuant to the terms of the EIP, exercisable from on or around 31 August 2022 subject to vesting conditions.. As at 31 August 2022 the minimum performance hurdle on the remaining LTI -23 December 2019 was not met, therefore they did not vest and all remaining 1,164,600 performance rights were cancelled during the year and nil balance as at 30 June 2023.

On 21 October 2020, a total of 1,589,300 and 600,500 performance rights were granted under the Group's LTI offer (LTI – 21 October 2020) to KMPs and staff respectively pursuant to the terms of the EIP, exercisable from on or around 31 August 2023 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 the Group. Since the issue of the performance rights a total of 1,074,100 rights have been cancelled including 302,500 rights during the year, and a balance of 1,115,700 rights remained as at 30 June 2023. As at 30 June 2023 the minimum performance hurdle on these Performance Rights was not met therefore they did not vest and will be cancelled.

On 4 November 2021, a 1,200,768 retention offer was granted under an LTI offer (LTI – 4 November 2021) to a KMP pursuant to the terms of the EIP, exercisable from on or around 4 November 2026 subject to vesting conditions. The fair value of each equity right was $0.86 at the issue date. Upon vesting and exercise in accordance with those plan terms, each equity right will vest and entitle the holder to one fully paid ordinary security in the Group.

On 4 November 2021, a total of 1,289,700 and 237,900 performance rights were granted under an LTI offer (LTI – 4 November 2021) to KMPs and staff respectively pursuant to the terms of the 360 Capital EIP, exercisable from on or around 31 August 2024 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 in the Group. During the year 324,200 performance rights were cancelled, and a balance of 1,203,400 securities as at 30 June 2023.

The fair value of the issue of securities and rights under the EIP has been determined by an independent actuary using a Black-Scholes option pricing model.

Note 19: Cash flow information

(a) Reconciliation of cash and cash equivalents

	30 June 2023 $'000	30 June 2022 $'000
Cash at bank	38,808	80,329
Cash and cash equivalents in the statement of cash flows	**38,808**	80,329

Restricted cash
The cash and cash equivalents disclosed above and in the statement of cash flows include $10 million which are held by 360 Capital FM Limited, to meet the regulatory requirements and are therefore not available for general use by the entities within the group.

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

	30 June 2023 $'000	30 June 2022 $'000
Net (loss)/profit for the year	**(22,701)**	33,327
Adjustment for:		
Depreciation	967	985
Net loss/(gain) on disposal of financial assets	328	(5,706)
Net (gain) on disposal of subsidiary	-	(13,859)
Net loss/(gain) on fair value of financial assets	15,618	(19,628)
Net loss from disposal of right-of-use-assets	154	-
Foreign exchange gains	-	(1,424)
Security based payments expense	884	766
Share of equity accounted loss/(profit), net of distributions received	13,745	(7,387)
Transaction costs	2,482	-
Change in assets and liabilities		
(Increase)/decrease in receivables and prepayments	(1,961)	8,855
Decrease in creditors and accruals	(1,551)	(4,628)
Net (decrease)/increase in income tax liabilities	(6,099)	4,671
Net cash inflows from operating activities	**1,866**	(4,028)

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 20: Basis of preparation

a) Reporting entity

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

360 Capital Group Limited is a company limited by shares, established and domiciled in Australia. The registered office and the principal place of business is Suite 3701, Level 37, 1 Macquarie Place, Sydney NSW 2000 Australia. The nature of operations and principal activities of the Group are disclosed in the Directors' report.

The financial report was authorised for issue by the Board on 24 August 2023.

The principal accounting policies adopted in the preparation of the financial report are set out below and in Note 33.

b) Statement of compliance

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

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

c) Basis of preparation

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

The financial report has been prepared on an accruals basis and on the historical cost basis except for investment properties and certain financial assets and financial liabilities, which are stated at their fair value. The accounting policies set out in Note 33 have been applied consistently to all periods presented in this financial report. The accounting policies have been applied consistently by all entities in the Group.

The financial report is presented in Australian dollars.

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

d) Critical judgements and significant accounting estimates

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

Note 20: Basis of preparation (continued)

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

The critical accounting estimates, judgements and assumptions have required additional analysis due to the recent changes in the interest rate environment caused by, amongst other things, high inflationary pressures in the Australian economy. The Group has considered the impact of the increasing interest rate amongst other challenges including global supply chain disruption, increases in inflation, geopolitical tensions and climate risks when 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>Valuation of investment properties</u>
The Directors ascertain the fair value of investment properties after having regard to independent valuations which are undertaken at least once in a two-year period. These valuations are determined through the use of the properties' lease profile and direct market comparison and include the valuers' assessments of appropriate capitalisation rates and discounted cash flow rates. The valuations are in accordance with accounting policy Note 33(l). The fair value assessment of the investment property includes the best estimate of the impacts of the increasing interest rate using information available at the balance sheet date.

<u>Income taxes</u>
The Group is subject to income taxes in Australia and other jurisdictions in which controlled entities are domiciled. There are transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain.

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

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

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

In determining the NTA of the underlying investments, property assets are either valued using an external professional valuer, or subject to a Director valuation. All other assets and liabilities held within entities are valued in accordance with accounting policies, consistent with those noted in Note 33.

<u>Control of entities</u>
The Group has consolidated the financial results of entities it is deemed to control under AASB10 *Consolidated Financial Statements*. Critical judgements are made by the Group to determine whether control exists, principally around the three criteria which must be met (refer to Note 33(b)). Further information on Controlled Entities is included in Note 25.

Note 21: Capital Management

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

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

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

For information on issued capital refer to Note 18.

Note 22: Other financial assets and liabilities

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

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

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

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

	30 June 2023 $'000	**30 June 2022 $'000**
Cash and cash equivalents	38,808	80,329
Lease receivables	1,088	-
Receivables	3,476	1,131
Total	**43,372**	81,460

The Group manages credit risk and the losses which could arise from default by ensuring that parties to contractual arrangements are of an appropriate credit rating, or do not show a history of defaults. At reporting date, there are no issues with the credit quality of financial assets that are neither past due or impaired, and all amounts are expected to be received in full. The Group has assessed that there is not a material ECL and not recognised an expected credit loss provision at 30 June 2023 (2022: nil).

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

Note 22: Other financial assets and liabilities (continued)

Interest rate risk
The Group's interest rate risk arises from cash balances and expose the Group to cash flow interest rate risk.

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

	Floating interest rate $'000	Fixed interest maturing in 1 year or less $'000	Fixed interest maturing in 1 to 5 years $'000	Fixed interest maturing in more than 5 years $'000	Non-interest bearing $'000	Total $'000
30 June 2023						
Financial assets						
Cash and cash equivalents	38,808	-	-	-	-	38,808
Receivables	-	-	-	-	3,476	3,476
Lease receivables	-	-	-	-	1,088	1,088
Financial assets at FVTPL	-	-	-	-	101,323	101,323
Total financial assets	**38,808**	-	-	-	**105,887**	**144,695**
Financial liabilities						
Trade and other payables	-	-	-	-	513	513
Distribution payable					4,854	4,854
Lease liabilities[1]	-	-	-	-	2,178	2,178
Total financial liabilities	-	-	-	-	**7,545**	**7,545**
Net financial assets	**38,808**	**-**	**-**	**-**	**98,342**	**137,150**
30 June 2022						
Financial assets						
Cash and cash equivalents	80,329	-	-	-	-	80,329
Receivables	-	-	-	-	1,131	1,131
Financial assets at FVTPL	-	-	-	-	106,401	106,401
Total financial assets	80,329	-	-	-	107,532	187,861
Financial liabilities						
Trade and other payables	-	-	-	-	2,175	2,175
Distribution payable					5,399	5,399
Lease liabilities[1]	-	-	-	-	2,700	2,700
Total financial liabilities	-		-	-	10,274	10,274
Net financial assets	80,329	-	-	-	97,258	177,587

[1] Lease liabilities and lease receivables are not interest bearing as no interest payable required in the lease agreements. However, for accounting purposes, interest is accrued on the lease liabilities and lease receivables.

Note 22: Other financial assets and liabilities (continued)

Summarised interest rate sensitivity analysis

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

		Change in interest rate			
		-1%		**+1%**	
	Carrying amount	**Profit**	**Equity**	**Profit**	**Equity**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
30 June 2023					
Financial assets					
Cash and cash equivalents	38,808	(388)	(388)	388	388
Total (decrease)/increase	**38,808**	**(388)**	**(388)**	**388**	**388**
30 June 2022					
Financial assets					
Cash and cash equivalents	80,329	(803)	(803)	803	803
Total (decrease)/increase	80,329	(803)	(803)	803	803

Foreign exchange risk

As the Group's overseas investments was disposed and deconsolidated in September 2021, foreign exchange risk has no impact on 2023 and 2022.

Note 22: Other financial assets and liabilities (continued)

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

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

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

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

	Carrying amount $'000	Contractual cash flow $'000	Less than 1 Year $'000	Between 1-5 Years $'000	Over 5 Years $'000
30 June 2023					
Trade and other payables	513	(513)	(513)	-	-
Distribution payable	4,854	(4,854)	(4,854)	-	-
Lease liabilities	2,178	(2,653)	(826)	(1,827)	-
	7,545	**(8,020)**	**(6,193)**	**(1,827)**	
30 June 2022					
Trade and other payables	2,175	(2,175)	(2,175)	-	-
Distribution payable	3,285	(3,285)	(3,285)	-	-
Lease liabilities	2,700	(3,480)	(827)	(2,653)	-
	8,160	(8,940)	(6,287)	(2,653)	-

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

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

Price risk – sensitivity analysis
A fluctuation of 5% in the market price of the underlying equity securities would impact the net profit of the Group, with all other variables held constant, by an increase/(decrease) of $5,066,175 (2022: $5,376,950).

Fair values
The fair value of the Group's financial assets and financial liabilities approximates their carrying value as at the balance sheet date.

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)

Note 22: Other financial assets and liabilities (continued)

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

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

		Level 1	Level 2	Level 3
30 June 2023	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets measured at fair value				
Financial assets held for sale	6,950	-	-	6,950
Financial assets at fair value through profit or loss	94,373	94,373	-	-
	101,323	**94,373**	**-**	**6,950**

		Level 1	Level 2	Level 3
30 June 2022	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets measured at fair value				
Financial assets held for sale	92,038	92,038	-	-
Financial assets at fair value through profit or loss	14,363	4,120	-	10,243
	106,401	96,158	-	10,243

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.

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

	30 June 2023 $'000	30 June 2022 $'000
Balance at 1 July	10,243	42,356
Derecognition on deconsolidation	-	(31,687)
Unrealised foreign exchange gain on financial assets	-	712
Net loss on fair value of financial assets	(3,293)	(1,138)
Closing balance	**6,950**	10,243

Valuation techniques

Financial assets at fair value through profit or loss
For fair value profit or loss financial assets, the Group invests in listed and unlisted investments. The value of the investments in the listed market is stated at unit price as quoted on the ASX at each statement of financial position date. As such, listed investments are categorised as Level 1 instruments. Unlisted investments are not traded in an active market and are categorised as Level 3 instruments. Valuation methodologies including comparable market transactions, discounted cash flows and EBITDA multiples are used as a basis for valuation.

The significant Level 3 inputs in relation to the underlying valuations of the investments include cash flows, discount rates, EBITDA multiples and comparable market transactions. The Group uses its judgment to select a variety of methods and makes assumptions that are mainly based on market conditions existing at each statement of financial position date.

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 23: Acquisitions of non-controlling interests

During the year, the following asset acquisitions occurred:

Dealt Holdings Pty Limited (Dealt) (formerly Dealt Holdings Limited)
On 31 March 2022, 360 Capital announced a proposal for the acquisition of Dealt by way of a Scheme of Arrangement. The consideration was $0.50 cash for every ordinary, fully paid share in Dealt. The scheme implementation agreement was entered into on 29 June 2022 and completed on 31 October 2022.

On 31 October 2022, 360 Capital acquired the remaining 73.5% interest in Dealt at $5.7 million and became 100% owner. A $0.4 million loss was recognised in retained earnings of the Group for this acquisition of non-controlling interests (NCI). Dealt Holdings Limited changed its name to Dealt Holdings Pty Limited effective on 20 January 2023.

The details of the acquisition of non-controlling interests are as follows:

	$'000
Price of the acquisition of NCI	5,657
Carrying value of NCI	(4,927)
Tax adjustments from the acquisition of non-controlling interests	(337)
Loss from the acquisition of non-controlling interests	**393**

Note 24: Business divestment

There were no material business divestment transactions during the year ended 30 June 2023.

In prior year, the Group disposed all its stake in Global Data Centre Group on 7 September2021 and in 360 Capital FibreconX Trust & FibreconX Pty Limited on 16 November 2021, all entities had been deconsolidated from the Group since the respective disposal date.

Note 25: Subsidiaries and controlled entities

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

a) Interest in subsidiaries

Name of entity	Country of domicile	Equity Class	Equity Holding 30 June 2023 %	Equity Holding 30 June 2022 %
TCG Frances Park Pty Limited[3]	Australia	Ordinary	-	100
360 Capital FM Limited	Australia	Ordinary	100	100
Trafalgar Twelve Four Finance Pty Limited[3]	Australia	Ordinary	-	100
Trafalgar Twelve Four Note Issuer Pty Limited[3]	Australia	Ordinary	-	100
360 Capital Property Limited	Australia	Ordinary	100	100
360 Capital Financial Services Pty Limited	Australia	Ordinary	100	100
360 Capital RE Pty Limited	Australia	Ordinary	100	100
360 Capital Custodian No.2 Pty Limited[3]	Australia	Ordinary	-	100
360 Capital Properties No.2 Pty Limited[6]	Australia	Ordinary	100	100
360 Capital Finance Management Pty Limited[3]	Australia	Ordinary	-	100
360 Capital Credit Management Pty Limited	Australia	Ordinary	100	100
CS Equities Management Pty Limited[4]	Australia	Ordinary	100	100
360 Capital Whiskey Pty Limited[3]	Australia	Ordinary	-	100
360 Capital IG Pty Limited	Australia	Ordinary	100	100
360 Capital LM Pty Limited[5]	Australia	Ordinary	100	100
360 Capital ED1 Pty Limited[3]	Australia	Ordinary	-	100
360 Capital Holdings Pty Limited	Australia	Ordinary	100	100
360 Capital Investment Trust (stapled entity)	Australia	Ordinary	100	100
Trafalgar Opportunity Fund No. 4	Australia	Ordinary	100	100
360 Capital Trust	Australia	Ordinary	100	100
360 Capital Retail Fund	Australia	Ordinary	100	100
360 Capital Diversified Property Fund	Australia	Ordinary	100	100
360 Capital DIP Trust	Australia	Ordinary	100	100
AMF Finance Pty Limited[3]	Australia	Ordinary	-	100
EDC BIDCO Pty Limited[2]	Australia	Ordinary	100	100
Dealt Trust	Australia	Ordinary	100	100
Dealt Holdings Pty Limited[1]	Australia	Ordinary	100	-
Dealt Pty Ltd[1]	Australia	Ordinary	100	-
20LCT Pty Ltd[1]	Australia	Ordinary	100	-
372 The Esplanade Pty Ltd[1]	Australia	Ordinary	100	-
360 Capital Strategic Real Estate Partners Fund	Australia	Ordinary	100	-
REIT Holding Trust No.1	Australia	Ordinary	100	-
360 Capital Strategic Real Estate Partners Active Fund	Australia	Ordinary	100	-
REIT Holding Active Trust No.1	Australia	Ordinary	100	-
360 Capital Private Credit Fund	Australia	Ordinary	100	-

[1] These entities were consolidated to the Group on 1 April 2022 and ownership changed from 26.5% to 100% on 31 October 2022.
[2] EDC BIDCO Pty Limited was formerly known as TGP TOT JV Pty Limited.
[3] These entities were wound up during the year.
[4] CS Equities Management Pty Limited was formerly known as 360 Capital Equities Management Pty Limited.
[5] 360 Capital LM Pty Limited was formerly known as 360 Capital IG Investment Pty Limited
[6] This entity was deregistered post balance date.

Note 25: Subsidiaries and controlled entities (continued)

a) Interest in subsidiaries (continued)

Name of entity	Country of domicile	Equity Class	Equity Holding 30 June 2023 %	Equity Holding 30 June 2022 %
360 Capital Diversified Property Office Sub Trust 3 [7]	Australia	Ordinary	100	100
Lachlan Property Income Fund[7]	Australia	Ordinary	100	100
360 Capital Retail Fund[7]	Australia	Ordinary	100	100
Becton Coonabarabran Unit Trust[7]	Australia	Ordinary	100	100
BRPT2 12 HT 1 Unit Trust[7]	Australia	Ordinary	100	100
BRPT2 12 HT 2 Unit Trust[7]	Australia	Ordinary	100	100
BRPT2 19 HT 1 Unit Trust[7]	Australia	Ordinary	100	100
BRPT2 19 HT 2 Unit Trust[7]	Australia	Ordinary	100	100
BRPT2 19 HT 3 Unit Trust[7]	Australia	Ordinary	100	100
BRPT2 19 HT 4 Unit Trust[7]	Australia	Ordinary	100	100
Becton Inala Holding Trust[7]	Australia	Ordinary	100	100
BRF Inala SC Holding Trust[7]	Australia	Ordinary	100	100
BRF Inala Sub Trust[7]	Australia	Ordinary	100	100
BRF Armidale East Mall SC Holding Trust[7]	Australia	Ordinary	100	100
BRF Armidale East Mall SC Sub Trust[7]	Australia	Ordinary	100	100
BRF Holding Trust Ulladulla[7]	Australia	Ordinary	100	100
BRPT Development Sub Trust[7]	Australia	Ordinary	100	100
BRPTS Spotlight Portfolio No. 1 Unit Trust[7]	Australia	Ordinary	100	100

[7] These entities have been dormant.

b) Interest in controlled entities with non-controlling interest

Name of entity	Country of domicile	Equity Class	Equity Holding 30 June 2023 %	Equity Holding 30 June 2022 %
360 Capital Cardioscan Trust	Australia	Ordinary	53.6	53.6
Dealt Holdings Pty Limited[3]	Australia	Ordinary	-	26.5

Name of entity	Country of domicile	% held by NCI	2023 Loss allocated to NCI $'000	30 June 2023 Accumulated NCI $'000
360 Capital Cardioscan Trust	Australia	46.4	(1,540)	3,186
Dealt Holdings Pty Limited[3]	Australia	73.5	(397)	-
			(1,937)	**3,186**

Name of entity	Country of domicile	% held by NCI	2022 Profit/(loss) allocated to NCI $'000	30 June 2022 Accumulated NCI $'000
360 Capital Cardioscan Trust	Australia	46.4	(541)	4,727
Dealt Holdings Pty Limited[3]	Australia	73.5	181	5,323
Global Data Centre Group[1]	Australia	66.8	2,613	-
360 Capital Fibreconx Trust[2]	Australia	60.9	(597)	-
			1,656	**10,050**

[1] This entity was disposed on 7 September 2021 and had been deconsolidated from the Group's result since then.
[2] This entity was disposed on 16 November 2021 and had been deconsolidated from the Group's result since then.
[3] The entity was consolidated to the Group on 1 April 2022 and ownership changed from 26.5% to 100% on 31 October 2022.

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 26: Commitments and contingencies

Capital commitments

The Group had no contractual commitments as at 30 June 2023 (2022: Nil).

Contingencies
There are no contingent liabilities as at 30 June 2023 (2022: Nil).

Note 27: Events subsequent to balance date

On 21 July 2023, the Group's subsidiary, 360 Capital Private Credit Fund together with 360 Capital Mortgage REIT, settled a total of $18.2 million master residual stock facility. This facility is made up of a $7.5 million loan provided by PCF and a $10.7 million loan provided by TCF. It is secured against a total of 21 brand new, unencumbered, completed freestanding houses. The PCF loan is subject to a margin of 10.5% + BBSW, while TCF loan is subject to 6.5% + BBSW. The loans are serviced, with interest paid monthly in advance and will be repaid through the proceeds from sales over the 12-month term.

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

Other Information

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

Note 28: Auditors' remuneration

	30 June 2023 $	30 June 2022 $
Audit services		
Fees for auditing the statutory financial reports of the parent and its controlled entities	152,000	109,875
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	13,316	8,000
Non-audit services		
Taxation compliance services	61,950	56,450
Total Fees to Ernst & Young Australia	**227,266**	174,325

Note 29: Earnings per stapled security

	30 June 2023 ¢	30 June 2022 ¢
Basic earnings per stapled security	(9.3)	14.5
Diluted earnings per stapled security	(9.3)	14.3

	$'000	$'000
Basic and diluted earnings		
(Loss)/profit attributable to stapled securityholders of 360 Capital Group used in calculating earnings per stapled security	(20,764)	31,671

	000's	000's
Weighted average number of stapled securities used as a denominator		
Weighted average number of stapled securities - basic	**222,788**	218,998
Weighted average number of stapled securities - diluted	**237,139**	221,571

Diluted stapled securities

In September 2022, a total of 18,000,000 stapled securities were granted to employees of the Group under the EIP. These EIP securities have an associated loan to the employees and are therefore excluded from the calculation of basic securities on issue due to the non-recourse nature of the associated EIP loans. Further information on the EIP is provided in Note 18.

The 18,000,000 EIP securities could potentially dilute basic earnings per security in the future but were not included in the calculation of diluted earnings per security for the year ended 30 June 2023 because they are antidilutive in the current year.

Note 30: Related party transactions

Parent entity

The legal parent entity is 360 Capital Group Limited.

Controlled entities

Interests in controlled entities are set out in Note 25.

Key management personnel

Key management personnel (KMP) of the Group include:

Executive Chairman
Tony Robert Pitt (Executive Chairman)

Non-executive directors (NEDs) of the Group include:
David van Aanholt (Deputy Chairman)
William John Ballhausen (resigned on 30 June 2023)
Andrew Graeme Moffat
Anthony Gregory McGrath

Other KMP
James Storey, Chief Executive Officer
Glenn Butterworth, Chief Financial Officer and Company Secretary

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

	30 June 2023	**30 June 2022**
	$	**$**
Short-term benefits	1,964,288	3,499,087
Post-employment benefits	118,637	127,908
Long-term benefits	49,821	1,068,841
Termination benefits	-	291,205
Security based payments	930,178	734,567
Total compensation	**3,062,924**	5,721,608

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

There were no more director fees paid for the year ended 30 June 2023 as Dealt Holdings Pty Limited (formerly Dealt Holdings Limited) became the 100% owned subsidiary of 360 Capital Group on 31 October 2022. Before that, as part of the directorship of associated company Dealt Holdings Limited, Tony Pitt and James Storey also received director fees of $10,000 and $10,000 respectively for the year ended 30 June 2022.

Note 30: Related party transactions (continued)

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

KMP	Balance at 1 July 2022 $	ESP loans issued during the year $	ESP loans repaid during the year $	Interest charged in the year $	Payments made during the year $	Balance at 30 June 2023 $	Highest indebtness during the year $
Tony Pitt	-	4,920,000	-	255,000	(255,000)	4,920,000	4,920,000
James Storey	-	4,920,000	-	255,000	(255,000)	4,920,000	4,920,000
Glenn Butterworth	-	4,920,000	-	255,000	(255,000)	4,920,000	4,920,000
	-	14,760,000	-	765,000	(765,000)	14,760,000	14,760,000

On 13 September 2022, the Group provided non-recourse loans of $14,760,000 to employees through their participation in the Group EIP LTI. The value of the loans are equivalent to the face value of the 18,000,000 securities at $0.82 on the grant date. The loans and associated securities are not recognised under AASB.

No loans were provided to NEDs through the Group employee security plan for the year ended 30 June 2023.

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

The Group sub-underwrote the DRP of TOT's September 2022 quarterly distribution on 27 October 2022, acquiring 1,802,438 units at a price of $0.7731, for consideration of $1,393,465.

During the year following the completion of TOT's acquisition of the three investment properties, 360 Capital FM Limited, the responsible entity of the Fund, a wholly owned subsidiary of the Group, charged TOT an acquisition fee of $2,571,500.

On 31 March 2022, the Group announced a proposal for the acquisition of Dealt by way of a Scheme of Arrangement. The consideration was $0.50 cash for every ordinary, fully paid share in Dealt. The scheme implementation agreement was entered into on 29 June 2022 and completed on 31 October 2022. There were one director and two officers of the Group which held 600,000 shares each in Dealt and received consideration under the scheme upon implementation.

On 19 December 2022, as part of the loan receivable investment arrangement which comprises of a senior loan of $24.4 million lent by TCF and a junior loan of $10.6 million lent by the Group which is subordinated to TCF's facility, the Group entered into a Priority Deed with TCF setting out the priorities of the securities in favour of the secured lenders. The loan was fully repaid in May 2023.

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

On 1 November 2021, the Group acquired the other 50% share of AMF from TOT for consideration of $60,755, representing 50% of the fair value of net assets of AMF at that date.

On 8 October 2021 the Group acquired TOT's 50% share of TGP TOT JV for consideration of $569,192, representing 50% of the value of the underlying DET shares based on their last capital raise price of $0.50.

While the Group disposed of its co-investment in GDC in September 2021 and exited its investment in 360 Capital FibreconX Trust (FCXT), Tony Pitt, the director of 360 Capital FM Limited, (the responsible entity for both GDC and FCXT), also disposed of his investment in FCXT at market value.

Note 30: Related party transactions (continued)

Responsible Entity fees

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

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

	30 June 2023 $	30 June 2022 $
360 Capital REIT	4,488,483	1,258,711
Global Data Centre Group	-	67,089
360 Capital Mortgage REIT	210,796	133,767
360 Capital Cardioscan Trust	25,608	28,453
360 Capital Active Value Equity Fund	-	10
	4,724,887	1,488,030

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

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

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

	30 June 2023 $	30 June 2022 $
360 Capital REIT	2,222,210	1,976,961
360 Capital Mortgage REIT	264,020	241,710
	2,486,230	2,218,671

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

Note 31: Deed of cross guarantee

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

Consolidated balance sheet for the closed group:	30 June 2023 $'000	30 June 2022 $'000
Current assets	1,240	15,237
Non-current assets	153,411	119,917
Total assets	**154,651**	135,154
Current liabilities	290	2,105
Non-current liabilities	85,375	75,499
Total liabilities	**85,665**	77,604
Net Assets	**68,986**	57,550
Issued capital	5,163	2,246
Security based payments reserve	5,756	4,873
Retained earnings	58,067	50,431
Total equity	**68,986**	57,550

Consolidated income statement for the closed group:	30 June 2023 $'000	30 June 2022 $'000
Profit from Continuing operations before income tax	24,927	53,304
Income tax benefit/(expense)	229	(5,684)
Net profit for the year	**25,156**	47,620
Retained earnings at the beginning of the year	50,431	15,951
Dividends provided for or paid	(17,520)	(13,140)
Retained earnings at the end of the year	**58,067**	50,431

Note 32: Parent entity disclosures

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

	30 June 2023 $'000	30 June 2022 $'000
Current assets	675	14,719
Non-current assets	62,554	32,515
Total assets	**63,229**	47,234
Current liabilities	145	2,105
Non-current liabilities	813	813
Total liabilities	**958**	2,918
Issued capital	3,403	486
Security based payments reserve	5,756	4,873
Retained earnings	53,112	38,957
Total equity	**62,271**	44,316
Net profit for the year	31,674	39,897
Total comprehensive income for the year	**31,674**	39,897

Parent entity contingencies

360 Capital Group Limited and its wholly owned subsidiary, 360 Capital Property Limited (CPL), are parties to a deed of cross guarantee, refer to Note 31 for further information. There are no other contingencies at 30 June 2023 (2022: Nil).

Note 33: Statement of significant accounting policies

a) Changes in accounting policy

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, with the following additional accounting policies now relevant for the year:

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2022.

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

- AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*

The other amendments have been deemed not to have a material impact on the consolidated financial statements of the Group.

There were no other changes to the Group’s accounting policies for the financial reporting year commencing 1 July 2022. The remaining policies of the Group are consistent with the prior year.

Note 33: Statement of significant accounting policies (continued)

b) Basis of consolidation

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

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

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

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

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

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

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

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

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

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

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

Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company and Trust as at 30 June 2023 and the results of all subsidiaries for the year then ended.

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

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

Note 33: Statement of significant accounting policies (continued)

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

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

c) Segment reporting

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

Operating segments are determined based on the information which is regularly reviewed by the Executive Chairman, who is the Chief Operating Decision Maker within the Group.

d) Revenue recognition

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

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

Funds management fees
Fees are charged to customers in connection with the provision of funds management and other related services. These performance obligations are satisfied on an ongoing basis, usually monthly, and revenue is recognised as the service is provided.

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

Data centre services revenue
Data centre services revenue primarily consist of recurring monthly service fees. Revenues from the provision of recurring monthly service fees is recognised in the accounting period in which the services are rendered.

Contracts are entered with customers that guarantee certain performance measures such as uptime and on time delivery of services. If service performance stated in the contracts are not achieved, the revenue will be reduced for any credits or cash payments that may be due to customers under contract. Key areas of estimation include the amount of the service credits, the likelihood that the service credits will be claimed, and the time period over which they will impact revenue.

Data centre service revenue not received at reporting date is reflected in the statement of financial position as a receivable or if paid in advance, a current liability.

Note 33: Statement of significant accounting policies (continued)

d) Revenue recognition (continued)

Finance revenue

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

e) Employee benefits

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave are recognised as current provisions in respect of employees' services provided up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

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

Bonus entitlements

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

Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). Refer to Note 18(c) for further detail.

f) Finance expenses

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

g) Income tax

Companies

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

Deferred income tax is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

Note 33: Statement of significant accounting policies (continued)

g) Income tax (continued)

Trusts and Funds

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

Tax consolidation

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

h) Impairment of assets

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

i) Cash and cash equivalents

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

j) Trade and other receivables

Receivables may include amounts for dividends, trust distributions and lease receivables, which are accrued when the right to receive payment is established.

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

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

k) Financial instruments

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

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

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

Note 33: Statement of significant accounting policies (continued)

k) Financial instruments (continued)

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*.

Financial assets designated at fair value through profit or loss at inception, are those that are managed and their performance evaluated on a fair value basis in accordance with the Group's documented investment strategy. The Group's policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risk and rewards of ownership.

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

Financial assets at amortised cost
Loans receivable
Loans receivable are measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Such assets are carried at amortised cost using the effective interest method under AASB 9. Gains and losses are recognised in the consolidated statement of financial performance when the loans and receivables are derecognised or impaired, as well as through the amortisation process. For receivables, refer to Note 33(j).

Financial liabilities and equity
Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. The accounting policies adopted for specific financial liabilities and equity instruments are set out in Note 33(q) and Note 33(s) below.

Impairment
Under AASB 9, the Group assesses expected credit losses upon initial recognition of the financial asset with a forward-looking expected credit loss (ECL) approach for all financial assets not held at fair value through profit or loss. For loans receivable financial assets, the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Fund has established a provision model which includes assessing the credit rating of each borrower to determine the probability of default, loss given default and exposure at default, taking into account sensitivity factors to work out the ECL provision for each loan receivable.

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

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

Note 33: Statement of significant accounting policies (continued)

m) Property, plant and equipment

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

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

Class of Fixed Asset	Depreciation Rate
Computer, office equipment, fixtures	2.5% - 33.3%
Right of use asset	20%
Equipment	6.7% - 20.0%

Each asset's residual value and useful life is reviewed, and adjusted if appropriate, at each balance date. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

n) Right-of-use-assets

Right–of–use assets are measured at cost less depreciation and impairment and adjusted for any remeasurement of the lease liability. The cost of the asset includes the amount of the initial measurement of lease liability and any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs, and restoration cost. Right–of–use assets are depreciated on a straight–line basis from the commencement date of the lease to the earlier of the end of the useful life of the right–of–use asset or the end of the lease term, unless they meet the definition of an investment property. The lease term is the non–cancellable period of a lease together with the lease period under reasonably certain extension options and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the profit or loss. Short-term leases are leases with a lease term of 12 months or less.

o) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Note 33: Statement of significant accounting policies (continued)

o) Intangible assets (continued)

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Software
Certain internal and external costs directly incurred in acquiring and developing certain computer software programmes are capitalised and amortised over the estimated useful life. Amortisation of computer software programmes and impairments, where applicable, is recognised in other operating expenses.

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

p) Trade and other payables

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

q) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Group's incremental borrowing rate is used.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease payments used in calculating the lease liability include:

- fixed payments less incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate at commencement date;
- payments of penalties for terminating the lease if the lease term reflects exercising that option; and
- lease payments to be made under options for extension which are reasonably certain to be exercised.

Sublease
A sublease involves the re-leasing by a lessee of the underlying asset to a third party, while the 'head lease' between the original lessor and lessee remains in effect. The head lease and a sublease are separate contracts that are accounted for under the lessee and lessor models. As the intermediate lessor, the Group classifies the sublease by reference to the right-of-use asset arising from the head lease as a finance lease. When the Group enters into the sublease, the Group:

- derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognises the net investment in the sublease;
- recognises any difference between the right-of-use asset and the net investment in the sublease in profit or loss; and
- retains the lease liability relating to the head lease in its statement of financial position.

During the term of the sublease, the intermediate lessor recognises both finance income on the sublease and interest expense on the head lease.

r) Provisions

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

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.

s) Issued capital

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

Note 33: Statement of significant accounting policies (continued)

t) 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.

u) Foreign currency translation

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised as net foreign exchange gains/(losses) in the statement of comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in the statement of comprehensive income within net gains/(losses) on financial instruments held at fair value.

The Group's consolidated financial statements are presented in Australian Dollars, which is also the parent company's functional currency.

Group Companies
On consolidation, the assets and liabilities of foreign operations are translated into Australian Dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is reclassified to profit or loss.

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

At the date of authorisation of the financial statements, the Group 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 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current* and AASB 2022-6 *Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants* (application date 1 January 2024)
- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* (application date 1 January 2023) and AASB 2021-6 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards* (application date 1 January 2023)
- AASB 2021-5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (application date 1 January 2023)
- AASB 2021-7 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections* (application date 1 January 2025)

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

In the opinion of the Directors of 360 Capital Group:

1) The consolidated financial statements and notes that are set out on pages 33 to 91, and the Remuneration report contained in the Directors' report on pages 13 to 29, are in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and

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

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

3) There are reasonable grounds to believe that the members of the closed group identified in Note 31 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 31.

4) 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 2023.

5) The Directors draw attention to Note 20(b) to the consolidated financial statements, which include a statement of compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

Tony Robert Pitt
Executive Chairman

David van Aanholt
Deputy Chairman

Sydney
24 August 2023

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Independent auditor's report to the members of 360 Capital Group Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of 360 Capital Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other 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 2023 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.

Building a better working world

Carrying value of listed investments

Why significant	How our audit addressed the key audit matter
The Group holds economic interests in listed securities which are carried at a fair value of $94.4 million at 30 June 2023. This represents 51% of the Group's total assets. The fair values were determined by the Group at the end of the reporting period with reference to the security prices disclosed on the Australian Stock Exchange (ASX). Changes in fair value are recognised in the income statement. This was considered a Key Audit Matter due to the significance of the investment to the Group.	Our audit procedures included the following: ▸ Inspected all trade confirmations relating to the acquisition on the listed securities; ▸ Tested the mathematical accuracy of the cost base of the investments; ▸ Agreed the security price to the closing price on the ASX; ▸ Tested the mathematical accuracy of the calculation of the fair value by multiplying the number of shares held by the price; ▸ Assessed the loss recognised in the income statement, and ▸ Assessed the adequacy and appropriateness of the disclosures in Note 9 to the financial report.

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 30 June 2023 annual report, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

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

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

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

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

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

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

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 29 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of 360 Capital Group Limited for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Ernst & Young

Douglas Bain
Partner
Sydney
24 August 2023

Information below was prepared as at 17 August 2023.

a) Top 20 registered securityholders:

Holder Name	Securities held	% of issued securities
TT INVESTMENTS PTY LTD <TT INVESTMENT A/C>	31,947,141	13.16
PRUDENTIAL NOMINEES PTY LTD	21,000,000	8.65
TT INVESTMENTS PTY LTD <TT INVESTMENT A/C>	20,370,664	8.39
PENTAGON FINANCIAL SERVICES PTY LIMITED <PENTAGON INVESTMENT A/C>	14,969,767	6.17
NATIONAL EXCHANGE PTY LTD	14,600,000	6.02
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	12,791,209	5.27
NATIONAL NOMINEES LIMITED	9,084,411	3.74
TT INVESTMENTS PTY LIMITED <TT SUPER FUND A/C>	7,978,204	3.29
MR JAMES STOREY	6,000,000	2.47
MR GLENN BUTTERWORTH	6,000,000	2.47
MR TONY ROBERT PITT	6,000,000	2.47
PENTAGON CAPITAL PTY LIMITED	4,960,888	2.04
FIRST SAMUEL LTD ACN 086243567 <ANF ITS MDA CLIENTS A/C>	4,278,576	1.76
CITICORP NOMINEES PTY LIMITED	3,862,262	1.59
BNP PARIBAS NOMS (NZ) LTD <DRP>	2,395,684	0.99
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,965,752	0.81
HORRIE PTY LTD <HORRIE SUPERANNUATION A/C>	1,409,453	0.58
GEMTRICK PTY LTD <JOHN HARRIS SUPER FUND A/C>	1,378,025	0.57
COWOSO CAPITAL PTY LTD <COWOSO SUPER FUND A/C>	1,322,904	0.55
TT INVESTMENTS PTY LTD <TT SUPER FUND A/C>	1,269,689	0.52
Total Securities held by Top 20 security holders	173,584,629	**71.51**
Total Securities on issue	**242,719,051**	**100.00**

b) Distribution of securityholders:

Number of securities held by securityholders	Number of holders	Securities held	% of issued securities
1 to 1,000	325	114,785	0.05
1,001 to 5,000	585	1,751,771	0.72
5,001 to 10,000	457	3,587,035	1.48
10,001 to 100,000	1,201	35,896,788	14.79
100,001 and over	138	201,368,672	82.96
Totals	**2,706**	**242,719,051**	**100.00**

The total number of securityholders with less than a marketable parcel was 265 and they hold 56,506 securities.

c) Substantial securityholder notices:

Name of securityholder	Date of notice	Securities held	% of issued securities
Mr Tony Pitt	07/10/2022	88,691,814	36.54
National Exchange Pty Ltd & Prudential Nominees	24/02/2022	29,250,000	13.36

d) Voting rights:

Subject to the Constitutions of 360 Capital Group Limited and 360 Capital Investment Trust and to any rights or restrictions for the time being attached to any stapled securities:

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

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

Parent Entity

360 Capital Group Limited
ACN 113 569 136
Suite 3701, Level 37, 1 Macquarie Place Sydney NSW 2000
Telephone (02) 8405 8860
Email: investor.relations@360capital.com.au

Directors & Officers

Executive Chairman
Tony Robert Pitt (Executive Chairman)

Non-Executive Directors
David van Aanholt (Deputy Chairman)
William John Ballhausen (resigned on 30 June 2023)
Andrew Graeme Moffat
Anthony Gregory McGrath

Officers
James Storey – Chief Executive Office
Glenn Butterworth – Chief Financial Officer and Company Secretary

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

Auditor
Ernst & Young
200 George Street Sydney NSW 2000

Website
www.360capital.com.au

360 Capital

Identifying
strategic investment
opportunities

360capital.com.au