

360 Capital



360 CAPITAL INVESTMENT TRUST

Interim Financial Report For the half year ended 31 December 2023

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

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of 360 Capital Investment Trust for the year ended 30 June 2023 and any public announcements made by 360 Capital Group (ASX:TGP) during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

360 Capital Investment Trust
Directors' report
For the half year ended 31 December 2023

The Directors of 360 Capital FM Limited (ABN 15 090 664 396) (AFSL No 221474), the Responsible Entity of 360 Capital Investment Trust (ARSN 104 552 598) (Trust) present their report, together with the financial report of 360 Capital Investment Trust and its controlled entities (consolidated entity) for the half year ended 31 December 2023.

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

Directors

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

Tony Robert Pitt (Executive Chairman)

David van Aanholt (Deputy Chairman)

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 investing across real estate equity and credit opportunities.

Operating and financial review

The key financial highlights for the half year ended 31 December 2023 include:

- Statutory net loss attributable to unitholders of \$3.3 million (December 2022: net loss \$0.4 million)
- Operating profit¹ of \$3.0 million (December 2022: \$3.8 million)
- Statutory earnings per unit of -1.5 cpu (December 2022: -0.2 cpu)
- Operating earnings¹ per unit of 1.4 cpu (December 2022: 1.7 cpu)
- No distributions for the half year (December 2022: 2.25 cpu)

The key operating achievements for the half year ended 31 December 2023 include:

- The Group is the largest securityholder in HPI, owning 14.8% of HPI securities. HPI was one of the few AREIT which increased its distribution forecast in FY24 due to the strong lease rent reviews, with the Group forecasting to receive \$5.5 million in distributions in FY24.
- During the half year, the Group co-invested in a residual stock loan facility totaling \$18.2 million together with TCF via 360 Capital Private Credit Fund (PCF), an unlisted wholesale contributory mortgage fund managed by 360 Capital FM Limited. In August 2023, the Group co-invested \$3.7 million in PCF together with a further \$2.7 million from third party wholesale investors during the period. The Group's units were subsequently fully redeemed during the period.
- Over the past 6 months, the Group increased its investment in 360 Capital REIT (ASX:TOT), investing a further \$2.6 million, increasing its co-investment stake to 29.1%. Post period, the Group increased its stake to 29.5% through participating TOT's dividend reinvestment plan (DRP) for the December 2023 quarterly distribution.

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

360 Capital Investment Trust
Directors' report
For the half year ended 31 December 2023

Summary and Outlook

The Group has no debt and a clear business strategy across the Group and its investment vehicles. The Group expects markets to deteriorate further in 2024 as the full effect of recent interest rate rises impact the Australian real estate markets and the general economy. The Board and management continue to monitor the market for opportunities which may improve the performance of the Group and create long term value for securityholders.

Distributions

There was no distribution declared by 360 Capital Investment Trust during the half year. Prior period distribution is detailed as below:

			31 December	31 December
	Date of payment	Cents per unit	2023	2022
			\$'000	\$'000
December 2022 half year distribution	25 January 2023	2.25	-	5,461
Total distributions			-	5,461

Significant changes in state of affairs

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

Likely developments and expected results of operations

The Group will continue to focus on 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 continuing the Group's track record across real estate investing.

Events subsequent to balance date

360 Capital REIT announced on 14 February 2024, an entitlement offer equity raise up to \$46.8 million at the offer price of \$0.40 per new stapled security with the net proceeds from the raising being used to reduce TOT's borrowings. The Group intends to subscribe for its full entitlement under the equity raise, a capital commitment of \$13.8 million, which will be funded from the Group's existing cash.

Post period, in January 2024, the Group bought back 50,495 securities and cancelled at \$0.53 per security under buy-back of unmarketable parcels of securities.

Other than disclosed above, no other circumstances have arisen since the end of the half year which have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

360 Capital Investment Trust
Directors' report
For the half year ended 31 December 2023

Buy-back arrangement

In September 2023, the Group commenced an on-market security buy-back and bought back 2,629,894 securities at an average price of \$0.54 per security. This buy-back was closed on 27 November 2023 following the approval by securityholders at the AGM in November 2023 of an on-market or off-market security buy-back of up a maximum of 48,349,604 of the Groups securities. The Group subsequently commenced a further on-market buy-back in December 2023 and bought back 6,167,550 securities at an average of \$0.54 per security. In the prior half year, 6,000,000 securities bought on-market in relation to the Group's 2022 Executive Incentive Plan (EIP) offer at an average price of \$0.82 per security.

On 7 December 2023, the Group announced a minimum holding buy-back of unmarketable parcels of securities. In January 2024, there were 50,495 securities bought back and cancelled by the Group at \$0.53 per security.

Distribution Reinvestment Plan

The Group's DRP was not activated for the dividend for the half year ended 31 December 2023. In the prior half-year, the Group issued 11,721,500 stapled securities at a price of \$0.78 per security under DRP relating to the special dividend paid on 7 October 2022.

Options

During the half year, no options were issued and there were 100,000 performance rights were cancelled relating to employees who had ceased employment and 1,068,600 performance rights cancelled due to due to vesting hurdles not being satisfied under the Groups EIP. In the prior half-year, 18,000,000 options were issued, and 1,672,600 performance rights were cancelled.

As at 31 December 2023, there were 18,000,000 options, comprising securities on issue with corresponding non-recourse loans from the Group (June 2023:18,000,000) and 2,351,268 performance rights outstanding (June 2023: 3,519,868).

Securities issued

As at 31 December 2023, the number of stapled securities on issue was 233,921,607 (June 2023: 242,719,051).

Auditor's independence declaration

The auditor's independence declaration required under Section 307C of the Corporations Act 2001 is set out on page 5 and forms part of the Directors' report for the half year ended 31 December 2023.

Rounding of amounts

The Trust is an entity of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC). In accordance with that Instrument, amounts in the interim 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
19 February 2024



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Auditor's Independence Declaration to the Directors of 360 Capital FM Limited as Responsible Entity for 360 Capital Investment Trust

As lead auditor for the review of the half-year financial report of 360 Capital Investment Trust for the half-year ended 31 December 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 review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of 360 Capital Investment Trust and the entities it controlled during the financial period.

Ernst & Young

St Elmo Wilken
Partner
19 February 2024

360 Capital Investment Trust
Consolidated interim statement of profit or loss and other comprehensive income
For the half year ended 31 December 2023

		31 December 2023	31 December 2022
	Note	\$'000	\$'000
Revenue from continuing operations			
Distributions	3	2,966	2,765
Finance revenue		468	1,449
Total revenue from continuing operations		3,434	4,214
Other income			
Share of equity accounted profits	6	1,557	-
Net gain on fair value of financial assets		-	42
Total other income		1,557	42
Total revenue and other income from continuing operations		4,991	4,256
Administration expenses		419	453
Transaction costs		2	165
Net loss on disposal of financial assets	5	-	328
Share of equity accounted losses		-	3,738
Net loss on fair value of financial assets	5	7,853	-
Loss for the half year		(3,283)	(428)
Loss attributable to:			
Loss attributable to unitholders		(3,283)	(428)
Loss for the half year		(3,283)	(428)

360 Capital Investment Trust
Consolidated interim statement of profit or loss and other comprehensive income
For the half year ended 31 December 2023

	31 December 2023 \$'000	31 December 2022 \$'000
Loss for the half year	(3,283)	(428)
<i>Other comprehensive income that may be reclassified to profit or loss</i>		
Other comprehensive income	-	-
Total comprehensive loss for the half year	(3,283)	(428)
Total comprehensive income attributable to:		
Unitholders of 360 Capital Investment Trust	(3,283)	(428)
Total comprehensive loss for the half year	(3,283)	(428)

Earnings per unit for profit attributable to unitholders of the consolidated entity

	Note	Cents	Cents
Basic earnings per unit	11	(1.5)	(0.2)
Diluted earnings per unit	11	(1.4)	(0.2)

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

360 Capital Investment Trust
Consolidated interim statement of financial position
As at 31 December 2023

		31 December	30 June
		2023	2023
	Note	\$'000	\$'000
Current assets			
Cash and cash equivalents		21,671	25,239
Receivables	4	2,820	2,772
Financial assets at fair value through profit or loss	5	83,034	90,846
Receivables from related entities	10	2,069	5,853
Total current assets		109,594	124,710
Non-current assets			
Financial assets at fair value through profit or loss	5	3,486	3,527
Investments equity accounted	6	22,769	19,727
Total non-current assets		26,255	23,254
Total assets		135,849	147,964
Current liabilities			
Trade and other payables		71	54
Distribution payable		-	4,854
Total current liabilities		71	4,908
Total liabilities		71	4,908
Net assets		135,778	143,056
Equity			
Issued capital - trust units	7	194,950	198,945
Accumulated losses		(59,172)	(55,889)
Total equity		135,778	143,056

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

360 Capital Investment Trust
Consolidated interim statement of changes in equity
For the half year ended 31 December 2023

	Note	Issued capital \$'000	Accumulated losses \$'000	Total equity attributable to unitholders \$'000
Balance at 1 July 2023		198,945	(55,889)	143,056
Loss for the period		-	(3,283)	(3,283)
Comprehensive income for the period		-	-	-
Total comprehensive income for the period		-	(3,283)	(3,283)
Transactions with Unitholders in their capacity as Unitholders				
Securities bought back on-market and cancelled	7	(3,995)	-	(3,995)
Distributions	2	-	-	-
		(3,995)	-	(3,995)
Balance at 31 December 2023		194,950	(59,172)	135,778

	Note	Issued capital \$'000	Accumulated losses \$'000	Total equity attributable to unitholders \$'000
Balance at 1 July 2022		195,395	(28,384)	167,011
Loss for the period		-	(428)	(428)
Comprehensive income for the period		-	-	-
Total comprehensive income for the period		-	(428)	(428)
Transactions with Unitholders in their capacity as Unitholders				
Issued units - DRP	7	7,737	-	7,737
Securities bought on market to issue under EIP	7	(4,157)	-	(4,157)
Equity raising transaction costs		(26)	-	(26)
Distributions	2	-	(5,461)	(5,461)
		3,554	(5,461)	(1,907)
Balance at 31 December 2022		198,949	(34,273)	164,676

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

360 Capital Investment Trust
Consolidated interim statement of cash flows
For the half year ended 31 December 2023

		31 December 2023 \$'000	31 December 2022 \$'000
	Note		
Cash flows from operating activities			
Cash payments to suppliers		(423)	(240)
Distributions received		2,937	175
Finance revenue		468	1,449
Net cash inflows from operating activities		2,982	1,384
Cash flows from investing activities			
Payments for financial assets	5	(3,703)	(104,086)
Payments for equity accounted investments	6	(1,485)	(1,597)
Proceeds from disposal of financial assets	5	3,703	3,516
Payments for loans receivable		-	(10,600)
Net cash outflows from investing activities		(1,485)	(112,767)
Cash flows from financing activities			
Proceeds from loans from related parties		3,784	78,352
Proceeds from issue of capital		-	7,737
Payment of transaction costs to issue capital		-	(26)
Distributions paid to unitholders		(4,854)	-
Payment for securities bought back	7	(3,995)	-
Payment for securities bought on market to issue under EIP	7	-	(4,157)
Net cash (outflows)/inflows from financing activities		(5,065)	81,906
Net decrease in cash and cash equivalents		(3,568)	(29,477)
Cash and cash equivalents at the beginning of the half year		25,239	48,195
Cash and cash equivalents at the end of the half year		21,671	18,718

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

360 Capital Investment Trust
Notes to the consolidated interim financial statements
For the half year ended 31 December 2023

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360 Capital Investment Trust
Notes to the consolidated interim financial statements
For the half year ended 31 December 2023

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 consolidated entity.

Note 1: Segment reporting

The Trust is a single segment for reporting within Australia.

The Chief Operating Decision Maker, being the Executive Chairman of the Responsible Entity, monitors the performance and results of the Trust at a total Trust level, as a result, the Trust has only one segment. 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 which management consider reflect the core earnings of the Trust and is used as a guide to assess the Trust's ability to pay distributions to unitholders. Non-operating items include transaction costs, unrealised fair value adjustments of financial assets and other assets, unrealised foreign exchange gains and losses, impairment adjustments, share of equity accounted non-operating items.

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

	31 December 2023 \$'000	31 December 2022 \$'000
Loss attributable to the unitholders of the Trust	(3,283)	(428)
Non-operating items		
Net loss/(gain) on fair value of financial assets	7,853	(42)
Net loss on disposal of financial assets	-	328
Share of equity accounted (profits)/losses, non-operating items	(1,557)	3,738
Transaction costs	2	165
Operating profit before non-operating items	3,015	3,761
Weighted average number of units ('000)	223,083	220,889
Operating profit per unit before non-operating items) (EPU) - cents	1.4	1.7

360 Capital Investment Trust
Notes to the consolidated interim financial statements
For the half year ended 31 December 2023

Note 2: Distributions

There was no distribution declared by 360 Capital Investment Trust during the half year. Prior period distribution is detailed as below:

	Date of payment	Cents per unit	31 December 2023 \$'000	31 December 2022 \$'000
December 2022 half year distribution	25 January 2023	2.25	-	5,461
Total distributions			-	5,461

Note 3: Revenue

Revenue includes:

	31 December 2023 \$'000	31 December 2022 \$'000
Distributions from property funds		
360 Capital Mortgage REIT (ASX:TCF)	142	122
Hotel Property Investments (ASX:HPI)	2,749	2,590
Other	75	53
	2,966	2,765

Note 4: Receivables

Receivables include:

	31 December 2023 \$'000	30 June 2023 \$'000
Current		
Trade receivables	36	29
Prepayment	12	-
Distribution receivable	2,772	2,743
	2,820	2,772

360 Capital Investment Trust
Notes to the consolidated interim financial statements
For the half year ended 31 December 2023

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

	31 December	30 June
	2023	2023
	\$'000	\$'000
Current		
Hotel Property Investments securities	83,034	90,846
Total current	83,034	90,846
Non-current		
360 Capital Mortgage REIT securities	3,486	3,527
Total non-current	3,486	3,527
Total	86,520	94,373

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

	31 December	30 June
	2023	2023
	\$'000	\$'000
Balance at 1 July	94,373	4,120
Financial assets acquired - listed	-	106,426
Financial assets disposed - listed	-	(3,520)
Financial assets acquired - unlisted	3,703	-
Financial assets disposed - unlisted	(3,703)	-
Loss on disposal	-	(328)
Fair value adjustment of financial assets	(7,853)	(12,325)
Closing balance	86,520	94,373

During the half-year the Group co-invested in a residual stock loan facility totaling \$18.2 million together with 360 Capital Mortgage REIT (ASX:TCF) via 360 Capital Private Credit Fund (PCF), an unlisted wholesale contributory mortgage fund managed by 360 Capital FM Limited. In August 2023, the Group co-invested \$3.7 million in PCF together with a further \$2.7 million from third party wholesale investors during the period. The Group's units were subsequently fully redeemed during the period.

The Trust holds 14.8% (30 June 2023: 14.9%) of Hotel Property Investments (ASX: HPI) securities and the market value was \$83.0 million as at 31 December 2023 (30 June 2023: \$90.8 million).

The Trust also holds 16.4% ((30 June 2023: 16.4%) of TCF securities and the market value was \$3.5 million as at 31 December 2023 (30 June 2023: \$3.5 million).

360 Capital Investment Trust
Notes to the consolidated interim financial statements
For the half year ended 31 December 2023

Note 6: Investments equity accounted

	31 December 2023 %	30 June 2023 %	31 December 2023 \$'000	30 June 2023 \$'000
Co-investment interest				
360 Capital Passive REIT	29.1	26.1	22,769	19,727
			22,769	19,727

During the half year, the Group acquired 4,333,000 securities of the stapled entity 360 Capital REIT (ASX:TOT) on the market and increased its interest from 26.1% to 29.1%. Post period, the Group participated in TOT's December 2023 quarter DRP, increasing its holding to 29.5% in January 2024. The beneficial interest of 360 Capital Passive REIT units held by 360 Capital Diversified Property Fund and the beneficial interest of 360 Capital Active REIT units held by 360 Capital Property Limited.

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

	31 December 2023 \$'000	30 June 2023 \$'000
360 Capital Passive REIT		
Opening Balance - 1 July	19,727	29,749
Acquisitions	1,485	1,597
Equity accounted profit/(loss) for the period	1,557	(11,619)
Closing Balance	22,769	19,727

Note 7: Equity

Ordinary securities

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

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

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

Equity classification

Units 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.

(a) Issued capital

	31 December 2023 000's	30 June 2023 000's
360 Capital Investment Trust - Ordinary units issued ¹	215,922	224,719
	\$'000	\$'000
360 Capital Investment Trust - Ordinary units issued	194,950	198,945

1. Excluding EIP securities on issue and EIP rights issued

360 Capital Investment Trust
Notes to the consolidated interim financial statements
For the half year ended 31 December 2023

Note 7: Equity (continued)

(b) Movements in issued capital

	31 December	30 June
	2023	2023
	000's	000's
Issued capital – number of units		
Opening balance at 1 July	224,719	218,998
Securities bought on market and cancelled	(8,797)	-
Securities bought on market for 13 September 2022 EIP	-	(6,000)
Security issued under DRP	-	11,721
Closing balance	215,922	224,719
	\$'000	\$'000
Opening balance at 1 July	198,945	195,395
Securities issued under DRP	-	7,737
Securities bought on market and cancelled	(3,995)	-
Securities bought on market for 13 September 2022 EIP	-	(4,157)
Transaction costs incurred in issuing capital	-	(30)
Closing balance	194,950	198,945

In September 2023, the Group commenced an on-market security buy-back and bought back 2,629,894 securities at an average price of \$0.54 per security. This buy-back was closed on 27 November 2023 following the approval by securityholders at the AGM in November 2023 of an on-market or off-market security buy-back of up to a maximum of 48,349,604 of the Group's securities. The Group subsequently commenced a further on-market buy-back in December 2023 and bought back 6,167,550 securities at an average of \$0.54 per security. In the prior half year, 6,000,000 securities bought on-market in relation to the Group's 2022 Executive Incentive Plan (EIP) offer at an average price of \$0.82 per security.

On 7 December 2023, the Group announced a minimum holding buy-back of unmarketable parcels of securities. In January 2024, there were 50,495 securities bought back and cancelled by the Group back at \$0.53 per security.

There were no securities issued under DRP during the half year. During prior year, the Group activated DRP 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.

Under AAS securities issued under the 360 Capital Group Executive Incentive Plans (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:

	31 December	30 June
	2023	2023
	000's	000's
Issued capital – number of units		
Total ordinary units disclosed	215,922	224,719
Securities subject to EIP	18,000	18,000
Total units issued on the ASX	233,922	242,719

During the prior year, the Group granted 18,000,000 securities under the Group's EIP at \$0.82 per security.

360 Capital Investment Trust
Notes to the consolidated interim financial statements
For the half year ended 31 December 2023

Note 7: Equity (continued)

(c) Share Based Payment Schemes

Reconciliation of Options and Rights outstanding under Employee Security Schemes

Plan	Balance 1 July 2023			Forfeited/ Cancelled	Balance 31
	Securities	Issued	Vested		December 2023
LTI - 21 October 2020	1,115,700	-	-	(1,115,700)	-
Retention – 4 November 2021	1,200,768	-	-	-	1,200,768
LTI - 4 November 2021	1,203,400	-	-	(52,900)	1,150,500
	3,519,868	-	-	(1,168,600)	2,351,268
LTI – 13 September 2022	18,000,000	-	-	-	18,000,000
	18,000,000	-	-	-	18,000,000
Total	21,519,868	-	-	(1,168,600)	20,351,268

Plan	Balance 1 July 2022			Forfeited/ Cancelled	Balance 30 June
	Securities	Issued	Vested		2023
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

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 per security. The fair value of each option was \$0.165 at the issue date.

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.

360 Capital Investment Trust
Notes to the consolidated interim financial statements
For the half year ended 31 December 2023

Note 7: Equity (continued)

(c) Share Based Payment Schemes (continued)

Rights

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 of 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 prior year, and the remaining balance of 1,115,700 rights were subsequently cancelled during the year due to an employee ceasing employment and the minimum performance hurdle on these Performance Rights was not met.

On 4 November 2021, a 1,200,768 retention rights 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 52,900 performance rights were cancelled (June 2023: 324,200), and a balance of 1,150,500 securities as at 31 December 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.

360 Capital Investment Trust
Notes to the consolidated interim financial statements
For the half year ended 31 December 2023

Risk

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

Note 8: Fair value measurement

Fair values

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

Fair value hierarchy

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

Level 1 – Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities

Level 2 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable)

Level 3 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable)

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

As at 31 December 2023, the consolidated entity held the following classes of financial instruments measured at fair value:

	Total	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000
As at 31 December 2023:				
<i>Financial assets</i>				
Financial assets at fair value through profit or loss	86,520	86,520	-	-
Total assets	86,520	86,520	-	-
As at 30 June 2023:				
<i>Financial assets</i>				
Financial assets at fair value through profit or loss	94,373	94,373	-	-
Total assets	94,373	94,373	-	-

During the period 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.

360 Capital Investment Trust
Notes to the consolidated interim financial statements
For the half year ended 31 December 2023

Note 8: Fair value measurement (continued)

Valuation techniques

Financial assets at fair value through profit or loss

For fair value profit or loss financial assets, the consolidated entity 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 recognised as Level 1 instruments. Unlisted investments are not traded in an active market and are recognised 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 and EBITDA multiples. The consolidated entity 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.

360 Capital Investment Trust
Notes to the consolidated interim financial statements
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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 9: Events subsequent to balance date

360 Capital REIT announced on 14 February 2024, an entitlement offer equity raise up to \$46.8 million at the offer price of \$0.40 per new stapled security with the net proceeds from the raising being used to reduce TOT's borrowings. The Group intends to subscribe for its full entitlement under the equity raise, a capital commitment of \$13.8 million, which will be funded from the Group's existing cash.

Post period, in January 2024, the Group bought back 50,495 securities and cancelled at \$0.53 per security under buy-back of unmarketable parcels of securities.

Other than disclosed above, no other circumstances have arisen since the end of the half year which have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

360 Capital Investment Trust
Notes to the consolidated interim financial statements
For the half year ended 31 December 2023

Other Information

This section of the notes includes information that must be disclosed to comply with prescribed accounting standards and other pronouncements.

Note 10: Related party transactions

Responsible Entity

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

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

Due to/from related entities

The Trust has a loan to 360 Capital Group Limited, which is the stapled entity to the Trust. The loan relates to the investment operation of the Stapled Group and is unsecured, non-interest bearing, and payable on demand.

	31 December 2023	30 June 2023
	\$	\$
Due from 360 Capital Group Limited	2,068,935	5,852,547

Responsible Entity's fees

Under the terms of the Constitution, the Responsible Entity is entitled to receive fees in accordance with the product disclosure statement.

	31 December 2023	31 December 2022
	\$	\$
Management fees paid/payable by the Trust	334,200	334,200

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

During the half-year the Group co-invested in a residual stock loan facility totaling \$18.2 million together with TCF via 360 Capital Private Credit Fund (PCF), an unlisted wholesale contributory mortgage fund managed by 360 Capital FM Limited. In August 2023, the Group co-invested \$3.7 million in PCF together with a further \$2.7 million from third party wholesale investors during the period. The Group's units were subsequently fully redeemed during the period. As at 31 December 2023, TCF had a balance of \$9.9 million of the loan investment held in PCF.

In August 2023, The Group acquired 4,333,000 TOT's securities at a price of \$0.595 per security, for consideration of \$2,578,135. Post balance date the Group acquired and additional 1,165,771 TOT securities at a price of \$0.54 per security, through participating in TOT DRP for the December 2023 quarterly distribution.

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

On 27 October 2022, the Group acquired 1,802,438 TOT securities at a price of \$0.7731, for consideration of \$1,393,465 through participating in the TOT DRP for the September 2022 quarterly distribution.

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.

360 Capital Investment Trust
Notes to the consolidated interim financial statements
For the half year ended 31 December 2023

Note 11: Earnings per unit

	31 December 2023 cents	31 December 2022 cents
Basic earnings per unit	(1.5)	(0.2)
Diluted earnings per unit	(1.4)	(0.2)
	\$'000	\$'000
Basic and diluted earnings		
Loss attributable to unitholders of the consolidated entity used in calculating earnings per unit	(3,283)	(428)
	000's	000's
Weighted average number of units used as a denominator		
Weighted average number of units - basic	223,083	220,889
Weighted average number of units - diluted	241,083	231,650

Diluted stapled securities

In 2022, a total of 18,000,000 stapled securities were granted to employees of the Stapled Group under the 360 Capital Group's 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 is provided in Note 7.

Note 12: Basis of preparation

a) Reporting entity

The financial report of 360 Capital Investment Trust comprises the consolidated financial statements of 360 Capital Investment Trust (ARSN: 104 552 598) and its controlled entities. The consolidated entity forms part of the stapled entity, 360 Capital Group (Stapled Group) (ASX: TGP) comprising 360 Capital Group Limited and its controlled entities and 360 Capital Investment Trust and its controlled entities. A 360 Capital Group stapled security comprises one 360 Capital Group Limited share stapled to one 360 Capital Investment Trust unit to create a single listed entity traded on the ASX. The stapled security cannot be traded or dealt with separately.

The registered office and the principal place of business is Suite 3701, Level 37, 1 Macquarie Place, Sydney NSW 2000 Australia. The nature of operations and principal activities of the consolidated entity are disclosed in the Directors' report.

The financial report was approved for issue by the Board on 23 February 2024.

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

b) Basis of preparation

These interim financial statements for the half year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001, as appropriate for profit-oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board.

These interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Fund during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The financial report is presented in Australian dollars.

360 Capital Investment Trust
Notes to the consolidated interim financial statements
For the half year ended 31 December 2023

Note 12: Basis of preparation (continued)

b) Basis of preparation (continued)

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

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period with the following additional accounting policies now relevant for the period:

c) Loan receivable

Financial assets at fair value through other comprehensive income

The Group classifies its loan receivable based on its business model for managing financial assets and its objectives in investments. The Group invests in loans with long dated maturities that give rise to repayments of principal and interest on specific dates, however in order to actively manage a long term diversified portfolio, the Group may from time to time, sell part or all of its loan investments to recycle capital from loan investments that may be more suitable to the Group's strategy, objectives or return profile. Consequently, the Group has determined that the business model is to collect and sell its contractual cash flows and therefore loan assets meet the criteria of financial assets being classified mandatorily at fair value through other comprehensive income.

d) New or amended Accounting Standards and Interpretations adopted

The Trust 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 2023.

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

- *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*

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

There were no other changes to the Trust's accounting policies for the financial reporting year commencing 1 July 2023. The remaining policies of the Trust are consistent with the prior year.

e) Accounting standards issued but not yet effective

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

- *AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current* and *AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date* (application date 1 January 2024)
- *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.

360 Capital Investment Trust
Directors' declaration
For the half year ended 31 December 2023

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

- 1) The attached consolidated financial statements and notes 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 31 December 2023 and of its performance for the half year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting and Corporations regulations 2001* and other mandatory professional reporting requirements; and
- 2) There are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

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



Tony Robert Pitt
Executive Chairman



David van Aanholt
Deputy Chairman

Sydney
19 February 2024



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

Conclusion

We have reviewed the accompanying half-year financial report of 360 Capital Investment Trust (the Fund) and its subsidiaries (collectively the Group), which comprises the consolidated interim statement of financial position as at 31 December 2023, the consolidated interim statement of profit or loss and other comprehensive income, consolidated interim statement of changes in equity and consolidated interim statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

Directors' responsibilities for the half-year financial report

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

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and



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consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Ernst & Young

SE Wilken

St Elmo Wilken
Partner
Sydney
19 February 2024