

360 Capital Office Fund

19 August 2015

Appendix 4G and Corporate Governance Statement

In accordance with the ASX Listing Rules, attached is a copy of the Appendix 4G and 2015 Corporate Governance Statement.

James Storey
Fund Manager
360 Capital Office Fund
+61 2 8405 5675

Tim Spencer
Head of Investor Relations
360 Capital Group
+61 2 8405 8872

About 360 Capital Office Fund (ASX code TOF)

360 Capital Office Fund is the only ASX-listed office sector A-REIT focused on suburban A grade and CBD B grade rent collecting properties in Australia in the \$30 to \$100 million asset value range. The Fund has a diversified \$235 million portfolio of four quality assets, a weighted average lease expiry of 4.7 years, occupancy of 100.0%, gearing of approximately 28.2% and a FY15 distribution of 17.0cpc. The Fund is externally managed by 360 Capital Group, a leading ASX-listed real estate investor and fund manager, that operates under a transparent fee structure and is the largest unitholder in the Fund with a co-investment stake of circa 30% to ensure ongoing alignment of interests with Unitholders.

About 360 Capital Group (ASX code TGP)

360 Capital Group is an ASX-listed, property investment and funds management group concentrating on strategic investment and active investment management of property assets. The company actively invests in direct property assets, property securities and various corporate real estate acquisitions within Australian real estate markets on a private equity basis. 360 Capital Group's 21 full time staff have significant property, funds and investment management experience. 360 Capital Group manages nine investment vehicles holding assets valued at over \$1.2 billion on behalf of over 10,000 investors and has over \$177 million worth of co-investments across the 360 Capital Group.

Appendix 4G

Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

360 Capital Office Fund (TOF)

ABN / ARBN:

ARSN: 106453196

Financial year ended:

30 June 2015

Our corporate governance statement² for the above period above can be found at:³

- ☐ These pages of our annual report:
- ☒ This URL on our website: <http://www.360capital.com.au/investor-information/ASX-Corporate-Governance-Principles/>

The Corporate Governance Statement is accurate and up to date as at 19 August 2015 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 19 August 2015

Name of Secretary authorising lodgement: Charisse Nortje

¹ Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

² "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

³ Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement <u>OR</u> ☐ at <i>[insert location]</i> ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): ☒ at http://www.360capital.com.au/investor-information/ASX-Corporate-Governance-Principles/	☐ an explanation why that is so in our Corporate Governance Statement <u>OR</u> ☒ we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement <u>OR</u> ☐ at <i>[insert location]</i>	☐ an explanation why that is so in our Corporate Governance Statement <u>OR</u> ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement <u>OR</u> ☐ at <i>[insert location]</i>	☐ an explanation why that is so in our Corporate Governance Statement <u>OR</u> ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement <u>OR</u> ☐ at <i>[insert location]</i>	☐ an explanation why that is so in our Corporate Governance Statement <u>OR</u> ☐ we are an externally managed entity and this recommendation is therefore not applicable

⁴ If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	... the fact that we have a diversity policy that complies with paragraph (a): ☒ in our Corporate Governance Statement <u>OR</u> ☐ at <i>[insert location]</i> ... and a copy of our diversity policy or a summary of it: ☒ at http://www.360capital.com.au/investor-information/ASX-Corporate-Governance-Principles/ and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them: ☒ in our Corporate Governance Statement <u>OR</u> ☐ at <i>[insert location]</i> ... and the information referred to in paragraphs (c)(1) or (2): ☒ in our Corporate Governance Statement <u>OR</u> ☐ at <i>[insert location]</i>	☐ an explanation why that is so in our Corporate Governance Statement <u>OR</u> ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	... the evaluation process referred to in paragraph (a): ☒ in our Corporate Governance Statement <u>OR</u> ☐ at <i>[insert location]</i> ... and the information referred to in paragraph (b): ☒ in our Corporate Governance Statement <u>OR</u> ☐ at <i>[insert location]</i>	☐ an explanation why that is so in our Corporate Governance Statement <u>OR</u> ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	... the evaluation process referred to in paragraph (a): ☒ in our Corporate Governance Statement <u>OR</u> ☐ at <i>[insert location]</i> ... and the information referred to in paragraph (b): ☒ in our Corporate Governance Statement <u>OR</u> ☐ at <i>[insert location]</i>	☐ an explanation why that is so in our Corporate Governance Statement <u>OR</u> ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE			
2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	[If the entity complies with paragraph (a):] ... the fact that we have a nomination committee that complies with paragraphs (1) and (2): ☒ in our Corporate Governance Statement <u>OR</u> ☐ at [insert location] ... and a copy of the charter of the committee: ☒ at http://www.360capital.com.au/investor-information/ASX-Corporate-Governance-Principles/ ... and the information referred to in paragraphs (4) and (5): ☒ in our Corporate Governance Statement <u>OR</u> ☐ at [insert location] [If the entity complies with paragraph (b):] ... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively: ☐ in our Corporate Governance Statement <u>OR</u> ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement <u>OR</u> ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	... our board skills matrix: ☒ in our Corporate Governance Statement <u>OR</u> ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement <u>OR</u> ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: ☒ in our Corporate Governance Statement <u>OR</u> ☐ at <i>[insert location]</i> ... and, where applicable, the information referred to in paragraph (b): ☒ in our Corporate Governance Statement <u>OR</u> ☐ at <i>[insert location]</i> ... and the length of service of each director: ☒ in our Corporate Governance Statement <u>OR</u> ☐ at <i>[insert location]</i>	☐ an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement <u>OR</u> ☐ at <i>[insert location]</i>	☐ an explanation why that is so in our Corporate Governance Statement <u>OR</u> ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement <u>OR</u> ☐ at <i>[insert location]</i>	☐ an explanation why that is so in our Corporate Governance Statement <u>OR</u> ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement <u>OR</u> ☐ at <i>[insert location]</i>	☐ an explanation why that is so in our Corporate Governance Statement <u>OR</u> ☐ we are an externally managed entity and this recommendation is therefore not applicable
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: ☒ in our Corporate Governance Statement <u>OR</u> ☒ at http://www.360capital.com.au/investor-information/ASX-Corporate-Governance-Principles/	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING			
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	[If the entity complies with paragraph (a): ... the fact that we have an audit committee that complies with paragraphs (1) and (2): ☒ in our Corporate Governance Statement <u>OR</u> ☐ at [insert location] ... and a copy of the charter of the committee: ☒ at http://www.360capital.com.au/investor-information/ASX-Corporate-Governance-Principles/ ... and the information referred to in paragraphs (4) and (5): ☒ in our Corporate Governance Statement <u>OR</u> ☐ at [insert location] [If the entity complies with paragraph (b): ... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner: ☐ in our Corporate Governance Statement <u>OR</u> ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement <u>OR</u> ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement <u>OR</u> ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement <u>OR</u> ☐ we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	... our continuous disclosure compliance policy or a summary of it: ☒ in our Corporate Governance Statement <u>OR</u> ☒ at http://www.360capital.com.au/investor-information/ASX-Corporate-Governance-Principles/	☐ an explanation why that is so in our Corporate Governance Statement
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: ☒ at http://www.360capital.com.au/investor-information/ASX-Corporate-Governance-Principles/	☐ an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement <u>OR</u> ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: ☒ in our Corporate Governance Statement <u>OR</u> ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement <u>OR</u> ☐ we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement <u>OR</u> ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	[If the entity complies with paragraph (a): ... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2): ☒ in our Corporate Governance Statement <u>OR</u> ☐ at [insert location] ... and a copy of the charter of the committee: ☒ at http://www.360capital.com.au/investor-information/corporate-governance/ and the information referred to in paragraphs (4) and (5): ☒ in our Corporate Governance Statement <u>OR</u> ☐ at [insert location] [If the entity complies with paragraph (b): ... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework: ☐ in our Corporate Governance Statement <u>OR</u> ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound: ☒ in our Corporate Governance Statement <u>OR</u> ☐ at [insert location] ... and that such a review has taken place in the reporting period covered by this Appendix 4G: ☒ in our Corporate Governance Statement <u>OR</u> ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	[If the entity complies with paragraph (a):] ... how our internal audit function is structured and what role it performs: ☐ in our Corporate Governance Statement <u>OR</u> ☐ at <i>[insert location]</i> [If the entity complies with paragraph (b):] ... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes: ☒ in our Corporate Governance Statement <u>OR</u> ☐ at <i>[insert location]</i>	☐ an explanation why that is so in our Corporate Governance Statement
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks: ☒ in our Corporate Governance Statement <u>OR</u> ☐ at <i>[insert location]</i>	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	[If the entity complies with paragraph (a):] ... the fact that we have a remuneration committee that complies with paragraphs (1) and (2): ☒ in our Corporate Governance Statement <u>OR</u> ☐ at [insert location] ... and a copy of the charter of the committee: ☒ at http://www.360capital.com.au/investor-information/ASX-Corporate-Governance-Principles/ ... and the information referred to in paragraphs (4) and (5): ☒ in our Corporate Governance Statement <u>OR</u> ☐ at [insert location] [If the entity complies with paragraph (b):] ... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive: ☐ in our Corporate Governance Statement <u>OR</u> ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement <u>OR</u> ☒ we are an externally managed entity and this recommendation is therefore not applicable
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives: ☒ in our Corporate Governance Statement <u>OR</u> ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement <u>OR</u> ☒ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	... our policy on this issue or a summary of it: ☒ in our Corporate Governance Statement <u>OR</u> ☐ at <i>[insert location]</i>	☐ an explanation why that is so in our Corporate Governance Statement <u>OR</u> ☐ we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <u>OR</u> ☒ we are an externally managed entity and this recommendation is therefore not applicable
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES			
-	<i>Alternative to Recommendation 1.1 for externally managed listed entities:</i> The responsible entity of an externally managed listed entity should disclose: (a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; (b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.	... the information referred to in paragraphs (a) and (b): ☒ in our Corporate Governance Statement <u>OR</u> ☐ at <i>[insert location]</i>	☐ an explanation why that is so in our Corporate Governance Statement
-	<i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i> An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.	... the terms governing our remuneration as manager of the entity: ☒ in our Corporate Governance Statement <u>OR</u> ☐ at <i>[insert location]</i>	☐ an explanation why that is so in our Corporate Governance Statement

360 CAPITAL GROUP CORPORATE GOVERNANCE STATEMENT

The 360 Capital Industrial Fund, the 360 Capital Office Fund and the 360 Capital Total Return Fund (the "Funds") are managed investment schemes registered under the Corporations Act and are listed on the ASX. These Funds are externally managed by 360 Capital Investment Management Limited, the responsible entity ("Responsible Entity"), a wholly-owned subsidiary of the stapled entity comprising 360 Capital Group Limited and 360 Capital Investment Trust which together comprise the ASX-listed 360 Capital Group ("360 Capital") (together the "Listed Entities").

To the extent they are applicable and appropriate for the Listed Entity's size and nature, the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 2014 Amendments (3rd Edn) have been adopted.

In accordance with ASX Listing Rule 4.10.3, set out below are the ASX Corporate Governance Council's eight principles of good corporate governance and the extent to which the Listed Entities have sought to comply with the recommendations for each for the period 1 July 2014 – 30 June 2015.

Principle 1: Lay solid foundations for management and oversight

The board of directors ("Board") of 360 Capital and the Responsible Entity are the same and comprise of Mr David van Aanholt (Chair), Mr Andrew Moffat, Mr Graham Lenzner, Mr John Ballhausen and Mr Tony Pitt (Managing Director).

The business of each Fund is managed under the direction of the Board of the Responsible Entity. The conduct of the Board is governed by the relevant Constitution, Corporations Act and Board Charter. A copy of the Board Charter is available at <http://www.360capital.com.au/investor-information/ASX-Corporate-Governance-Principles/>

The Board has delegated responsibility for the day-to-day management of the Listed Entities to the Managing Director and Responsible Managers as stated under the Responsible Entity's Australian Financial Services Licence.

The responsibility for selection and recommendation of potential directors have been delegated to the Nomination and Remuneration Committee. The Committee will, as part of the process for selection and recommendation to the full Board, carry out appropriate checks to identify persons with the required skill and experience and other qualities required of a new director. Security holders will be provided with all material information in relation to the appointment of a potential director effecting their decision to elect such a director or not.

There are written agreements in place for each of the directors and senior executives setting out the terms of their appointment.

The appointment and removal of the company secretary is a matter for decision by the Board and all directors have access to the company secretary. The company secretary is accountable to the Board, through the Chair, on all matters to do with the proper functioning of the Board, including governance matters.

A Diversity Policy has been adopted by the Board which includes the requirements for the Board to have measurable objectives for achieving gender diversity and to assess annually the objectives and its progress towards those objectives. The Diversity Policy can be viewed <http://www.360capital.com.au/investor-information/ASX-Corporate-Governance-Principles/>

To drive diversity and inclusion within 360 Capital, the Board have set the following objectives:

To maintain or increase the percentage of women in the business more specifically in leadership roles and actively promote a culture that values diversity, inclusion and flexibility.

For the period 1 July 2014 to 30 June 2015 360 Capital were able to maintain the number of female employees in the business. The Board and management is committed to upholding a culture that values diversity and inclusion and this is demonstrated daily by its support throughout the workforce for flexible working arrangements to meet important care and family responsibilities. The Board recognises the benefits of diversity in that it broadens the pool of high quality candidates which enables an appropriate mix of skill and talent to enable the organisation to achieve its goals.

As at 30 June 2015 20% of employees were female, with one holding a senior executive position. Senior executive position within 360 Capital means any person who attends the Executive Committee meetings. There are no women on the Boards of the Listed Entities however the Chairperson for one of the wholly owned subsidiaries of 360 Capital is female.

The Board reviews its performance and that of its committees and individual directors on an annual basis. Performance is reviewed against the Board Charter and any other Board responsibilities. Evaluation will have regard to, amongst other, ensuring proper and effective management and performance of financial, operational and compliance indicators.

Board performance evaluation is generally undertaken in July/August with the last review conducted in August 2015.

The assessments of executive performance take place annually around July/August and are conducted by the Managing Director and reported to the Remuneration Committee for consideration as part of any salary reviews, which in turn is recommended to the Board. The last reviews were conducted in July 2015.

Principle 2: Structure the Board to add value

In so far as the Funds are concerned remuneration of the Responsible Entity is dealt with comprehensively in the Fund's Constitutions.

The 360 Capital Board has established a Nomination and Remuneration Committee, comprising of two non-executive, independent directors as well as one executive director. The Chairman of the Committee is an independent director. The Committee assists the Board in its responsibility to oversee the nomination and remuneration of directors and senior executives within 360 Capital, including succession planning generally and reviewing board composition to ensure an appropriate mix of skill, knowledge, experience, independence and diversity. The Committee is also responsible for the induction of new directors as well as identifying and if deemed necessary implementing appropriate professional development opportunities for directors to help develop and maintain directors' skills and knowledge needed to perform their role as directors effectively.

Current Committee composition comprise Mr Andrew Moffat (Chair), Mr Graham Lenzner and Mr Tony Pitt. The Nomination and Remuneration Committee Charter can be found at <http://www.360capital.com.au/investor-information/ASX-Corporate-Governance-Principles/> with one meeting held during the year attended by all the Committee members. Details of each director's relevant skills, experience and expertise are set out at <http://www.360capital.com.au/aboutus/the-board/>.

The directors possess a range of skills which, as a group, enable the Board to discharge its obligations effectively. The following table summarises the key skills of the directors as a group:

Key Skills / Experience:

Financial Acumen	Governance and Regulatory Compliance
ASX Listed Entity Experience	Debt and Equity Markets
Property / Real Estate / Valuation	Strategy Developments
Funds Management / Financial Services	Investor Relations
Risk Management	

In determining the independence of directors, the Board has adopted the criteria set out in section 601JA(2) of the Corporations Act. The current Board comprises five directors, four of whom are independent, namely Mr David van Aanholt (Chair) (appointed as director of 360 Capital 19 March 2013 and the Responsible Entity 16 February 2011), Mr Andrew Moffat (appointed as Director 360 Capital 2 October 2013 and Responsible Entity 16 February 2011), Mr Graham Lenzner (appointed as director 360 Capital 9 May 2013 and Responsible Entity 1 October 2013), Mr John Ballhausen (appointed as director 360 Capital 2 October 2013 and Responsible Entity 16 February 2011). Mr Tony Pitt, Managing Director, was appointed as director of 360 Capital 19 November 2009 and Responsible Entity 22 September 2008.

Mr van Aanholt has been Chairman of the Board since 2 October 2013. The roles of Chairman of the Board and Managing Director are not held by the same individual. In relation to the non-executive directors, there are no relationships which prejudice director independence.

Principle 3: Promote ethical and responsible decision-making

The Board has adopted a Code of Conduct that sets out the minimum acceptable standards of behaviour. Directors and employees are required to act with honesty, integrity and fairness at all times. The Code of Conduct can be found at <http://www.360capital.com.au/investor-information/ASX-Corporate-Governance-Principles/>

Principle 4: Safeguard integrity in corporate reporting

The Board has established an Audit and Risk Committee, which comprises three non-executive, independent directors. The chairperson is appointed by the Board and is a non-executive director who is not the chairperson of the Board. The chairperson reports the activities of the Audit and Risk Committee to the Board after each Committee meeting. The Audit and Risk Committee Charter can be found at <http://www.360capital.com.au/investor-information/ASX-Corporate-Governance-Principles/>

The current Committee composition is Mr Graham Lenzner (Chair), Mr Andrew Moffat and Mr John Ballhausen. For the period 1 July 2014 to 30 June 2015 there were four Committee meetings which were attended by all Committee members. Further details on their respective qualifications and experience are set out at <http://www.360capital.com.au/aboutus/the-board/>.

Prior to the Board approving any financial statements, the Managing Director and CFO provide a declaration that, in their opinion, the financial records for that entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The external auditor attends the AGM and is available to answer questions from the security holders relevant to the audit.

Principle 5: Make timely and balanced disclosure

ASX continuous disclosure requirements are included in the Communications Policy and the Continuous Disclosure Policy.

The policies reflect the Board's commitment to ensuring that all material information is immediately notified to the ASX for dissemination to the market in accordance with the continuous disclosure requirements of the Corporations Act and the ASX Listing Rules. The Communications Policy and Continuous Disclosure Policy is available on the website at <http://www.360capital.com.au/investor-information/ASX-Corporate-Governance-Principles/>

Principle 6: Respect the rights of Members

The fundamentals underpinning the corporate governance ethos within 360 Capital is that security holders should be able to hold the Board and Management to account for the Listed Entity's performance. 360 Capital actively engages with its security holders to provide them with appropriate information and facilities to allow them to exercise their rights as security holders effectively. More information about 360 Capital's corporate governance can be found at <http://www.360capital.com.au/investor-information/ASX-Corporate-Governance-Principles/>

The Board is committed to ensuring security holders and unitholders receive clear, concise and effective information on a timely basis and facilitate the delivery of financial services disclosures through existing and emerging electronic means.

As previously stated the Board has approved a Communications Policy, which was reviewed in November 2014, and is available at 360 Capital's website: <http://www.360capital.com.au/investor-information/ASX-Corporate-Governance-Principles/>

In accordance with the Policy, all Listed Entity ASX announcements are posted to 360 Capital's website including half year and annual reports, results releases, market briefings, updates, notices of meetings and details in relation to the underlying property assets.

360 Capital's website contains all of the information as recommended by the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edn). The corporate governance section 360 Capital's website contains the relevant Constitutions, Board Charter and Board Committee Charters and policies referred to in this Corporate Governance Statement.

360 Capital's website contains an overview of 360 Capital and its structure and history, and biographical information and photos for each of the directors and management. It also provides access to relevant information about the Listed Entities including copies of ASX and media releases, copies of annual reports and financial statements, investor presentations, historical security price information and registry contact details (including email address and key unitholder forms).

Teleconferencing and webcasting facilities for market briefings are also provided on the website to encourage participation from all stakeholders, regardless of location.

In relation to 360 Capital, all security holders are encouraged to attend and/or participate in the AGM. Security holders can attend in person or send a proxy as their representative. Unless unavailable, all directors and senior management attend the meeting, along with the external auditor who is available to answer any questions from security holders.

In relation to the Funds, as a managed investment scheme, they are not required to hold an annual general meeting. However, the Funds do convene unitholder meetings from time-to-time and all unitholders are encouraged to participate by either attending the meeting in person or appointing a proxy.

The delivery of financial services disclosures and relevant communications are facilitated through electronic means such as email, hyperlinks, reference to the 360 Capital website and other emerging technologies.

The express agreement of security holders and unitholders will be obtained before delivering financial services disclosures by electronic means. All communications contain phone and email contact details that allow security holders and unitholders to contact 360 Capital and/or its registrar.

Principle 7: Recognise and manage risk

As stated previously the Board has established an Audit and Risk Committee. Please refer to Principle 4 for further details in relation to the Audit and Risk Committee.

The Board has adopted a Risk Management Program which outlines the process for identifying, monitoring and mitigating risks as well as generic sources of risk. This was reviewed in June 2015 and the Board is satisfied that it continues to be sound.

A copy of the Risk Management Program is available on this website at <http://www.360capital.com.au/investor-information/ASX-Corporate-Governance-Principles/>

360 Capital maintains a continual internal control improvement program with management reporting to the Audit and Risk Committee on a six monthly basis on internal control reviews undertaken and improvements actioned during the period. It also compares its internal controls processes, on an annual basis, to that of its industry peers specifically its key service providers to ensure its controls are comparable to that of other similar organisations within the sector. This comparison is used to identify any potential weakness in internal controls. 360 Capital also engages external consultants on an as needed basis to recommend on improvements to existing processes.

360 Capital and its Responsible Entities are committed to acting responsibly and ethically and operating its businesses in a manner that is sustainable. The extent to which any of the Funds have any material exposure to economic, environmental and social sustainability risks these are disclosed in the Directors

report together with any factors or actions 360 Capital or its Responsible Entities believe exist or are available to mitigate these risks.

Principle 8: Remunerate fairly and responsibly

As previously stated, 360 Capital has established a Nomination and Remuneration Committee. In so far as the Funds are concerned remuneration of the Responsible Entity is dealt with comprehensively in the Fund's Constitutions. Please refer to Principle 2 for further details on the Nomination and Remuneration Committee.

Remuneration of directors and senior executives are considered by the Nomination and Remuneration Committee and in turn recommended to the full Board of 360 Capital. Directors, senior executives and employees of the 360 Capital are paid by 360 Capital Financial Services Pty Limited, a wholly-owned subsidiary of 360 Capital. Directors and employees are not provided with any remuneration by any of the Funds themselves and do not receive equity in any of the Funds as a form of remuneration. Accordingly, it is considered unnecessary to have a policy which prohibits transactions in associated products which limit the economic risk of participating in unvested entitlements under equity based remuneration schemes.

A distinction is made between the structure of non-executive directors' remuneration from that of executive directors and senior executives. Non-executive directors are remunerated by way of fees in the form of cash and superannuation contributions. Fees may include payment for specific services provided for the Responsible Entity or the Fund (such as membership of a due diligence committee) and are fixed by the Board of the Responsible Entity. Executive directors and senior executives' packages are fixed and performance-based. Neither directors nor senior executives are entitled to equity interests in any Fund or any rights to or options for equity interests in any Fund as a result of remuneration provided by the Responsible Entity. The Responsible Entity does not pay retirement benefits, other than superannuation, for its non-executive directors. There are no employees in any Responsible Entity or Fund.

Remuneration of the Responsible Entity is included in the Fund's Constitution. The Responsible Entity is entitled to claim asset management fees, reimbursement for all expenses reasonably and properly incurred in relation to the Fund or in performing its obligations under the Constitution and property acquisition and disposal fees.