360 CAPITAL INVESTMENT TRUST

Interim Financial Report
For the half year ended 31 December 2017

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

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of 360 Capital Investment Trust for the year ended 30 June 2017 and any public announcements made by 360 Capital Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The Directors of 360 Capital FM Limited (CFML) (ABN 15 090 664 396) (AFSL No 221474), the Responsible Entity of 360 Capital Investment Trust (Trust) present their report, together with the interim financial report of 360 Capital Investment Trust and its controlled entities (consolidated entity) for the half year ended 31 December 2017.

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

Directors

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

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

Principal activities

The principal activities of the consolidated entity during the course of the half year were investments in property funds.

There were no other significant changes in the nature of activities of the consolidated entity during the period.

Operating and financial review

The statutory profit attributable to the unitholders of the consolidated entity for the half year ended 31 December 2017 was $28.3 million (December 2016: loss $3.8 million). The operating profit (profit before specific non-cash and significant items) was $6.4 million (December 2016: $5.2 million).

Operating profit is a financial measure which is not prescribed by Australian Accounting Standards (AAS) and represents the profit under AAS adjusted for specific non-cash items and significant items. The Directors consider operating profit to reflect the core earnings of the consolidated entity.

The following table summarises key reconciling items between statutory profit attributable to the unitholders of the consolidated entity and operating profit. The operating profit information in the table has not been subject to any specific review procedures by the consolidated entity's auditor but has been extracted from Note 2 of the accompanying financial statements for the half year ended 31 December 2017, which have been subject to review; refer to page 28 for the auditor's review report on the financial statements.

Operating and financial review (continued)

	Total core 31 December 2017 $'000	Total core 31 December 2016 $'000
Profit/(loss) attributable to the unitholders of the consolidated entity	**28,338**	**(3,785)**
Specific non-cash items		
Net (gain)/loss on fair value of financial assets	(23,545)	7,543
Net gain on fair value of derivative financial instruments	-	(229)
Net gain on disposal of financial assets	(21)	-
Share of equity accounted profits, net of distribution received	550	-
Significant items		
Transaction costs	1,095	488
Write-off deferred borrowing costs	-	1,195
Operating profit (profit before specific non-cash and significant items)	**6,417**	5,212

The key financial highlights for the half year ended 31 December 2017 include:

- Statutory net profit attributable to unitholders of the consolidated entity of $28.3 million (December 2016: loss of $3.8 million)
- Operating profit of $6.4 million (December 2016: $5.2 million)
- Statutory Basic earnings per unit (EPU) of 13.7 cpu (December 2016: earnings of (1.7) cpu (loss))
- Operating Basic EPU of 3.1 cpu (December 2016: 2.4 cpu)
- Distributions of 1.50 cpu (December 2016: 3.25 cpu)
- Net assets attributable to unitholders of $228.8 million (June 2017: $121.7 million)

Financial results

Statutory results

The consolidated entity's statutory net profit attributable to unitholders for the half year ended 31 December 2017 was $28.3 million compared to a $3.8 million loss for the prior period. The statutory net profit included the gain on bargain purchase of $2.9 million on consolidation of Asia Pacific Data Centre Trust (APDC Trust) resulting from the Group's acquisition of a 67.3% stake in the listed property fund Asia Pacific Data Centre Group (ASX: AJD) together with the fair value gain on APDC Trust's investment properties of $30 million during the period.

The consolidated entity's statutory balance sheet as at 31 December 2017 was impacted by the consolidation of APDC Trust. The investment properties held for sale by the APDC Trust of $280.0 million and secured borrowings $29.0 million were recognised as a result of the consolidation.

Operating results

The operating profit for the half year ended 31 December 2017 was $6.4 million compared to $5.2 million for the prior period.

Operating and financial review (continued)

Investment in Asia Pacific Data Centre Group

Acquisition of controlling interest

AJD is a ASX listed stapled security comprising Asia Pacific Data Centre Holdings Limited (APDC Holdings) stapled to Asia Pacific Data Centre Trust (APDC Trust). AJD is a real estate investment trust owning 3 data centre investment properties located in Sydney, Melbourne, Perth all leased to NEXTDC Limited (ASX: NXT) an ASX listed data centre operator.

On 13 September 2017, 360 Capital Group made an unconditional, all-cash off-market takeover offer (Offer) for AJD for $1.95 per AJD security. A Bidder's Statement was lodged with the ASX on 26 September 2017. Prior to the Offer, the Group held 19.9% of the total securities of AJD. By the end of the Offer, the Group had an interest in AJD of 67.3% thus establishing effective control of the entity.

In November 2017, the Trust transferred at market value its beneficial interest in APDC Holdings to 360 Capital Property Limited, a wholly owned subsidiary of 360 Capital Group Limited. As a result, only the results of the APDC Trust are consolidated into the consolidated entity's financial results from 6 November 2017.

Portfolio expression of interest campaign

On 19 December 2017, AJD announced that it had resolved to seek expressions of interest in respect of the sale of APDC's assets. Following the announcement, on 21 December 2017, AJD appointed Savills and Cushman Wakefield to undertake a sales campaign for the sale of assets. On 14 February 2018 AJD announced that it had agreed terms and exchanged non-binding letters with the preferred purchaser for the sale of the portfolio at an agreed price of $280.0 million. At the date of this report the agreement for the sale of the portfolio is non-binding and subject to securityholder approval, FIRB and other approvals and as such there is no guarantee that the sale will proceed.

Meeting on wind up APDC Trust

On 14 December 2017, NXT advised to the securityholders of APDC Trust that it intended to convene a meeting to wind up APDC Trust. The meeting was scheduled on 31 January 2018. On 29 January 2018, 360 Capital Group initiated proceedings in the supreme court of NSW seeking declaratory relief that it is entitled to vote at the meeting. The parties have provided withdrawals to the court to cause the adjournment of the meeting until 5 business days after the proceedings have been determined.

Summary and Outlook

The 360 Capital Group will continue its strategy of being a fund manager and investor and the Group will also look to sponsor transactions with 360 Capital Total Return Fund (ASX code: TOT) and institutional partners as opportunities arise.

Distributions

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

	31 December 2017 $'000	**31 December 2016 $'000**
1.625 cents per unit paid on 28 October 2016	-	3,893
1.625 cents per unit paid on 25 January 2017	-	3,894
0.750 cents per unit paid on 26 October 2017	1,695	-
0.750 cents per unit paid on 30 January 2018	1,703	-
	3,398	7,787

Significant changes in state of affairs

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

Likely developments and expected results of operations

The consolidated entity continues to focus on its investments in property funds to generate capital and income returns for its investors.

Events subsequent to balance date

Other than as disclosed above in relation to the AJD expression of interest campaign and the APDC Trust wind up proposal, no other circumstances have arisen since the end of the half year which have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Auditor's independence declaration

The auditor's independence declaration required under Section 307C of the Corporations Act 2001 is set out on page 6 and forms part of the Directors' report for the half year ended 31 December 2017.

Rounding of amounts

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

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

David van Aanholt	**Tony Robert Pitt**
Chairman	Managing Director

Sydney
28 February 2018

Building a better
working world

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

As lead auditor for the review of 360 Capital Investment Trust for the half-year ended 31 December 2017, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Ernst & Young

Mark Conroy

Mark Conroy
Partner
28 February 2018

360 Capital Investment Trust

Consolidated interim statement of profit or loss and other comprehensive income

For the half year ended 31 December 2017

	Note	31 December 2017 $'000	31 December 2016 $'000
Revenue from continuing operations			
Rental from investment properties		2,263	3,940
Distributions from property funds		2,199	7,133
Finance revenue		187	11
Total revenue from continuing operations		**4,649**	11,084
Other income			
Gain on bargain purchase	12	2,866	-
Net gain on disposal of financial assets		3,601	-
Net gain on fair value of investment properties	6	30,000	-
Share of equity accounted profits	8	153	-
Net gain on fair value of derivative financial instruments		68	1,127
Total other income		**36,688**	1,127
Total revenue from continuing operations and other income		**41,337**	12,211
Investment property expenses		-	1,558
Administration expenses		1,316	849
Finance expenses		328	4,900
Transaction costs		1,171	-
Net loss on fair value of financial assets		-	7,884
Net loss on fair value of investment properties		-	50
Profit/(Loss) for the half year		**38,522**	(3,030)
Other comprehensive income for the half year		**-**	-
Total comprehensive income/(loss) for the half year		**38,522**	(3,030)
Total comprehensive (loss)/income attributable to:			
Profit/(Loss) attributable to unitholders		28,338	(3,785)
Profit attributable to external non-controlling interests		10,184	755
Profit/(Loss) for the half year		**38,522**	(3,030)
Earnings per unit for profit attributable to unitholders of the consolidated entity		**Cents**	**Cents**
Basic earnings per unit	5	**13.7**	(1.7)
Diluted earnings per unit	5	**12.6**	(1.6)

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

360 Capital Investment Trust

Consolidated interim statement of financial position

As at 31 December 2017

	Note	31 December 2017 $'000	30 June 2017 $'000
Current assets			
Cash and cash equivalents		6,848	27,043
Receivables		756	1,939
Assets held for sale	6	280,000	-
Financial assets		-	4,743
Due from related entities		619	-
Other current assets		38	-
Total current assets		**288,261**	33,725
Non-current assets			
Financial assets at fair value through profit or loss	7	54,687	98,559
Investments equity accounted	8	15,710	16,259
Total non-current assets		**70,397**	114,818
Total assets		**358,658**	148,543
Current liabilities			
Trade and other payables		810	97
Borrowings	9	29,000	-
Derivative financial instruments		295	-
Due to related entities		96,163	23,251
Provisions		3,583	3,487
Total current liabilities		**129,851**	26,835
Total liabilities		**129,851**	26,835
Net assets		**228,807**	121,708
Equity			
Issued capital - trust units	10	140,423	140,392
Retained earnings		6,257	(18,684)
Total equity attributable to unitholders		**146,680**	121,708
External non-controlling interest		82,127	-
Total equity		**228,807**	121,708

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

360 Capital Investment Trust
Consolidated interim statement of changes in equity
For the half year ended 31 December 2017

	Note	Issued capital $'000	Retained earnings/ (Accumulated losses) $'000	Total equity attributable to unitholders $'000	External non-controlling interest $'000	Total equity $'000
Balance at 1 July 2017		140,392	(18,684)	121,708	-	121,708
Total comprehensive income for the year		-	28,338	28,338	10,184	38,522
Non controlling interest arising on business combination		-	-	-	73,823	73,823
Transactions with Unitholders in their capacity as Unitholders						
Issued units - ESP		70	-	70	-	70
Equity raising transaction costs		(39)	-	(39)	-	(39)
Distributions	3	-	(3,398)	(3,398)	(1,880)	(5,277)
		31	(3,398)	(3,366)	(1,880)	(5,246)
Balance at 31 December 2017		**140,423**	**6,257**	**146,680**	**82,127**	**228,807**
Balance at 1 July 2016		147,234	(18,586)	128,648	11,885	140,533
Total comprehensive (loss)/income for the year		-	(3,785)	(3,785)	755	(3,030)
Transactions with non-controlling interests		-	(88)	(88)	(12,062)	(12,150)
Transactions with Unitholders in their capacity as Unitholders						
Issued units - ESP		524	-	524	-	524
Distributions	3	-	(7,787)	(7,787)	(578)	(8,365)
		524	(7,787)	(7,263)	(578)	(7,841)
Balance at 31 December 2016		147,758	(30,246)	117,512	-	117,512

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

360 Capital Investment Trust

Consolidated interim statement of cash flows

For the half year ended 31 December 2017

	Note	31 December 2017 $'000	31 December 2016 $'000
Cash flows from operating activities			
Cash receipts from customers (inclusive of GST)		1,268	4,392
Cash payments to suppliers (inclusive of GST)		(3,356)	(2,560)
Dividends and distributions received		4,035	6,912
Finance revenue		187	11
Finance expenses		(142)	(3,297)
Net cash inflows from operating activities		**1,992**	5,458
Cash flows from investing activities			
Payments for controlled entities		(105,315)	-
Payment of transaction costs		(1,171)	-
Proceeds from disposal of financial assets		8,393	9,459
Payments for financial assets		-	(49)
Payments for investment properties		-	(98)
Net cash (outflows)/inflows from investing activities		**(98,093)**	9,312
Cash flows from financing activities			
Proceeds from borrowings		4,000	400
Amounts received from related parties		72,595	2,245
Payments for redemption of capital		(39)	-
Distributions paid to unitholders		(5,182)	(7,637)
Distributions paid to external non-controlling interests		-	(482)
Net cash inflows/(outflows) from financing activities		**71,374**	(5,474)
Net (decrease)/increase in cash and cash equivalents		(24,727)	9,296
Net increase in cash on consolidation of controlled entity		4,532	(593)
Cash and cash equivalents at the beginning of the half year		27,043	1,084
Cash and cash equivalents at the end of the half year		**6,848**	9,787

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

Note 1: Basis of preparation

a) Reporting entity

The interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*. The interim financial report of 360 Capital Investment Trust comprises the consolidated financial statements of 360 Capital Investment Trust and its controlled entities. The consolidated entity forms part of the stapled entity, 360 Capital Group (Stapled Group) (ASX code: TGP) comprising 360 Capital Group Limited and its controlled entities and 360 Capital Investment Trust and its controlled entities.

The interim financial report does not include all of the notes and information required for a full annual financial report and should be read in conjunction with the annual financial report for the year ended 30 June 2017 and any public announcements made by 360 Capital Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The annual financial report of the 360 Capital Investment Trust as at and for the year ended 30 June 2017 is available upon request from the registered office at Level 8, 56 Pitt Street, Sydney NSW 2000 Australia or at www.360capital.com.au.

Where accounting policies have changed, comparative financial information of the consolidated entity has been revised. The accounting policies adopted in this interim financial report are consistent with those of the previous financial year and corresponding interim reporting period.

For the period commencing 1 July 2017, the consolidated entity has not adopted any new accounting standards or amendments.

b) Basis of preparation

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

The financial report has been prepared on accruals basis and on the historical cost basis except for investment properties, financial assets and financial liabilities, which are stated at their fair value.

The interim financial report is presented in Australian dollars.

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

c) Business combinations

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

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

Note 1: Basis of preparation (continued)

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

In the event that the acquiree's proportionate share of net identifiable net assets acquired is greater than the consideration transferred and the amount recognised for non-controlling interests, a gain on bargain purchase arises which is recognised as a gain in profit or loss at the acquisition date.

Note 2: Segment reporting

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

- Investment - equity and debt investment in real estate including co-investment in managed funds, providing income through distributions and finance revenue and potential capital growth in equity values

The consolidated entity's management strategy and measures of performance focus on the returns from this core segment 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 of the consolidated entity.

The information provided is net of specific non-cash items including fair value adjustments, straight-lining of lease revenues and incentives and impairment adjustments. Significant one off items are also excluded.

Consolidation and eliminations
Included in this segment are the elimination of inter-group transactions and conversion of the consolidated results from the entities deemed to be controlled under AASB 10, being entities with material non-controlling interests. The performance of these controlled entities, is considered to be non-core and is reviewed separately to that of the performance of the 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.

Note 2: Segment reporting (continued)

The operating segments provided to the Board for the reportable segments for the half year ended 31 December 2017 are as follows:

Half-year ended 31 December 2017	Investment $'000	Total core $'000	Consolidation & eliminations $'000	Total $'000
Net property income	-	-	2,263	2,263
Investment revenue	6,772	6,772	(3,870)	2,902
Finance revenue	180	180	7	187
Total revenue and other income	**6,952**	**6,952**	**(1,600)**	**5,352**
Operating expenses	393	393	923	1,316
Earnings before interest and tax (EBIT)	**6,559**	**6,559**	**(2,523)**	**4,036**
Interest expense	142	142	186	328
Operating profit (before specific non-cash and significant items)	**6,417**	**6,417**	**(2,709)**	**3,708**

Weighted average number of units - basic ('000)		207,584
Operating profit per unit (before specific non-cash and significant items) (EPS) - cents		**3.1**

Note 2: Segment reporting (continued)

The operating segments provided to the Board for the reportable segments for the half year ended 31 December 2016 are as follows:

Half-year ended 31 December 2016	Investment	Total core	Consolidation & eliminations	Total
	$'000	$'000	$'000	$'000
Net property income	-	-	2,425	2,425
Co-investment revenue	8,275	8,275	(1,142)	7,133
Total revenue and other income	8,275	8,275	1,283	9,558
Operating expenses	76	76	278	354
Earnings before interest and tax (EBIT)	8,199	8,199	1,005	9,204
Net interest expense	2,987	2,987	706	3,693
Operating profit (before specific non-cash and significant items)	5,212	5,212	299	5,511

Weighted average number of units - basic ('000)		221,305		
Operating profit per unit (before specific non-cash and significant items) (EPS) - cents		**2.4**		

Note 2: Segment reporting (continued)

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

	Total core 31 December 2017 $'000	Total core 31 December 2016 $'000	Total 31 December 2017 $'000	Total 31 December 2016 $'000
Profit/(loss) after tax attributable to unitholders	**28,338**	(3,785)		
Profit/(loss) for the year			**38,522**	(3,030)
Specific non-cash items				
Gain on bargain purchase	-	-	(2,866)	-
Net (gain)/loss on fair value of financial assets	(23,545)	7,543	-	7,884
Net gain on fair value of derivative financial instruments	-	(229)	(68)	(1,127)
Net (gain)/loss on fair value of investment properties	-	-	(30,000)	50
Net gain on disposal of financial assets	(21)	-	(3,601)	-
Share of equity accounted profits, net of distributions received	550	-	550	-
Other items	-	-	-	51
Significant items				
Transaction costs	1,095	488	1,171	488
Write-off of deferred borrowing costs	-	1,195	-	1,195
Operating profit (before specific non-cash items and significant items)	**6,417**	5,212	**3,708**	5,511

Note 2: Segment reporting (continued)

	Investment	Total core	Consolidation & eliminations	Total
As at 31 December 2017	**$'000**	**$'000**	**$'000**	**$'000**
Assets				
Cash and cash equivalents	772	772	6,076	6,848
Assets held for sale	-	-	280,000	280,000
Financial and equity accounted assets[1]	239,497	239,497	(169,100)	70,397
Other assets	4,673	4,673	(3,260)	1,413
Total assets	**244,942**	**244,942**	113,716	**358,658**
Liabilities				
Borrowings	-	-	29,000	29,000
Other liabilities	98,262	98,262	2,589	100,851
Total liabilities	**98,262**	**98,262**	31,589	**129,851**
Net assets	**146,680**	**146,680**	**82,127**	**228,807**

As at 30 June 2017				
Assets				
Cash and cash equivalents	27,043	27,043	-	27,043
Financial assets at fair value through the profit or loss	119,561	119,561	-	119,561
Other assets	1,939	1,939	-	1,939
Total assets	148,543	148,543	-	148,543
Liabilities				
Other liabilities	26,835	26,835	-	26,835
Total liabilities	26,835	26,835	-	26,835
Net assets	121,708	121,708	-	121,708

[1] The Trust's investment in AJD is recorded at the 31 December 2017 NTA of $2.20 per unit.

Note 3: Distributions

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

	31 December 2017 $'000	31 December 2016 $'000
1.625 cents per unit paid on 28 October 2016	-	3,893
1.625 cents per unit paid on 25 January 2017	-	3,894
0.750 cents per unit paid on 26 October 2017	1,695	-
0.750 cents per unit paid on 30 January 2018	1,703	-
	3,398	7,787

Note 4: Finance expenses

	31 December 2017 $'000	31 December 2016 $'000
Interest and finance charges paid and payable	328	3,443
Borrowing cost amortisation	-	262
Write-off deferred borrowing costs	-	1,195
	328	4,900

Note 5: Earnings per unit

	31 December 2017 ¢	31 December 2016 ¢
Basic earnings per unit	13.7	(1.7)
Diluted earnings per unit	12.6	(1.6)

	$'000	$'000
Basic and diluted earnings		
Profit/(loss) attributable to unitholders of the consolidated entity used in calculating earnings per unit	28,338	(3,785)

	000's	000's
Weighted average number of units used as a denominator		
Weighted average number of units - basic	207,584	221,305
Weighted average number of units - diluted	224,459	239,603

Dilution

As at 31 December 2017 there is a total of 19,500,000 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 10.

Note 6: Assets held for sale

	31 December 2017 $'000	30 June 2017 $'000
Investment properties		
S1, Macquarie Park, Sydney, NSW	110,000	-
M1, Port Melbourne, Melbourne, VIC	130,000	-
P1, Malaga, Perth, WA	40,000	-
Total	**280,000**	-

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

	Note	31 December 2017 $'000	30 June 2017 $'000
Opening Balance 1 July		-	
Investment properties acquired through business combination		250,000	-
Fair value adjustment of assets held for sale		30,000	-
Total		**280,000**	-

The AJD portfolio comprises 3 data centre investment properties located in Sydney, Melbourne, Perth all leased to NEXTDC Limited (ASX: NXT) on triple net leases with an average weighted average lease expiry of 10.5 years. For more information on the acquisition of AJD refer to Note 12.

The fair value of the investment properties 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. The valuation of the properties is further supported by the outcome of the expression of interest (EOI) campaign commencing in December 2017 in relation to the sale of the portfolio, which has resulted in an exclusive due diligence process with the bidder at an offer price of $280.0 million. At the date of this report the agreement for the sale of the portfolio is non-binding and subject to securityholder approval, FIRB and other approvals and as such there is no guarantee that the sale will proceed. At the balance date, these investment properties are classified as held for sale.

Note 7: Financial assets at fair value through the profit or loss

	31 December 2017 $'000	30 June 2017 $'000
Current – held for sale		
Units in listed funds managed externally	-	4,743
	-	4,743
Non-current		
Units in unlisted funds managed externally	54,687	58,317
Units in listed funds managed externally	-	40,242
	54,687	98,559
Total	**54,687**	103,302

Note 7: Financial assets at fair value through the profit or loss (continued)

The consolidated entity holds investments in the following managed investment schemes:

	31 December 2017 %	30 June 2017 %	31 December 2017 $'000	30 June 2017 $'000
Current				
Industria REIT	-	1.3	-	4,743
			-	4,743
Non-current				
Asia Pacific Data Centre Group	-	19.9	-	40,242
Unlisted investments subject to put and call option				
Centuria 111 St Georges Terrace Fund	42.3	42.3	30,545	30,545
Centuria Havelock House Fund	-	28.0	-	3,630
Centuria Retail Fund	50.0	50.0	19,563	19,563
Other				
Centuria Retail Fund	16.4	16.4	4,579	4,579
			54,687	98,559
Total			**54,687**	103,302

During the half year, the call option over the Trust's investment in Centuria Havelock House Fund was exercised and the investment was subsequently disposed on 31 October 2017. The Trust acquired APDC Trust through a business combination on 6 November 2017 after acquiring 67.3% of the issued units in the fund, refer to Note 12 for further information.

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

	31 December 2017 $'000	30 June 2017 $'000
Balance at 1 July	103,302	181,647
Financial assets consolidated into financial statements	(40,242)	-
Financial assets recognised through deconsolidation	-	23,815
Financial assets disposed - listed	(4,753)	-
Financial assets disposed - unlisted	(3,630)	-
Financial assets acquired - other	-	42,361
Financial assets disposed - other	-	(141,312)
Fair value adjustment of financial assets	21	(3,209)
Closing balance	**54,687**	103,302

Note 8: Investments accounted for using the equity method

	31 December 2017 %	30 June 2017 %	31 December 2017 $'000	30 June 2017 $'000
Co-investment interest				
360 Capital Total Return Passive Fund	23.7	23.7	15,710	16,259

Co-investment interest

The Group holds a 23.7% interest in the stapled entity 360 Capital Total Return Fund, with the beneficial interest of 360 Capital Total Return Passive Fund units held by 360 Capital Diversified Property Fund and the beneficial interest of 360 Capital Active Fund units held by 360 Capital Property Limited.

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

	31 December 2017 $'000	30 June 2017 $'000
360 Capital Total Return Passive Fund		
Opening balance – 1 July	16,259	-
Acquisition of interest – 21 June 2017	-	16,670
Equity accounted profit for the year	153	339
Distributions	(702)	(750)
Closing Balance	**15,710**	16,259

Note 9: Borrowings

	31 December 2017 $'000	30 June 2017 $'000
Current		
Borrowings - secured	29,000	-
	29,000	-
Borrowings		
Total facility limit	29,000	-
Used at end of reporting date	(29,000)	-
Unused at end of reporting date	-	-

Bankwest facility – (Asia Pacific Data Centre Trust)

As a result of the acquisition of a controlling interest in Asia Pacific Data Centre Trust (APDC Trust) during the half year, the APDC Trust is consolidated into the results of the consolidated entity at 31 December 2017 therefore APDC Trust's secured borrowings are included as a loan held by the consolidated entity at balance date. For more information on the acquisition refer to Note 12.

The five-year $29.0 million facility is fully drawn at the balance date and expires on 29 November 2018. The facility is secured by a mortgage in favour of Bankwest over the S1, Sydney NSW data centre asset. The consolidated entity has an interest rate hedge covering $12.5 million of the facility and expires in November 2018.

Funding Covenants

All loan facilities are subject to standard commercial covenants consistent with the type of loan including Loan Value Ratio, Interest Cover Ratio and Negative Variations. At the date of this report, the consolidated entity complies with all debt covenants and did so at all times during the half year.

Note 10: Equity

(a) Issued capital

	31 December 2017 000's	30 June 2017 000's
360 Capital Investment Trust - Ordinary units issued	207,603	207,203

	$'000	$'000
360 Capital Investment Trust - Ordinary units issued	140,423	140,392

(b) Movements in issued capital

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

	31 December 2017 000's	30 June 2017 000's
Total ordinary securities balance at 1 July	207,203	221,233
Employee security plan – non-recourse loan repaid during the period	400	10,970
Securities bought back on-market and cancelled during the year	-	(25,000)
Total securities issued on the ASX	207,603	207,203

	$'000	$'000
Opening balance	140,392	147,234
Employee security plan – non-recourse loan repaid during the period	70	5,631
Employee securities bought back on-market and cancelled during the year	-	(12,473)
Transaction costs incurred in issuing capital	(39)	-
Closing balance	**140,423**	140,392

(c) Employee Security Plan

On 2 October 2013, 21,970,000 stapled securities were granted to employees of the Stapled Group under the 360 Capital Group ESP. The ESP securities which had not been bought back or cancelled vested on 1 October 2016. At balance date, there is a balance of 7,000,000 ESP securities under the 2013 ESP issue where the loans have not been repaid and are therefore these are not included in the calculation of basic securities on issue due to the non-recourse nature of the associated ESP loans.

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

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

Note 11: Other financial assets and liabilities

Fair values

The fair values of all financial instruments with the exception of borrowings approximate their carrying values. This is largely due to the short-term maturities of these instruments. The fair value of borrowings is categorised within the fair value hierarchy as a Level 2 input. Set out below is a comparison of the carrying amount and fair value of borrowings at balance date:

	Carrying amount		Fair value	
	31 December 2017 $'000	30 June 2017 $'000	31 December 2017 $'000	30 June 2017 $'000
Financial liabilities				
Borrowings	29,000	-	29,000	-
Total financial liabilities	**29,000**	**-**	**29,000**	-

Fair value hierarchy

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

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

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

As at 31 December 2017, the consolidated entity held the following classes of financial instruments measured at fair value:

	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
As at 31 December 2017:				
Financial assets				
Financial assets at fair value through profit or loss	**54,687**	-	-	54,687
Financial liabilities				
Derivative financial instruments	**295**	**-**	295	-
As at 30 June 2017:				
Financial assets				
Financial assets at fair value through profit or loss	103,302	-	-	103,302
Financial liabilities				
Derivative financial instruments	-	-	-	-

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

Note 11: Other financial assets and liabilities (continued)

Valuation techniques

Fair value profit or loss financial assets

For fair value profit or loss financial assets, the consolidated entity invests in listed and unlisted investments. The value of the investments in the listed market is stated at unit price as quoted on the ASX at each statement of financial position date. As such, listed investments are categorised as Level 1 instruments. Unlisted investments are not traded in an active market and are categorised as Level 3 instruments, with the exception of unlisted investments held under a put and call agreement, which are valued at the contract price and are categorised as Level 1. 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 8). The consolidated entity uses its judgment to select a variety of methods and makes assumptions that are mainly based on market conditions existing at each statement of financial position date.

Derivatives

For derivatives, as market prices are unavailable the consolidated entity uses valuation models to derive fair value. The models are industry standard and mostly employ a Black–Scholes framework to calculate the expected future value of payments by derivative, which is discounted back to a present value. The models' interest rate inputs are benchmark interest rates such as BBSW and active broker quoted interest rates in the swap, bond and futures markets. Interest rate volatilities are sourced through a consensus data provider. As such, the input parameters into the models are deemed observable, thus these derivatives are categorised as Level 2 instruments.

Borrowings

The fair value of the borrowings is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

Note 12: Business combinations and acquisition of non-controlling interests

Acquisition of Asia Pacific Data Centre Group (AJD)

Summary of acquisition

On 13 September 2017, 360 Capital Group proposed an unconditional, all-cash off-market takeover offer (Offer) for all securities in Asia Pacific Data Centre Group (AJD) not otherwise owned by 360 Capital Group for $1.95 per security. A Bidder's Statement was lodged with the ASX on 26 September 2017. AJD is an ASX listed real estate investment trust owning 3 data centre investment properties located in Sydney, Melbourne, Perth all leased to NEXTDC Limited (ASX: NXT) an ASX listed data centre operator. AJD is a stapled security comprising Asia Pacific Data Centre Holdings Limited (APDC Holdings) stapled to Asia Pacific Data Centre Trust (APDC Trust).

Prior to the Offer, the Group held 19.9% of the total securities of AJD, by the close on 6 November 2017, the Group had received a cumulative total of 61.7% of acceptances under the Offer, thus establishing effective control of the entity. On this date alone (Acquisition date) the Group received 22.3% of acceptances in the Offer, bringing the total ownership to over 50.0% of securities in AJD, thus meaning the Group had effectively obtained the ability to control AJD through holding greater than 50.0% of units on issue. By reaching over 50% on 6 November 2017 the Offer was required to be extended by two weeks and by the end of this extended period, on 20 November 2017 the acceptances had reached 67.3%. The consolidated financial statements include the results of APDC Trust for the 2 month period from Acquisition date.

In November 2017, the Trust transferred its beneficial interest in APDC Holdings to 360 Capital Property Limited, a wholly owned subsidiary of 360 Capital Group Limited. As a result, the results of the APDC Trust are consolidated into the consolidated entity's financial results from 6 November 2017.

Note 12: Business combinations and acquisition of non-controlling interests (continued)

Details of the purchase consideration to acquire the controlling interest in APDC Trust on 6 November 2017 are as follows:

	$'000
Cash paid	62,392
Financial assets at fair value through profit or loss	86,745
Total purchase consideration	**149,137**

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

	$'000
Assets	
Cash and cash equivalents	4,532
Receivables and other current assets	545
Investment properties	250,000
Non-current assets	-
Liabilities	
Trade and other payables	(3,889)
Borrowings	(24,927)
Derivative financial instruments	(363)
Net identifiable assets acquired including external non-controlling interest	225,825
Less: Non-controlling interests	(73,822)
Net identifiable assets acquired excluding external non-controlling interest	**152,003**
Less: Gain on bargain purchase	(2,866)
Total purchase consideration	**149,137**

The fair value of receivables and other financial assets approximates the collectible amount. External non-controlling interests have been calculated at the respective share of net assets.

A bargain on purchase of APDC Trust of $2.9 million has been recognised as income in the consolidated statement of profit or loss for the period. The bargain represents the difference between total purchase consideration and net identifiable assets acquired. The assessment of net identifiable assets and calculation of bargain on purchase are provisional as at 31 December 2017.

Revenue and profit contribution
The acquired business contributed revenues of $2.3 million and a net profit of $31.2 million to the consolidated entity from 6 November 2017 to 31 December 2017.

If the acquisition had occurred on 1 July 2017, consolidated total revenue from continuing operations and the consolidated net profit of the APDC Trust for the half year ended 31 December 2017 would have been $6.8 million and $68.2 million respectively. Net profit for the year from 1 July 2017 would include transaction costs of $3.8 million expensed by APDC Trust prior to the Acquisition date. These amounts have been calculated using the consolidated entity’s accounting policies.

Contingent consideration
There is no contingent consideration as part of this transaction.

Note 12: Business combinations and acquisition of non-controlling interests (continued)

Purchase consideration – cash outflow on acquisition

	$'000
Cash consideration paid	62,392
Less: Cash and cash equivalents acquired	(4,532)
Outflow of cash to acquire controlled entity	**57,860**
Add: Business combination transaction costs expensed through profit or loss	1,171
Total cash outflow to acquire controlled entity	**59,031**

Acquisition related costs
Acquisition related costs of $1.2 million incurred have been expensed in the consolidated statement of profit or loss and have been included as part of net cash flows from investing activities in the consolidated statement of cash flows. Transaction costs include legal and advisory fees.

Gain on fair value of financial assets
Prior to gaining control of APDC Trust on 6 November 2017, the consolidated entity had accumulated an ownership interest of 39.32% and had recognised this investment as a financial asset at fair value through profit or loss. Upon gaining control of APDC Trust, this investment was treated as if it was disposed of at fair value on Acquisition date and the resulting loss recognised in profit or loss.

	$'000
Opening balance at 1 July 2017: Financial assets at fair value through profit or loss	40,242
Consideration paid for securities	42,923
	83,165
Disposal of financial assets (at Acquisition date fair value)	86,745
Gain on fair value of financial assets	**3,580**

Note 13: Related party transactions

Responsible Entity
The Responsible Entity of the Trust is 360 Capital FM Limited. The immediate parent entity of the Responsible Entity is Trafalgar Corporate Pty Limited (ABN 11 080 518 243), and its ultimate parent entity is 360 Capital Group Limited (ABN 18 113 569 136).

Other than noted below, there have been no significant changes to the type or nature of related party transactions compared to those disclosed in the last consolidated entity's annual financial report as at 30 June 2017.

Transfer of shares in APDC Holdings Limited
In November 2017, the consolidated entity transferred at market value its beneficial interest in APDC Holdings to 360 Capital Property Limited, a wholly owned subsidiary of 360 Capital Group Limited, therefore only the results of the APDC Trust are consolidated into the consolidated entity's financial statements from 6 November 2017.

Sale of APDC Trust responsible entity
On 16 January 2018, APDC Limited the responsible entity of APDC Trust was sold to One Investment Group Pty Limited (ACN 136 507 241) and associate (OIGPL). Following the sale, APDC Limited was not a related body corporate of 360 Capital Group Limited and no 360 Capital Group entity was or is associated with OIGPL or APDC Limited.

Note 13: Related party transactions (continued)

Related Party Loan

At reporting date, the consolidated entity has a loan to the 360 Capital Group Limited of $96.2 million. Interest is charged on the loan at market rates where applicable.

Note 14: Events subsequent to balance date

AJD Portfolio expression of interest campaign

On 19 December 2017, the AJD announced that it had resolved to seek expressions of interest in respect of the sale of APDC Trust's assets. Following the announcement, on 21 December 2017, AJD appointed Savills and Cushman Wakefield to undertake a sales campaign for the sale of assets. On 14 February 2018 AJD announced that it has agreed terms and exchanged non-binding letters with the preferred purchaser for the sale of the portfolio at an agreed price of $280.0 million. At the date of this report the agreement for the sale of the portfolio is non-binding and subject to securityholder approval, FIRB and other approvals and such there is no guarantee that the sale will proceed.

Meeting on wind up APDC Trust

On 14 December 2017, NXT advised to the securityholders of APDC Trust that it intended to convene a meeting to wind up APDC Trust. The meeting was scheduled on 31 January 2018. On 29 January 2018, 360 Capital Group initiated proceedings in the supreme court of NSW seeking declaratory relief that it is entitled to vote at the meeting. The parties have provided withdrawals to the court to cause the adjournment of the meeting until 5 business days after the proceedings have been determined.

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

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

1) The consolidated financial statements and notes that are set out on pages 7 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 31 December 2017 and of its performance for the half year ended on that date; and

   (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting and Corporations regulations 2001* and other mandatory professional reporting requirements; and

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

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

David van Aanholt
Chairman

Tony Robert Pitt
Managing Director

Sydney
28 February 2018

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working world

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Independent Auditor's Review Report to the unitholders of 360 Capital Investment Trust

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of 360 Capital Investment Trust and its controlled entities (the "consolidated entity"), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and the declaration of directors of 360 Capital FM Limited, the Responsible Entity of the consolidated entity.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of 360 Capital Investment Trust is not 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 31 December 2017 and of its consolidated financial performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2017 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Mark Conroy
Partner
Sydney
28 February 2018