



## ASX Release

REAL ASSETS  
PRIVATE EQUITY  
CREDIT

### 360 Capital Group (ASX: TGP)

26 August 2021

#### Appendix 4E

#### For the year ended 30 June 2021

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360 Capital Group comprises the stapling of 360 Capital Group Limited (ABN 18 113 569 136) and 360 Capital FM Limited (ABN 15 090 664 396 AFSL 221474) as Responsible Entity for 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 2021. 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 2021 is attached and forms part of this Appendix 4E.

#### Details of reporting period

Current reporting period: 1 July 2020 – 30 June 2021

Prior corresponding period: 1 July 2019 – 30 June 2020

#### Results announcement to the market

	30 Jun 2021 \$'000	30 Jun 2020 \$'000	Movement \$'000	Movement %
Revenue and other income from ordinary activities	39,914	15,409	24,505	159.0
Profit attributable to stapled securityholders for the year	5,290	1,345	3,945	293.3
Operating profit <sup>1</sup>	9,088	4,314	4,774	110.7

<sup>1</sup> Operating profit is a financial measure which is not prescribed by Australian Accounting Standards (AAS) and represents the profit under AAS adjusted for non-operating items. The Directors considers operating profit to reflect the core earnings of the Group and it is used as a guide to make strategic decisions and as a guide to assess the Groups' resource allocation, performance and the level of distributions. A reconciliation of the Group's statutory profit to operating earnings is provided in Note 1 of the Financial Report.

	30 Jun 2021 Cents per security	30 Jun 2020 Cents per security	Movement Cents per security	Movement %
Earnings per stapled security – Basic	2.4	0.6	1.8	300.0
Earnings per stapled security – Diluted	2.3	0.6	1.7	283.3
Operating profit per stapled security	4.2	2.1	2.1	100.0

## ASX Release

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Distributions	Cents per Security	Total paid \$'000	Date of payment
September quarter distribution	1.0	2,295	28 October 2020
December quarter distribution	1.0	2,295	27 January 2021
March quarter distribution	1.0	2,299	28 April 2021
June quarter distribution	1.0	2,300	28 July 2021
<b>Total distribution for the year</b>	<b>4.0</b>	<b>9,189</b>	
September quarter distribution	1.0	2,309	24 October 2019
December quarter distribution	1.0	2,309	23 January 2020
March quarter distribution	1.0	2,309	23 April 2020
June quarter distribution	1.0	2,308	28 July 2020
<b>Total distribution for the year</b>	<b>4.0</b>	<b>9,235</b>	

### Dividends

No dividends were paid or declared during the year (2020: Nil).

### Net tangible asset per security

	30 Jun 2021 \$	30 Jun 2020 \$
NTA per security <sup>2</sup>	0.89	0.87

<sup>2</sup> For purposes of financial reporting NTA basic per security is calculated using 219.0 million securities (June 2020: 218.4 million), representing the number of ASX securities on issue of 230.0m less ESP securities issued. The difference represents securities issued under the 360 Capital Group Employee Security Plan (ESP), which under AASB2: *Share-based payments*, are not recognised for accounting purposes and the corresponding ESP loan receivable is also not recognised as an asset.

### Control Gained or Lost over Entities during the year

Refer to Note 26 Subsidiaries and controlled entities and Note 24 Business combinations and 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 2021

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.

# 360 CAPITAL GROUP

## Annual Report For the year ended 30 June 2021

360 Capital Group 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.

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**360 Capital Group**  
**Directors' report**  
**For the year ended 30 June 2021**

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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 2021. 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:

David van Aanholt (Chairman)  
Tony Robert Pitt  
William John Ballhausen  
Graham Ephraim Lenzner (retired 31 March 2021)  
Andrew Graeme Moffat

**Principal activities**

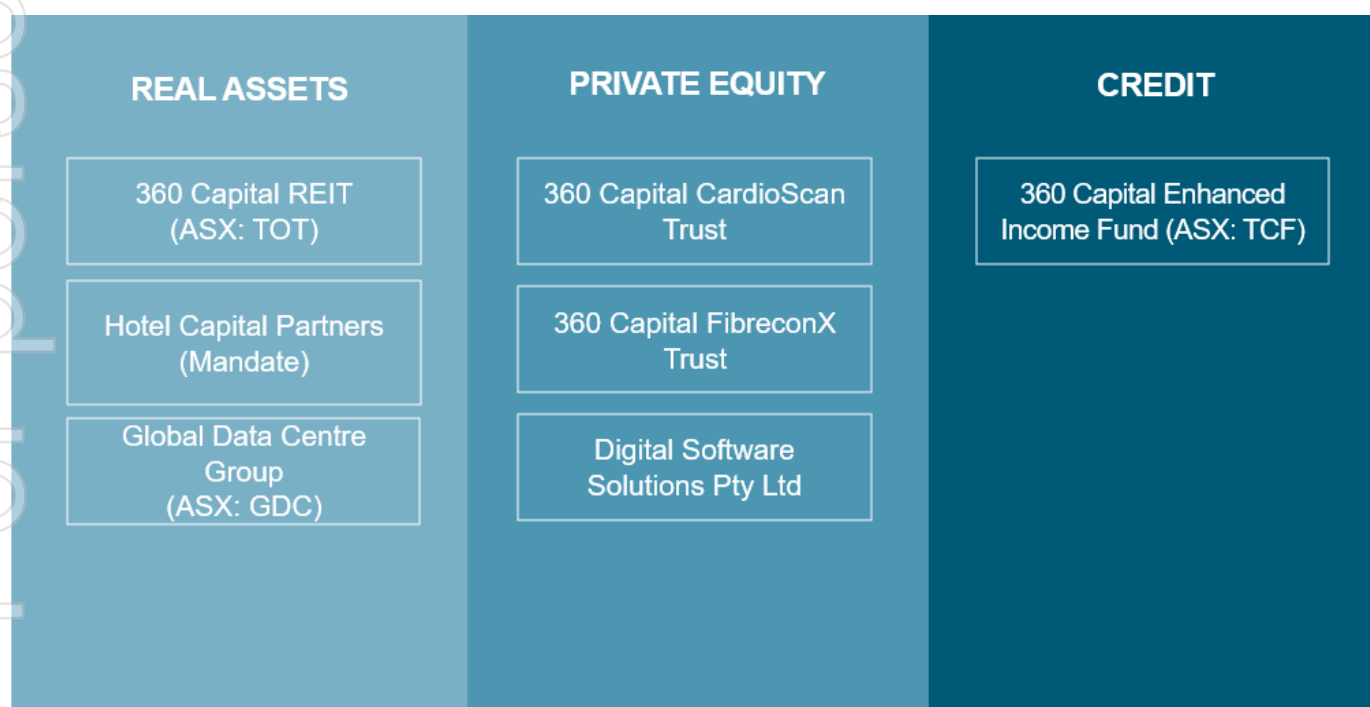
The Group is an ASX-listed, investment and funds management group, focused on strategic and active investment management of alternative assets.

The Group operates predominantly in Australian and New Zealand investing and managing across three strategies:

- Real Assets
- Private Equity
- Credit

Through the creation of investment products for our 10,000+ investors and partners, 360 Capital Group generates and grows its recurring revenue across:

- Funds Management
- Principal Investing
- Trading Profits



**Operating and financial review**

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**Statutory net profit**

**\$5.3m**

(2020: \$1.3 million)

Statutory net profit attributable to securityholders of 2.4cps (2020: 0.6cps) higher than prior year and includes \$8.2 million realised profit on disposal of E&P Financial Group (ASX:EP1)

**Operating profit**

**\$9.1m**

(2020: \$4.3 million)

Operating profit and earnings per security (EPS) of 4.2cps<sup>1</sup> (2020: 2.1cps) increase contributed to by performance fees charged to funds and realised gains during the year

**Distributions**

**4.0cps**

(2020: 4.0cps)

Distributions of 4.0cps, consistent with the prior year

**Net asset value**

**\$0.91**

per security  
(2020: \$0.89)

Net asset value (NAV) increased by 2.1cps during year

**ASX closing price**

**\$0.885**

per security  
(2020: \$0.85)

Increase in ASX price by 4.1% from prior year and represents a 2.8% discount to NAV at 30 June 2021

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<sup>1</sup> Operating profit is a financial measure which is not prescribed by Australian Accounting Standards (AAS) and represents the profit under AAS adjusted for non-operating items. The Directors consider operating profit to reflect the core earnings of the Group and it is used 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)**

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**Key operational achievements for the year ended 30 June 2021**

**EP1 Investment**

**\$9.1m**

Total return on investment

Acquired & disposed of stake E&P Financial Group (ASX:EP1) realising a total return of \$9.1 million, including dividends received

**IAP Investment**

**\$50.1m**

Strategic investment

Acquired a 5.4%<sup>1</sup> stake in Irongate Group (ASX:IAP) an ASX listed diversified REIT with approximately \$1.3 billion of assets and a funds management platform

**Principal Investments**

**\$149.1m**

The Group has \$149.1 million in principal investments as at 30 June 2021 (excludes Group's investment in EP1)

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**Group Overview**

The Groups' investment strategies which make up its alternative assets management and investment strategy are:

- Real Assets
- Private Equity
- Credit

During the year, the Group completed the buildout of its funds management business across four key strategies being Real Assets, Private Equity, Public Equity and Credit with a view of scaling the funds within these strategies.

As the year progressed, it became evident that the impact of COVID-19 was going to impede this strategy and on further analysis, the Board made the decision to focus on the strategies that provide higher returns on equity and exit low margin strategies such as Public Equities. As a result, the Group now has three key strategies being Real Assets, Private Equity and Credit.

<sup>1</sup> IAP holding as at 30 June 2021. Group has increased its holding to 6.5% as at 17 August 2021



**Operating and financial review (continued)**

**Group key operational highlights for the year ending 30 June 2021**

**Real Assets**

- TOT successfully repositioned its strategy to become a pure real estate equity investment REIT
- TOT mainly comprises two strategic investments comprise 12.4% of \$1.3 billion Irongate Group (ASX:IAP) and 50% PMG Funds Management (FUM NZ\$781.2 million<sup>1</sup>)
- Hotel Capital Partners (a Group joint venture) secured a third party hotel mandate which purchased its first hotel for \$146 million
- GDC raised \$15.1 million increasing consolidate gross assets to \$154.6 million
- GDC deployed \$82.3 million of capital across AirTrunk, ETIX Everywhere and Guam

**Private Equity**

- Contracted to sell Digital Software Solutions (1.8x multiple on group capital), subject to Dealt shareholder approval
- Closed \$11.8 million raising in 360 Capital Cardioscan Trust
- Raised \$15.6 million in first round and \$20.0 million in second round of 360 Capital FibreconX Trust
- Realised \$9.1m total return on \$21.7m investment in E&P Financial Group equating to an IRR of 54.9%

**Credit**

- TGP was appointed the responsible entity of 360 Capital Enhanced Income Fund (ASX:TCF) (formerly Australian Enhanced Income Fund)
- Changed strategy of fund to mid-market private credit
- Completed \$12.1 million raising to recapitalise the fund
- Fund fully deployed into corporate loan investments, investigating further capital raisings, monthly distributions at 6.0% p.a.
- Currently exploring new wholesale credit fund due to wholesale investor demand.

**Funds Management**

As at 30 June 2021, the Group had four ASX listed entities (including TGP), three private equity funds and a major mandate in Hotel Capital Partners with total FUM of \$567 million, up 28% over FY21.

The composition of the FUM has changed significantly over the past 12 months with the removal of Public Equities (including Ralton Asset Management platform post period). Furthermore, a larger portion of the FUM now comprises private capital (as opposed to listed public capital) with a private mandate in Hotel Capital Partners and unlisted HNW capital in the PE funds. Revenue from funds management was \$5.9 million for FY21, up 157% on the prior year as a result of performance fees charged in FY21.

**Principal Investments**

The Group increased its principal investing during the year from \$106.0 million to \$176.8 million as at 30 June 2021, including the acquisition of a 5.6% stake in Irongate Group for \$48.3 million. Post period we settled the disposal of the balance our E&P Financial Group stake for \$28.9 million and increased TGP's stake in Irongate Group by a further \$10.4 million, increasing our stake to 6.5%<sup>(2)</sup>.

The Group continues to profit from principal investing with revenue of \$14.8 million on investments and \$0.4 million on financing activities. Although financing revenue was significantly down (as a result of all loans being repaid earlier in the year), investment revenue was up 221% on the prior year.

During the year, the Group had trading profits of \$9.1 million from the sale of EP1 securities. This has been an ongoing theme of 360 Capital Group's history and we expect this trend to continue as we recycle and actively manage our principal investments.

1. As at 31 July 2021.

2. As at 17 August 2021



**360 Capital Group**  
**Directors' report**  
**For the year ended 30 June 2021**

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**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

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

The World Health Organization declared a global pandemic in March 2020 as a result of the novel coronavirus (COVID-19). The consolidated entity has considered the impact of COVID-19 in preparing its financial report for the year. The effects of the pandemic are continuing to unfold, and the extent of the social, medical and economic impacts worldwide are unknown.

The Group was impacted with COVID-19 during the period through not being able to maximise its capital raising capabilities due to border closures and disruption to the investment community and inability to have face to face meetings. Furthermore, acquisitions were delayed, delaying product launches as a result of service providers disruption and limited capacity to travel.

The Group did not receive any JobKeeper during the year.

**Summary and Outlook**

The Group is an investor and fund manager of alternative assets who partners with its stakeholders to identify, invest and realise on opportunities. The Group intends to continue to execute on its refined strategy across its three strategic pillars representing real assets, private equity and credit.

**Dividends and distributions**

Distributions declared by the Trust directly to Securityholders during the year were as follows:

	30 June 2021 \$'000	30 June 2020 \$'000
<b>Distributions</b>		
1.0 cents per unit paid on 24 October 2019	-	2,309
1.0 cents per unit paid on 23 January 2020	-	2,309
1.0 cents per unit paid on 23 April 2020	-	2,309
1.0 cents per unit paid on 28 July 2020	-	2,308
1.0 cents per unit paid on 28 October 2020	2,295	-
1.0 cents per unit paid on 27 January 2021	2,295	-
1.0 cents per unit paid on 28 April 2021	2,299	-
1.0 cents per unit paid on 28 July 2021	2,300	-
	<b>9,189</b>	<b>9,235</b>

The Company did not declare any dividends during the year or up to the date of this report (2020: Nil).

**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 listed above or elsewhere in the Directors' report.

**Likely developments and expected results of operations**

The Group will continue to focus on implementing its expanded strategy of managing and investing in alternative assets. The Group will build out its capabilities across the three pillars and is well placed to take advantage of opportunities that arise in the market.

## **Information on Directors and Key Management Personnel**

### **Directors**

#### **David van Aanholt – Independent Chairman**

David has over 30 years' experience in the property and funds management industry. Prior to establishing his own property group in 2007, David worked for the ASX listed Goodman Group where he was the Chief Executive Officer (Asia Pacific) and was responsible for Goodman's operations across the region.

In his capacity as Chairman, David focuses on the Group's strategic and governance matters.

David holds a Bachelor of Business (Land Economy), a Post Graduate Diploma in Management and a Masters in Business Administration. David is non-executive Director and Chairman of Kennard's Self Storage Group and is a Councillor at the University of New England where he sits on various Committees and chairs the finance and infrastructure committee. David is a Fellow of the Australian Property Institute.

#### **Tony Robert Pitt – Managing Director**

Tony is a founding Director of 360 Capital and has worked in the property and property funds management industries for over 20 years. As Managing Director, Tony is responsible for the Group's investments strategic direction and overall Group strategy. He has overseen the IPO on the ASX of three 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 is the chairman of Dealt Limited (ASX:DET)(formerly Velocity Property Group Limited).

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.

#### **William John Ballhausen – Non-Executive Independent Director**

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), ICP Funding Pty Ltd and IPD Group Limited.

**Directors (continued)**

**Graham Ephraim Lenzner – Non-Executive Independent Director (retired 31 March 2021)**

Graham has had a career spanning four decades, with particular emphasis on funds management and financial markets.

Graham has served on the Board of a number of public and private companies.

**Senior Management**

**Glenn Butterworth – Chief Financial Officer and Joint 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, most recently 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 joint Company Secretary on 11 December 2019.

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

**James Storey – Head of Real Assets**

James has over 12 years' experience in real estate funds management including such areas as asset management, capital transactions, analytics and valuations. Prior to his current role, James was the Fund Manager of the 360 Capital Office Fund (ASX: TOF) and 360 Capital Industrial Fund (ASX: TIX) 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.

**Christopher Chase – Head of Credit (appointed 27 August 2019)**

Chris joined 360 Capital in 2019 and is responsible for the strategy and execution of the groups diversified credit strategy. Chris has over 14 years' experience in banking and corporate finance across Australia and Asia with significant experience in origination, structuring and portfolio management of diversified loan portfolios for mid-market and institutional borrowers.

Chris has experience structuring and executing complex corporate lending transactions, including growth capital and leverage and acquisition finance across a range of industries including Healthcare, Telecommunications, Retail, Transport & Logistics, Business Services, Technology and Diversified Industrials.

Prior to joining 360 Capital, Chris spent time at Macquarie Bank, CBA and ANZ within their Corporate Finance, Corporate Banking and Institutional businesses. Chris holds a Bachelor of Business (Finance & Accounting) from the University of Technology.

**Dennison Hambling – Head of Public & Private Equity (role made redundant 1 July 2021)**

Dennison joined the Group in 2019 and is responsible for overseeing the Group's public and private equity strategy. Prior to joining 360 Capital, Dennison was the Chief Investment Officer at First Samuel, holding this position for 12 years and previously held the position of Portfolio Manager at Cooper Investors.

Dennison began his career in NZ, working as an Analyst for NZ Funds Management and Goldman Sachs, covering a range of industries. Dennison has a MCom (Hons) in Economics from the University of Auckland and is a CFA Charterholder.

**Kim Child – General Counsel and Joint Company Secretary (appointed 17 August 2020)**

Kim joined the Group and was appointed Company Secretary of 360 Capital Group in August 2020 having previously worked with the Group in private practice.

Kim has over 10 years of legal experience and has practiced corporate law in London and Sydney including at top tier firms Clayton Utz and King & Wood Mallesons. Kim has gained experience advising investors, asset and fund managers, financial institutions and listed and unlisted entities on strategic transactions in the corporate real estate sector.

Kim holds a Bachelor of Laws and is qualified to practice in both New South Wales and the UK.

**360 Capital Group**  
**Directors' report**  
**For the year ended 30 June 2021**

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**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	
	Meetings attended	Meetings held	Meetings attended	Meetings held	Meetings attended	Meetings held
<b>Director</b>						
David van Aanholt <sup>1</sup>	11	11	1	1	-	-
Tony Robert Pitt	11	11	-	-	2	2
William John Ballhausen <sup>2</sup>	10	11	4	4	-	-
Graham Ephraim Lenzner <sup>3</sup>	4	7	2	3	2	2
Andrew Graeme Moffat	11	11	4	4	2	2

1. David van Aanholt appointed to Audit & Risk Committee from 1 April 2021.
2. John Ballhausen appointed to Nominations & Remuneration Committee from 1 April 2021.
3. Graham Lenzner resigned from the Board effective 31 March 2021.

**Remuneration report (audited)**

The Remuneration Report for the year ended 30 June 2021 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) Non-executive directors (NEDs)

David van Aanholt, Independent Chairman  
William John Ballhausen, Independent Director  
Graham Ephraim Lenzner, Independent Director (resigned 31 March 2021)  
Andrew Graeme Moffat, Independent Director

(ii) Executive director

Tony Robert Pitt, Managing Director

(iii) Other KMP

Glenn Butterworth, Chief Financial Officer & Joint Company Secretary  
James Storey, Head of Real Assets  
Christopher Chase, Head of Private Credit  
Dennison Hambling, Head of Public & Private Equity (role made redundant 1 July 2021)

After the reporting date on 1 July 2021, the role of Head of Public & Private Equity was made redundant following the decision by the Group to cease pursuing the Public Equity business strategy. 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**

Remuneration Committee

The Remuneration Committee is appointed by the Board and comprises the following directors:

Andrew Graeme Moffat (Chairman of the Committee)  
Graham Ephraim Lenzner (resigned 31 March 2021)  
Tony Robert Pitt  
William John Ballhausen (appointed 31 March 2021)

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 Managing Director 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 Managing Director, the level of the Group STI pool.

The Remuneration Committee meets throughout the year. The Managing Director is not present during any discussions related to his own remuneration arrangements.

Further information on the Remuneration Committee's role, responsibilities and membership can be viewed at [www.360capital.com.au](http://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 2021 financial year.

Remuneration report approval at 2020 Annual General Meeting (AGM)

The remuneration report for the year ended 30 June 2020 received positive securityholder support at the AGM with a vote of 99.4% in favour.

**Remuneration report (continued)**

**c. Executive remuneration arrangements**

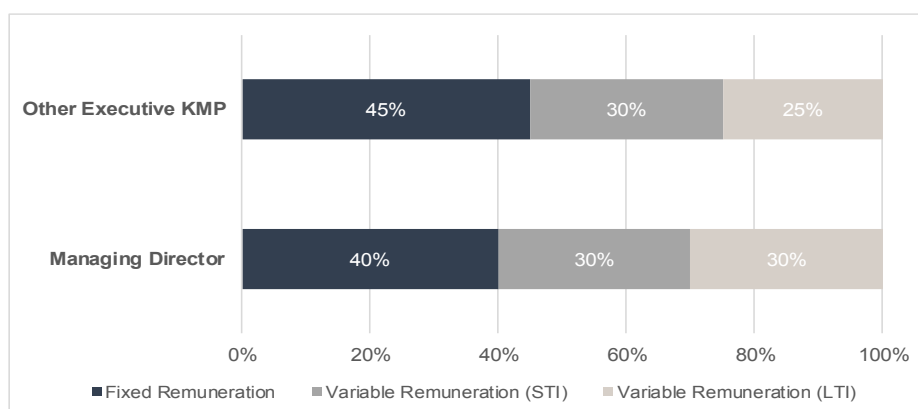
Remuneration principles and strategy

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 2021, the executive remuneration framework consisted of fixed remuneration and short and long-term incentives as outlined below. The following table summarises the Managing Director's and other executives' actual remuneration mix.

		Fixed remuneration	STI	LTI
Tony Pitt - Managing Director	2021	55.1%	22.0%	22.8%
	2020	78.6%	- %	21.4%
Glenn Butterworth - Chief Financial Officer	2021	50.9%	28.6%	20.5%
	2020	76.1%	- %	23.9%
James Storey - Head of Real Assets	2021	50.6%	28.4%	20.9%
	2020	75.5%	- %	24.5%
Christopher Chase - Head of Private Credit	2021	53.8%	30.5%	15.8%
	2020	82.4%	- %	17.6%
Dennison Hambling - Head of Public & Private Equity	2021	82.0%	- %	18.0%
	2020	76.8%	- %	23.2%



**Remuneration report (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 Managing Director 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 Managing Director as appropriate.

**Remuneration report (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 Share Plan (ESP) and 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:

**ESP August 2017 and EIP December 2019**

<b>Absolute TSR Achieved (% pa)</b>	<b>Proportion of Target Award Vesting</b>
12%	100%
>8% and <12%	Pro Rata Allocation
8%	50%
<8%	0%

**EIP October 2020**

<b>Absolute TSR Achieved (% pa)</b>	<b>Proportion of Target Award Vesting</b>
10%	100%
>8% and <10%	Pro Rata Allocation
8%	50%
<8%	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 8% per annum target. Thus, executives are not rewarded where securityholder returns are low or negative.
- Provides clear line of sight for executives.

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.

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**Remuneration report (continued)**

**d. Executive remuneration outcomes for 2021**

Fixed remuneration

For the year ended 30 June 2021 the fixed remuneration reviews were as follows:

Managing Director – no change  
 Chief Financial Officer/Joint Company Secretary – no change  
 Head of Real Assets – no change  
 Head of Private Credit – no change  
 Head of Public & Private Equity – no change

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 2021 was 8.9% (2020: -14.0%) compared to ASX Small Ordinaries Accumulation Index of 33.2% (2020: -5.7%) and the S&P/ ASX 300 A-REIT Accumulation Index of 33.9% (2020: -20.7%) for the same period.

	2017	2018	2019	2020	2021
Profit attributable to securityholders of the Group ('000)	63,580	16,181	1,594	1,345	5,290
Basic EPS (cents)	29.5	7.8	0.7	0.6	2.4
Operating EPS (cents)	6.1	5.0	2.3	2.1	4.2
Distributions per security (cents)	6.50	5.50	2.00	4.00	4.00
Special Dividend per security (cents)	-	21.01	3.00	-	-
Net Tangible Assets (NTA)	0.95	0.97	0.93	0.87	0.90
Security price (\$)	0.97	1.02	1.03	0.85	0.885
Increase/(decrease) in security price	0.5%	5.7%	1.0%	(17.5%)	4.1%
Total KMP incentives as a percentage of profit for the year (%)	4.5%	1.1%	36.6%	40.6%	32.8%

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A total of \$930,000 STI's were awarded during the financial year (2020: Nil). The formal STI outcomes relating to this program are included in the table below for reference.

As detailed below, the 2021 STI financial gateway key performance measure Operating EPS for the year was achieved delivering 4.2cps Operating EPS which was above the Board's target measure. The Groups TSR for 2021 of 8.9% was lower than both the ASX Small Ordinaries Accumulation Index of 33.2% and the S&P/ ASX 300 A-REIT Accumulation Index of 33.9%. Whilst the Group achieved operating EPS of 4.2cps and distributed 4.0cps for the financial year the Group's security price only increased by 4.1% which was lower than that of the relative benchmark indices stocks.

Across the non-financial performance measures the Group continued implementing its alternative asset funds management and investment strategy. The Group's Real Asset, Credit and Private Equity pillars performed well during the year despite ongoing challenges in marketing and distributing products given continuing COVID related disruption. In 2021 a review of the Public Equities division resulted in the Board's decision to discontinue this platform resulting in rationalising staff and the sale and wind up of the business and funds in this segment. The Group continued to maintain its strong compliance culture and risk management framework across the business in what was a very busy and challenging year.

The financial gateway KPI was met and financial performance measures partially met and the non-financial performance measures achieved during the year. Given this result was achieved during difficult market and economic operating environment the Remuneration Committee recommended that a total \$930,000 in cash STI's be awarded to the Managing Director and executives for the 2021 year (2020: Nil).

Performance measure	Weighting	Outcome	Action
Operating EPS	Gateway	Operating EPS 4.2cps was above 90% of target	STI measure satisfied
Operating EPS		Operating EPS of 4.2cps	STI measure satisfied
TSR for 2021	50%	Total return of 8.9% lower than both S&P/ ASX 300 A-REIT index of 33.9% and ASX Small Ordinaries Index of 33.2% for the year	STI measure not satisfied
Implementation of key strategic initiatives		Group performed well across 3 of its alternative asset management and investment strategies, with the Board deciding to discontinue the fourth pillar of Public Equities towards end of the year.	STI measure satisfied
Compliance and risk management	50%	Group continued to maintain a strong compliance and risk management focus across its activities during a busy and challenging the year	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 LTI plans target returns in alignment with the Group's strategic return targets, with the TSR target of 12%/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.



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**Remuneration report (continued)**

	Year	Short-term benefits			Post-employment benefits	Security based benefits		Other		Performance related %
		Salary & fees <sup>1</sup> \$	Short-term incentive \$	Non monetary benefits <sup>3</sup> \$	Super-annuation \$	Securities under ESP <sup>4</sup> \$	Rights under EIP <sup>5</sup> \$	Long service leave <sup>2</sup> \$	Total \$	
<b>Executive Director</b>										
Tony Pitt - Managing Director	2021	578,306	250,000	8,750	21,694	76,633	182,733	17,190	1,135,306	44.9%
	2020	578,791	-	23,876	20,995	94,600	77,609	9,604	805,475	21.4%
<b>KMP</b>										
Glenn Butterworth - Chief Financial Officer	2021	403,306	240,833	-	21,694	76,633	95,889	3,711	842,066	49.1%
	2020	403,997	-	-	21,003	94,600	40,726	6,704	567,030	23.9%
James Storey - Head of Real Assets	2021	378,306	226,667	-	21,694	76,633	90,252	3,538	797,090	49.4%
	2020	378,998	-	-	21,003	94,600	38,335	8,797	541,732	24.5%
Christopher Chase - Head of Private Credit <sup>6</sup>	2021	353,306	212,500	-	21,694	25,544	84,594	-	697,639	46.2%
	2020	286,664	-	-	17,852	28,906	35,927	-	369,350	17.6%
Dennison Hambling - Head of Public & Private Equity <sup>7</sup>	2021	410,119	-	-	21,694	-	95,038	-	526,852	18.0%
	2020	126,332	-	-	7,001	-	40,350	-	173,683	23.2%
<b>Total</b>	2021	<b>2,123,342</b>	<b>930,000</b>	<b>8,750</b>	<b>108,471</b>	<b>255,444</b>	<b>548,506</b>	<b>24,439</b>	<b>3,998,953</b>	<b>43.4%</b>
	2020	1,901,116	-	23,876	87,854	312,706	232,947	25,104	2,457,270	22.2%

1. Salary and fees includes accrued annual leave paid out as part of salary.

2. Long service leave based on movement in accrual for the year.

3. Car parking including associated Fringe Benefits Tax.

4. Securities were granted to employees under the 360 Capital Group Employee Security Plan (ESP) on 2 August 2017. 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 360 Capital Group Employee Security Plan is provided in Note 19(c).

5. Rights were granted to employees under the 360 Capital Group Employee Incentive Plan (EIP) on 23 December 2019 and 20 October 2020. 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 360 Capital Group Employee Security Plan and Employee Incentive Scheme is provided in Note 19(c).

6. Christopher Chase was appointed as a KMP of the Group from 27 August 2019.

7. Dennison Hambling was appointed as a KMP of the Group from 27 February 2020 and his position was made redundant on 1 July 2021. Termination payments totalling \$116,391 were paid in July 2021.

**Remuneration report (continued)**

**e. Executive contracts**

Remuneration arrangements for Executive KMP, including the Managing Director (MD), 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. The following outlines the details of contracts with KMP:

Tony Pitt the Managing Director's fixed remuneration is \$600,000 per annum and this has not changed since October 2013. The key terms of the service agreements for the Managing Director and other executive KMP members are as follows:

	Contract term	Notice period		Termination Payment <sup>1</sup>
		Employee	Group	
Managing Director	No fixed term	6 months <sup>2</sup>	12 months	12 months
Other Executive KMP	No fixed term	1-3 months	1-6 months	1-6 months

<sup>1</sup> Payable if the Group terminates employee with notice for reasons other than unsatisfactory performance.

<sup>2</sup> In the event of change of circumstances one month's notice.

**f. Non-executive director remuneration arrangements**

Remuneration policy

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 2021 AGM.



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**Remuneration report (continued)**

Structure

The remuneration of NEDs consists of directors' fees and committee fees. The payment of additional fees for serving on a committee recognises the additional time commitment required by NEDs who serve on sub-committees. There were no committee fees paid to Board members during the year (2020: \$20,091). 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.

<b>Board fees</b>	<b>\$</b>	<b>Committee fees</b>	<b>\$</b>
Chairman	130,000	Committee chair	9,132
Other NEDs	85,000	Committee member	9,132

In addition, the NEDs receive superannuation contributions at the Superannuation Guarantee Levy rate.

The remuneration of NEDs for the year ended 30 June 2021 is detailed below:

		<b>Short-term benefits</b>		<b>Post- employment benefits</b>	<b>Security based benefits</b>		
	<b>Year</b>	<b>Salary \$</b>	<b>Committee Fees \$</b>	<b>Superannuation \$</b>	<b>Securities under ESP<sup>1</sup> \$</b>	<b>Total \$</b>	<b>Performance related %</b>
<b>NED</b>							
David van Aanholt	<b>2021</b>	130,000	-	12,350	2,554	144,904	1.8%
	2020	130,000	9,132	13,218	3,153	155,503	2.0%
William Ballhausen	<b>2021</b>	85,000	-	8,075	2,554	95,629	2.7%
	2020	85,000	10,959	11,068	3,153	110,181	2.9%
Graham Lenzner <sup>2</sup>	<b>2021</b>	63,750	-	6,056	2,138	71,944	3.0%
	2020	85,000	-	8,943	3,153	97,096	3.2%
Andrew Moffat	<b>2021</b>	85,000	-	8,075	2,554	95,629	2.7%
	2020	85,000	-	8,943	3,153	97,096	3.2%
<b>Total</b>	<b>2021</b>	<b>363,750</b>	<b>-</b>	<b>34,556</b>	<b>9,801</b>	<b>408,107</b>	<b>2.4%</b>
	2020	385,000	20,091	42,171	12,613	459,876	2.7%

<sup>1</sup> Securities were granted to employees under the 360 Capital Group Employee Security Plan on 2 August 2017. The securities were subject to a 3 year TSR hurdle, which was extended for a further 12 months with the securities due to vest on 1 August 2021. The 2017 ESP hurdles were not met by the 1 August 2021 and therefore the securities did not vest, the securities will subsequently be bought back and cancelled, and loans repaid. 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 360 Capital Group Employee Security Plan is provided in Note 19.

<sup>2</sup> Graham Lenzner resigned on 31 March 2021, his 2017 ESP securities were bought back and cancelled, and loan repaid.

**Remuneration report (continued)**

**g. Additional disclosures relating to options and securities**

**Securities awarded, vested and lapsed during the year**

Employee Share Plan

There are currently 10,300,000 securities awarded to KMPs and NEDs under the Group's ESP, which commenced on 2 August 2017 (2017 ESP), subject to a 3 year vesting period and TSR targets. Securities under the 2017 ESP were due to vest on 1 August 2020 however given the security price volatility triggered by the COVID-19 pandemic, together with ongoing market and economic uncertainty, the Board decided to extend the vesting period by up to 12 months to 1 August 2021. Securityholders approved the extension of the vesting date in relation to Directors at the Group's AGM on 25 November 2021. Graham Lenzner resigned on 31 March 2021, his 2017 ESP securities were bought back and cancelled, and loan repaid.

The 2017 ESP hurdles were not met by the extended vesting date of 1 August 2021 and therefore the securities did not vest, the securities will subsequently be bought back and cancelled, and corresponding loans repaid.

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 Managing Director and each KMP based on their continued employment to 30 June 2022. The payment was in recognition of the continued high performance of the executives over recent years and throughout the implementation and growth of the expanded alternative asset management and investment strategy, which included the last 18 months of challenging operating conditions, where scaling the funds and platform were severely impacted by continuing COVID related disruption. Christopher Chase in acceptance of the payment also agreed to forfeit his ESP securities which were not due to vest until 27 August 2022.

Performance Rights

During the year the Group issued 1,589,300 Performance Rights to KMP under the Executive Incentive Plan (EIP) (2020: 1,364,200). Each Right is a right to receive a fully paid ordinary stapled security in the Group or equivalent cash amount at the Board's discretion, subject to meeting the performance conditions. Upon meeting the performance conditions, the rights vest and securities are allocated. Rights do not carry a right to vote or to dividends (subject to dividend equivalent post vesting), or in general, a right to participate in other corporate actions such as bonus issues.

On 1 July 2021 Dennison Hambling - Head of Public & Private Equity was made redundant following the decision by the Group to cease pursuing the Public Equity business strategy. Performance rights issued to him totaling 511,900 were cancelled on 30 July 2021.

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**Remuneration report (continued)**

**Employee Share Scheme**

<b>KMP</b>	<b>Year</b>	<b>Securities awarded during the year No.</b>	<b>Award date</b>	<b>Fair value per security at award date \$</b>	<b>Vesting date</b>	<b>No. vested during year</b>	<b>No. lapsed during year</b>
Tony Pitt	<b>2021</b>	-	-	-	-	-	-
	2020	-	-	-	-	-	-
	2019	-	-	-	-	-	-
	2018	3,000,000	2/08/2017	0.98	1/08/2021	-	-
Glenn Butterworth	<b>2021</b>	-	-	-	-	-	-
	2020	-	-	-	-	-	-
	2019	-	-	-	-	-	-
	2018	3,000,000	2/08/2017	0.98	1/08/2021	-	-
James Storey <sup>1</sup>	<b>2021</b>	-	-	-	-	-	-
	2020	-	-	-	-	-	-
	2019	-	-	-	-	-	-
	2018	3,000,000	2/08/2017	0.98	1/08/2021	-	-
Christopher Chase <sup>2</sup>	<b>2021</b>	-	-	-	-	-	-
	2020	1,000,000	27/08/2019	1.03	27/08/2022	-	-
	2019	-	-	-	-	-	-
<b>NEDs</b>							
David van Aanholt	<b>2021</b>	-	-	-	-	-	-
	2020	-	-	-	-	-	-
	2019	-	-	-	-	-	-
	2018	100,000	2/08/2017	0.98	1/08/2021	-	-
William Ballhausen	<b>2021</b>	-	-	-	-	-	-
	2020	-	-	-	-	-	-
	2019	-	-	-	-	-	-
	2018	100,000	2/08/2017	0.98	1/08/2021	-	-
Graham Lenzner <sup>1</sup>	<b>2021</b>	-	-	-	-	-	(100,000)
	2020	-	-	-	-	-	-
	2019	-	-	-	-	-	-
	2018	100,000	2/08/2017	0.98	1/08/2021	-	-
Andrew Moffat	<b>2021</b>	-	-	-	-	-	-
	2020	-	-	-	-	-	-
	2019	-	-	-	-	-	-
	2018	100,000	2/08/2017	0.98	1/08/2021	-	-

1. Securities were granted to James Storey under the 360 Capital Group Employee Security Plan on 2 August 2017 and he subsequently became a KMP on 1 September 2018.

2. Securities were granted to Christopher Chase under the 360 Capital Group Employee Security Plan on 2 August 2019 upon his appointment to the Group.

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**Remuneration report (continued)**

**Employee Incentive Scheme**

KMP	Year	Rights awarded during the year No.	Award date	Fair value per security at award date \$	Vesting date	No. vested during year	No. lapsed during year
Tony Pitt	2021	529,400	21/10/2020	0.365	31/08/2023	-	-
	2020	454,500	23/12/2019	0.805	31/08/2022	-	-
Glenn Butterworth	2021	277,800	21/10/2020	0.365	31/08/2023	-	-
	2020	238,500	23/12/2019	0.805	31/08/2022	-	-
James Storey	2021	261,400	21/10/2020	0.365	31/08/2023	-	-
	2020	224,500	23/12/2019	0.805	31/08/2022	-	-
Christopher Chase	2021	245,100	21/10/2020	0.365	31/08/2023	-	-
	2020	210,400	23/12/2019	0.805	31/08/2022	-	-
Dennison Hambling	2021	275,600	21/10/2020	0.365	31/08/2023	-	-
	2020	236,300	27/02/2020	0.805	26/02/2023	-	-

On 1 July 2021 Dennison Hambling was made redundant, performance rights issued to him totaling 511,900 were cancelled on 30 July 2021.

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 19(c) and Note 23. 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 1 July 2020	Granted as remuneration	Acquisition	Disposal	Held at 30 June 2021
Tony Pitt	67,500,000	-	200,000	-	67,700,000
Glenn Butterworth	3,262,926	-	-	-	3,262,926
James Storey	3,000,000	-	-	-	3,000,000
Christopher Chase	1,000,000	-	-	-	1,000,000
Dennison Hambling	1,000,000	-	-	(879,115)	120,885
	75,762,926	-	200,000	(879,115)	75,083,811

Securities held in 360 Capital Group by non-executive directors

NEDS	Held at 1 July 2020	Granted as remuneration	Acquisition	Disposal	Held at 30 June 2021
David van Aanholt	377,650	-	-	-	377,650
William Ballhausen	500,000	-	-	-	500,000
Graham Lenzner <sup>1</sup>	352,409	-	-	(352,409)	-
Andrew Moffat	1,057,050	-	-	-	1,057,050
	2,287,109	-	-	(352,409)	1,934,700

1. Graham Lenzner resigned from the Board effective 31 March 2021, from this date his securities held were no longer reported.

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 ESP have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

Remuneration report (continued)

h. Loans to key management personnel and their related parties

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

	Balance at 1 July 2020	ESP loans issued during the year	Interest charged in the year	Payments made during the year	Balance at 30 June 2021	Highest indebtedness during the year
KMP	\$	\$	\$	\$	\$	\$
Tony Pitt	2,940,000	-	120,000	(120,000)	2,940,000	2,940,000
Glenn Butterworth	2,940,000	-	120,000	(120,000)	2,940,000	2,940,000
James Storey	2,940,000	-	120,000	(120,000)	2,940,000	2,940,000
Christopher Chase	1,030,000	-	40,000	(40,000)	1,030,000	1,030,000
	9,850,000	-	400,000	(400,000)	9,850,000	9,850,000

	Balance at 1 July 2020	ESP loans repaid during the year	Interest charged in the year	Payments made during the year	Balance at 30 June 2021	Highest indebtedness during the year
NEDs	\$	\$	\$	\$	\$	\$
David van Aanholt	98,000	-	4,000	(4,000)	98,000	98,000
William Ballhausen	98,000	-	4,000	(4,000)	98,000	98,000
Graham Lenzner <sup>1</sup>	98,000	(98,000)	3,000	(3,000)	-	98,000
Andrew Moffat	98,000	-	4,000	(4,000)	98,000	98,000
	392,000	(98,000)	15,000	(15,000)	294,000	392,000

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 19. 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.

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**Events subsequent to balance date**

Post balance date, the Group announced that as part of its rationalisation of investment strategies, it has wound up 360 Capital Active Value Equity Fund, sold Ralton Asset Management and has commenced a formal sale process on its co-investment and management rights to its Digital Infrastructure interests, including Global Data Centre Group (ASX:GDC) after receiving numerous approaches to acquire various interests in the Group's Digital Infrastructure interests. This process may take some time and there is no certainty that a transaction will occur.

In August 2021, a new contract was executed for the sale of Digital Software Solutions Pty Limited by 360 Capital Property Limited and other shareholders for the equivalent of \$4.0 million to Dealt Limited. The contract is subject to Dealt Limited shareholder approval.

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 Issues**

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law

**New securities issued**

During the year 624,096 securities were issued as scrip consideration forming part of the Group's off-market takeover offer for E&P Financial Group (ASX:EP1). The offer closed on 31 March 2021 and the takeover did not proceed.

**Buy back arrangement**

The Group is not under any obligation to buy back, purchase or redeem units from stapled securityholders. During the year, the Group bought back and cancelled Nil securities (2020: Nil).

**Distribution Reinvestment Plan**

The Group has a Distribution Reinvestment Plan (DRP) which was not active during the year ended 30 June 2021.

**Options**

During the year options were issued under the EIP, no other options over issued shares or interests in the Group were granted during or since the end of the financial year, and there were no other options outstanding at the date of this report. On 18 September 2020 a total of 119,000 options were cancelled, and subsequent to year end on 30 July 2021 a further of 1,086,000 options were cancelled relating to employees who had left ceased employment with the Group. For options held by directors and executives 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 29 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.

**360 Capital Group**  
**Directors' report**  
**For the year ended 30 June 2021**

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**Auditor's independence declaration**

The auditor's independence declaration required under Section 307C of the Corporations Act 2001 is set out on page 27 and forms part of the Directors' report for the year ended 30 June 2021.

**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.



**David van Aanholt**  
Chairman

Sydney  
26 August 2021



**Tony Robert Pitt**  
Managing Director





**Building a better  
working world**

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## **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 2021, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b. No contraventions of 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  
26 August 2021

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**360 Capital Group**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2021**

		<b>30 June 2021 \$'000</b>	<b>30 June 2020 \$'000</b>
	<b>Note</b>		
<b>Revenue from continuing operations</b>			
Rental from investment properties	3	2,544	1,930
Management fee income	3	4,777	1,725
Data centre services revenue		4,399	-
Distribution income	3	3,205	124
Finance revenue		547	2,901
<b>Total revenue from continuing operations</b>		<b>15,472</b>	<b>6,680</b>
<b>Other income</b>			
Net gain on disposal of subsidiary		106	-
Net gain on fair value of financial assets		3,800	4,822
Net gain on disposal of financial assets		8,912	-
Net gain on fair value of investment properties		8,000	-
Share of equity accounted profits	11	2,731	2,486
Foreign exchange gains		-	1,064
Other income		893	357
<b>Total other income</b>		<b>24,442</b>	<b>8,729</b>
<b>Total revenue from continuing operations and other income</b>		<b>39,914</b>	<b>15,409</b>
Employee benefit expenses	5	11,307	5,548
Administration expenses		4,010	2,186
Management fees		4,151	831
Investment property expenses		128	29
Data centre facility costs		2,332	-
Depreciation expenses		748	20
Finance expenses	6	439	61
Transaction costs	4	4,257	1,032
Net loss on fair value of investment property		-	2,024
Net loss on disposal of financial assets		-	139
Foreign exchange losses		153	-
Impairment and loss allowance		1,167	10
<b>Profit from continuing operations before income tax</b>		<b>11,222</b>	<b>3,529</b>
Income tax expense/(benefit)	7	1,661	(134)
<b>Profit for the year</b>		<b>9,561</b>	<b>3,663</b>

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 2021**

		<b>30 June</b>	<b>30 June</b>
		<b>2021</b>	<b>2020</b>
	<b>Note</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Profit for the year attributable to:</b>			
Shareholders of 360 Capital Group Limited		2,551	(3,107)
Unitholders of 360 Capital Investment Trust		2,739	4,452
<b>Profit after tax attributable to the stapled securityholders</b>		<b>5,290</b>	<b>1,345</b>
External non-controlling interests		4,271	2,318
<b>Profit for the year</b>		<b>9,561</b>	<b>3,663</b>
<b>Other comprehensive income that may be reclassified to profit or loss in subsequent periods</b>			
Exchange differences on translation of foreign operations		(2,625)	-
Dilution gains arising in controlled entities		4,530	-
<b>Total comprehensive income for the year</b>		<b>11,466</b>	<b>3,663</b>
<b>Total comprehensive income attributable to:</b>			
Shareholders of 360 Capital Group Limited		7,448	(3,107)
Unitholders of 360 Capital Investment Trust		1,712	4,452
<b>Profit after tax attributable to the stapled securityholders</b>		<b>9,160</b>	<b>1,345</b>
External non-controlling interests		2,306	2,318
<b>Profit for the year</b>		<b>11,466</b>	<b>3,663</b>
<b>Earnings per stapled security for profit after tax attributable to the stapled securityholders of 360 Capital Group</b>			
		<b>Cents</b>	<b>Cents</b>
Basic earnings per security	30	<b>2.4</b>	0.6
Diluted earnings per security	30	<b>2.3</b>	0.6

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 2021**

		30 June 2021 \$'000	30 June 2020 \$'000
	Note		
<b>Current assets</b>			
Cash and cash equivalents	20	54,263	149,521
Receivables	8	38,105	936
Loans receivable	8	2,489	19,790
Financial assets at fair value through profit or loss	9	-	1,611
Other current assets		1,230	641
<b>Total current assets</b>		<b>96,087</b>	<b>172,499</b>
<b>Non-current assets</b>			
Financial assets at fair value through profit or loss	9	96,403	19,316
Investments equity accounted	11	69,413	33,725
Investment properties	10	45,000	37,000
Intangible assets	12	26,587	3,943
Property, plant and equipment	13	31,174	655
Right-of-use assets	14	3,185	-
Deferred tax assets	15	1,898	1,086
<b>Total non-current assets</b>		<b>273,660</b>	<b>95,725</b>
<b>Total assets</b>		<b>369,747</b>	<b>268,224</b>
<b>Current liabilities</b>			
Trade and other payables	16	19,742	360
Lease liabilities	14	578	-
Distribution payable		2,827	4,273
Income tax payable		115	-
Provisions	18	401	132
<b>Total current liabilities</b>		<b>23,663</b>	<b>4,765</b>
<b>Non-current liabilities</b>			
Borrowings	17	19,927	-
Lease liabilities	14	3,723	-
Deferred tax liabilities	15	3,810	-
Provisions	18	194	139
<b>Total non-current liabilities</b>		<b>27,654</b>	<b>139</b>
<b>Total liabilities</b>		<b>51,317</b>	<b>4,904</b>
<b>Net assets</b>		<b>318,430</b>	<b>263,320</b>

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

**360 Capital Group**  
**Consolidated statement of financial position**  
**As at 30 June 2021**

		<b>30 June 2021 \$'000</b>	<b>30 June 2020 \$'000</b>
	<b>Note</b>		
<b>Equity</b>			
Issued capital - ordinary shares	19	1,241	1,191
Issued capital - trust units	19	195,395	194,877
Security based payments reserve		10,539	9,380
Other capital reserve		2,961	-
Accumulated losses		(11,754)	(10,169)
<b>Total equity attributable to stapled Securityholders</b>		<b>198,383</b>	<b>195,281</b>
External non-controlling interest		120,047	68,039
<b>Total equity</b>		<b>318,430</b>	<b>263,320</b>

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 2021**

	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
<b>Balance at 1 July 2020</b>		1,191	194,877	9,380	-	-	10,081	(20,249)	195,281	68,039	263,320
Profit for the year		-	-	-	-	-	2,551	2,739	5,290	4,271	9,561
Comprehensive income for the year		-	-	-	4,898	(1,028)	-	-	3,870	(1,965)	1,905
Total comprehensive income for the half year		-	-	-	4,898	(1,028)	2,551	2,739	9,160	2,306	11,466
<b>Transactions with non-controlling interests</b>		-	-	-	-	(909)	1,460	853	1,404	50,228	51,632
<b>Transactions with Securityholders in their capacity as Securityholders</b>											
Issued shares/units - Scrip		51	527	-	-	-	-	-	579	-	579
Security based payment transactions		-	-	1,159	-	-	-	-	1,159	-	1,159
Equity raising transaction costs		(1)	(9)	-	-	-	-	-	(10)	-	(10)
Dividends/distributions	2	-	-	-	-	-	-	(9,189)	(9,189)	(526)	(9,715)
		50	518	1,159	-	-	-	(9,189)	(7,462)	(526)	(7,988)
<b>Balance at 30 June 2021</b>		<b>1,241</b>	<b>195,395</b>	<b>10,539</b>	<b>4,898</b>	<b>(1,937)</b>	<b>14,092</b>	<b>(25,846)</b>	<b>198,383</b>	<b>120,047</b>	<b>318,430</b>
<b>Balance at 1 July 2019</b>		1,194	194,880	8,021	-	-	13,188	(14,592)	202,690	-	202,690
Total comprehensive income for the year		-	-	-	-	-	(3,107)	4,452	1,345	2,318	3,663
Transactions with non-controlling interest		-	-	-	-	-	-	(873)	(873)	69,328	68,455
<b>Transactions with Securityholders in their capacity as Securityholders</b>											
Security based payment transactions		-	-	1,359	-	-	-	-	1,359	-	1,359
Equity raising transaction costs		(3)	(3)	-	-	-	-	-	(6)	-	(6)
Dividends/distributions	2	-	-	-	-	-	-	(9,235)	(9,235)	(3,606)	(12,841)
		(3)	(3)	1,359	-	-	-	(9,235)	(7,882)	(3,606)	(11,488)
<b>Balance at 30 June 2020</b>		<b>1,191</b>	<b>194,877</b>	<b>9,380</b>	<b>-</b>	<b>-</b>	<b>10,081</b>	<b>(20,249)</b>	<b>195,281</b>	<b>68,039</b>	<b>263,320</b>

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 2021**

		<b>30 June 2021 \$'000</b>	<b>30 June 2020 \$'000</b>
	<b>Note</b>		
<b>Cash flows from operating activities</b>			
Cash receipts from customers		16,828	4,376
Cash payments to suppliers and employees		(16,738)	(8,468)
Dividends and distributions received		5,061	2,711
Payment of transaction costs to acquire subsidiaries		(824)	-
Finance revenue		622	2,935
Finance expenses		(300)	(71)
<b>Net cash inflows from operating activities</b>	<b>20</b>	<b>4,649</b>	<b>1,483</b>
<b>Cash flows from investing activities</b>			
Payments for additions to investment properties		-	(39,024)
Payments for property, plant and equipment		(23,482)	(520)
Payments for equity accounted investments		(766)	(11,916)
Payments for financial assets		(105,154)	(37,358)
Proceeds from disposal of financial assets		13,351	24,728
Payments for intangibles		(549)	(3,932)
Payments for subsidiaries - net of cash acquired		(43,204)	-
Payments for loans receivable		-	(19,815)
Proceeds from loans receivable		19,800	-
Payment of transaction costs		(1,178)	(400)
<b>Net cash (outflows)/inflows from investing activities</b>		<b>(141,182)</b>	<b>(88,237)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		20,000	-
Repayment of borrowings		(70)	-
Payments for borrowing costs		(108)	-
Proceeds from issue of capital – NCI, net of capital raising costs		40,631	72,826
Distributions paid to stapled securityholders		(9,198)	(6,926)
Distributions paid to external non-controlling interests		(1,964)	(1,642)
Payment of transaction costs to issue capital		(10)	-
Payment of transaction costs to issue capital NCI		(593)	(3,993)
Payment for buy back of stapled securities NCI		(669)	(1,220)
Redemption of units from external non-controlling interests		(10,723)	-
<b>Net cash inflows/(outflows) from financing activities</b>		<b>37,296</b>	<b>59,045</b>
Net (decrease)/increase in cash and cash equivalents		<b>(99,237)</b>	<b>(27,709)</b>
Cash and cash equivalents at the beginning of the year		149,521	177,230
Net cash balance on consolidation/deconsolidation of controlled entities		3,979	-
<b>Cash and cash equivalents at the end of the year</b>	<b>20</b>	<b>54,263</b>	<b>149,521</b>

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

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## **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 2021, the Group reported on the following core business segments comprising the four investment strategies which make up its alternative assets management and investment strategy:

- Real Assets
- Private Equity
- Public Equity
- Credit

Following a simplification of the Group's investment strategy, the Group has exited its public equity strategy and will focus on the three remaining segments being real assets, private equity and credit.

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 Managing Director, who is the Chief Operating Decision Maker within the Group. The information provided is net of non-operating items comprising 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 profits in excess of distributions received, security based payments expense and all other non-operating activities.

#### Corporate

Income and expenses for management of the Group on an overall basis and unallocated overheads are not allocated to the four core operation segments. Cash and borrowings not directly allocated to an operating segment together with tax assets and liabilities and other incidental assets and liabilities are not allocated to core operation segments as they are either non-core or for management of the Group on an overall group basis. All these items are included under corporate in the segment disclosures.

#### Consolidation and eliminations

Included in this segment are the elimination of inter-group transactions and conversion of the consolidated results from entities deemed to be controlled under AASB 10, these entities have material non-controlling interests. The performance of these controlled entities, are considered to be non-core segments and are reviewed separately to that of the performance of the Group's business segments.

#### 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.

**360 Capital Group**  
**Notes to the financial report**  
**For the year ended 30 June 2021**

**Note 1: Segment reporting (continued)**

The operating segments provided to the Board for the reportable segments for the year ended 30 June 2021 are as follows:

Year ended 30 June 2021	Real Assets	Private Equity	Public Equity	Credit	Corporate	Operating profit	Consolidation & eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Funds management revenue	4,264	231	321	454	585	5,855	7,128	12,983
Investment revenue	4,077	10,628	-	58	-	14,763	(2,646)	12,117
Rental revenue	-	-	-	-	-	-	2,416	2,416
Finance revenue	126	-	-	-	269	395	152	547
<b>Total revenue and other income</b>	<b>8,467</b>	<b>10,859</b>	<b>321</b>	<b>512</b>	<b>854</b>	<b>21,012</b>	<b>7,050</b>	<b>28,063</b>
Operating expenses	997	288	1,079	767	7,381	10,512	10,635	21,147
<b>Earnings before interest and tax (EBIT)</b>	<b>7,470</b>	<b>10,571</b>	<b>(758)</b>	<b>(255)</b>	<b>(6,527)</b>	<b>10,500</b>	<b>(3,585)</b>	<b>6,915</b>
Interest expense	-	-	-	-	-	-	439	439
<b>Operating profit before tax</b>	<b>7,470</b>	<b>10,571</b>	<b>(758)</b>	<b>(255)</b>	<b>(6,527)</b>	<b>10,500</b>	<b>(4,024)</b>	<b>6,476</b>
Income tax benefit/(expense)	-	-	-	-	(1,412)	(1,412)	751	(661)
<b>Operating profit (before non-operating items)</b>	<b>7,470</b>	<b>10,571</b>	<b>(758)</b>	<b>(255)</b>	<b>(7,939)</b>	<b>9,088</b>	<b>(3,272)</b>	<b>5,816</b>
Non-operating items	3,973	(3,745)	(1,491)	(159)	(2,376)	(3,798)	7,544	3,746
<b>Statutory net profit attributable to securityholders</b>	<b>11,443</b>	<b>6,826</b>	<b>(2,249)</b>	<b>(414)</b>	<b>(10,315)</b>	<b>5,290</b>	<b>4,271</b>	<b>9,561</b>
<b>Operating earnings used in calculating - operating EPS</b>						<b>9,088</b>		
Weighted average number of securities - basic ('000)						218,543		
<b>Operating profit per security (EPS) - cents</b>						<b>4.2</b>		

During the year the basis of operating EPS for the Group was rebased from using diluted weighted average number of securities on issue to basic to align with how the Group measures its performance.

Reconciliation of total segment revenue to total revenue in the statement of profit or loss is on page 39.

**Note 1: Segment reporting (continued)**

The operating segments provided to the Board for the reportable segments for the year ended 30 June 2020 are as follows:

Year ended 30 June 2020	Real Assets	Private Equity	Public Equity	Credit	Corporate	Operating profit	Consolidation & eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Funds management revenue	2,038	-	286	-	9	2,333	(39)	2,294
Investment revenue	4,591	-	-	-	-	4,591	3,287	7,878
Rental revenue	-	-	-	-	-	-	1,901	1,901
Finance revenue	1,405	-	-	-	1,172	2,577	324	2,901
<b>Total revenue and other income</b>	<b>8,034 -</b>		<b>286 -</b>		<b>1,181</b>	<b>9,501</b>	<b>5,473</b>	<b>14,974</b>
Operating expenses	609 -		648	526	4,450	6,233	1,532	7,765
<b>Earnings before interest and tax (EBIT)</b>	<b>7,425 -</b>		<b>(362)</b>	<b>(526)</b>	<b>(3,269)</b>	<b>3,268</b>	<b>3,941</b>	<b>7,209</b>
Interest expense	-	-	-	-	-	-	61	61
<b>Operating profit before tax</b>	<b>7,425 -</b>		<b>(362)</b>	<b>(526)</b>	<b>(3,269)</b>	<b>3,268</b>	<b>3,880</b>	<b>7,148</b>
Income tax expense	-	-	-	-	1,046	1,046	216	1,262
<b>Operating profit (before non-operating items)</b>	<b>7,425</b>	<b>-</b>	<b>(362)</b>	<b>(526)</b>	<b>(2,223)</b>	<b>4,314</b>	<b>4,097</b>	<b>8,410</b>
Non-operating items	(1,574)	444	134	(260)	(1,713)	(2,969)	(1,778)	(4,747)
<b>Statutory net profit</b>	<b>5,851</b>	<b>444</b>	<b>(228)</b>	<b>(786)</b>	<b>(3,936)</b>	<b>1,345</b>	<b>2,318</b>	<b>3,663</b>
<b>Operating earnings used in calculating - operating EPS</b>						<b>4,314</b>		
Weighted average number of securities - basic ('000)						218,971		
<b>Operating profit per security (EPS) - cents</b>						<b>2.0</b>		

During the year the basis of operating EPS for the Group was rebased from using diluted to basic weighted average number of securities on issue to align with how the Group measures its performance. The prior year operating EPS has been restated from 2.1cps to 2.0cps to be on a comparable basis, the impact of the restatement was 0.1cps.

Reconciliation of total segment revenue to total revenue in the statement of profit or loss is on page 39.

**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 2021	30 June 2020
	\$'000	\$'000
<b>Total revenue per segment report</b>	<b>28,064</b>	14,974
Investment property expenses reported in rental revenue	128	29
Distributions and operating items, equity accounted investments	(184)	(2,291)
Net realised gain on financial assets	(8,912)	(4,543)
Net realised foreign exchange gain	-	(920)
Share of equity profits in excess of distributions received	(2,731)	(212)
Other income	(893)	(357)
<b>Total revenue in the statement of profit or loss</b>	<b>15,472</b>	6,680

**Note 1: Segment reporting (continued)**

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

	Operating profit	Operating profit		
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$'000	\$'000	\$'000	\$'000
<b>Profit after tax attributable to stapled securityholders</b>	<b>5,290</b>	1,345		
<b>Profit for the year</b>			<b>9,561</b>	3,663
<b>Non-operating items</b>				
Net loss/(gain) on fair value of financial assets	(1,946)	-	(3,800)	(279)
Net (gain)/loss on disposal of financial assets	1,460	139	(106)	139
Net (gain)/loss on fair value of investment properties	-	-	(8,000)	2,024
Impairments and loss allowance	1,113	10	1,167	10
Security based payments expense	968	694	1,401	820
Share of equity accounted profits, net of distributions received	181	2,503	181	2,274
Foreign exchange gains	(773)	-	153	(144)
Transaction costs	1,793	752	4,257	1,032
<b>Tax effect</b>				
Tax effect of non-operating items	1,002	(1,129)	1,002	(1,129)
<b>Operating profit (before non-operating items)</b>	<b>9,088</b>	4,314	<b>5,815</b>	8,410

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**Note 1: Segment reporting (continued)**

The segment balance sheet provided to the Board for the reportable segments for the year ended 30 June 2021 and 30 June 2020 are as follows:

	Real Assets \$'000	Private Equity \$'000	Public Equity \$'000	Credit \$'000	Corporate \$'000	Total core \$'000	Consolidation & eliminations \$'000	Total \$'000
<b>As at 30 June 2021</b>								
<b>Assets</b>								
Cash and cash equivalents	-	-	-	-	19,308	<b>19,308</b>	34,955	54,263
Loans receivable	-	-	-	-	-	-	2,489	2,489
Financial assets and equity accounted assets	127,098	18,490	-	3,964	-	<b>149,552</b>	16,264	165,816
Investment properties & property plant and equipment	-	-	-	-	2,814	<b>2,814</b>	76,545	79,359
Other assets	3,391	28,960	69	57	1,637	<b>34,114</b>	7,119	41,233
Goodwill & Intangibles	2,500	-	-	114	-	<b>2,614</b>	23,973	26,587
<b>Total assets</b>	<b>132,989</b>	<b>47,450</b>	<b>69</b>	<b>4,135</b>	<b>23,759</b>	<b>208,402</b>	<b>161,345</b>	<b>369,747</b>
<b>Liabilities</b>								
Borrowings	-	-	-	-	-	-	20,875	20,875
Other liabilities	962	174	307	254	8,322	<b>10,019</b>	20,423	30,442
<b>Total liabilities</b>	<b>962</b>	<b>174</b>	<b>307</b>	<b>254</b>	<b>8,322</b>	<b>10,019</b>	<b>41,298</b>	<b>51,317</b>
<b>Net assets</b>	<b>132,027</b>	<b>47,276</b>	<b>(238)</b>	<b>3,881</b>	<b>15,437</b>	<b>198,383</b>	<b>120,047</b>	<b>318,430</b>
<b>Net assets used to calculate NAV per security</b>						<b>198,383</b>		
Total issued securities - basic ('000)						218,998		
<b>NAV per security basic - \$</b>						<b>0.91</b>		

	Real Assets \$'000	Private Equity \$'000	Public Equity \$'000	Credit \$'000	Corporate \$'000	Total core \$'000	Consolidation & eliminations \$'000	Total \$'000
<b>As at 30 June 2020</b>								
<b>Assets</b>								
Cash and cash equivalents	-	-	-	-	83,194	<b>83,194</b>	31,794	114,988
Loans receivable	19,790	-	-	-	-	<b>19,790</b>	(19,790)	-
Financial assets and equity accounted assets	75,639	9,156	3,614	-	-	<b>88,409</b>	51,559	139,968
Investment properties	-	-	-	-	-	-	37,000	37,000
Other assets	2,028	-	90	61	1,470	<b>3,649</b>	16,646	20,295
Intangibles and deferred tax	2,500	-	1,123	-	-	<b>3,623</b>	22,132	25,755
<b>Total assets</b>	<b>99,957</b>	<b>9,156</b>	<b>4,827</b>	<b>61</b>	<b>84,664</b>	<b>198,665</b>	<b>139,341</b>	<b>338,006</b>
<b>Liabilities</b>								
Other liabilities	170	-	5	17	3,192	<b>3,384</b>	6,081	9,465
<b>Total liabilities</b>	<b>170</b>	<b>-</b>	<b>5</b>	<b>17</b>	<b>3,192</b>	<b>3,384</b>	<b>6,081</b>	<b>9,465</b>
<b>Net assets</b>	<b>99,787</b>	<b>9,156</b>	<b>4,822</b>	<b>44</b>	<b>81,472</b>	<b>195,281</b>	<b>133,260</b>	<b>328,541</b>
<b>Net assets used to calculate NAV per security</b>						<b>195,281</b>		
Total issued securities - basic ('000)						218,373		
<b>NAV per security basic - \$</b>						<b>0.89</b>		



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**Note 2: Distributions and dividends**

Distributions declared by the Trust directly to Securityholders during the year were as follows:

	<b>30 June 2021 \$'000</b>	<b>30 June 2020 \$'000</b>
<b>Distributions</b>		
1.0 cents per unit paid on 24 October 2019	-	2,309
1.0 cents per unit paid on 23 January 2020	-	2,309
1.0 cents per unit paid on 23 April 2020	-	2,309
1.0 cents per unit paid on 28 July 2020	-	2,308
1.0 cents per unit paid on 28 October 2020	2,295	-
1.0 cents per unit paid on 27 January 2021	2,295	-
1.0 cents per unit paid on 28 April 2021	2,299	-
1.0 cents per unit paid on 28 July 2021	2,300	-
	<b>9,189</b>	<b>9,235</b>

The Company did not declare any dividends during the year or up to the date of this report (2020: Nil).

**Note 3: Revenue**

Rental from investment properties include:

	<b>30 June 2021 \$'000</b>	<b>30 June 2020 \$'000</b>
Malaga Data Centre, Perth, WA	2,544	1,930
	<b>2,544</b>	<b>1,930</b>

The Group holds a 33.2% investment in Global Data Centre Group (ASX: GDC) (formerly 360 Capital Digital Infrastructure Fund (ASX: TDI)) and as the responsible entity is 360 Capital FM Limited, the Group is deemed to control this entity. Accordingly, the results of GDC are consolidated into the financial results of the Group, including the investment property located at Malaga, Perth.

Management fees include:

	<b>30 June 2021 \$'000</b>	<b>30 June 2020 \$'000</b>
Fund management fees	1,382	1,063
Performance fees	2,424	-
Underwriting fees	-	662
Acquisition/Disposal fees	101	-
Service fees	470	-
Other fees	400	-
	<b>4,777</b>	<b>1,725</b>

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**Note 3: Revenue (continued)**

Distributions from investments include:

	30 June 2021 \$'000	30 June 2020 \$'000
E&P Financial Group (ASX: EP1)	934	-
Irongate Group (ASX: IAP)	1,376	-
360 Capital Enhanced Income Fund (ASX: TCF)	58	-
Asia Connectivity Elements	837	-
Centuria Retail Fund	-	124
	<b>3,205</b>	<b>124</b>

**Note 4: Transaction costs**

	30 June 2021 \$'000	30 June 2020 \$'000
Business combination transaction costs	2,789	-
Fund establishment costs	710	632
Brokerage fees	249	-
Transaction costs - other	509	400
	<b>4,257</b>	<b>1,032</b>

Included in business combination transaction costs is \$2.3 million related to the acquisitions by GDC during the year.

**Note 5: Employee benefit expenses**

	30 June 2021 \$'000	30 June 2020 \$'000
Wages and salaries	6,694	4,335
Employer superannuation contributions	802	291
Bonuses	2,068	-
Security based payments expense	1,401	820
Payroll tax	342	102
	<b>11,307</b>	<b>5,548</b>

In August 2017 the Group implemented an Employee Security Plan (ESP). Employees were granted 12,500,000 securities subject to a 3 year Total Securityholder Return target. In December 2019 the Group introduced an Executive Incentive Plan (EIP) and issued 1,755,600 performance rights to employees. In October 2020 the Group issued 2,189,800 performance rights to employees under the EIP. The fair value of the issue of securities and rights under the ESP and EIP has been determined by an independent Actuary using a binominal pricing model. The Group has recognised \$1.0 million (2020: \$0.7 million) of security based payment expense in the statement of profit or loss. Further information on the ESP and EIP and the fair value calculation is provided in Note 19.

In 18 March 2020, FibreconX Pty Limited, previously a wholly owned entity of GDC which was sold to 360 Capital FibreconX Trust on 28 August 2020, implemented an ESP for management. Employees were granted 7,603,040 options subject to vesting conditions over a 4 to 6 year period. The fair value of the issue of securities under the ESP has been determined by an independent Actuary using a Black-Scholes option pricing model. The Group has recognised \$0.4 million (2020: \$0.1 million) of security based payment expense in the statement of profit or loss relating to FibreconX.

**360 Capital Group**  
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**Note 6: Finance expenses**

	<b>30 June 2021 \$'000</b>	<b>30 June 2020 \$'000</b>
Interest and finance charges paid and payable	439	61
	<b>439</b>	<b>61</b>

**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:

	<b>30 June 2021 \$'000</b>	<b>30 June 2020 \$'000</b>
Profit before tax attributable to stapled securityholders	<b>11,573</b>	1,395
Income tax expense at the effective corporate rate of 26.0% (2020: 27.5%)	3,389	384
<u>Increase/(decrease) in income tax expense due to:</u>		
Trust income exempt from income tax	(445)	(1,216)
Tax deferred distribution income	(94)	-
Capital losses applied to disposal of shares	(221)	-
Gain on disposal recognised in equity	380	-
Impairment of financial asset	-	(101)
Equity accounted profits	(524)	(311)
Employee Security Plan interest income taxable	116	138
Security based payments expense non-tax deductible	252	191
Dividend income	104	133
Intangible - management rights	55	996
Other tax adjustments	(5)	-
Income tax expense/(benefit)	<b>2,626</b>	215
Adjustment for current tax of prior years	122	-
Impact of change in tax rate	41	-
Franking credits current year	(400)	(133)
Income tax attributable to NCI	(728)	(216)
Income tax expense/(benefit) recognised in the statement of profit or loss	<b>1,661</b>	(134)

The 360 Capital Group Limited has carried forward capital tax losses of \$2.0 million which it has not recognised as a deferred tax asset as it not considered probable that the corporate entities in the Group will realise any capital gains through the sale of assets and therefore the capital losses had not been recognised.

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**Note 8: Receivables**

Receivables include:

	30 June 2021 \$'000	30 June 2020 \$'000
<b>Current</b>		
Trade receivables	6,189	41
Call option receivable	28,933	-
Interest receivables	7	82
Distributions receivable	436	625
Other receivables	5,029	188
	<b>40,594</b>	936

Call option receivable consists of a \$28.9 million receivable from a call option contract exercised on 28 June 2021 for the disposal of the Group's holding in E&P Financial Group (ASX: EP1). On 12 July 2021 this amount was settled.

Loans receivable include:

	30 June 2021 \$'000	30 June 2020 \$'000
<b>Current</b>		
Loans to JVs and associates	2,489	-
Secured loans – amortised cost	-	19,800
Loss allowance	-	(10)
	<b>2,489</b>	19,790

**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 2021 (2020: \$10k).

**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 23 for more information on the risk management policy of the Group. As at 30 June 2021, trade receivables of Nil (2020: Nil) were past due but not impaired.

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

	<b>30 June 2021 \$'000</b>	<b>30 June 2020 \$'000</b>
<b>Current</b>		
Units in unlisted funds managed externally	-	-
Shares in listed company	-	1,611
<b>Total</b>	-	1,611
<b>Non-current</b>		
Shares in unlisted company	42,356	19,316
Shares in listed entities	54,047	-
	<b>96,403</b>	19,316
	<b>96,403</b>	20,927

The Group holds a 33.2% investment in Global Data Centre Group (ASX: GDC) (formerly 360 Capital Digital Infrastructure Fund (ASX: TDI)) and as the responsible entity is 360 Capital FM Limited, the Group is deemed to control this entity. Accordingly the results of GDC are consolidated into the financial results of the Group. During the year the Group's 94.8% interest in 360 Capital Active Value Equity Fund (Equity Fund) was redeemed and the results of the Equity Fund were deconsolidated from the Group. Refer to Note 25 for more information.

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

	<b>30 June 2021 \$'000</b>	<b>30 June 2020 \$'000</b>
Balance at 1 July	20,927	2,183
Financial assets acquired – on market	73,716	-
Financial assets acquired - other	32,856	26,642
Financial assets disposed - unlisted	(2,226)	(8,399)
Financial assets disposed - listed	(29,412)	-
Financial assets disposed – other	(1,269)	-
Gain/(loss) on disposal of financial assets	8,912	(139)
Fair value adjustment of financial assets	3,800	5,040
Convertible note funded	-	10,726
Convertible note redeemed	-	(16,189)
Derecognition on acquisition of subsidiary	(9,846)	-
Unrealised foreign exchange gain on financial assets	(932)	-
Other movements	(123)	1,063
Closing balance	<b>96,403</b>	20,927

**Note 10: Investment properties**

	<b>30 June 2021 \$'000</b>	<b>30 June 2020 \$'000</b>
<b>Investment properties</b>		
Data Centre, Malaga, Perth, WA	45,000	37,000
<b>Total</b>	<b>45,000</b>	37,000

**360 Capital Group**  
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**Note 10: Investment properties (continued)**

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

	<b>30 June 2021 \$'000</b>	<b>30 June 2020 \$'000</b>
Opening Balance 1 July	37,000	-
Investment properties acquired including transaction costs	-	39,024
Fair value adjustment of investment properties	8,000	(2,024)
<b>Total</b>	<b>45,000</b>	<b>37,000</b>

All rent on the investment property has continued to be paid current and in full during the COVID-19 pandemic.

GDC's investment property is a data centre in Perth, Western Australia. The fair value of the investment property is determined by the Directors by reference to the most recent independent valuation for that property, updated to take into account any changes in valuation factors. An independent valuation was carried out on the property at 30 June 2021 by CBRE, a specialist in valuing these types of investment properties. Refer below for more details on fair value of investment properties.

**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.

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**Note 10: Investment properties (continued)**

**b) Sensitivity Matrix**

<b>Inputs</b>	<b>Fair value measurement sensitivity to increase in input</b>	<b>Fair value measurement sensitivity to decrease in input</b>
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. The \$45.0 million (2020: \$37.0 million) valuation of the data centre in Perth is based on a capitalisation rate of 5.0% (2020: 5.9%) and a discount rate of 6.5% (2020: 7.0%).

Refer to Note 23 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 knowledgeably, 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 (including investment properties classified as held for sale) are leased to tenants under long term operating leases with rentals payable monthly. Minimum lease payments under non-cancellable operating leases of the investment properties not recognised in the financial statements are receivable as follows:

	<b>30 June 2021 \$'000</b>	<b>30 June 2020 \$'000</b>
No later than 12 months	2,424	2,393
Between 12 months and five years	8,080	9,572
Greater than five years	-	688
	<b>10,504</b>	<b>12,653</b>

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**Note 11: Investments equity accounted**

	30 June 2021 %	30 June 2020 %	30 June 2021 \$'000	30 June 2020 \$'000
<b>Joint venture</b>				
AMF Finance Pty Limited	50.0	50.0	82	181
TGP TOT JV Pty Limited	50.0	50.0	575	961
360 Capital Digital Management Pty Ltd	50.0	50.0	945	78
Digital Software Solutions Pty Ltd	45.0	50.0	984	1,008
Hotel Capital Partners Pty Limited <sup>1</sup>	70.0	-	180	-
Gateway Network Connections LLC	51.0	-	27,301	-
Etix Everywhere Nantes 2 S.A.S	50.0	-	2,128	-
Etix Everywhere Nord S.A.S	50.0	-	1,047	-
BelgiumDC SA	50.0	-	2,796	-
Etix Everywhere Compunet Inversiones S.A.S	50.0	-	1,560	-
Etix Compunet S.A.S	50.0	-	128	-
<b>Associate</b>				
360 Capital REIT	20.2	20.0	31,687	31,497
			<b>69,413</b>	<b>33,725</b>

1. Ownership of Hotel Capital Partners Pty Limited is 70% and voting rights held are 50%; as a result the Group does not control the entity.

**Joint ventures**

The Group holds a 50% stake in AMF Finance Pty Limited (AMF). AMF provides alternative lending and structured financing solutions to Australian real estate investors and developers and receives all establishment fees on development transactions written by 360 Capital Group entities, including TOT.

TGP TOT JV Pty Limited is a joint venture between the Group and 360 Capital REIT (ASX:TOT). TGP TOT JV Pty Ltd holds a 19.9% stake in Dealt Limited (ASX: DET) (formerly Velocity Property Group (ASX:VP7)(Dealt). Dealt is an ASX listed boutique property development company that develops multi-unit apartment and mixed commercial developments in Queensland.

The Group holds a 45% stake in Digital Software Solutions Pty Limited, a fintech company providing an online real estate loan origination platform.

The Group holds a 70% stake in joint venture Hotel Capital Partners Pty Limited (HCP), a hotel investment manager. HCP provides specialised hotel investment and portfolio management services to third parties.

GDC holds a 51% joint venture stake in Gateway Network Connections LLC (GNC), through its 66% controlling stake in Asia Connectivity Elements, Inc (ACE). GNC owns and operates a data centre in Guam.

GDC also holds 50% joint venture stakes in various entities through the acquisition of the ETIX Everywhere business owning and operating edge data centres in France, Belgium and Colombia.

**Associate**

The Group holds a 20.2% interest in 360 Capital REIT (ASX: TOT) and is also the responsible entity of the fund.



**360 Capital Group**  
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**Note 11: Investments accounted for using the equity method (continued)**

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

	<b>30 June 2021 \$'000</b>	<b>30 June 2020 \$'000</b>
<b>360 Capital REIT</b>		
Opening Balance - 1 July	31,497	21,567
Acquisitions of interest	-	10,112
Share of equity accounted profit	1,857	2,108
Distributions	(1,667)	(2,291)
Closing Balance	<b>31,687</b>	31,496
<b>AMF Finance Pty Limited</b>		
Opening Balance - 1 July	181	397
Share of equity accounted (loss)/profit	(99)	134
Dividends	-	(350)
Closing Balance	<b>82</b>	181
<b>TGP TOT JV Pty Limited</b>		
Opening Balance - 1 July	962	-
Acquisitions of interest	-	797
Share of equity accounted (loss)/profit	(387)	165
Closing Balance	<b>575</b>	962
<b>360 Capital Digital Management Pty Ltd</b>		
Opening Balance - 1 July	78	-
Share of equity accounted profit	867	78
Closing Balance	<b>945</b>	78
<b>Digital Software Solutions Pty Ltd</b>		
Opening Balance - 1 July	1,008	-
Acquisitions of interest	-	1,008
Share of equity accounted (loss)/profit	(24)	-
Closing Balance	<b>984</b>	1,008
<b>Hotel Capital Partners Pty Ltd</b>		
Opening Balance - 1 July	-	-
Acquisitions of interest	250	-
Share of equity accounted loss	(70)	-
Closing Balance	<b>180</b>	-
<b>Gateway Network Connections LLC</b>		
Opening Balance - 1 July	-	-
Acquisition through business combination	27,207	-
Share of equity accounted profit	727	-
Foreign currency translation	(633)	-
Closing Balance	<b>27,301</b>	-

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**Note 11: Investments equity accounted (continued)**

	30 June 2021 \$'000	30 June 2020 \$'000
<b>ETIX Everywhere Nantes 2 S.A.S</b>		
Opening Balance - 1 July	-	-
Acquisition through business combination	2,094	-
Acquisition of interest	196	-
Share of equity accounted loss	(59)	-
Foreign currency translation	(103)	-
Closing balance	<b>2,128</b>	-
<b>ETIX Everywhere Nord 2 S.A.S</b>		
Opening Balance - 1 July	-	-
Acquisition through business combination	1,172	-
Share of equity accounted loss	(66)	-
Foreign currency translation	(59)	-
Closing balance	<b>1,047</b>	-
<b>BelgiumDC SA</b>		
Opening Balance - 1 July	-	-
Acquisition through business combination	2,490	-
Acquisition of interest	391	-
Share of equity accounted profit	34	-
Foreign currency translation	(119)	-
Closing balance	<b>2,796</b>	-
<b>ETIX Everywhere Compunet Inversiones S.A.S</b>		
Opening Balance - 1 July	-	-
Acquisition through business combination	1,913	-
Share of equity accounted loss	(178)	-
Foreign currency translation	(175)	-
Closing balance	<b>1,560</b>	-
<b>ETIX Compunet S.A.S</b>		
Opening Balance - 1 July	-	-
Share of equity accounted profit	128	-
Closing balance	<b>128</b>	-
<b>Total investments equity accounted</b>	<b>69,413</b>	-

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**Note 11: Investments equity accounted (continued)**

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

	<b>30 June 2021 \$'000</b>	<b>30 June 2020 \$'000</b>
<b>360 Capital REIT</b>		
Current assets	144,400	144,400
Non current assets	17,323	17,323
Current liabilities	(4,630)	(4,630)
Non current liabilities	(42)	(42)
Equity	157,051	157,051
Group's share of net assets	<b>31,687</b>	31,496
Group's carrying amount of investment	<b>31,687</b>	31,496
	<b>\$'000</b>	<b>\$'000</b>
Revenue from continuing operations	25,887	20,749
Other income	-	-
Expenses	(14,243)	(10,885)
Total comprehensive income for the year	<b>11,644</b>	9,864
Tax expense/(benefit)	2,409	(565)
Net Profit after tax	<b>9,235</b>	10,429
Group's share of profit	<b>1,857</b>	2,108

The following table provides summarized financial information relating to Gateway Network Connections LLC:

	<b>30 June 2021 \$'000</b>	<b>30 June 2020 \$'000</b>
Current assets	4,233	-
Non-current assets	22,212	-
Current liabilities	1,038	-
Non-current liabilities	6,022	-
<b>Equity</b>	<b>19,385</b>	-
<b>Group's share of net assets</b>	<b>9,886</b>	-
Intangible arising from acquisition of investee	17,415	-
<b>Group's carrying amount of investment</b>	<b>27,301</b>	-
Revenue from continuing operations	2,605	-
Expenses	(810)	-
Total comprehensive income for the year	1,795	-
Tax expense	(368)	-
<b>Net profit after tax</b>	<b>1,427</b>	-
<b>Group's share of profit</b>	<b>727</b>	-

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**Note 12: Intangible assets**

	<b>30 June 2021 \$'000</b>	<b>30 June 2020 \$'000</b>
Indefinite life management rights	2,614	2,500
Software	1,251	320
Customer contracts	6,004	-
Goodwill	16,718	1,123
	<b>26,587</b>	<b>3,943</b>

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

*Indefinite life management rights*

	<b>30 June 2021 \$'000</b>	<b>30 June 2020 \$'000</b>
<b>Cost</b>		
Balance at start of year	2,500	-
Acquisition of management rights	114	2,500
<b>Total</b>	<b>2,614</b>	<b>2,500</b>
<b>Net book value</b>	<b>2,614</b>	<b>2,500</b>

During the year the Group paid \$0.1 million to acquire the management rights associated with 360 Capital Enhanced Income Fund (ASX:TCF) (formerly Australian Enhanced Income Fund (ASX:AYF)). In the prior year the Group paid a total consideration of \$2.5 million to acquire management rights associated with URB Investments Limited (URB) in December 2019.

*Software*

	<b>30 June 2021 \$'000</b>	<b>30 June 2020 \$'000</b>
<b>Cost</b>		
Balance at start of year	320	-
Additions	961	320
<b>Total</b>	<b>1,281</b>	<b>320</b>
<b>Accumulated Amortisation</b>		
Balance at start of year	-	-
Amortisation	(30)	-
<b>Total</b>	<b>(30)</b>	<b>-</b>
<b>Net book value</b>	<b>1,251</b>	<b>320</b>

During the year, Fibreconx has commenced the implementation of software to support the dark fibre network being constructed around Sydney. Total carrying value at year end reflects the total capitalized cost of the software to date less amortisation.

**360 Capital Group**  
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**Note 12: Intangible assets (continued)**

*Customer Contracts*

		<b>30 June 2021 \$'000</b>	<b>30 June 2020 \$'000</b>
	<b>Note</b>		
<b>Cost</b>			
Balance at start of year		-	-
Acquired through business combination	24	6,536	-
Exchange differences on translation of foreign operation		(324)	-
<b>Total</b>		<b>6,212</b>	<b>-</b>
<b>Accumulated Amortisation</b>			
Balance at start of year		-	-
Amortisation		(205)	-
Exchange differences on translation of foreign operation		(3)	-
<b>Total</b>		<b>(208)</b>	<b>-</b>
<b>Net book value</b>		<b>6,004</b>	<b>-</b>

Customer contracts amounting to \$6.5 million have been recognised as part of the fair value assessment of assets acquired through the ETIX acquisition (refer to Note 24(a)) and are being amortised over 15 years. There have been no indicators of impairment from acquisition date to 30 June 2021.

*Goodwill*

		<b>30 June 2021 \$'000</b>	<b>30 June 2020 \$'000</b>
	<b>Note</b>		
<b>Cost</b>			
Balance at start of year		1,123	-
Goodwill recognised on acquisition	24	17,588	1,123
Exchange differences on translation of foreign operation		(870)	-
Goodwill written off		(1,123)	-
<b>Total</b>		<b>16,718</b>	<b>1,123</b>

In February 2020, the Group acquired Ralton AM Pty Limited, a managed account specialist providing separately managed account (SMA) products to individual and institutional investors. The Group established 360 Capital Equities Management Pty Limited in 2019 as a joint venture and in February 2020 acquired the other 50% of held by its joint venture partner, taking its ownership to 100% and recognising goodwill as part of this acquisition. During the year, the Group revised its strategy and Public Equity is no longer a core segment, accordingly these goodwill balances have been written off at 30 June 2021.

Goodwill acquired through business combinations has been allocated to the applicable cash generating unit (CGU) for impairment testing and is tested for impairment annually.

During the year goodwill amounting to \$17.6 million has been recognised as part of the fair value assessment of assets acquired through the ETIX acquisition in GDC (refer to Note 24(a)) and allocated to the ETIX CGU.

The value of intangible assets are reviewed annually for impairment. Management's internal valuation for indefinite-life management rights as at 30 June 2020 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.

**360 Capital Group**  
**Notes to the financial report**  
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**Note 12: Intangible assets (continued)**

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 using rates that are relevant to the Group (2021: 8.1%) (2020: 8.0%)
- The equivalent pre-tax discount rate used is 11.0% (2020: 11.0%)
- Growth over the next 5 years of 3.0% (2020: 3.0%)

Impairment is tested at the CGU level, with the CGU representing the management agreements which generates management fee income.

**Impairment of intangible assets**

There was impairment recognised on goodwill during the year totalling \$1.1 million (2020: Nil).

**Note 13: Property, plant and equipment**

	<b>30 June 2021 \$'000</b>	<b>30 June 2020 \$'000</b>
<b>Non-current</b>		
Construction in progress	27,521	601
Right of use asset	2,184	-
Equipment	1,469	54
	<b>31,174</b>	<b>655</b>

As at 30 June 2021, Fibreconx was near completion of construction on a dark fibre network around Sydney. Total carrying value at year end reflects the total capitalised cost of the construction to date. As at 30 June 2021, GDC holds property, plant and equipment related to the acquisition of the ETIX Everywhere business in December 2020.

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

*Construction in progress*

	<b>30 June 2021 \$'000</b>	<b>30 June 2020 \$'000</b>
<b>Cost</b>		
Balance at start of year	601	-
Acquisitions	26,920	601
<b>Total</b>	<b>27,521</b>	<b>601</b>
<b>Net book value</b>	<b>27,521</b>	<b>601</b>

**360 Capital Group**  
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**Note 13: Property, plant and equipment (continued)**

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

<i>Right of use asset</i>		30 June 2021 \$'000	30 June 2020 \$'000
	Note		
<b>Cost</b>			
Balance at start of year		-	-
Acquired through business combination	24	2,337	-
Exchange differences on translation of foreign operation		(116)	-
Total		2,221	-
<b>Accumulated Depreciation</b>			
Balance at start of year		-	-
Depreciation		(37)	-
Total		(37)	-
Net book value		2,184	-
<i>Equipment</i>			
	Note	30 June 2021 \$'000	30 June 2020 \$'000
<b>Cost</b>			
Balance at start of year		-	-
Acquisitions		46	-
Acquired through business combination	24	1,605	-
Exchange differences on translation of foreign operation		(199)	-
Total		1,568	-
<b>Accumulated Depreciation</b>			
Balance at start of year		-	-
Depreciation		(223)	-
Exchange differences on translation of foreign operation		(3)	-
Total		(226)	-
Net book value		1,342	-

**360 Capital Group**  
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**Note 14: Leases**

The consolidated balance sheet contains the following amounts relating to leases:

	<b>30 June 2021 \$'000</b>	<b>30 June 2020 \$'000</b>
<b>Right-of-use-assets</b>		
Office leases	3,185	-
	<b>3,185</b>	-
<b>Lease liabilities</b>		
Lease liabilities - current	578	-
Lease liabilities – non current	3,723	-
	<b>4,301</b>	-

The Group's leases include two office leases in Sydney CBD for 360 Capital Group and FibreconX. Lease liabilities also relate to French properties loans over 2 wholly owned ETIX Everywhere data centres.

Movements in the carrying value of right-of-use assets during the year are as follows:

<i>Right-of-use assets</i>	<b>30 June 2021 \$'000</b>	<b>30 June 2020 \$'000</b>
Opening balance at 1 July	-	-
Additions – office leases	3,395	-
Accumulated depreciation	(211)	-
Closing balance	<b>3,185</b>	-

Movements in the carrying value of right-of-use assets during the year are as follows:

<i>Lease liabilities</i>	<b>30 June 2021 \$'000</b>	<b>30 June 2020 \$'000</b>
Opening balance 1 July	-	-
Recognition of office lease liabilities	3,353	-
Drawdowns from facility	1,073	-
Borrowing costs capitalised	(70)	-
Borrowing costs amortised	(55)	-
Closing balance	<b>4,301</b>	-



**360 Capital Group**  
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**Note 15: Deferred tax assets and liabilities**

	<b>30 June 2021 \$'000</b>	<b>30 June 2020 \$'000</b>
<b>Deferred tax assets comprises temporary differences attributable to:</b>		
Accrued expenses	840	125
Business acquisition costs	103	164
Tax losses	955	1,915
<b>Deferred tax assets</b>	<b>1,898</b>	<b>2,204</b>
<b>Deferred tax liabilities comprises temporary differences attributable to:</b>		
Gain on investments	1,331	122
Management rights	705	996
Fair value adjustment on business combinations	1,772	-
Accrued revenue	2	-
<b>Deferred tax liabilities</b>	<b>3,810</b>	<b>1,118</b>
<b>Net deferred tax (liabilities)/assets</b>	<b>(1,912)</b>	<b>1,086</b>

Deferred tax assets and liabilities are shown as separate amounts on the balance sheet as some amounts are with different tax authorities. In the prior year, deferred tax assets and liabilities were 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:

	<b>30 June 2021 \$'000</b>	<b>30 June 2020 \$'000</b>
Balance at 1 July	1,086	952
Net deferred tax recognised upon business combination	(1,440)	-
Recognition and reversal of timing differences	(65)	(1,066)
Tax losses current year	211	1,200
Tax losses prior years utilised	(1,780)	-
Foreign currency translation	76	-
<b>Closing balance</b>	<b>(1,912)</b>	<b>1,086</b>
Net deferred tax assets expected to reverse within 12 months	1,795	2,040
Net deferred tax assets expected to reverse after more than 12 months	(3,707)	(954)
	<b>(1,912)</b>	<b>1,086</b>

For further information on recognition of deferred tax balances refer to Note 7.

**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.

**360 Capital Group**  
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**Note 16: Trade and other payables**

	<b>30 June 2021 \$'000</b>	<b>30 June 2020 \$'000</b>
Trade & GST payables	1,743	-
Accruals	7,860	343
Prepaid income	10,068	-
Other payables	71	17
	<b>19,742</b>	<b>360</b>

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

**Note 17: Borrowings**

	<b>30 June 2021 \$'000</b>	<b>30 June 2020 \$'000</b>
<b>Non-current</b>		
Loan	19,927	-
Total non-current	<b>19,927</b>	<b>-</b>
Total Borrowings	<b>19,927</b>	

Loan is related to a \$20 million Bankwest loan secured over the Malaga data centre. The facility is \$20 million and is fully drawn. The loan matures in July 2023.

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

<i>Loan</i>	<b>30 June 2021 \$'000</b>	<b>30 June 2020 \$'000</b>
Opening balance 1 July	-	-
Drawdowns from facility	20,000	-
Borrowing costs capitalised	(108)	-
Borrowing costs amortised	35	-
Closing balance	<b>19,927</b>	<b>-</b>

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**Note 18: Provisions**

	<b>30 June 2021 \$'000</b>	<b>30 June 2020 \$'000</b>
<b>Current</b>		
Employee benefits	401	132
	<b>401</b>	<b>132</b>
<b>Non-current</b>		
Employee benefits	194	139
	<b>194</b>	<b>139</b>

**Note 19: Equity**

**(a) Issued capital**

	<b>30 June 2021 '000</b>	<b>30 June 2020 '000</b>
360 Capital Group Limited - Ordinary shares issued <sup>1</sup>	218,998	218,373
360 Capital Investment Trust - Ordinary units issued <sup>1</sup>	218,998	218,373
1. Excluding ESP securities on issue and EIS rights issued		
	<b>\$'000</b>	<b>\$'000</b>
360 Capital Group Limited - Ordinary shares issued	1,241	1,191
360 Capital Investment Trust - Ordinary units issued	195,395	194,877
Total issued capital	<b>196,637</b>	<b>196,068</b>

**(b) Movements in issued capital**

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

	<b>30 June 2021 '000</b>	<b>30 June 2020 '000</b>
Opening balance at 1 July	218,373	218,373
Securities issued - Scrip	625	-
Closing balance at 30 June	<b>218,998</b>	<b>218,373</b>

During the year, the Group issued fully paid TGP stapled securities as consideration for its off-market takeover offer of E&P Financial Group. The offer included both a cash and scrip component

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

	<b>30 June 2020 '000</b>	<b>30 June 2019 '000</b>
Total ordinary securities disclosed at 1 July	218,998	218,373
Issued capital – ESP issued in August 2017	11,050	12,500
Total securities issued on the ASX	<b>230,048</b>	<b>230,873</b>

**360 Capital Group**  
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**Note 19: Equity (continued)**

**(c) Share Based Payment Schemes**

**Reconciliation of Shares and Rights outstanding under SBP Schemes**

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

Plan	Balance 1 July 2019			Forfeited/ Cancelled	Balance 30 June 2020
	Securities	Issued	Vested		Securities
LTI – 23 December 2019	-	1,755,600	-	-	1,755,600
ESP - 2 August 2017	12,500,000	-	-	-	12,500,000
<b>Total</b>	<b>12,500,000</b>	<b>1,755,600</b>	<b>-</b>	<b>-</b>	<b>14,255,600</b>

Employee Share Plan

On 2 August 2017 and 13 October 2017, a total of 12,500,000 stapled securities were granted to employees of the Stapled Group under the 360 Capital Group ESP (2017 ESP). The issue price per security was \$0.98 which was equal to the volume weighted average price for the 10 days preceding the issue date. In September 2020, 1,350,000 ESP securities were bought back and cancelled at face value and the corresponding loans were repaid. The average price of the securities cancelled was \$1.01. In April 2021, a further 100,000 ESP securities were bought back and cancelled at face value, repaying corresponding loans. The average price of the securities cancelled was \$0.94. A total of 11,050,000 ESP securities remain outstanding as at 30 June 2021. These ESP securities are not included in the calculation of the basic number of stapled securities on issue due to the non-recourse nature of the associated ESP loans.

The employees who participated in the 2017 ESP were also provided with a loan on the grant date of an amount equivalent to the face value of the securities. Interest on the loan is equal to any distributions or dividends paid on the securities over the 3 year period, and should performance hurdles not be met, or participants elect not to repay the loan, then the Board, at its discretion, will either sell or cancel the securities. The security based payments reserve captures all transactions relating to the securities under the plan.

Securities under the 2017 ESP were due to vest on 1 August 2020. Given the security price volatility triggered by the COVID-19 pandemic, together with ongoing market and economic uncertainty, the Board decided to extend the vesting period by up to 12 months to 1 August 2021, subject to certain conditions. Securityholder approval was received at the Group's AGM in November 2020 for the extension of the vesting period for Directors.

The 2017 ESP hurdles were not met by the extended vesting date of 1 August 2021 and therefore the securities did not vest, the securities will subsequently be bought back and cancelled, and corresponding loans repaid.

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 Managing Director and each KMP based on their continued employment to 30 June 2022. Christopher Chase in acceptance of the payment also agreed to forfeit his ESP securities which were not due to vest until 27 August 2022.

Performance Rights

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

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**Note 19: Equity (continued)**

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

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

**Note 20: Cash flow information**

**(a) Reconciliation of cash and cash equivalents**

	30 June 2021 \$'000	30 June 2020 \$'000
Cash at bank	54,263	149,521
Cash and cash equivalents in the statement of cash flows	<b>54,263</b>	149,521

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

	30 June 2021 \$'000	30 June 2020 \$'000
<b>Net profit for the year</b>	<b>9,561</b>	3,663
<u>Adjustment for:</u>		
Depreciation	748	20
Net gain on disposal of financial assets	-	139
Net gain on disposal of subsidiary	(106)	-
Net (gain)/loss on fair value of financial assets	(3,800)	(4,822)
Net gain on fair value of investment properties	(8,000)	(2,024)
Foreign exchange gains	(153)	(1,064)
Security based payments expense	1,401	820
Share of equity accounted profits, net of distributions received	181	2,503
Transaction costs	3,433	1,032
Provision for loss	(1,167)	(10)
<u>Change in assets and liabilities</u>		
(Increase)/decrease in receivables and prepayments	(8,236)	(32)
Increase/(decrease) in creditors and accruals	8,897	1,392
Net decrease in income tax liabilities	1,890	(134)
<b>Net cash inflows from operating activities</b>	<b>4,649</b>	1,483

## **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 21: 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 Level 8, 56 Pitt Street, 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 26 August 2021.

The principal accounting policies adopted in the preparation of the financial report are set out below and in Note 34.

#### **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 34 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.

**360 Capital Group**  
**Notes to the financial report**  
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**Note 21: 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 COVID-19 pandemic. Given the effects of the COVID-19 global pandemic continue to unfold and the ultimate impact are still unknown, changes to estimates and assumptions used to measure assets and liabilities may arise in the future. Other than adjusting events which provide evidence of conditions which existed at the reporting date, the impact of events that arise subsequent to the reporting date will be accounted for in future reporting periods.

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities are:

Valuation of investment properties

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 34(l). The fair value assessment of the investment property includes the best estimate of the impacts of the COVID-19 pandemic using information available at the balance sheet date.

Income taxes

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.

Financial assets at fair value through profit or loss

The fair value of investments which are not traded in an active market is determined by using valuation techniques. The 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 34.

Control of entities

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 34(b)). Further information on Controlled Entities is included in Note 26.

The consolidated entity has applied the amendments contained in the Corporations Amendment (Corporate Reporting Reform) Bill 2010 in the preparation of this financial report which allows for removing the requirement in consolidated financial statements to include full parent entity information. A note containing information about the Parent Entity has been included at Note 33.

**360 Capital Group**  
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**Note 22: 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 related 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 19.

**Note 23: 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.

	<b>30 June</b>	<b>30 June</b>
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash and cash equivalents	54,263	149,521
Receivables	38,105	936
Loans receivable	2,489	19,790
<b>Total</b>	<b>94,857</b>	<b>170,247</b>

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 2021 (2020: \$10k).

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.



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**Note 23: Other financial assets and liabilities (continued)**

Interest rate risk

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

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
<b>30 June 2021</b>						
<u>Financial assets</u>						
Cash and cash equivalents	54,263	-	-	-	-	54,263
Receivables	-	-	-	-	38,105	38,105
Loans receivable	-	2,489	-	-	-	2,489
Financial assets at FVTPL	-	-	-	-	96,403	96,403
<b>Total financial assets</b>	<b>54,263</b>	<b>2,489</b>	<b>-</b>	<b>-</b>	<b>134,508</b>	<b>191,260</b>
<u>Financial liabilities</u>						
Trade and other payables	-	-	-	-	19,742	19,742
Borrowings	-	-	20,875	-	-	20,875
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>20,875</b>	<b>-</b>	<b>19,742</b>	<b>40,617</b>
<b>Net financial assets</b>	<b>54,263</b>	<b>2,489</b>	<b>(20,875)</b>	<b>-</b>	<b>114,766</b>	<b>150,643</b>
<b>30 June 2020</b>						
<u>Financial assets</u>						
Cash and cash equivalents	149,521	-	-	-	-	149,521
Receivables	-	-	-	-	936	936
Loans receivable	-	19,790	-	-	-	19,790
Financial assets at FVTPL	-	-	-	-	20,927	20,927
<b>Total financial assets</b>	<b>149,521</b>	<b>19,790</b>	<b>-</b>	<b>-</b>	<b>21,863</b>	<b>191,174</b>
<u>Financial liabilities</u>						
Trade and other payables	-	-	-	-	359	359
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>359</b>	<b>359</b>
<b>Net financial assets</b>	<b>149,521</b>	<b>19,790</b>	<b>-</b>	<b>-</b>	<b>21,504</b>	<b>190,815</b>

**360 Capital Group**  
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**Note 23: 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.

	Carrying amount \$'000	Change in interest rate			
		-1% Profit \$'000	-1% Equity \$'000	+1% Profit \$'000	+1% Equity \$'000
<b>30 June 2021</b>					
<u>Financial assets</u>					
Cash and cash equivalents	54,263	(543)	(543)	543	543
<u>Financial liabilities</u>					
Borrowings	20,875	209	209	(209)	(209)
Total (decrease) increase		<b>(334)</b>	<b>(334)</b>	<b>334</b>	<b>334</b>

**30 June 2020**

<u>Financial assets</u>					
Cash and cash equivalents	149,521	(1,495)	(1,495)	1,495	1,495
Total (decrease) increase		<b>(1,495)</b>	<b>(1,495)</b>	<b>1,495</b>	<b>1,495</b>

Foreign exchange risk

The Group's foreign exchange rate risk arises from overseas investments held indirectly by GDC which have been consolidated into the financial position and performance of the Group. Some investments are denominated in foreign currencies and expose the Group to foreign exchange rate risk.

The table below illustrates the potential impact a change in foreign exchange rates by +/-1% would have had on the Group's profit and equity. The impact of other currencies are considered immaterial.

	Carrying amount \$'000	Change in exchange rate			
		-1% Profit \$'000	-1% Equity \$'000	+1% Profit \$'000	+1% Equity \$'000
<b>US Dollars</b>					
<b>30 June 2021</b>	44,209	(163)	(442)	163	442
Total (decrease) increase		<b>(163)</b>	<b>(442)</b>	<b>163</b>	<b>442</b>
<b>30 June 2020</b>	7,935	(79)	(79)	<b>79</b>	79
Total (decrease) increase		<b>(79)</b>	<b>(79)</b>	<b>79</b>	<b>79</b>

**360 Capital Group**  
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**Note 23: 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
<b>30 June 2021</b>					
Trade and other payables	19,742	(19,742)	(19,742)	-	-
Distribution payable	2,827	(2,827)	(2,827)	-	-
Lease liabilities	4,301	(4,301)	(578)	(3,723)	-
Borrowings	19,927	(19,927)	-	(19,927)	-
	<b>46,797</b>	<b>(46,797)</b>	<b>(23,147)</b>	<b>(23,650)</b>	<b>-</b>
<b>30 June 2020</b>					
Trade and other payables	360	(360)	(360)	-	-
Distribution payable	4,273	(4,273)	(4,273)	-	-
	<b>4,633</b>	<b>(4,633)</b>	<b>(4,633)</b>	<b>-</b>	<b>-</b>

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 property 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 1% in the market price of the underlying equity securities/units would impact the net profit of the Group, with all other variables held constant, by an increase/(decrease) of \$964,030 (2020: \$209,270).

**Fair values**

The fair value of the 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)

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**Note 23: 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:

<b>30 June 2021</b>	<b>\$'000</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>
<b>Financial assets measured at fair value</b>				
Financial assets at fair value through profit or loss	<b>97,624</b>	55,268	-	42,356

<b>30 June 2020</b>	<b>\$'000</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>
<b>Financial assets measured at fair value</b>				
Financial assets at fair value through profit or loss	20,928	1,612	-	19,316

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:

	<b>30 June 2021 \$'000</b>	<b>30 June 2020 \$'000</b>
Balance at 1 July	19,316	2,183
Acquisitions	23,184	19,316
Disposals	(2,226)	(2,183)
Net gain on fair value of financial assets	2,082	-
Closing balance	<b>42,356</b>	19,316

**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. NTA of the underlying investments is used as a basis for valuation however may be amended as deemed appropriate (e.g. when the NTA of the underlying investment is negative).

The NTA of investments is driven by underlying investment properties which are carried at fair value based on valuations using the capitalisation rate, markets sale comparison and discounted cash flow approaches (refer to Note 23). The significant Level 3 inputs in relation to the underlying property valuations of the investments include capitalisation rates and discount rates. 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.

The fair value of financial assets that are not traded in an active market are determined using valuation techniques. These include the use of arm's length transactions, reference to the current fair value of substantially similar financial assets, discounted cash flow techniques, or other valuation techniques that provides a reliable estimate of prices obtained in actual market transactions.

**360 Capital Group**  
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**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 24: Business combinations and acquisitions of non-controlling interests**

During the year, the following business combinations and asset acquisitions occurred:

**(a) ETIX Everywhere**

ETIX Everywhere specialises in the construction and operation of edge data centres through wholly owned assets and joint ventures located in France, Belgium and Colombia.

The acquisition was implemented through a share purchase agreement under which the Global Data Centre Operations Fund (GDCOF) (and therefore the Global Data Centre Group (GDC Group), formerly 360 Capital Digital Infrastructure Fund), acquired 100% of the shares of relevant target entities. The acquisition reached completion on 11 December 2020.

Details of the purchase consideration to acquire ETIX Everywhere on 11 December 2020 are as follows:

	\$'000
Cash	38,245
<b>Total purchase consideration</b>	<b>38,245</b>

The assessment of fair value of assets and liabilities recognised as a result of the acquisition are as follows:

	\$'000
<b>Assets</b>	
Cash and cash equivalents	2,556
Receivables	2,410
Property, plant and equipment	3,942
Investments equity accounted	7,667
Loan receivable	2,498
Intangible assets	6,536
Deferred tax assets	411
<b>Liabilities</b>	
Trade and other payables	(2,329)
Provisions	(30)
Deferred tax liabilities	(1,931)
Borrowings	(1,073)
<b>Net identifiable assets acquired</b>	<b>20,657</b>
Plus: Goodwill	17,588
<b>Total purchase consideration</b>	<b>38,245</b>

The fair value of receivables and other current assets approximates the collectible amount. Investments in joint ventures and property, plant and equipment have been adjusted to their fair value at the date of acquisition, net of deferred tax.

The potential impact of COVID-19 has been considered when forming a view on the purchase price agreed to acquire the ETIX Everywhere business. The effects of the pandemic continue to unfold, and the ultimate impact globally are still unknown. In the event there is a longer than expected impact from the COVID-19 pandemic, this could have unforeseen impacts on the operations of ETIX Everywhere and to the investment in ETIX Everywhere in future reporting periods.

**360 Capital Group**  
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**Note 24: Business combinations and acquisitions of non-controlling interests (continued)**

Revenue and profit contribution

Since acquisition date, ETIX Everywhere has contributed \$4.4 million revenue and \$0.6 million net statutory loss to the Group and GDCOF.

Contingent consideration

There is no contingent consideration as part of this transaction.

Purchase consideration – cash outflow on acquisition

	<b>\$'000</b>
Cash consideration paid	(38,245)
Cash and cash equivalents acquired	2,556
Outflow of cash to acquire subsidiary	(35,689)
Less: Business combination transaction costs expensed through profit or loss	(824)
<b>Total cash outflow on acquisition of controlled entity</b>	<b>(36,513)</b>

Acquisition related costs

Acquisition related costs of \$0.8 million incurred have been expensed in the consolidated statement of profit or loss and, to the extent settled, have been included as part of net cash flows from operating activities in the consolidated statement of cash flows. Transaction costs include tax, financial, legal and other advisory fees.

**(b) Asia Connectivity Elements**

Asia Connectivity Elements, Inc (ACE) is a holding company which has a 51% joint venture interest in Gateway Network Connections LLC (GNC) the owner and operator of a data centre in Guam.

The acquisition was implemented through several share purchase agreements under which the Group, through GDCOF, acquired shares of ACE. The acquisition reached completion on 4 December 2020.

Details of the purchase consideration to acquire the controlling interests in ACE are as follows:

	<b>\$'000</b>
Cash	8,516
<b>Total purchase consideration</b>	<b>8,516</b>

The fair value of assets and liabilities recognised as a result of the acquisition are as follows:

	<b>\$'000</b>
<b>Assets</b>	
Cash and cash equivalents	970
Joint venture interest	26,150
<b>Net identifiable assets acquired</b>	<b>27,120</b>
Less: External non-controlling interest	(9,219)
Less: Existing interest held by the Group (at fair value)	(9,846)
Plus: Fair value adjustment on consolidation	461
<b>Total purchase consideration</b>	<b>8,516</b>

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**Note 24: Business combinations and acquisitions of non-controlling interests (continued)**

As the asset concentration test in AASB 3 has been met, the Group and GDCOF have elected not to apply business combination accounting and instead treat the acquisition of ACE as an asset acquisition.

The potential impact of COVID-19 has been considered when forming a view on the purchase price agreed to acquire the additional shares in ACE in December 2020. The effects of the pandemic continue to unfold, and the ultimate impact globally are still unknown. In the event there is a longer than expected impact from the COVID-19 pandemic, this could have unforeseen impacts to the operations of GNC and ultimately the investment in ACE in future reporting periods.

**(c) 360 Capital Enhanced Income Fund (ASX:TCF)**

On 15 July 2020 the Group acquired an 18.2% stake in 360 Capital Enhanced Income Fund (ASX: TCF), formerly known as Australian Enhanced Income Fund (ASX: AYF), for \$3.3 million. Further acquisitions were made in the following month taking the Trust's holding to 19.9% on 13 August 2020. Total consideration paid was \$3.6 million.

On 9 September 2020, unitholders passed a resolution to change the responsible entity of TCF to 360 Capital FM Limited from Elstree Investment Management Limited and change the name of the fund to 360 Capital Enhanced Income Fund. The fund processed unit redemptions on this date to other unitholders upon request, concentrating the Group's ownership proportion to 37.7%. As a result of these two factors, the Group is deemed to have control over TCF from 9 September 2020.

TCF completed a capital raise on 17 December 2020 and issued 2,042,663 units for \$12.1 million, diluting the Group's holding down to 18.5%. As a result of this dilution, the Group is deemed to no longer control TCF from this date, and a disposal of the subsidiary is deemed to have occurred at this date.

Accordingly, the results of TCF have been consolidated into the results of the Group from 9 September 2020 to 17 December 2020.

A consolidation and deconsolidation gain or loss was recognised respectively on the dates on which the Group began and ceased having control of TCF.

The details of the consolidation are as follows:

	<b>\$'000</b>
<b>Assets</b>	
Cash and cash equivalents	9,603
Receivables and other current assets	7,242
Financial assets at fair value through profit or loss	2,120
<b>Liabilities</b>	
Trade and other payables	(38)
<b>Carrying value of assets on acquisition</b>	<b>18,927</b>
360 share of net assets at acquisition	3,766
Carrying value of TCF at 9 September 2020	3,539
<b>Gain on consolidation</b>	<b>227</b>

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**Note 24: Business combinations and acquisitions of non-controlling interests (continued)**

The details of the deconsolidation are as follows:

	<b>\$'000</b>
<b>Assets</b>	
Cash and cash equivalents	8,457
Financial assets at fair value through profit or loss	15
<b>Liabilities</b>	
Trade and other payables	(90)
Carrying value of assets divested	8,382
Less: Non-controlling interests	(4,584)
Carrying value of assets divested excluding non-controlling interest	<b>3,798</b>
Fair value of retained interest	3,737
<b>Net loss on disposal</b>	<b>(61)</b>

In the prior year, the following business combinations occurred:

The Group made the following investments into subsidiaries in the prior year:

Global Data Centre Group (ASX:GDC) (formerly 360 Capital Digital Infrastructure Fund (ASX:TDI))

On 2 July 2019 the Group subscribed for 12,875,001 units for \$25,000,002 representing 100% ownership of GDC. 360 Capital FM Limited (an entity owned by the Group) was appointed as responsible entity of GDC. On 17 September 2019, GDC issued 12,874,999 additional units for \$24,999,998. The Group subscribed for 7,321,239 of these units for \$14,215,998, resulted to an overall dilution in the Group's continued ownership of GDC to 78.4%. The Group is deemed under AASB10 Consolidated Financial Statements to continue to control GDC as it held a 78.4% interest in GDC and was the responsible entity of the fund. At the date of dilution, the fair value of assets and liabilities was \$25.0 million resulting to a small gain on dilution.

On 31 October 2019, GDC became listed on the ASX (ASX: GDC) and as part of the IPO issued 32,500,000 additional units for \$65,000,000. The Group subscribed for 1,565,571 of these units for \$3,131,142, resulting in an overall dilution in the Group's ownership of GDC to 37.4%. The Group is deemed under AASB10 Consolidated Financial Statements to control GDC as it continues to hold a 37.4% interest in GDC and is the responsible entity of the fund. At the date of dilution, the fair value of assets and liabilities was \$49.6 million, resulting to a net gain on dilution of \$0.9 million.

From the date of acquisition, GDC contributed \$7.8 million of revenue and \$3.8 million to profit before tax from continuing operations and other income of the Group. These amounts were been calculated using the Group's accounting policies.

360 Capital Active Value Equity Fund (CAVEF)

On 26 November 2019 the Group subscribed for 808,541 units for \$1,617,082 representing 100% ownership of CAVEF. 360 Capital FM Limited (an entity owned by the Group) was appointed as responsible entity of CAVEF. On 23 December 2019, CAVEF issued 66,452 additional units to external parties for \$132,904 and on 25 June 2020 issued a further \$774,298 units for \$1,826,630, of which the Group acquired 754,298. At 30 June 2020 the Group held 94.8% of the fund and the Group was deemed under AASB10 Consolidated Financial Statements to control CAVEF.

From the date of acquisition, CAVEF contributed \$0.5 million of revenue and \$0.2 million to profit before tax from continuing operations and other income of the Group. These amounts have were calculated using the Group's accounting policies.

The Group made the following business combinations during the prior year:

Acquisition of 360 Capital Equities Management Pty Limited

The Group established 360 Capital Equities Management Pty Limited in 2019 as a joint venture. On 27 February 2020 the Group acquired the other 50% of held by its joint venture partner for \$1.0 million, taking its ownership to 100%. At the acquisition date, the net assets of 360 Capital Equities Management Pty Limited were nil and goodwill was recognised upon acquisition.



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**Note 24: Business combinations and acquisitions of non-controlling interests (continued)**

Acquisition of Ralton platform

In January 2020, the Group set up Ralton AM Pty Limited and acquired the business assets from Ralton Asset Management Pty Limited at nominal value. An amount of \$88,000 was recognised as goodwill as part of this acquisition, primarily representing the value of business assets acquired including to agreements investment and wealth management platforms.

**Note 25: Business divestment**

Business divestment transactions during the year ended 30 June 2021 are detailed below. There were no divestment transactions in the prior period.

360 Capital Active Value Equity Fund (CAVEF)

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

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

	<b>30 June 2020 \$'000</b>
<b>Consideration received on redemption of CAVEF units</b>	
Cash receipt – redemption on 31 July 2020	1,626
Cash receipt – redemption on 24 September 2020	1,982
<b>Total consideration received</b>	<b>3,608</b>

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

	<b>\$'000</b>
<b>Assets</b>	
Cash and cash equivalents	40
Financial assets at fair value through profit or loss	2,226
<b>Liabilities</b>	
Trade and other payables	(16)
Carrying value of assets divested	2,250
Less: Non-controlling interests	(206)
Carrying value of assets divested excluding non-controlling interest	<b>2,044</b>
Consideration received	1,982
Net loss on disposal	<b>(62)</b>
Net gain on disposal recognised on 31 July 2020	2
<b>Net loss on disposal recognised during the half year</b>	<b>(60)</b>

**360 Capital Group**  
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**Note 26: Subsidiaries and controlled entities**

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

**a) Interest in subsidiaries of 360 Capital Group Limited**

Name of entity	Country of domicile	Equity Class	Equity Holding	
			30 June 2021	30 June 2020
			%	%
Trafalgar Corporate Pty Limited (TCL)	Australia	Ordinary	100	100
TC Group Developments Pty Limited	Australia	Ordinary	100	100
TC Rhodes Pty Limited <sup>1</sup>	Australia	Ordinary	-	100
TCG Frances Park Pty Limited	Australia	Ordinary	100	100
360 Capital FM Limited	Australia	Ordinary	100	100
Trafalgar Twelve Four Finance Pty Limited	Australia	Ordinary	100	100
Trafalgar Twelve Four Note Issuer Pty Limited	Australia	Ordinary	100	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	Australia	Ordinary	100	100
360 Capital PS Management Pty Limited	Australia	Ordinary	100	100
360 Capital Properties No.2 Pty Limited	Australia	Ordinary	100	100
360 Capital CMBS Pty Limited	Australia	Ordinary	100	100
BRPTS Portfolio No.1 Pty Limited	Australia	Ordinary	100	100
360 Capital Finance Management Pty Limited <sup>2</sup>	Australia	Ordinary	100	100
CDIP No.1 Pty Limited	Australia	Ordinary	100	100
CDIP No.2 Pty Limited	Australia	Ordinary	100	100
360 Capital Credit Management Pty Limited	Australia	Ordinary	100	100
360 Capital Equities Management Pty Limited	Australia	Ordinary	100	100
Cambridge Investment Partners Pty Limited	Australia	Ordinary	100	100
Ralton AM Pty Limited	Australia	Ordinary	100	100
360 Capital Whiskey Pty Limited	Australia	Ordinary	100	-
360 Capital IG Pty Limited	Australia	Ordinary	100	-
360 Capital ED1 Pty Limited	Australia	Ordinary	100	-
360 Capital Holdings Pty Limited	Australia	Ordinary	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
360 Capital Active Value Equity Fund <sup>3</sup>	Australia	Ordinary	-	94.8

<sup>1</sup> Deregistered during the year.

<sup>2</sup> Formerly known as BRPT Finance Pty Limited.

<sup>3</sup> During the prior year the Trust redeemed its investment in 360 Capital Active Value Equity Fund and the results have been deconsolidated from the results of the Group. Refer to Note 25 for more information.

**360 Capital Group**  
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**Note 26: Subsidiaries and controlled entities (continued)**

**b) Interest in controlled entities with material non-controlling interest**

Name of entity	Country of domicile	Equity Class	Equity Holding	
			30 June 2021	30 June 2020
			%	%
Global Data Centre Group <sup>1</sup>	Australia	Ordinary	33.2	37.9
360 Capital Cardioscan Trust	Australia	Ordinary	53.6	100
360 Capital Fibreconx Trust <sup>2</sup>	Australia	Ordinary	39.1	-

<sup>1</sup> Formerly known as 360 Capital Digital Infrastructure Fund. As the responsible entity is 360 Capital FM Limited, the Group is deemed to control this entity.

<sup>2</sup> During the year the Group acquired an interest in 360 Capital Fibreconx Trust and as the responsible entity is 360 Capital FM Limited, the Group is deemed to control this entity and the results have been consolidated into the results of the Group. Refer to Note 31 for more information. During the year 360 Capital Fibreconx Trust acquired a stake in Fibreconx Pty Limited previously held by GDC and the results of the company are consolidated into the results of the Group for the whole year. Refer to Note 31 for more information.

**c) Subsidiaries controlled with material non-controlling interest**

Name of entity	Country of domicile	% held by NCI	(Profit)/loss allocated to NCI	Accumulated NCI
			\$'000	\$'000
Global Data Centre Group <sup>1</sup>	Australia	66.8	4,430	94,996
360 Capital Fibreconx Trust <sup>2</sup>	Australia	60.9	(2,137)	19,290

**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 27: Commitments and contingencies**

Capital commitments

The Group had contractual commitments in place for the construction of FibreconX's dark fibre network amounting to \$9.4 million as at 30 June 2021 (2020: Nil).

Contingencies

There are no contingent liabilities as at 30 June 2021 (2020: Nil).

**Note 28: Events subsequent to balance date**

Post balance date, the Group announced that as part of its rationalisation of investment strategies, it has wound up 360 Capital Active Value Equity Fund, sold Ralton Asset Management and has commenced a formal sale process on its co-investment and management rights to its Digital Infrastructure interests, including Global Data Centre Group (ASX:GDC) after receiving numerous approaches to acquire various interests in the Group's Digital Infrastructure interests. This process may take some time and there is no certainty that a transaction will occur.

In August 2021, a new contract was executed for the sale of Digital Software Solutions Pty Limited by 360 Capital Property Limited and other shareholders for the equivalent of \$4.0 million to Dealt Limited. The contract is conditional on Dealt Limited shareholder's approval.

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.

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**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 29: Auditors' remuneration**

	30 June 2021 \$	30 June 2020 \$
<u>Audit services</u>		
Fees for auditing the statutory financial reports of the parent and its controlled entities	108,000	107,000
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	8,000	8,500
<u>Non-audit services</u>		
Taxation compliance services	45,150	44,800
<b>Total Fees to Ernst &amp; Young Australia</b>	<b>161,150</b>	<b>160,300</b>

**Note 30: Earnings per stapled security**

	30 June 2021 ¢	30 June 2020 ¢
Basic earnings per stapled security	2.4	0.6
Diluted earnings per stapled security	2.3	0.6
	<b>\$'000</b>	<b>\$'000</b>
<b>Basic and diluted earnings</b>		
Profit attributable to stapled securityholders of 360 Capital Group used in calculating earnings per stapled security	5,290	1,345
	<b>000's</b>	<b>000's</b>
<b>Weighted average number of stapled securities used as a denominator</b>		
Weighted average number of stapled securities - basic	218,543	218,971
Weighted average number of stapled securities - diluted	230,005	231,505

Dilution

As at 30 June 2021, there is a total of 11,050,000 stapled securities outstanding that have been granted to employees of the Stapled Group under the 360 Capital Group Employee Security Plans (ESP). These ESP 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 ESP loans.

Further information on the ESP is provided in Note 19.

**360 Capital Group**  
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**Note 31: 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 26.

Key management personnel and non-executive directors

Key management personnel (KMP) of the Group include:

**Executive director**

Tony Robert Pitt, Managing Director

**Other KMP**

Glenn Butterworth, Chief Financial Officer and Joint Company Secretary

James Storey, Head of Real Assets

Christopher Chase, Head of Private Credit

Dennison Hambling, Head of Public & Private Equity – role made redundant on 1 July 2021

Non-executive directors (NEDs) of the Group include:

David van Aanholt, Chairman

William Ballhausen

Graham Lenzner – retired 31 March 2021

Andrew Moffat

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

	<b>30 June 2021</b>	<b>30 June 2020</b>
	<b>\$</b>	<b>\$</b>
Short-term benefits	3,062,092	1,798,659
Post-employment benefits	108,471	87,854
Termination benefits	24,439	25,104
Security based payments	803,951	545,653
<b>Total compensation</b>	<b>3,998,953</b>	<b>2,457,270</b>

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

As part of the directorship of associated company Dealt Limited (ASX:DET), Tony Pitt and James Storey also received director fees of \$43,462 and \$40,000 respectively for the year ended 30 June 2021, of which an ownership interest is held through joint venture TGP TOT JV Pty Limited.

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

<b>KMP</b>	<b>Balance at 1 July 2020</b>	<b>ESP loans issued during the year</b>	<b>Interest charged in the year</b>	<b>Payments made during the year</b>	<b>Balance at 30 June 2021</b>	<b>Highest indebtedness during the year</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Tony Pitt	2,940,000	-	120,000	(120,000)	2,940,000	2,940,000
Glenn Butterworth	2,940,000	-	120,000	(120,000)	2,940,000	2,940,000
James Storey	2,940,000	-	120,000	(120,000)	2,940,000	2,940,000
Christopher Chase	1,030,000	-	40,000	(40,000)	1,030,000	1,030,000
	<b>9,850,000</b>	<b>-</b>	<b>400,000</b>	<b>(400,000)</b>	<b>9,850,000</b>	<b>9,850,000</b>

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**Note 31: Related party transactions (continued)**

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

	Balance at 1 July 2020	ESP loans cancelled during the year	Interest charged in the year	Payments made during the year	Balance at 30 June 2021	Highest indebtedness during the year
NEDS	\$	\$	\$	\$	\$	\$
David van Aanholt	98,000	-	4,000	(4,000)	98,000	98,000
William Ballhausen	98,000	-	4,000	(4,000)	98,000	98,000
Graham Lenzner	98,000	(98,000)	3,000	(3,000)	-	98,000
Andrew Moffat	98,000	-	4,000	(4,000)	98,000	98,000
	392,000	(98,000)	15,000	(15,000)	294,000	392,000

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. Subsequent to year end, the ESP hurdles were not met by the extended vesting date of 1 August 2021 and therefore the securities did not vest, the securities will subsequently be bought back and cancelled, and corresponding loans repaid. For further information on these loans refer to Note 19.

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

**360 Capital FibreconX Trust**

On 28 August 2020, 360 Capital Property Limited, a wholly owned subsidiary of the Group, acquired 100% of 360 Capital FibreconX Trust (FibreconX Trust) for consideration of \$5.0 million. On this date, FibreconX Trust acquired 94.2% of FibreconX Pty Limited through purchase of GDC's holding at market value for \$2.0 million plus the issue of \$3.0 million additional shares in FibreconX Pty Limited, for total purchase consideration of \$5.0 million.

During the year, FibreconX Trust completed two rounds of capital raising totalling \$35.6 million. The Group participated in the first raise and invested an additional \$5.0 million, after which its holding was diluted to 63.9%. After the second raise the Group's holding was further diluted to 42.6% at 28 February 2021. In April 2021 the Group disposed of 803,903 units to an unrelated party and at 30 June 2021 it's holding in FibreconX Trust is 39.1%. Of the equity raised in FibreconX Trust, \$35.0 million equity was issued in FibreconX to FibreconX Trust, diluting the trust's ownership to 98.6% of FibreconX.

The results of FibreconX Trust are consolidated into the results of the Group from 28 August 2020, including amounts attributable to non-controlling interests. The results of FibreconX Pty Limited are consolidated into the results of the Group for the whole year, as it was held by GDC up to the point of sale of FibreconX Trust on 28 August 2020.

**Investment in 360 Capital Enhanced Income Fund (ASX: TCF)**

In July and August 2020, 360 Capital Diversified Property Fund, a subsidiary of the Trust, acquired 639,958 securities in 360 Capital Enhanced Income Fund (ASX:TCF) (formerly known as Australian Enhanced Income Fund (ASX:AYF)) on market, representing a 19.9% holding on 13 August 2020. Total consideration paid was \$3.6 million.

On 9 September 2020, unitholders of AYF passed a resolution to change the Responsible Entity from Elstree Investment Management Limited (EIML) to 360 Capital FM Limited (CFML). The fund processed redemptions on this date which increased the Group's holding to 37.7%. TCF processed additional redemptions throughout October and November and subsequently completed a \$12.1 million capital raise on 17 December 2020, issuing 2,042,663 units to other unitholders. As a result, the Trust's ownership percentage of TCF fluctuated throughout the half year to 37.1% following the redemptions on 9 September 2020 and up to 45.3% prior to the capital raise in December, before being diluted down to 18.5% as a result of the capital raise. Accordingly, TCF is consolidated into the results of the Group for the period from 9 September 2020 to 17 December 2020.

As part of the change in responsible entity, 360 Capital Group made a cash payment to those investors in CTF that did not redeem their units prior to the change of responsible entity. In September 2020 360 Capital Group made payments of \$210,019 to existing TCF unitholders. 360 Capital Diversified Property Fund received a payment \$95,994 in relation to this as a unitholder in TCF.

**Redemption from 360 Capital Active Value Equity Trust (CAVEF)**

During the year, 360 Capital Active Value Equity Fund (CAVEF) redeemed all of the units held by the Trust for consideration totalling \$3.6 million. CAVEF is consolidated into the financial statements as a subsidiary from 1 July 2020 up until the final redemption of units on the 24 September. The details of the deconsolidation can be found in Note 25.

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**Note 31: Related party transactions (continued)**

360 Capital Cardioscan Trust

During the period, 360 Capital Cardioscan Trust acquired 8,495,063 shares in CardioScan Pty Limited from the Group for consideration of \$2.2 million representing market value.

At 30 June 2020, the Group held 100% of units in 360 Capital Cardioscan Trust (Cardioscan Trust). During the year, the Group redeemed 5.5 million units held in Cardioscan Trust which were re-issued to new investors. At 30 June, the Group's holding was 53.6% and as a result the results of Cardioscan Trust continue to be consolidated into the results of the Group.

AMF Finance & Digital Software Solutions

In December 2020, contracts were executed for the sale of AMF Finance Pty Limited, a joint venture vehicle owned by TGP and TOT for the equivalent of \$3.0 million to Dealt Limited (ASX:DET) (formerly Velocity Property Group(ASX:VP7) (paid in scrip). Due to investor demand, DET's minimum capital raising amount was not met, as such the sale of AMF Finance did not proceed. A contract was also executed for the sale of Digital Software Solutions Pty Limited by 360 Capital Property Limited and other shareholders including Director Tony Pitt and KMP's James Storey and Glenn Butterworth who were founding shareholders, for the equivalent of \$4.0 million to Dealt Limited, the sale of Digital Software Solutions Pty Limited also did not proceed.

In August 2021, a new contract was executed for the sale of Digital Software Solutions Pty Limited by 360 Capital Property Limited and other shareholders for the equivalent of \$4.0 million to Dealt Limited. The contract is conditional on Dealt Limited shareholder's approval.

Asia Connectivity Elements (ACE)

In December 2020, GDC acquired shares in ACE from Mr David Yuile for \$614,101 at the same price per share as other shares acquired from external parties in December 2020. David Yuile is the Managing Director and JV partner of 360 Capital Digital Management Pty Limited, the investment manager for GDC.

Other than noted above, there have been no significant changes to the type or nature of related party transactions compared to those disclosed in the last Annual report at 30 June 2020.

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:

	<b>30 June 2021 \$</b>	<b>30 June 2020 \$</b>
360 Capital REIT	3,521,400	1,131,283
Global Data Centre Group	67,574	38,118
360 Capital Enhanced Income Fund	54,070	-
360 Capital Cardioscan Trust	14,430	-
360 Capital Data Centre Securities Fund	422	-
360 Capital Active Value Equity Fund	40	-
	<b>3,657,936</b>	<b>1,169,401</b>

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.

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**Note 31: Related party transactions (continued)**

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

	<b>30 June 2021</b>	<b>30 June 2020</b>
	<b>\$</b>	<b>\$</b>
360 Capital REIT	1,667,129	2,290,987
Global Data Centre Group	261,142	2,176,181
360 Capital Enhanced Income Fund	57,596	-
	<b>1,985,867</b>	<b>4,467,168</b>

For details of the Group's investment in the management investment schemes refer to Note 9 and Note 11.

**Note 32: 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 deed 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:	<b>30 June 2021</b>	<b>30 June 2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Current assets	3,978	1,111
Non-current assets	114,211	58,569
<b>Total assets</b>	<b>118,189</b>	<b>59,680</b>
Current liabilities	863	77
Non-current liabilities	91,009	37,162
<b>Total liabilities</b>	<b>91,872</b>	<b>37,239</b>
<b>Net Assets</b>	<b>26,317</b>	<b>22,441</b>
Issued capital	6,484	14,285
Security based payments reserve	4,251	3,283
Retained earnings	15,581	4,873
<b>Total equity</b>	<b>26,316</b>	<b>22,441</b>

Consolidated income statement for the closed group:	<b>30 June 2021</b>	<b>30 June 2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit from Continuing operations before income tax	4,022	381
Income tax	(1,039)	(979)
<b>(Loss)/profit after tax from continuing operations</b>	<b>2,983</b>	<b>(598)</b>
<b>Net profit/(loss) for the year</b>	<b>2,983</b>	<b>(598)</b>
Retained earnings at the beginning of the year	9,862	10,460
Dividends provided for or paid	-	-
<b>Retained earnings at the end of the year</b>	<b>12,845</b>	<b>9,862</b>



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**Note 33: Parent entity disclosures**

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

	<b>30 June 2021 \$'000</b>	<b>30 June 2020 \$'000</b>
Current assets	3,915	1,111
Non-current assets	21,305	24,337
<b>Total assets</b>	<b>25,220</b>	<b>25,448</b>
Current liabilities	612	77
Non-current liabilities	3,432	3,487
<b>Total liabilities</b>	<b>4,044</b>	<b>3,564</b>
Issued capital	4,724	5,242
Security based payments reserve	4,251	3,283
Retained earnings	12,199	13,359
<b>Total equity</b>	<b>21,174</b>	<b>21,884</b>
Net loss for the year	(1,159)	(1,358)
<b>Total comprehensive loss for the year</b>	<b>(1,159)</b>	<b>(1,358)</b>

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 32 for further information. There are no other contingencies at 30 June 2021 (2020: Nil).

**Note 34: 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:

**i) Foreign currency**

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.

**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 mandatory for the current reporting period. The following amendments to the Australian Accounting Standards (AAS) are applicable to this Financial Report.

- AASB 2018-6 *Amendments to AASs - Definition of a Business*
- AASB 2018-7 *Amendments to AASs - Definition of Material*
- AASB 2019-3 *Amendments to AASs - Interest Rate Benchmark Reform*

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**Note 34: Statement of significant accounting policies (continued)**

The amendment to Definition of a Business has been applied to the acquisition of controlling interest in Asia Connectivity Elements, Inc. given the joint venture interest in Gateway Network Connections LLC meets the asset concentration test and has been accounted for as an asset acquisition. Refer to Note 24(b) for further details.

The other amendments have been deemed not to have a material impact to the Group.

There were no other changes to the Group's accounting policies for the financial reporting year commencing 1 July 2020. The remaining policies of the Group are consistent with the prior year.

**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.

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company and Trust as at 30 June 2021 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.

**Note 34: Statement of significant accounting policies (continued)**

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

Intercompany transactions, balances and unrealised gains on transactions between 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

**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.

**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 Managing Director, 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**

Management, custodian and deferred exit fee revenue is recognised in accordance with AASB 15, being the entitlement to fees for the management service provided.

**Distributions from property funds**

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

**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.

**Note 34: Statement of significant accounting policies (continued)**

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.

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 expected to be settled within 12 months of the reporting date 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. Liabilities expected to be settled beyond 12 months are discounted back to their net present value.

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 19(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.

**Note 34: Statement of significant accounting policies (continued)**

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.

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) Receivables**

Receivables are classified and measured as *Financial assets at amortised cost* under AASB 9 *Financial Instruments*. 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 receivables, the Group applies the simplified approach permitted by the standard, which requires expected lifetime losses to be recognized 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.

**Note 34: Statement of significant accounting policies (continued)**

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

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

Financial assets at 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 34(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 34(r) and Note 34(t) 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.

**Note 34: Statement of significant accounting policies (continued)**

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.

**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:

<u>Class of Fixed Asset</u>	<u>Depreciation Rate</u>
Computer, office equipment, fixtures	2.5% - 33.3%
Right of use asset	6.7%
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 carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated 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.

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. 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.

**Note 34: Statement of significant accounting policies (continued)**

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.

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) Borrowings**

Interest bearing loans and overdrafts are initially measured at fair value, net of transaction costs incurred, and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit or loss over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Transaction costs are amortised over the term of the borrowing and the balance of transaction costs is amortised immediately upon a borrowing being substantially renegotiated, refinanced or repaid in full.

**r) 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 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 Stockland exercising that option; and
- lease payments to be made under options for extension which are reasonably certain to be exercised.

**s) 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.

**t) 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 34: Statement of significant accounting policies (continued)**

**u) 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.

**v) 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.

**w) Accounting standards issued but not yet effective**

The following new accounting standards and amendments to standards have been issued, but are not mandatory as at 30 June 2021. They are available for early adoption but have not been applied in preparing these financial statements. The Group plans to adopt these standards on the effective date. The impact of these new standards and interpretations are as follows:

- AASB 2020-8 Amendments to AASs – Interest Rate Benchmark Reform – Phase 2 (application date 1 January 2021)

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

**360 Capital Group**  
**Directors' declaration**  
**For the year ended 30 June 2021**

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In the opinion of the Directors of 360 Capital Group:

- 1) The consolidated financial statements and notes that are set out on pages 29 to 90, and the Remuneration report contained in the Directors' report on pages 2 to 26, 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 2021 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 32 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 32.
- 4) The Directors have given the declarations required by Section 295A of the *Corporations Act 2001* from the Managing Director and Chief Financial Officer for the financial year ended 30 June 2021.
- 5) The Directors draw attention to Note 21(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.



**David van Aanholt**  
Chairman

Sydney  
26 August 2021



**Tony Robert Pitt**  
Managing Director

## Independent auditor's report to the securityholders 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 2021, 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 2021 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.

## Valuation of unlisted investments

Why significant	How our audit addressed the key audit matter
<p>The Group has unlisted investments valued at \$42.4m at 30 June 2021. The Group has subscribed for units in the investments throughout the year to 30 June 2021.</p> <p>The investments are carried at fair value, which has been assessed by the directors either with reference to internal valuations prepared by management that are based on market conditions that existed at the reporting date, or the most recent arms' length acquisition cost.</p> <p>The valuations of the unlisted investments, as disclosed in note 9 of the financial report, are inherently subjective. A small difference in any one of the key market assumptions, could result in a significant change to the valuation of the investments.</p> <p>We have, therefore, considered this a key audit matter due to the number of judgments required in determining fair value.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>▶ Obtained an understanding of the key processes adopted by management to determine the fair value of the investments at balance date;</li> <li>▶ Evaluated the suitability of the management's valuation methodologies;</li> <li>▶ Compared relevant key market assumptions in management's valuation models to available independently verifiable sources. These include the earnings multiples and growth rates;</li> <li>▶ Tested the mathematical accuracy of management's internal valuations;</li> <li>▶ Considered whether COVID-19 has had an impact on the investments.</li> <li>▶ Considered whether the financial report disclosures are appropriate.</li> </ul>

## Investment property valuation

Why significant	How our audit addressed the key audit matter
<p>The Group has a single investment property valued at \$45m at 30 June 2021. The property is carried at fair value, which is assessed by the directors with reference to an external independent property valuation conducted at 30 June 2021.</p> <p>As disclosed in note 10 of the financial report, the valuation of investment properties is inherently subjective. A small difference in any one of the key market input assumptions, could result in a significant change to the valuation of the investment property.</p> <p>We have, therefore, considered this a key audit matter due to the number of judgments required in determining fair value.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>▶ Discussed with management whether there have been any changes in the condition of the property during the year.</li> <li>▶ Evaluated the key assumptions and agreed key inputs to the tenancy schedule. These assumptions and inputs included market and contractual rent, occupancy rate including forecast occupancy levels, forecast rent, lease terms, re-leasing costs, operating expenditure, and future capital expenditure.</li> <li>▶ Tested the mathematical accuracy of the valuation.</li> <li>▶ We considered the report of the independent valuer to gain an understanding of the assumptions and estimates used and the valuation methodology applied. This included the impact that COVID-19 has had on key assumptions such as the capitalisation rate and future rent forecast.</li> <li>▶ Assessed the qualifications, competence, and objectivity of the valuer.</li> <li>▶ Considered whether the financial report disclosures are appropriate.</li> </ul>

## Acquisition of ETIX Everywhere

Why significant	How our audit addressed the key audit matter
<p>On 11 December 2020, the Group completed the acquisition of the entire issued and paid-up share capital of ETIX Everywhere ("ETIX") for consideration of \$38.4m.</p> <p>ETIX Everywhere specialises in the construction and operation of edge data centres through wholly owned assets and joint ventures located in France, Belgium, and Colombia.</p> <p>The acquisition was implemented through a share purchase agreement under which the Group acquired shares of relevant target entities.</p> <p>During the financial year, the Group completed the acquisition accounting arising from the acquisition of ETIX and recognised final goodwill of \$17.6m and intangibles relating to customer contracts of \$6.5m.</p> <p>The Group's disclosure of the business combination accounting applied to the acquisition of ETIX is set out in Note 24(a) of the financial report. We considered this a key audit matter because of the quantitative impact of the acquisition on the consolidated financial statements and the significant judgment and estimates involved in the acquisition accounting.</p> <p>Management engaged an external valuation expert to assist them with the acquisition accounting for ETIX.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>▶ Obtained an understanding of management's process related to the acquisition accounting. We considered the sales and purchase agreement and assessed the accounting treatment in accordance with AASB 3 <i>Business Combinations</i>.</li> <li>▶ Assessed the competence, objectivity and capabilities of the external valuation expert engaged by the Group and evaluated the reasonableness of their conclusions in relation to the key assumptions used such as growth rates, discount rates, and estimates of economic lives. This included assessing the completeness of assets and liabilities identified, and the appropriateness of their allocated fair values.</li> <li>▶ Considered whether the financial report disclosures are appropriate.</li> </ul>

## Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's 2021 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 10 to 24 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of 360 Capital Group Limited for the year ended 30 June 2021, 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  
26 August 2021

**360 Capital Group**  
**Securityholder information**  
**For the year ended 30 June 2021**

Information below was prepared as at 19 August 2021.

**a) Top 20 registered securityholders:**

<b>Holder Name</b>	<b>Securities held</b>	<b>% of issued securities</b>
TT INVESTMENTS PTY LTD <TT INVESTMENT A/C>	29,006,159	12.61
PRUDENTIAL NOMINEES PTY LTD	14,000,000	6.09
CITICORP NOMINEES PTY LIMITED	13,643,120	5.93
PENTAGON FINANCIAL SERVICES PTY LIMITED <PENTAGON INVESTMENT A/C>	13,579,009	5.90
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	13,015,011	5.66
PENTAGON CAPITAL PTY LIMITED	9,456,279	4.11
NATIONAL NOMINEES LIMITED	9,389,411	4.08
NATIONAL EXCHANGE PTY LTD	8,000,000	3.48
TT INVESTMENTS PTY LIMITED <TT SUPER FUND A/C>	7,236,994	3.15
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,658,927	2.89
PENTAGON CAPITAL PTY LIMITED	4,500,000	1.96
FIRST SAMUEL LTD ACN 086243567 <ANF ITS MDA CLIENTS A/C>	3,702,836	1.61
MR JAMES STOREY	3,000,000	1.30
MR GLENN BUTTERWORTH	3,000,000	1.30
MR TONY PITT	3,000,000	1.30
BNP PARIBAS NOMS (NZ) LTD <DRP>	2,035,684	0.88
GEMTRICK PTY LTD <JOHN HARRIS SUPER FUND A/C>	1,250,000	0.54
MR RICHARD JAMES GORS	1,200,000	0.52
COWOSO CAPITAL PTY LTD <COWOSO SUPER FUND A/C>	1,000,000	0.43
MR CHRISTOPHER CHASE	1,000,000	0.43
<b>Total Securities held by Top 20 security holders</b>	<b>147,673,430</b>	<b>64.19</b>
<b>Total Securities on issue</b>	<b>230,047,551</b>	<b>100.00</b>

**b) Distribution of securityholders:**

<b>Number of securities held by securityholders</b>	<b>Number of holders</b>	<b>Securities held</b>	<b>% of issued securities</b>
1 to 1,000	356	146,282	0.06
1,001 to 5,000	869	2,632,880	1.14
5,001 to 10,000	706	5,554,020	2.41
10,001 to 100,000	1,622	47,596,293	20.69
100,001 and over	134	174,118,076	75.69
<b>Totals</b>	<b>3,687</b>	<b>230,047,551</b>	<b>100.00</b>

The total number of securityholders with less than a marketable parcel was 220 and they hold 30,957 securities.

**c) Substantial securityholder notices:**

<b>Name of securityholder</b>	<b>Date of notice</b>	<b>Securities held</b>	<b>% of issued securities</b>
Mr Tony Pitt	30/04/21	67,700,000	29.43
National Exchange Pty Ltd & Prudential Nominees	4/12/2019	20,000,000	8.66
Wylie Group Pty Ltd	02/10/13	12,474,576	5.52



**360 Capital Group**  
**Glossary**  
**For the year ended 30 June 2021**

<b>Term</b>	<b>Definition</b>
\$ 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

**360 Capital Group**  
**Corporate directory**  
**For the year ended 30 June 2021**

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**Parent Entity**

360 Capital Group Limited  
ACN 113 569 136  
Level 8, 56 Pitt Street Sydney NSW 2000  
Telephone (02) 8405 8860  
Email: [investor.relations@360capital.com.au](mailto:investor.relations@360capital.com.au)

**Directors & Officers**

Non-Executive Directors

David van Aanholt (Chairman)  
William John Ballhausen  
Graham Ephraim Lenzner (retired 31 March 2021)  
Andrew Graeme Moffat

Executive Director

Tony Robert Pitt (Managing Director)

Officers

Glenn Butterworth – Chief Financial Officer and Joint Company Secretary  
Kimberley Child – General Counsel and Joint 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](mailto:enquiries@boardroomlimited.com.au)

**Auditor**

Ernst & Young  
200 George Street Sydney NSW 2000

**Website**

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

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Identifying  
strategic investment  
opportunities.

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