360 Capital

360 CAPITAL INVESTMENT TRUST

Financial Report
For the year ended 30 June 2019

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

Contents	**Page**

The Directors of 360 Capital FM Limited (CFML) (ABN 15 090 664 396) (AFSL No 221474), the Responsible Entity of 360 Capital Investment Trust (Trust) present their report, together with the financial report of 360 Capital Investment Trust and its controlled entities (consolidated entity) for the year ended 30 June 2019.

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

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

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

Principal activities
The Group was a diversified real estate investment and funds management business and during the year expanded its activities to become a listed investor and manager of alternative assets. Group's expansion of its investment strategy into alternative assets, now includes the four investment strategies of;

- Real Assets
- Private Equity
- Public Equity
- Credit

Operating and financial review

The key financial highlights for the year ended 30 June 2019 include:

- Statutory net profit attributable to unitholders of $3.7 million (2018: $17.6 million)
- Operating profit[1] of $6.2 million (2018: $11.4 million)
- Statutory Earnings per Unit (EPU) of 1.7 cpu (2018: 8.4 cpu)
- Distributions per Unit (DPU) of 2.0 cpu (2018: 5.5 cpu)

The key operating achievements for the year ended 30 June 2019 include:

- Disposed of its 67.3% investment in Asia Pacific Data Centre Group for $154.0 million;
- Settled a total of $39.8 million call option units with Centuria Capital Group (Centuria), including $19.6 million relating to the Centuria Retail Fund in January 2019 and settled the remaining call option units in Centuria 111 St Georges Terrace Fund for $20.3 million in March 2019.

1 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 Responsible Entity considers operating profit to reflect the core earnings of the Trust and it is used as a guide to assess the Trust's ability to pay distributions to unitholders. The operating profit information in the table has not been subject to any specific audit procedures by the Trust's auditor but has been extracted from Note 1: Segment reporting.

Operating and financial review (continued)

Overview

The statutory profit to the unitholders of the consolidated entity for the year ended 30 June 2019 was $4.5 million (2018: $17.6 million). The operating profit (profit before specific non-cash items and significant items) was $6.2 million (2018: $11.4 million).

Divestment of Asia Pacific Data Centre Group
During the year, the consolidated entity sold its major investment in Asia Pacific Data Centre Group (AJD) for $154.0 million plus a special distribution of $1.55 million.

Non-core investments

During the year, Centuria exercised $19.6 million in call option units relating to the Centuria Retail Fund in January 2019 and settled the remaining call option units in Centuria 111 St Georges Terrace Fund for $20.3 million in March 2019. As at 30 June 2019 there are no call options remaining.

The consolidated entity has written down its remaining 16.4% interest, which is not under a put option agreement, in the Centuria Retail Fund to $3.1 million.

Capital management

The Group has a Distribution Reinvestment Plan (DRP) which was active for the September 2018 quarterly distribution, raising a total of $0.9 million and issued 976,746 securities. Post the September 2018 quarter the DRP has been suspended until further notice.

In June 2018, the Trust entered into an unsecured $5.0 million bank guarantee facility with Bankwest to be used to assist in meeting the Group's Australian Financial Services licence requirements. Subsequent to balance date this facility was released and the Trust no longer has any debt facilities in place.

Summary and Outlook

The 360 Capital Group has expanded to become a listed investor and manager of alternative assets however, the Group's investment philosophy has not changed, and it will continue to be patient and aligned with its investors. The alternative asset strategy is an expansion of its existing platform. Given the volatility in global and domestic markets the Group will continue to be cautious in deploying its capital however will be well paced to take advantage of opportunities that may arise.

Distributions

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

	30 June 2019 $'000	**30 June 2018 $'000**
0.75 cents per unit paid on 26 October 2017	-	1,695
0.75 cents per unit paid on 30 January 2018	-	1,703
2.00 cents per unit paid on 27 April 2018	-	4,542
2.00 cents per unit paid on 27 July 2018	-	4,570
1.00 cents per unit paid on 29 October 2018	2,299	-
1.00 cents per unit paid on 24 January 2019	2,309	-
Total	**4,608**	**12,510**

Significant changes in state of affairs

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

Likely developments and expected results of operations

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

Events subsequent to balance date

Subsequent to balance date, the Group launched a $50.0 million pre-IPO funding round of the 360 Capital Digital Infrastructure Fund (360CDIP) and committed $25 million seed capital into the fund as long term co-investment. 360CDIP has acquired an interest in an operating data centre business in Guam ($7.8 million) and exchanged contracts on a fully leased data centre in Perth ($37.0 million). The fund has also entered into a $10.6 million convertible note issued by a global hyperscale data centre operator. The fund has raised an additional $25 million in pre-IPO funding which the Group has underwritten.

In July 2019, the $5.0 million unsecured bank guarantee facility with Bankwest entered into by the Trust in June 2018, which was used to assist in meeting the Group's Australian Financial Services licence requirements was terminated.

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

Environmental Issues

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

Buy back arrangement

The consolidated entity is not under any obligation to buy back, purchase or redeem units from stapled securityholders. During the year, the consolidated entity did not buy back or cancel any units (2018: Nil).

Distribution Reinvestment Plan

The Group has a Distribution Reinvestment Plan (DRP) which was activated for the September 2018 quarterly distribution. The Group issued 976,746 securities in October 2018 and raised $0.9 million relating to the September 2018 quarterly distribution. Securities were issued at a 1.5% discount to the Group's 10 day weighted average trading price as per the Group's DRP policy.

Options

No options over issued units or interests in the consolidated entity were granted during or since the end of the financial year and there were no options outstanding at the date of this report. The Directors and executives of the Responsible Entity hold no options over interests in the consolidated entity.

Indemnification and insurance of Officers and Directors

During or since the end of the financial year, the Responsible Entity has paid insurance premiums to insure each of the aforementioned Directors as well as Officers of the Responsible Entity of the consolidated entity against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity as Officers of the Responsible Entity, other than conduct involving a wilful breach of duty in relation to the Responsible Entity.

The Responsible Entity has not otherwise, during or since the end of the financial year indemnified or agreed to indemnify an Officer of the Responsible Entity.

Indemnification of auditors

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

Non-audit services

Disclosed in Note 24 were the non-audit services provided by the consolidated entity's auditors. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Auditor's independence declaration

The auditor's independence declaration required under Section 307C of the Corporations Act 2001 is set out on page 6 and forms part of the Directors' report for the year ended 30 June 2019.

Rounding of amounts

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

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

David van Aanholt
Chairman

Tony Robert Pitt
Managing Director

Sydney
21 August 2019

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

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

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

As lead auditor for the audit of the financial report of 360 Capital Investment Trust for the financial year ended 30 June 2019, 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 Investment Trust and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

Mark Conroy

Mark Conroy
Partner
21 August 2019

360 Capital Investment Trust
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

	Note	30 June 2019 $'000	30 June 2018 $'000
Revenue from continuing operations			
Rental from investment properties	3	3,969	9,293
Distributions from property funds	3	2,205	4,279
Finance revenue		2,052	219
Total revenue from continuing operations		**8,226**	13,791
Other income			
Gain on bargain purchase		-	2,866
Net gain on disposal of financial assets		-	3,327
Share of equity accounted profits	9	1,845	480
Net gain on fair value of investment properties		-	11,000
Net gain on fair value of derivative financial instruments		-	273
Total other income		**1,845**	17,946
Total revenue and other income from continuing operations		**10,071**	31,737
Administration expenses		969	3,236
Finance expenses	5	1,026	1,725
Transaction costs	4	595	3,475
Net loss on fair value of financial assets		2,044	352
Net loss on fair value of investment properties		762	-
Profit for the year		**4,675**	22,949
Other comprehensive income for the year		-	-
Total comprehensive income for the year		**4,675**	22,949
Total comprehensive income attributable to:			
Profit attributable to unitholders		3,654	17,554
Profit attributable to external non-controlling interests		1,021	5,395
Total comprehensive income for the year		**4,675**	22,949
Earnings per unit for profit attributable to unitholders of the consolidated entity		**Cents**	**Cents**
Basic earnings per unit	25	**1.7**	8.4
Diluted earnings per unit	25	**1.6**	7.8

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

360 Capital Investment Trust
Consolidated statement of financial position
As at 30 June 2019

	Note	30 June 2019 $'000	30 June 2018 $'000
Current assets			
Cash and cash equivalents	15	164,780	4,821
Receivables	6	745	675
Assets held for sale	8	-	261,000
Financial assets at fair value through profit or loss	7	2,183	44,060
Due from related entities	26	-	361
Total current assets		**167,708**	310,917
Non-current assets			
Investments equity accounted	9	17,989	15,333
Total non-current assets		**17,989**	15,333
Total assets		**185,697**	326,250
Current liabilities			
Trade and other payables	10	88	3,373
Borrowings	11	-	29,000
Derivative financial instruments	12	-	90
Provisions	13	-	5,510
Due to related entities	26	5,322	36,406
Total current liabilities		**5,410**	74,379
Total liabilities		**5,410**	74,379
Net assets		**180,287**	251,871
Equity			
Issued capital - trust units		194,880	142,149
Retained earnings/(Accumulated losses)		(14,593)	34,074
Total equity attributable to unitholders		**180,287**	176,223
External non-controlling interest		-	75,648
Total equity		**180,287**	251,871

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

360 Capital Investment Trust
Consolidated statement of changes in equity
For the year ended 30 June 2019

	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 2018		142,149	34,074	176,223	75,648	251,871
Restatement of opening balances	16(d)	47,714	(47,714)	-	-	-
Adjusted balance at 1 July 2018		189,863	(13,640)	176,223	75,648	251,871
Total comprehensive income for the year		-	3,654	3,654	1,021	4,675
Transactions with non-controlling interest		-	-	-	(75,165)	(75,165)
Transactions with Unitholders in their capacity as Unitholders						
Issued units - DRP		1,950	-	1,950	-	1,950
Issued units - ESP		3,080	-	3,080	-	3,080
Equity raising transaction costs		(13)	-	(13)	-	(13)
Distributions	2	-	(4,608)	(4,608)	(1,504)	(6,112)
		5,017	(4,608)	409	(1,504)	(1,095)
Balance at 30 June 2019		**194,880**	**(14,593)**	**180,287**	**-**	**180,287**
Balance at 1 July 2017		140,392	(18,684)	121,708	-	121,708
Total comprehensive income for the half year		-	17,554	17,554	5,395	22,949
Non controlling interest arising on business combination		-	-	-	73,824	73,824
Transactions with Unitholders in their capacity as Unitholders						
Capital reallocation		-	47,714	47,714	-	47,714
Issued shares/units - DRP		1,233	-	1,233	-	1,233
Issued units - ESP		583	-	583	-	583
Equity raising transaction costs		(59)	-	(59)	-	(59)
Distributions	2	-	(12,510)	(12,510)	(3,571)	(16,082)
		1,757	35,204	36,961	(3,571)	33,390
Balance at 30 June 2018		142,149	34,074	176,223	75,648	251,871

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

360 Capital Investment Trust
Consolidated statement of cash flows
For the year ended 30 June 2019

	Note	30 June 2019 $'000	30 June 2018 $'000
Cash flows from operating activities			
Cash receipts from customers		3,077	10,283
Cash payments to suppliers		(3,079)	(5,419)
Distributions received		4,622	6,882
Finance revenue		1,937	219
Finance expenses		(1,026)	(1,507)
Net cash inflows from operating activities	15	**5,531**	10,458
Cash flows from investing activities			
Proceeds from disposal of financial assets		39,834	18,394
Proceeds from disposal of subsidiaries		155,547	-
Payments for subsidiaries		-	(105,315)
Payments for equity accounted investments		(1,602)	-
Payment of transaction costs		(595)	(2,715)
Net cash inflows/(outflows) from investing activities		**193,184**	(89,636)
Cash flows from financing activities			
Proceeds from borrowings		-	4,000
Loans to related parties		(28,004)	61,308
Payment of transaction costs to issue capital		(13)	(59)
Distributions paid to unitholders		(7,228)	(10,193)
Distributions paid to external non-controlling interests		(940)	(2,632)
Net cash (outflows)/ inflows from financing activities		**(36,185)**	52,424
Net increase/(decrease) in cash and cash equivalents		162,530	(26,754)
Cash balance on (deconsolidation)/consolidation of controlled entities		(2,571))	27,043
Cash and cash equivalents at the beginning of the year		4,821	4,532
Cash and cash equivalents at the end of the year	15	**164,780**	4,821

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

Financial Information

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

Note 1: Segment reporting

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 managed fund deemed to be controlled under AASB 10, being material non-controlling interests (refer to Note 27 and Note 28). The performance of this managed fund, 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 1: Segment reporting (continued)

The operating segments provided to the Board for the reportable segments for the year ended 30 June 2019 are as follows:

Year ended 30 June 2019	Investment $'000	Total core $'000	Consolidation & eliminations $'000	Total $'000
Net property income	-	-	3,969	3,969
Investment revenue	5,826	5,826	(1,548)	4,278
Finance revenue	2,052	2,052	-	2,052
Total revenue and other income	**7,878**	**7,878**	**2,421**	**10,299**
Operating expenses	968	968	-	968
Earnings before interest and tax (EBIT)	**6,910**	**6,910**	**2,421**	**9,331**
Interest expense	675	675	352	1,027
Operating profit (before specific non-cash and significant items)	**6,235**	**6,235**	**2,069**	**8,304**

Weighted average number of units - basic ('000)	212,934	
Operating profit per unit (before specific non-cash and significant items) (EPS) - cents	**2.9**	

Reconciliation of total segment revenue to total revenue in the statement of profit or loss is on page 14.

The operating segments provided to the Board for the reportable segments for the year ended 30 June 2018 are as follows:

Year ended 30 June 2018	Investment $'000	Total core $'000	Consolidation & eliminations $'000	Total $'000
Net property income	-	-	9,293	9,293
Investment revenue	13,039	13,039	(7,354)	5,685
Finance revenue	186	186	33	219
Total revenue and other income	13,225	13,225	1,972	15,197
Operating expenses	947	947	2,289	3,236
Earnings before interest and tax (EBIT)	12,278	12,278	(317)	11,961
Interest expense	916	916	809	1,725
Operating profit (before specific non-cash and significant items)	11,362	11,362	(1,126)	10,236

Weighted average number of units - basic ('000)	208,130	
Operating profit per unit (before specific non-cash and significant items) (EPS) - cents	**5.5**	

Reconciliation of total segment revenue to total revenue in the statement of profit or loss is on page 14.

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 2019 $'000	30 June 2018 $'000
Total revenue per segment report	**10,299**	15,197
Distributions from equity accounted investments	(2,073)	(1,406)
Total revenue in the statement of profit or loss	**8,226**	13,791
Gain on bargain purchase	-	2,866
Net gain on fair value of investment properties	-	11,000
Net gain on disposal of financial assets	-	3,327
Net gain on fair value of derivative financial instruments	1,846	273
Share of equity accounted profits, net of distributions received	-	480
Total revenue and other income in the statement of profit or loss	**10,072**	31,737

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

	Total core 30 June 2019 $'000	Total core 30 June 2018 $'000	Total 30 June 2019 $'000	Total 30 June 2018 $'000
Profit after tax attributable to unitholders	**3,654**	17,554		
Profit for the year			**4,675**	22,949
Specific non-cash items				
Gain on bargain purchase	-	-	-	(2,866)
Net (gain)/loss on fair value of financial assets	2,044	(9,847)	2,044	352
Net (gain)/ loss on fair value of derivative financial instruments	-	-	-	(273)
Net (gain)/loss on fair value of investment properties	-	-	-	(11,000)
Net loss/(gain) on disposal of financial assets	162	254	-	(3,327)
Share of equity accounted profits, net of distribution received	228	926	228	926
Significant items				
Net loss on disposal of controlled entity	-	-	762	-
Transaction costs	147	2,475	595	3,475
Operating profit (before specific non-cash items and significant items)	**6,235**	11,362	**8,304**	10,236

Note 1: Segment reporting (continued)

As at 30 June 2019	Investment $'000	Total core $'000	Consolidation & eliminations $'000	Total $'000
Assets				
Cash and cash equivalents	164,780	164,780	-	164,780
Financial and equity accounted assets	20,172	20,172	-	20,172
Other assets	745	745	-	745
Total assets	**185,697**	**185,697**	-	**185,697**
Liabilities				
Other liabilities	5,410	5,410	-	5,410
Total liabilities	**5,410**	**5,410**	-	**5,410**
Net assets	**180,287**	**180,287**	**-**	**180,287**

As at 30 June 2018	Investment $'000	Total core $'000	Consolidation & eliminations $'000	Total $'000
Assets				
Cash and cash equivalents	229	229	4,592	4,821
Assets held for sale	-	-	261,000	261,000
Financial and equity accounted assets	215,148	215,148	(155,755)	59,393
Other assets	2,609	2,609	(1,573)	1,036
Total assets	217,986	217,986	108,264	326,250
Liabilities				
Borrowings	-	-	29,000	29,000
Other liabilities	41,763	41,763	3,616	45,379
Total liabilities	41,763	41,763	32,616	74,379
Net assets	176,223	176,223	75,648	251,871

Note 2: Distributions

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

	30 June 2019 $'000	30 June 2018 $'000
0.75 cents per unit paid on 26 October 2017	-	1,695
0.75 cents per unit paid on 30 January 2018	-	1,703
2.00 cents per unit paid on 27 April 2018	-	4,542
2.00 cents per unit paid on 27 July 2018	-	4,570
1.00 cents per unit paid on 29 October 2018	2,299	-
1.00 cents per unit paid on 24 January 2019	2,309	-
Total	**4,608**	**12,510**

Note 3: Revenue

Rental from investment properties include:

	30 June 2019 $'000	30 June 2018 $'000
S1, Macquarie Park, Sydney, NSW	1,675	3,921
M1, Port Melbourne, Melbourne, VIC	1,426	3,338
P1, Malaga, Perth, WA	868	2,034
	3,969	9,293

As a result of the divestment of Asia Pacific Data Centre Group (AJD) detailed in Note 20, the results of AJD have been deconsolidated from the financial results of the Group from 12 October 2018, including the investment properties located at Macquarie Park, Sydney, Port Melbourne, Melbourne and Malaga, Perth. In the prior period, the results of AJD were consolidated into the financial results of the Group as detailed in Note 19.

Distributions from property funds include:

	30 June 2019 $'000	30 June 2018 $'000
Centuria 111 St Georges Terrace Fund	1,093	2,327
Centuria Havelock House Fund	-	119
Centuria Retail Fund	1,112	1,833
	2,205	4,279

Note 4: Transaction costs

	30 June 2019 $'000	30 June 2018 $'000
Business combination transaction costs	-	1,238
Legals fees - Court case	595	1,324
Other	-	913
	595	3,475

Note 5: Finance expenses

	30 June 2019 $'000	30 June 2018 $'000
Interest and finance charges paid and payable	1,026	1,725
	1,026	**1,725**

Note 6: Receivables

	30 June 2019 $'000	30 June 2018 $'000
Current		
Trade & GST receivables	174	27
Distributions receivable	571	648
	745	675

a) Bad and doubtful receivables
During the year, the consolidated entity made a Nil (2018: Nil) expected credit loss (ECL) provision in respect of bad and doubtful receivables under AASB 9 as the amount is immaterial.

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

c) Credit risk
There is a limited amount of credit risk – refer to Note 18 for more information on the risk management policy of the consolidated entity.

The ageing of trade receivables at the reporting date was as follows:

	30 June 2019 $'000	30 June 2018 $'000
Current	745	675
1 to 3 months	-	-
More than 3 months	-	-
	745	675

As at 30 June 2019, trade receivables of Nil (2018: Nil) were past due but not impaired.

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

	30 June 2019 $'000	30 June 2018 $'000
Current		
Units in unlisted funds managed externally	2,183	44,060
Total Current	**2,183**	**44,060**
Total	**2,183**	**44,060**

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

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

	30 June 2019 %	30 June 2018 %	30 June 2019 $'000	30 June 2018 $'000
Current				
Unlisted investments subject to put and call option				
Centuria 111 St Georges Terrace Fund	-	28.1	-	20,270
Centuria Retail Fund	-	50.0	-	19,564
Unlisted funds managed externally				
Centuria Retail Fund	16.4	16.4	2,183	4,226
Total current			**2,183**	44,060
Total			**2,183**	44,060

During the year, Centuria exercised $19.6 million in call option units relating to the Centuria Retail Fund in January 2019 and settled the remaining call option units in Centuria 111 St Georges Terrace Fund for $20.3 million in March 2019. As at 30 June 2019 there are no call options remaining.

The consolidated entity has written down its remaining 16.4% interest, which is not under a put option agreement, in the Centuria Retail Fund to $2.2 million.

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

	30 June 2019 $'000	30 June 2018 $'000
Balance at 1 July	44,060	103,302
Financial assets consolidated into financial statements	-	(40,242)
Financial assets disposed - unlisted	(39,833)	(18,394)
Realised loss on disposal of financial assets	-	(254)
Fair value adjustment of financial assets	(2,044)	(352)
Closing balance	**2,183**	44,060

Note 8: Assets held for sale

	30 June 2019 $'000	30 June 2018 $'000
Investment properties		
S1, Macquarie Park, Sydney, NSW	-	98,500
M1, Port Melbourne, Melbourne, VIC	-	117,500
P1, Malaga, Perth, WA	-	45,000
Total	-	261,000

Note 8: Assets held for sale (continued)

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

	Note	30 June 2019 $'000	30 June 2018 $'000
Opening Balance 1 July		**261,000**	**-**
Investment properties acquired through consolidation		-	250,000
Investment properties disposed through deconsolidation		(261,000)	-
Fair value adjustment of assets held for sale		-	11,000
Total		**-**	261,000

As a result of the Group's disposal of its investment in AJD on 12 October 2018, the results of AJD have been deconsolidated from the Group's financial results. For more information on the deconsolidation of AJD refer to Note 20.

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. Independent valuations were carried out on all properties at 30 June 2018. 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.

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 relative 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.

b) Sensitivity Matrix

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

Note 8: Assets held for sale (continued)

Capitalisation and discount rates are considered significant Level 3 inputs. Refer to Note 18 for further information.

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

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

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

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

d) Leases as lessor
The investment properties (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:

	30 June 2019 $'000	**30 June 2018 $'000**
No later than 12 months	-	14,060
Between 12 months and five years	-	56,240
Greater than five years	-	68,125
	-	138,425

Note 9: Investments equity accounted

	30 June 2019 %	**30 June 2018 %**	**30 June 2019 $'000**	**30 June 2018 $'000**
Co-investment interest				
360 Capital Total Return Passive Fund	26.3	23.7	17,989	15,333

Co-investment interest
The Trust holds a 26.3% 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.

Note 9: Investments accounted for using the equity method (continued)

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

	30 June 2019 $'000	30 June 2018 $'000
360 Capital Total Return Fund		
Opening balance – 1 July	15,333	16,259
Acquisitions of interest	2,884	-
Equity accounted profit for the year	1,845	480
Distributions	(2,073)	(1,406)
Closing Balance	**17,989**	15,333

	30 June 2019 $'000	30 June 2018 $'000
360 Capital Total Return Fund		
Current assets	65,713	73,242
Non-current Assets	20,975	6,537
Current liabilities	(4,312)	(1,574)
Equity	82,376	78,205
Trust's carrying amount of investment	**17,989**	15,333

	$'000	$'000
Revenue from continuing operations	8,695	2,468
Other income	459	635
Expenses	(1,423)	(800)
Total comprehensive income for the year	**7,731**	2,303
Tax expense/(benefit)	60	(111)
Net Profit after tax	**7,671**	2,414
Trust's share of profit	**1,845**	480

Note 10: Trade and other payables

	30 June 2019 $'000	30 June 2018 $'000
Trade & GST payables	-	1,402
Rental income received in advance	-	1,172
Accruals	88	789
Other payables	-	10
	88	3,373

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

Note 11: Borrowings

	30 June 2019 $'000	30 June 2018 $'000
Current		
Borrowings - secured	-	29,000
	-	29,000
Borrowings - secured		
Total facility limit	-	29,000
Used at end of reporting date	-	(29,000)
Unused at end of reporting date	-	-
Borrowings - unsecured		
Total Bank Guarantee facility limit	5,000	5,000
Used at end of reporting date	-	-
	5,000	5,000

a) Loan facilities summary

Bankwest facility – (Asia Pacific Data Centre Trust)
In the prior period, the Trust acquired a controlling interest in Asia Pacific Data Centre Trust (APDC Trust) and as a result the APDC Trust was consolidated into the results of the consolidated entity at 30 June 2018. On 12 October 2018 the Trust disposed of its investment in AJD and as a result AJD has been deconsolidated from the Group from this date. For more information on the deconsolidation refer to Note 20.

Unsecured facility – Bank Guarantee
In June 2018, the Trust entered into an unsecured $5.0 million bank guarantee facility with Bankwest to be used to assist in meeting the Group's Australian Financial Services licence requirements. Subsequent to balance date this facility was released and the Group no longer has any debt facilities in place.

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 12: Derivative financial instruments

	30 June 2019 $'000	30 June 2018 $'000
Current		
Interest rate swap contracts - fair value	-	90
Total	**-**	90

Note 13: Provisions

	30 June 2019 $'000	30 June 2018 $'000
Current		
Distributions payable to unitholders	-	4,570
Distributions payable to external non-controlling interest	-	940
	-	5,510

Note 14: Equity

(a) Issued capital

	30 June 2019 000's	30 June 2018 000's
360 Capital Investment Trust - Ordinary units issued	218,373	210,082

	$'000	$'000
360 Capital Investment Trust - Ordinary units issued	**194,880**	142,149

(b) Movements in issued capital

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

	000's	'000
Opening balance at 1 July	210,028	207,203
ESP securities with non-recourse loans repaid during the year	6,000	1,400
Securities issued under the Dividend Reinvestment Plan	2,345	1,425
Closing balance at 30 June	**218,373**	210,028

	$'000	$'000
Opening balance at 1 July	142,149	140,392
Capital Reallocation implemented 31 January 2018	47,714	-
ESP securities with non-recourse loans repaid during the year	3,080	583
Securities bought back on-market and cancelled	-	-
Securities issued under the Dividend Reinvestment Plan	1,950	1,233
Transaction costs incurred in issuing capital	(13)	(59)
Closing balance	**194,880**	142,149

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

	30 June 2019 000's	30 June 2018 $'000
Total ordinary units disclosed	218,373	210,028
Issued capital - balance of ESP issued in October 2013	-	6,000
Issued capital – ESP issued in August 2017	12,500	12,500
Total units issued on the ASX	**230,873**	228,528

(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.

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.

Note 14: Equity (continued)

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.

(d) Dividend Reinvestment Plan

The Group has a Distribution Reinvestment Plan (DRP) which was active for the September 2018 quarter. In July 2018 the Group issued 1,368,599 securities and raised $1.4 million relating to the June 2018 quarterly distribution and in October 2018 issued 976,746 and raised a further $0.9 million relating to the September 2018 quarterly distribution. Post the September 2018 quarter the DRP has been suspended until further notice. Securities were issued at a 1.5% discount to the Group’s 10 day average of the daily volume weighted average trading price as per the Group’s DRP policy.

(e) Capital Reallocation

On 31 January 2018 the Group completed a Capital Reallocation through the payment of a fully franked special dividend of 21.01 cents per share (franking rate of 30%) from the Company and the compulsory reinvestment as capital in 360 Capital Investment Trust (Trust) of 21.01 cents per unit, which equated to approximately $47.7 million.

Note 15: Cash and cash equivalents

(a) Reconciliation of cash and cash equivalents

	30 June 2019 $'000	30 June 2018 $'000
Cash at bank	164,780	4,821
Cash and cash equivalents in the statement of cash flows	**164,780**	4,821

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

	30 June 2019 $'000	30 June 2018 $'000
Net profit for the year	4,675	22,965
Adjustment for:		
Gain on bargain purchase	-	(2,866)
Net loss on fair value of financial assets	2,044	352
Net gain on fair value of investment properties	-	(11,000)
Net gain on fair value of derivative financial instruments	-	(273)
Net (gain)/loss on deconsolidation of controlled entity	762	-
Net gain on disposal of financial assets	-	(3,327)
Transaction costs	595	3,475
Share of equity accounted profits, net of distributions received	227	926
Change in assets and liabilities		
Decrease in receivables and prepayments	357	2,172
Decrease in creditors and accruals	(3,129)	(1,966)
Net cash inflows from operating activities	**5,531**	10,458

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 16: Basis of preparation

a) Reporting entity

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

The registered office and the principal place of business is Level 8, 56 Pitt Street, Sydney NSW 2000 Australia. The nature of operations and principal activities of the consolidated entity are disclosed in the Directors' report.

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

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.

International Financial Reporting Standards (IFRS) form the basis of Australian Accounting Standards (including Australian Interpretations) adopted by the AASB. The financial report complies with IFRS and interpretations adopted by the International Accounting Standards Board.

c) Basis of preparation

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

The financial report has been prepared on accruals basis and on the historical cost basis except for investment properties, financial assets and financial liabilities, which are stated at their fair value or amortised cost. The accounting policies set out in Note 28 have been applied consistently to all periods presented in this financial report except for the new accounting standards AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers*. For more detail on the impact of the adoption of these standards refer to Note 28(a). The accounting policies have been applied consistently by all entities in the consolidated entity.

The financial report is presented in Australian dollars.

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

d) Critical judgements and significant accounting estimates

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

Note 16: Basis of preparation (continued)

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

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 28(l).

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 however may be amended as deemed appropriate. The consolidated entity 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 28.

Control of entities

The Trust has consolidated the financial results of entities it is deemed to control under AASB10 *Consolidated Financial Statements*. Critical judgements are made by the Trust to determine whether control exists, principally around the three criteria which must be met (refer to Note 28(b). Further information on Controlled Entities is included in Note 21.

Judgements made by management in the application of Australian Accounting Standards that have a significant effect on the financial report and estimates with a significant risk of material adjustment in the next year are disclosed in Note 28(s).

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

The consolidated entity has applied the amendments contained in the Corporations Amendment (Corporate Reporting Reform) Bill 2010 in the preparation of this financial report which allows for removing the requirement in consolidated financial statements to include full parent entity information. A note containing information about the Parent Entity has been included at Note 27.

e) Changes in accounting policies and disclosures

The consolidated entity applied AASB 9 and AASB 15 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described in Note 28(a).

Note 17: Capital management

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

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

The Group has a Distribution Reinvestment Plan (DRP) which was active for the September 2018 quarterly distribution. In July 2018 the Group issued 1,368,599 securities and raised $1.4 million relating to the June 2018 quarterly distribution and in October 2018 issued 976,746 and raised a further $0.9 million relating to the September 2018 quarterly distribution. Securities were issued at a 1.5% discount to the Group's 10 day weighted average trading price as per the Group's DRP policy.

For information on issued units refer to Note 14 and on borrowings refer to Note 11.

Note 18: Other financial assets and liabilities

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

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

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

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

	30 June 2019 $'000	**30 June 2018 $'000**
Cash and cash equivalents	164,780	4,821
Receivables	745	675
Financial assets at fair value through profit or loss	2,183	44,060
Total	**167,708**	49,556

The consolidated entity manages credit risk and the losses which could arise from default by ensuring that parties to contractual arrangements are of an appropriate credit rating, or do not show a history of defaults. At reporting date, there are no issues with the credit quality of financial assets that are neither past due or impaired, and all amounts are expected to be received in full.

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

Note 18: Other financial assets and liabilities (continued)

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

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

	Floating interest rate $'000	Fixed interest maturing in 1 year or less $'000	Fixed interest maturing in 1 to 5 years $'000	Fixed interest maturing in more than 5 years $'000	Non-interest bearing $'000	Total $'000
30 June 2019						
Financial assets						
Cash and cash equivalents	164,780	-	-	-	-	164,780
Receivables	-	-	-	-	745	745
Financial assets at fair value through profit or loss	-	-	-	-	2,183	2,183
Total financial assets	**164,780**	**-**	**-**	**-**	**2,928**	**167,708**
Weighted average interest rate						
Financial liabilities						
Trade and other payables	-	-	-	-	88	88
Due to related entities	-	-	-	-	5,322	5,322
Total financial liabilities	**-**	**-**	**-**	**-**	**5,410**	**5,410**
Net financial assets/(liabilities)	**164,780**	**-**	**-**	**-**	**(2,482)**	**162,298**
30 June 2018						
Financial assets						
Cash and cash equivalents	4,821	-	-	-	-	4,821
Receivables	-	-	-	-	675	675
Financial assets at fair value through profit or loss	-	-	-	-	44,060	44,060
Total financial assets	4,821	-	-	-	44,735	49,556
Weighted average interest rate						
Financial liabilities						
Trade and other payables	-	-	-	-	3,373	3,373
Borrowings	-	29,000	-		-	29,000
Due to related entities	-	-	-	-	36,406	36,406
Derivative financial instruments	-	-	-	-	90	90
Total financial liabilities	-	29,000	-	-	39,869	68,869
Net financial assets/(liabilities)	4,821	(29,000)	-	-	4,866	(19,313)

Note 18: Other financial assets and liabilities (continued)

Summarised interest rate sensitivity analysis

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

	Note	Carrying amount $'000	Change in interest rate -1% Profit $'000	Change in interest rate 1% Profit $'000
30 June 2019				
Financial assets				
Cash and cash equivalents		164,780	(1,648)	1,648
Total (decrease) increase			**(1,648)**	**1,648**
30 June 2018				
Financial assets				
Cash and cash equivalents		4,821	(482)	482
Financial liabilities				
Borrowings		29,000	-	-
Derivative financial instruments		90	(28)	28
Total (decrease) increase			(510)	510

Liquidity risk

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

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

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

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

	Carrying amount $'000	Contractual cash flow $'000	Less than 1 Year $'000	Between 1-5 Years $'000	Over 5 Years $'000
30 June 2019					
Trade and other payables	88	(88)	(88)	-	-
	88	**(88)**	**(88)**	**-**	**-**
30 June 2018					
Trade and other payables	3,373	(3,373)	(3,373)	-	-
Borrowings	29,000	(29,408)	(29,408)	-	-
Derivative financial instruments	90	(95)	(95)	-	-
	32,463	(32,876)	(32,876)	**-**	**-**

Note 18: Other financial assets and liabilities (continued)

Price risk

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

The investments within the consolidated entity 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 consolidated entity is in line with consolidated entity 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 consolidated entity, with all other variables held constant, by an increase/(decrease) of $6,765 (2018: $25,361).

Fair values

Set out below is a comparison of the carrying amounts and fair values of financial instruments as at 30 June 2019:

	Carrying amount		Fair value	
	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
Financial liabilities				
Borrowings	-	29,000	-	29,000
Derivative financial instruments	-	90	-	90
Total non-current financial liabilities	**-**	**29,090**	**-**	**29,090**

The fair value of receivables and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair values quoted in the above table in relation to borrowings are all categorised within the fair value hierarchy as level 2 inputs.

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.

Note 18: Other financial assets and liabilities (continued)

As at 30 June 2019, 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 30 June 2019:				
Financial assets				
Financial assets at fair value through profit or loss	**2,183**	-	-	2,183
As at 30 June 2018:				
Financial assets				
Financial assets at fair value through profit or loss	**44,060**	39,833	-	4,227
Financial liabilities				
Derivative financial instruments	90	-	90	-

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

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

	30 June 2019 $'000	30 June 201 $'000
Balance at 1 July	4,227	4,579
Fair value adjustment of financial assets	(2,044)	(352)
Closing balance	**2,183**	4,227

Valuation techniques

Financial assets at fair value through profit or loss

For fair value profit or loss financial assets, the consolidated entity invests in listed and unlisted investments. The value of the investments in the listed market is stated at unit price as quoted on the ASX at each statement of financial position date. As such, listed investments are 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 15). The significant Level 3 inputs in relation to the underlying property valuations of the investments include capitalisation rates and discount rates. 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.

Note 18: Other financial assets and liabilities (continued)

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.

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 19: Business combinations and acquisition of non-controlling interests

There were no business combinations or acquisitions of non-controlling interests in the year ended 30 June 2019. Business combinations which occurred in the prior comparative period are detailed below.

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 8 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.

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**

Note 19: Business combinations and acquisition of non-controlling interests (continued)

The 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	(25,000)
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.

Revenue and profit contribution

The acquired business contributed revenues of $9.6 million and a net profit of $16.5million to the consolidated entity from 6 November 2017 to 30 June 2018.

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 year ended 30 June 2018 would have been $13.8 million and $53.6 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.

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	1,427
Total cash outflow to acquire controlled entity	**59,287**

Note 19: Business combinations and acquisition of non-controlling interests (continued)

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 20: Divestment of subsidiary

Summary of divestment transaction

On 8 October 2018 NEXTDC Limited (ASX: NXT) made an unconditional on-market takeover bid for AJD, to acquire all the AJD securities it did not already own. NEXTDC offered $2.00 per AJD security and AJD securityholders were entitled to receive a special distribution of $0.02 cents per security together with the September 2018 quarterly distribution of $0.02 cents per security.

On 12 October 2018, the Group disposed of its investment in Asia Pacific Data Centre Group (AJD) via the takeover offer by NEXTDC for a total consideration of $154.8 million.

Prior to the disposal, the consolidated entity held a 67.3% stake in Asia Pacific Data Centre Trust (APDC Trust) and as a consequence of the disposal, APDC Trust has been deconsolidated from the results of the Group from 12 October 2018.

Details of the disposal consideration to divest the controlling interest in APDC Trust on 12 October 2018 are as follows:

	$'000
Cash received	153,999
Total disposal consideration	**153,999**

Note 20: Divestment of subsidiary (continued)

Net assets divested:

	$'000
Assets	
Cash and cash equivalents	2,571
Receivables and other current assets	1,194
Investment properties	261,000
Liabilities	
Trade and other payables	5,750
Borrowings	29,000
Derivative financial instruments	90
Carrying value of assets divested	229,925
Less: Non-controlling interests	(75,164)
Carrying value of assets divested excluding non-controlling interest	154,761
Net loss on disposal recognised during the period	**(762)**

The carrying value of net assets divested has been calculated with reference to the most recent publicly available information to calculate the net assets of AJD on 12 October 2018.

AJD financial information

The takeover offer by NEXTDC for AJD was announced on the 8 October 2018 and the Group accepted into the offer its 67.3% stake in AJD on 12 October 2018. Following the Group's acceptance of the takeover offer, NEXTDC effectively gained control of AJD on 12 October 2018 by obtaining a 97% interest in AJD. NEXTDC announced a compulsory takeover of all the AJD securities it did not already own on 23 October 2018 having acquired a relevant interest in AJD of 98.02%. On 29 November 2018 AJD was suspended from official quotation on the ASX following the dispatch of compulsory acquisition notices by NEXTDC and on 24 December 2018 AJD was removed from the official list of ASX.

Given the above events the Group has not been able to obtain all relevant financial information relating to AJD's operations or financial position for the period 1 July 2018 to the date of disposal of 12 October 2018. The Group has therefore used the AJD's financial position recorded in its financial statements as at 30 June 2018, adjusted for those items that the Group believes can be reliably estimated to derive the value of net assets disposed of on 12 October 2018.

Income statement

The net profit of AJD for the period from 1 July 2018 to 12 October 2018 included in the consolidated entity's results is set out below:

	$'000
Rental income	3,969
Finance expenses	(352)
Other expenses	(494)
Net Profit	**3,123**

The Trust has included rental income and interest expense of AJD in its results as the Group believes these items can be reliably estimated with reference to the most recent publicly available information.

Note 20: Divestment of subsidiary (continued)

Net assets on disposal

The net assets of AJD on disposal may be misstated to the extent any movement between 30 June 2018 and 12 October 2018 outside of those movements which the Group has estimated (refer above). These movements will impact the gain or loss on disposal of AJD. Any such misstatement will not impact the net assets of the Group as at 31 December 2018 given the compensating impact of the adjustment to the loss on disposal of AJD. The directors of the Group have assessed the fair value of investment properties owned by AJD at the disposal date and believe they were recorded at fair value. The carrying values were consistent with external valuations conducted by AJD as at 30 June 2018. The value of net assets attributed to the securityholder of the Group at 31 December 2018 should not be impacted by any movements in AJD net assets prior to disposal date.

Disposal consideration – cash flows on disposal

	$'000
Cash consideration received	153,999
Add: Special distribution received	1,548
Inflow of cash upon disposal of subsidiary	**155,547**
Less: Cash and cash equivalents deconsolidated	(2,571)
Total cash inflow upon disposal	**152,976**

Note 21: Subsidiaries and controlled entities

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

a) Interest in controlled entities of 360 Capital Investment Trust

			Equity Holding	
Name of entity	**Country of domicile**	**Equity Class**	**30 June 2019 %**	**30 June 2018 %**
Trafalgar Opportunity Fund No.4	Australia	Ordinary units	100	100
360 Capital Trust	Australia	Ordinary units	100	100
360 Capital Retail Fund	Australia	Ordinary units	100	100
360 Capital Diversified Property Fund	Australia	Ordinary units	100	100
360 Capital DIP Trust [1]	Australia	Ordinary units	100	100

b) Interest in controlled entities with material non-controlling interests

Asia Pacific Data Centre Trust [2]	Australia	Ordinary units	-	67.3

[1] Previously 360 Capital AJD Trust.

[2] During the prior year the Trust increased its holding in Asia Pacific Data Centre Group to 67.3% and the results are consolidated from 3 November 2017. Refer to Note 19 for more information.

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 22: Commitments and contingencies

Capital commitments
As at 30 June 2019, the consolidated entity had no capital commitments (2018: Nil).

Contingencies

There are no other contingent liabilities as at 30 June 2019 (2018: Nil).

Note 23: Events subsequent to balance date

Subsequent to balance date, the Group launched a $50.0 million pre-IPO funding round of the 360 Capital Digital Infrastructure Fund (360CDIP) and committed $25 million seed capital into the fund as a long term co-investment. 360CDIP has acquired an interest in an operating data centre business in Guam ($7.8 million) and exchanged contracts on a fully leased data centre in Perth ($37.0 million). The fund has also entered into a $10.6 million convertible note issued by a global hyperscale data centre operator. The fund has raised an additional $25 million in pre-IPO funding which the Group has underwritten.

In July 2019, the $5.0 million unsecured bank guarantee facility with Bankwest entered into by the Trust in June 2018, which was used to assist in meeting the Group's Australian Financial Services licence requirements was terminated.

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

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 24: Auditor's remuneration

Details of the amounts paid to the auditor for audit and non-audit services provided during the year are set out below:

	30 June 2019 $	30 June 2018 $
Audit services – Ernst & Young		
Audit and review of financial reports	18,501	18,000
Other assurance services - compliance	8,700	7,468
	27,201	25,468
Non-audit services – Ernst & Young		
Taxation compliance services	28,050	38,000
Total auditor's remuneration	**55,251**	63,468

Note 25: Earnings per unit

	30 June 2019 ¢	30 June 2018 ¢
Basic earnings per unit	1.7	8.4
Diluted earnings per unit	1.6	7.8

	$'000	$'000
Basic and diluted earnings		
Profit attributable to unitholders of the consolidated entity used in calculating earnings per unit	3,654	17,554

	000's	000's
Weighted average number of units used as a denominator		
Weighted average number of units - basic	212,934	208,130
Weighted average number of units - diluted	230,454	226,028

Dilution
As at 30 June 2019, there is a total of 12,500,000 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 14.

Note 26: Related party transactions

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

Controlled entities
Interests in controlled entities are set out in Note 21.

Responsible Entity
The Responsible Entity of the Trust is 360 Capital FM Limited. The immediate parent entity of the Responsible Entity is 360 Capital Property Limited (ABN 46 146 484 433), and its ultimate parent entity is 360 Capital Group Limited (ABN 18 113 569 136). During the year 360 Capital Property Limited acquired all of the issued shares in the Company from Trafalgar Corporate Pty Limited for total consideration of $10,588,908. The ultimate parent company remains unchanged as 360 Capital Group Limited.

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

Bank Guarantee
On 29 June 2018, 360 Capital FM Limited received an $5.0 million eligible undertaking to support its AFS licence requirements. The undertaking was funded by an unsecured facility entered into by 360 Capital Investment Trust and provided by Bankwest. On 8 July 2019, the Bank Guarantee was cancelled and the associated unsecured facility released by Bankwest.

Note 26: Related party transactions (continued)

Investment in entity related to director and KMP
In July 2019, the Group acquired a 50% interest in a company called Digital Software Solutions Pty Ltd. The remaining 50% interest is held separately by a director Tony Pitt and KMP's James Storey and Glenn Butterworth (together "Founding Shareholders"). The Group interest was acquired at market value and as part of the acquisition the Group issued a two year option to the founding shareholders to buy back a 25% interest based on an agreed 20% return to the Group.

Loan to Director
On 28 March 2019, the Group provided a short-term loan of $1.786 million to Managing Director Tony Pitt at a market interest rate of 7.00 per cent. This loan was repaid on 11 April 2019. Tony Pitt used the funds from the short-term loan and an additional $1 million of his own funds to extinguish his $2.786 million 360 Capital Group 2013 Employee Security Plan Loan.

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

Capital Reallocation
In January 2018 the Group implemented the Capital Reallocation via the payment of the Company fully franked special dividend of 21.01 cents per share (franking rate of 27.5%) and associated capital reallocation to the Trust of 21.01 cents per unit, which equates to approximately $47.7 million.

Transfer of shares in APDC Holdings Limited
In November 2017, the Trust transferred at market value for total consideration of $905,652 its beneficial interest in APDC Holdings Pty Limited 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.

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.

Bank Guarantee
On 29 June 2018, 360 Capital FM Limited received an $5.0 million eligible undertaking to support its AFS licence requirements. The undertaking was funded by an unsecured facility entered into by 360 Capital Investment Trust and provided by Bankwest.

Related Party Loan
At reporting date, the consolidated entity has a loan to the 360 Capital Group Limited of $36.4 million. Included in this balance is a $20.0 million, 2 year unsecured loan facility with First Samuel that 360 Capital Group Limited entered into to assist with the finance of the Trust's acquisition of AJD during the prior year. This loan has been provided to the Trust on the same terms as the loan agreement with First Samuel.

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

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

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

Note 26: Related party transactions (continued)

KMP
Tony Pitt, Managing Director
Glenn Butterworth, Chief Financial Officer
James Storey, Head of Real Assets – Appointed 1 September 2018

Securities held in 360 Capital Group by Directors

NEDS	Held at 1 July 2018	Granted as remuneration	Acquisition	Disposal	Held at 30 June 2019
David van Aanholt	369,306	-	8,344	-	377,650
William Ballhausen	500,000	-	-	-	500,000
Graham Lenzner	344,824	-	7,585	-	352,409
Andrew Moffat	1,028,290	-	28,760	-	1,057,050
	2,242,420	-	44,689	-	2,287,109

Securities held in 360 Capital Group by key management personnel

KMP	Held at 1 July 2018	Granted as remuneration	Acquisition	Disposal	Held at 30 June 2019
Tony Pitt	65,759,189	-	1,740,811	-	67,500,000
Glenn Butterworth	3,255,025	-	7,901	-	3,262,926
James Storey[1]	3,000,000	-	-	-	3,000,000
	72,014,214	-	1,748,712	-	73,762,926

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.

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

KMP	Balance at start of the year $	ESP loans issued during the year $	Interest charged in the year $	Payments made during the year $	Balance at end of the year $	Highest indebtness during the year $
Tony Pitt	6,480,000	-	184,441	(3,724,441)	2,940,000	6,480,000
Glenn Butterworth	2,940,000	-	90,000	(90,000)	2,940,000	2,940,000
James Storey[1]	2,940,000	-	90,000	(90,000)	2,940,000	2,940,000
	12,360,000	-	364,441	(3,904,441)	8,820,000	12,360,000

1. Loan was 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.

The loan provided on the grant date was equivalent to the face value of the securities. Existing loans at the beginning of the year were granted on 2 August 2017 as part of the Group's ESP. Interest on the loan is equal to any distributions or dividends paid on the securities over the 3 year period, and should performance hurdles not be met, or participants elect not to repay the loan, then the Board, at its discretion, will either sell or cancel the securities. During the year interest on the loans to KMPs were waived for 2 quarterly distributions to allow cash for KMPs to meet their tax liability on their 2017 ESP securities associated with the capital reallocation that occurred in January 2018. The interest waiver for each KMP above was $60,000 (2018: $120,000) and totaled $180,000 for the year (2018: $360,000). For further information on these loans refer to Note 14.

Note 26: Related party transactions (continued)

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

	30 June 2019 $	30 June 2018 $
Current Assets		
Due from Asia Pacific Data Centre Holdings Limited	-	361,206
	-	361,206
Current liabilities		
Due to 360 Capital Group Limited	2,162,829	36,406,175
	2,162,829	36,406,175

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

Responsible Entity's fees
Under the terms of the constitution, the Responsible Entity is entitled to receive management fees. During the year the Responsible Entity charged management fees totalling $785,700 (2018: $786,000)

Note 27: Parent entity disclosures

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

	30 June 2019 $'000	30 June 2018 $'000
Current assets	164,894	226
Non-current assets	85,319	227,075
Total assets	**250,213**	**227,301**
Current liabilities	40	4,566
Non-current liabilities	120,899	100,190
Total liabilities	**120,939**	**104,756**
Issued capital	192,880	142,149
Accumulated losses	(63,606)	(19,604)
Total equity	**129,274**	**122,545**
Net profit/(loss) for the year	959	(761)
Total comprehensive income/(loss) for the year	**959**	**(761)**

Parent entity contingent liabilities
On 29 June 2018, 360 Capital FM Limited received an $5.0 million eligible undertaking to support its ASF licence requirements. The undertaking was funded by an unsecured facility entered into by 360 Capital Investment Trust and provided by Bankwest (2018: Nil). On 8 July 2019, the Bank Guarantee was cancelled and the associated unsecured facility released by Bankwest.

Note 28: Statement of significant accounting policies

a) Changes in accounting policy

The Trust applied AASB 9 and AASB 15 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

AASB 9 *Financial Instruments*
AASB 9 Financial instruments (AASB 9) replaces AASB 139 *Financial Instruments: Recognition and Measurement* and is effective for annual periods beginning on or after 1 January 2018. AASB 9 makes changes to the classification and measurement of financial instruments, introduces a new expected credit loss (ECL) model when recognising and calculating impairment on financial assets, and also introduces new general hedge accounting requirements.

The Trust has adopted AASB 9 retrospectively, with the initial application date being 1 July 2018. Comparative results are not restated as permitted by the standard. The impact of the adoption of AASB 9 is detailed below:

i) Classification and measurement

The classification and measurement requirements of AASB 9 did not have a significant impact on the Trust. The Trust continued measuring at fair value all financial assets previously held at fair value under AASB 139. Trade and other receivables are held to collect contractual cash flows and these contractual cash flows are SPPI. These receivables continue to be measured at amortised cost.

From 1 July 2018, the Trust classifies its financial assets as follows:

- Cash and cash equivalents & trade and other receivables are held at amortised cost. These are held to collect contractual cash flows and these contractual cash flows are solely payments of principal and interest (SPPI).
- Financial assets that do not meet the SPPI criterion are measured at fair value through profit and loss (FVTPL).

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

Financial assets at FVTPL are subsequently measured at fair value. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

ii) Impairment

The adoption of AASB 9 has changed the Trust's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Trust to recognise an allowance for ECLs for all financial assets not held at fair value through profit or loss.

Upon adoption of AASB 9, the Trust performed ECL provision calculations and the loss allowance was immaterial therefore it has not been recognised.

AASB 15 *Revenue from Contracts with Customers*
AASB 15 *Revenue from Contracts with Customers* (AASB 15) establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

The Trust has adopted AASB 15 using the modified retrospective method and this has not had a material impact on the Trust.

There were no other changes to the Trust's accounting policies for the financial reporting year commencing 1 July 2018. The remaining policies of the Trust are consistent with the prior year.

Note 28: Statement of significant accounting policies (continued)

b) Basis of consolidation

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

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

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

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

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

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

Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Trust as at 30 June 2016 and the results of all subsidiaries for the period then ended.

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

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

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

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

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

Note 28: Statement of significant accounting policies (continued)

c) Segment reporting

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

Operating segments are determined based on the information which is regularly reviewed by the Managing Director, who is the Chief Operating Decision Maker within the consolidated entity.

d) Revenue recognition

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

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.

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.

Interest income
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.

Other income
Other income is recognised when the right to receive the revenue has been established.

e) Finance expenses

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

f) Income tax

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

g) Impairment of assets

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

Note 28: Statement of significant accounting policies (continued)

h) Cash and cash equivalents

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

i) Receivables

Receivables, previously classified as *Loans and receivables* under AASB 139 are now 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.

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

j) Financial instruments

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

Financial assets are classified into the following specified categories: “Financial Assets at amortised cost” 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.

<u>Financial assets at fair value through profit or loss</u>
Financial assets designated at fair value through profit or loss comprises investments in unlisted and listed funds. Upon initial recognition, the investments are designated at fair value through profit or loss in accordance with AASB 9 *Financial Instruments*. The consolidated entity has elected to measure these investments at fair value through profit or loss as allowed under paragraph 18 of AASB 128 *Investments in Associates and Joint Ventures*.

Financial assets designated at fair value through profit or loss at inception, are those that are managed and their performance evaluated on a fair value basis in accordance with the consolidated entity’s documented investment strategy. The consolidated entity’s policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risk and rewards of ownership.

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

<u>Financial assets at amortised cost</u>
Refer to Note 28(i).

Note 28: Statement of significant accounting policies (continued)

Financial liabilities and equity
Financial liabilities and equity instruments issued by the consolidated entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. The accounting policies adopted for specific financial liabilities and equity instruments are set out in Note 28(o) and Note 28(q) below.

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

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

k) Assets held for sale

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

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

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

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

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

l) Investment properties

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

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

Note 28: Statement of significant accounting policies (continued)

m) Derivative financial instruments

The consolidated entity uses derivative financial instruments to hedge its risks associated with interest rate fluctuations. The significant interest rate risk arises from bank borrowings. The consolidated entity does not use derivative financial instruments for speculative purposes.

Derivatives are initially measured at fair value on the date a derivative contract is entered into and are subsequently measured at fair value at each reporting date. The net fair value of all derivative financial instruments outstanding at the statement of financial position date is recognised in the statement of financial position as either a financial asset or liability.

The Directors have decided not to use the option in AASB 139: *Financial Instruments: Recognition and Measurement* to classify the interest rate swaps as cash flow hedges and accordingly these are classified as at fair value through profit or loss, and the changes in the fair value of the derivative financial instruments are recognised in the statement of profit or loss.

The fair value of interest rate swaps is the estimated amount that the consolidated entity would receive or pay to terminate the swap at the statement of financial position date, taking into account current and future interest rates.

n) Trade and other payables

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

o) 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 consolidated entity 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.

p) Provisions

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

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.

q) Issued units

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

Note 28: Statement of significant accounting policies (continued)

r) 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.

s) Accounting standards issued but not yet effective

The following new accounting standards have been issued, but are not mandatory as at 30 June 2019. They are available for early adoption, but have not been applied in preparing these financial statements. The consolidated entity plans to adopt these standards on the effective date. The impact of these new standards are as follows:

- AASB 16 – *Leases (Effective January 1, 2019).* This standard establishes the enhanced reporting requirements of the Lessee and lessor when entering into Leases. This is not expected to materially impact the consolidated entity's financial statements as the consolidated entity does not currently have any lease arrangements in place.

In addition to above, the following amendments have been proposed due to amendments of related standards and the annual improvements cycles:

- AASB 2018-1 *Annual Improvements 2015-2017 Cycle (Effective January 1, 2019)*
- AASB Interpretation 23 *Uncertainty over Income Tax Treatments*

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 Investment Trust
Directors' declaration
For the year ended 30 June 2019

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 48 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 2019 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) 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 2019.

4) The Directors draw attention to Note 16(b) to the consolidated financial statements, which include a statement of compliance with International Financial Reporting Standards.

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

David van Aanholt
Chairman

Tony Robert Pitt
Managing Director

Sydney
21 August 2019

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

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

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of 360 Capital Investment Trust (CIT) and its controlled entities (the consolidated entity), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the consolidated financial statements, including a summary of significant accounting policies, and the declaration of directors of 360 Capital FM Limited, the Responsible Entity of the consolidated entity.

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

a) giving a true and fair view of the consolidated financial position of the consolidated entity as at 30 June 2019 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 consolidated entity 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* (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.

1. Disposal of Asia Pacific Data Centre Trust ('AJD')

Why significant	How our audit addressed the key audit matter
On the 12 October 2018, CIT sold its entire 67% holding in AJD via the takeover offer by NEXTDC for a total consideration of $154.0m. AJD had been controlled by CIT and consolidated into the financial statements as at 30 June 2018. At the date of disposal, the total carrying value of the assets divested (at 100%) was $229.9 million of which CIT's share was $154.8 million. A loss of $0.8m was recognised on disposal. Given the significance of the deconsolidation to the balance sheet of the Group we considered this to be a key audit matter. Disclosure of the disposal is included in Note 20 of the financial report.	Our audit procedures included the following: ► We agreed the sales price to the underlying sales agreements and traced the receipt of cash to the bank statement. ► We have assessed the accuracy of the inputs used in the 30 June 2019 calculation of the loss on disposal and the classification in the profit and loss. ► We involved EY tax specialists to assess the tax implications of the transaction to determine whether they have been appropriately identified and recorded. ► We have assessed the adequacy of the disclosures in the financial statements as at 30 June 2019.

Information Other than the Financial Report and Auditor's Report

The directors of the Responsible Entity are responsible for the other information. The other information comprises the information included in the consolidated entity's 2019 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Responsible Entity 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 of the Responsible Entity are responsible for assessing the consolidated entity'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 of the Responsible Entity either intend to liquidate the Trust and the entities it controlled during the year 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 Fund's internal control.

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

- 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 Fund'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 Fund 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 consolidated entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the consolidated audit. We remain solely responsible for our audit opinion.

We communicate with the directors of the Responsible Entity 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 of the Responsible Entity 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, related safeguards.

From the matters communicated to the directors of the Responsible Entity, 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.

Ernst & Young

Ernst & Young

Mark Conroy

Mark Conroy
Partner
Sydney
21 August 2019