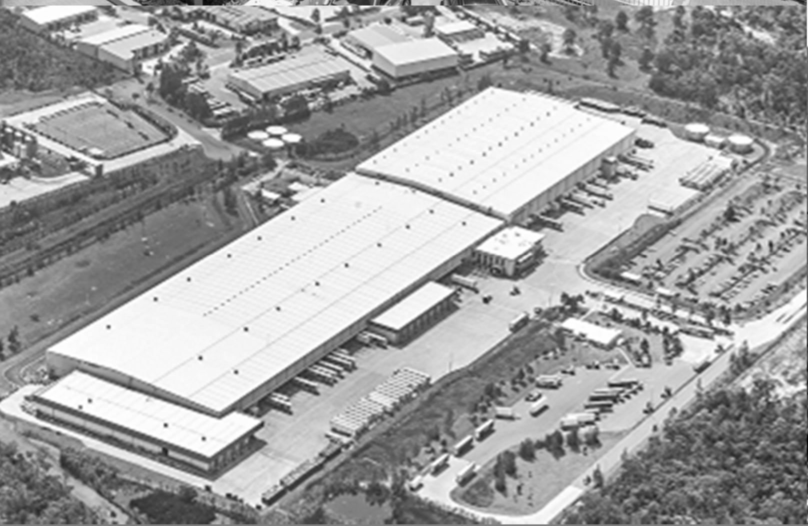
360 Capital Group

Financial Report

FOR THE YEAR ENDED 30 JUNE 2015

360 CAPITAL INVESTMENT TRUST



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

360 CAPITAL INVESTMENT TRUST

Financial Report
For the year ended 30 June 2015

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

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The Directors of 360 Capital Investment Management Limited, 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 2015.

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

Directors

The following persons were Directors of 360 Capital Investment Management Limited, the Responsible Entity of 360 Capital Investment Trust, 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 principal activities of the consolidated entity during the course of the year were direct investments in commercial real estate and co-investments in the managed funds including loan investments in some of these funds.

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

Operating and financial review

The statutory profit to the unitholders of the consolidated entity for the year ended 30 June 2015 was $20.9 million (2014: $8.0 million). The operating profit (profit before specific non-cash items and significant items) was $11.1 million (2014: $9.6 million).

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

Operating and financial review (continued)

The following table summarises key reconciling items between statutory profit attributable to the unitholders of the consolidated entity and operating profit. The operating profit information in the table has not been subject to any specific review procedures by the consolidated entity's auditor but has been extracted from Note 11 of the accompanying financial statements for the year ended 30 June 2015, which have been subject to audit; refer to page 64 for the auditor's report on the financial statements.

	Total core 30 June 2015 $'000	Total core 30 June 2014 $'000
Profit attributable to the unitholders of the consolidated entity	**20,859**	**7,997**
Specific non-cash items		
Net gain on fair value of financial assets	(6,792)	(3,984)
Net loss on fair value of derivative financial instruments	1,608	14
Net (gain)/loss on fair value of investment properties	(8,686)	5,345
Straight-lining of lease revenue and incentives	474	620
Significant items		
Gain on bargain purchase	-	(1,057)
Other expenses	316	-
Rent receivable adjustment	1,859	-
Business combination transaction expenses	-	688
Subsidiary capital raising costs	2,688	-
Operating profit (before specific non-cash and significant items)	**12,326**	**9,623**

The key financial highlights for the year ended 30 June 2015 include:

- Statutory net profit attributable to unitholders of $20.9 million (2014: $8.0 million)
- Operating profit of $12.3 million (2014: $9.6 million)
- Statutory basic EPU of 9.2 cpu (2014: 4.2 cpu)
- Operating basic EPU of 5.4 cpu (2014: 5.0 cpu)
- Distributions of 5.75 cpu for FY15 (2014: 5.00 cpu)
- Equity attributable to unitholders of $127.3 million as at 30 June 2015 (2014:$115.1 million)

The key achievements for the year ended 30 June 2015 include:

- Exchanging contracts to sell the Hurstville property for $47.0 million (22.1% premium to previous book value)
- Settled Goulburn asset disposal for $4.3 million in August 2014
- Completed 360 Capital Diversified Property Fund takeover
- Completed $75.0 million unsecured five year corporate bond issue
- Acquired strategic $27.1 million holding in Australian Industrial REIT (ASX: ANI) and accepted into the 360 Capital Industrial Fund (ASX: TIX) off-market offer ("Offer") for ANI

Operating and financial review (continued)

Financial results summary

Statutory results

The consolidated entity's statutory net profit attributable to unitholders for the year ended 30 June 2015 was $20.9 million compared to the net profit of $8.0 million for the prior year. The increase in statutory profit for the year ended 30 June 2015 was driven by a full year profit contribution resulting from acquisition of funds held within the 360 Capital Property Group which occurred on 2 October 2013 in the prior year. Distribution revenue increased as a result of acquisitions of co-investments funded by redeployment of capital and from corporate bond proceeds. The consolidated entity also recognised $17.5 million of other income which included $7.9 million of net fair value gains across the consolidated entity's listed and unlisted investments and $9.6 million of net gains on revaluations of investment properties primarily as a result of the $8.5 million uplift associated with the exchange of contracts for sale of the consolidated entity's Hurstville property during the year.

The consolidated entity's statutory balance sheet as at 30 June 2015 contained gross assets of $279.7 million reflecting an increase of $108.8 million from 30 June 2014. Current assets have increased by $39.2 million to $54.2 million reflecting the reclassification of the consolidated entity's $47.0 million Hurstville property, to assets held for sale. The consolidated entity's financial assets at fair valued through the profit or loss increased in total by $32.7 million to $150.2 million which included a $31.7 million increase in the consolidated entity's investment in TIX facilitated by the conversion of the Group's units acquired in ANI to TIX units under the TIX Offer.

Total borrowings at 30 June 2015 increased to $119.6 million primarily as a result of the consolidated entity's $75.0 million unsecured note issuance in September 2014 and the $34.1 million drawdown by 360 Capital Retail Fund No.1, a controlled entity, to fund the acquisition of two retail investment properties.

Operating and segment results

The operating profit[1] for the year ended 30 June 2015 was $12.3 million compared to $9.6 million for the prior year. The result reflects the full year operating profit contribution resulting from the acquisition of the 360 Capital Property Group funds in the prior year combined with distribution revenue growth driven by from significant additional capital invested in listed and unlisted co-investments.

Direct asset investments

For the year ended 30 June 2015 operating earnings before interest and tax ("EBIT") for direct asset investment was $5.7 million, down 15.0% on the prior year reflecting the consolidated entity's reduced exposure to direct assets following disposals.

On 30 October 2014, the consolidated entity exchanged unconditional contracts to dispose of its remaining direct asset at 20 Woniora Road, Hurstville, NSW for a gross sale price of $47.0 million, a 22.1% premium to the previous carrying value of the asset of $38.5 million as at 30 June 2014. Under the contract, the purchaser has leased the entire building from the expiry of the ATO lease in February 2015 until settlement on 30 September 2015, with the sale price to be reduced by any rental payments under the lease, these lease payments received are included in operating profit for the year.

[1] Excludes consolidated results relating to Managed Funds with material non-controlling interests, deemed to be controlled under AASB 10. The consolidated performance of these managed funds, which are operated as managed investment schemes, are considered to be non-core segments and are reviewed separately to that of the performance of the consolidated entity's "core" operations. Balances associated with these Funds are only included to the extent of the consolidated entity's distributions received, fair value adjustments and equity investment value. Please refer to Note 11 Segment reporting.

Operating and financial review (continued)

Co-investments

The co-investment segment delivered operating EBIT of $11.4 million for the year an increase 299.1% on the prior year result of $3.8 million. The significant growth was generated from the Group's takeover of the 360 Capital Diversified Property Fund in September 2014 combined with additional capital invested across the listed and unlisted managed funds.

The consolidated entity held a $16.5 million stake in Centuria managed funds which was providing suboptimal income returns. At the Stapled Group's instigation, a successful wind up strategy was implemented during the year returning the majority of unitholders' capital with a residual of $0.4 million to be returned in FY16.

The consolidated entity's provision of liquidity to unitholders in the 360 Capital Diversified Fund through the acquisition of the units it didn't already own resulted in the fund becoming a wholly owned subsidiary of the consolidated entity, significantly boosting the consolidated entity's co-investments.

At 30 June 2015, the Group had total investments in its managed funds of $184.2 million, up 93.3% from $95.3 million at 30 June 2014.

The consolidated entity has $103.1 million of core co-investments in ASX listed entities comprising:

- $63.9 million or a 17.4% investment in TIX
- $39.2 million or a 25.3% investment in TOF

The consolidated entity has total co-investments of $80.1 million in unlisted funds, up 29.0% from $62.3 million a year ago driven by the consolidation of the 360 Capital Diversified Property Fund and creation of 360 Capital Retail Fund No.1.

These co-investments are considered shorter term investments, many of which could provide recyclable capital for the consolidated entity as follows:

- $46.7 million invested in 360 Capital Group's managed unlisted funds, approximately two thirds of which is the consolidated entity's 44.4% interest in 360 Capital111 St Georges Terrace Property Trust. 360 Capital is reviewing options to recycle this capital back into the consolidated entity over the next 12- 18 months.
- $33.4 million invested in the recently formed 360 Capital Retail Fund No.1 on a short term basis through an underwriting agreement. The Group expects to sell down most, if not all, of this raising over the next quarter potentially via an ASX listing.

The consolidated entity's co-investment in unlisted funds was boosted during the period after the consolidated entity provided liquidity facilities to the 360 Capital 111 St Georges Property Terrace Trust and 360 Capital Subiaco Square Shopping Centre Property Trust and converted a total of $4.1 million of exit fees into additional units in these two funds.

Summary and Outlook

In line with its stated strategy, the 360 Capital Group, which includes the consolidated entity, is now a pure funds management and co-investor group, with the disposal of the Hurstville investment property due to settle in September 2015.

The Stapled Group's medium term strategy for the co-investment division is to exit unlisted co-investments by recycling capital into higher ROE activities which is expected to drive growth in distribution income.

Risks to the Stapled Group in the coming year primarily involve potential earnings variability associated with identifying alternate investment opportunities and the timing of the reinvestment of recycled funds from the disposal of the Stapled Groups non-core assets. These risks are mitigated by the Stapled Group's focused and active management of its existing managed funds platform and its proven ability to identify new opportunities to maximise returns for stapled securityholders.

The Stapled Group considers that the commercial real estate markets are fully priced and is prepared to stand still and/or opportunistically sell assets where mispricing occurs in the market. The Group maintains its active approach to transactions ensuring that it continues to get an opportunity to participate in majority of transactions in Australian commercial real estate marketplace.

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

	30 June 2015 $'000	30 June 2014 $'000
1.25 cents per unit paid on 24 October 2013	-	3,096
1.25 cents per unit paid on 28 January 2014	-	3,109
1.25 cents per unit paid on 24 April 2014	-	3,109
1.25 cents per unit paid on 24 July 2014	-	3,109
1.3125 cents per stapled security paid on 24 October 2014 (unfranked)	3,264	-
1.4790 cents per stapled security paid on 27 January 2015 (unfranked)	3,679	-
1.4790 cents per stapled security paid on 23 April 2015 (unfranked)	3,678	-
1.4795 cents per stapled security paid on 27 July 2015 (unfranked)	3,679	-
Total distributions per unit	14,300	12,423

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
As outlined in the Summary and Outlook section above, the Stapled Group has transitioned to a pure funds management and co-investor group. The Stapled Group's medium term strategy for the co-investment division is to exit unlisted co-investments by recycling capital into higher ROE activities which is expected to drive growth in distribution income.

Events subsequent to balance date
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 environmental regulations during the course of the financial year.

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
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.

Non-audit services
Disclosed in Note 9 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 8 and forms part of the Directors' report for the year ended 30 June 2015.

Rounding of amounts
The consolidated entity is an entity of the kind referred to in Class Order 98/100 issued by the Australian Securities and Investments Commission ("ASIC"). In accordance with that Class Order, 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.

Tony Robert Pitt
Director

Graham Ephraim Lenzner
Director

Sydney
26 August 2015

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

In relation to our audit of the financial report of 360 Capital Investment Trust for the financial year ended 30 June 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Mark Conroy

Mark Conroy
Partner
26 August 2015

360 Capital Investment Trust
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2015

	Note	30 June 2015 $'000	30 June 2014 $'000
Revenue from continuing operations			
Rental from investment properties	4	4,926	7,618
Distributions from property funds	4	11,933	5,856
Finance revenue	4	352	1,186
Total revenue from continuing operations		17,211	14,660
Other income			
Gain on bargain purchase	26	-	1,057
Net gain on fair value of financial assets	5	7,920	2,896
Net gain on fair value of investment properties		9,608	-
Other income	6	-	1,814
Total other income		17,528	5,767
Total revenue and other income from continuing operations		34,739	20,427
Investment property expenses	7	1,083	1,636
Responsible entity fees	28	261	361
Administration expenses		822	740
Finance expenses	8	5,061	1,143
Subsidiary capital raising costs		2,688	-
Business combination transaction expenses	26	-	688
Net loss on fair value of investment properties		-	5,345
Net loss on fair value of derivative financial instruments		1,745	14
Profit for the year		23,079	10,500
Other comprehensive income for the year		-	-
Total comprehensive income for the year		23,079	23,079
Total comprehensive income attributable to:			
Profit attributable to unitholders		20,859	7,997
Profit attributable to external non-controlling interests		2,220	2,503
Total comprehensive income for the year		23,079	10,500
Earnings per unit for profit attributable to unitholders of the consolidated entity		**Cents**	**Cents**
Basic earnings per unit	10	9.2	4.2
Diluted earnings per unit	10	8.4	3.9

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 2015

	Note	30 June 2015 $'000	30 June 2014 $'000
Current assets			
Cash and cash equivalents	12	4,206	5,648
Receivables	13	2,487	1,473
Financial assets at fair value through profit or loss	14	-	3,364
Assets held for sale	15	47,000	4,300
Other current assets	16	498	187
Total current assets		54,191	14,972
Non-current assets			
Financial assets at fair value through profit or loss	14	150,177	117,474
Investment properties	17	75,300	38,500
Total non-current assets		225,477	155,974
Total assets		279,668	170,946
Current liabilities			
Trade and other payables	18	3,443	506
Borrowings	19	11,000	5,000
Derivative financial instruments	20	-	14
Provisions	21	3,680	3,448
Due to related entities	28	8,501	1,346
Other current liabilities	22	7,827	786
Total current liabilities		34,451	11,100
Non-current liabilities			
Borrowings	19	108,620	19,751
Derivative financial instruments	20	137	-
Total non-current liabilities		108,757	19,751
Total liabilities		143,208	30,851
Net assets		136,460	140,095
Equity			
Issued capital - trust units	23	152,453	152,453
Security based payments reserve		-	451
Accumulated losses		(25,200)	(37,839)
Total equity attributable to unitholders		127,253	115,065
External non-controlling interest		9,207	25,030
Total equity		136,460	140,095

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 2015

	Note	Issued capital - trust units $'000	Security based payments reserve $'000	Accumulated losses $'000	Total equity attributable to unitholders $'000	External non-controlling interest $'000	Total equity $'000
Balance at 1 July 2014		152,453	451	(37,839)	115,065	25,030	140,095
Total comprehensive income for the year		-	-	20,859	20,859	2,220	23,079
Acquisition of non-controlling interest	29			5,478	5,478	(26,678)	(21,200)
Recognition of external non-controlling interest	29	-	-	602	602	9,681	10,283
Transactions with Unitholders in their capacity as Unitholders							
Issued shares/units - Redeemed		-	-	-	-	(6)	(6)
Security based payment transaction			(451)	-	(451)	-	(451)
Equity raising transaction costs		-	-	-	-	(602)	(602)
Distributions	3	-	-	(14,300)	(14,300)	(438)	(14,738)
		-	(451)	(14,300)	(14,751)	(1,046)	(15,797)
Balance at 30 June 15		152,453	-	(25,200)	127,253	9,207	136,460
Balance at 1 July 2013		71,508	-	(33,413)	38,095	-	38,095
Total comprehensive income for the year		-	-	7,997	7,997	2,503	10,500
Recognition of external non-controlling interest		-	-	-	-	23,553	23,553
Transactions with Unitholders in their capacity as Unitholders							
Issued units - Institutional equity raising		61,596	-	-	61,596	-	61,596
Issued units - Scrip-for-scrip		23,095	-	-	23,095	-	23,095
Security based payment transaction		-	451	-	451	-	451
Issued units - Redeemed		-	-	-	-	(8)	(8)
Equity raising transaction costs		(3,746)	-	-	(3,746)	-	(3,746)
Distributions	3	-	-	(12,423)	(12,423)	(1,018)	(13,441)
Balance at 30 June 2014		152,453	451	(37,839)	115,065	25,030	140,095

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 2015

	Note	30 June 2015 $'000	30 June 2014 $'000
Cash flows from operating activities			
Cash receipts from customers		6,081	9,289
Cash payments to suppliers		(840)	(3,825)
Distributions received		8,433	5,147
Finance revenue		352	1,232
Other income received		-	1,592
Finance expenses		(3,650)	(1,372)
Net cash inflows from operating activities	25	**10,376**	**12,063**
Cash flows from investing activities			
Payments for investment properties and additions		(72,138)	(15)
Proceeds from disposal of investment properties		8,920	-
Payments for financial assets		(39,280)	(42,148)
Proceeds from disposal of financial assets		19,460	14,969
Payments for subsidiaries - net of cash acquired		-	(36,515)
Payment of transaction costs to acquire subsidiaries	26	-	(688)
Payments for external non-controlling interest	29	(21,200)	-
Net cash outflows from investing activities		**(104,238)**	**(64,397)**
Cash flows from financing activities			
Proceeds from borrowings		109,077	25,000
Repayment of borrowings		(14,000)	(28,217)
Payments for borrowing costs		(1,849)	-
Amounts received from related parties		6,704	12,610
Proceeds from issue of capital		-	61,596
Proceeds from disposal of units in subsidiary		9,681	-
Payment of transaction costs to issue capital		(2,688)	(3,746)
Distributions paid to unitholders		(14,069)	(10,167)
Distributions paid to external non-controlling interests		(436)	(1,018)
Redemption of units from external non-controlling interests		-	(8)
Net cash inflows from financing activities		**92,420**	**56,050**
Net (decrease)/increase in cash and cash equivalents		(1,442)	3,716
Cash and cash equivalents at the beginning of the year		5,648	1,932
Cash and cash equivalents at the end of the year	12	**4,206**	**5,648**

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

Note 1: Statement of significant accounting policies

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 Code: 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, being Australian equivalents to IFRS ("AIFRS"). The financial report complies with IFRS and interpretations adopted by the International Accounting Standards Board.

c) Basis of preparation

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.

The financial report is presented in Australian dollars.

The consolidated entity is an entity of the kind referred to in ASIC Class Order 98/100 dated 10 July 1998 (updated by CO 05/641 effective 28 July 2005 and CO 06/51 effective 31 January 2006) and in accordance with that Class Order, amounts in the financial report and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Changes in accounting policy
As a result of new or revised accounting standards which became effective for the annual reporting period commencing 1 July 2014, the consolidated entity has changed some of its accounting policies. The affected policies and standards that are applicable to the consolidated entity are:

- AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities;
- AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets;
- AASB 2013-5 Amendments to Australian Accounting Standards - Investment Entities;
- AASB 2014-1 Amendment to Australian Accounting Standards - 2010-2012 Cycle; and
- AASB 2014-1 Amendment to Australian Accounting Standards - 2011-2013 Cycle.
- AASB 1031 – Materiality.

c) Basis of preparation (continued)

For the financial period, the adoption of these amended standards has no material impact on the financial statements of the consolidated entity.

Critical 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.

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 periods.

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 1 (u).

The accounting policies set out below have been applied consistently to all periods presented in this financial report. The accounting policies have been applied consistently by all entities in the consolidated entity.

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 30.

d) 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

d) Basis of consolidation (continued)

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 Fund as at 30 June 2015 and the results of all subsidiaries for the period then ended.

Subsidiaries are entities controlled by the Fund. 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.

e) 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.

f) 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:

<u>Rental from investment properties</u>
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.

<u>Distributions from property funds</u>
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.

<u>Interest income</u>
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.

<u>Other income</u>
Other income is recognised when the right to receive the revenue has been established.

g) Finance expenses

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

h) 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.

i) 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.

j) 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.

k) Receivables

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.

l) 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: "Receivables" and "Financial assets at fair value through profit or loss". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit or loss
Financial assets designated at fair value through profit or loss comprises investments in unlisted and listed funds. Upon initial recognition, the investments are designated at fair value through profit or loss in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*. 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.

l) Financial instruments (continued)

Receivables
Refer to Note 1 (k).

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 1 (q) and Note 1 (s) below.

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

Impairment
The consolidated entity assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

m) 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.

n) 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

n) Investment properties (continued)

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.

o) 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.

p) 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.

q) Borrowings

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

Borrowings are classified as current liabilities unless the 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.

r) 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.

<u>Distributions</u>
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.

s) 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.

t) 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.

u) Critical judgements and significant accounting estimates

The preparation of financial statements requires the Directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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 1 (n).

Impairment of assets
The consolidated entity assesses the recoverability of both current and non-current assets on at least an annual basis. In determining the recoverability of these assets the consolidated entity assesses the likelihood that future cash flows or net assets support the carrying values.

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 1.

u) Critical judgements and significant accounting estimates (continued)

Business combinations – Gain on bargain purchase
The recognition of business combinations requires the difference between total purchase consideration and net identifiable assets acquired to be recognised as income in the statement of profit or loss. The consolidated entity makes judgements and estimates in assessing the net identifiable assets acquired. Refer to Note 26 for further information.

Control of entities
The Fund has consolidated the financial results of entities it is deemed to control under AASB10 *Consolidated Financial Statements*. Critical judgements are made by the Fund to determine whether control exists, principally around the three criteria which must be met (refer to Note 1 (d)). Further information on Controlled Entities is included in Note 29.

v) Accounting standards issued but not yet effective

The following new accounting standards, amendments to standards and interpretations have been issued, but are not mandatory as at 30 June 2015. 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 and interpretations are as follows:

- AASB 9 – *Financial Instruments (Effective January 1, 2018)*. This standard includes requirements to simplify the approach for the classification and measurement of financial instruments. This is not expected to materially impact the financial statements of the consolidated entity.
- AASB 15 – *Revenue from Contracts with Customers (Effective January 1, 2017)*. This standard 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. At this stage we are currently assessing the impact on the Trust' financial report.

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

- IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation (Effective January 1, 2016)*
- AASB 2015-1 *Annual Improvements to Australian Accounting Standards* – 2012-2014 Cycle *(Effective April 1, 2016)*
- AASB 2015-2 *Disclosure Initiative : Amendments to AASB 101 (Effective April 1, 2016)*

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

Note 2: Financial risk management

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 2015 $'000	30 June 2014 $'000
Cash and cash equivalents	4,206	5,648
Receivables	2,487	1,473
Financial assets at fair value through profit or loss	150,177	120,838
Total	156,870	127,959

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) 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 in Note 24. 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.

Note 2: Financial risk management (continued)

c) 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.

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 potential impact of a change in interest rates by +/-1% on profit and equity has been disclosed in a table in Note 24.

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.

The consolidated entity's exposure to other price risk at reporting date, including its sensitivity to changes in the fair value of different classes of equity securities that were reasonably possible has been disclosed in a table in Note 24.

Other markets risk
The consolidated entity does not have any material exposure to any other market risks such as currency risk.

d) Fair value estimation
The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The consolidated entity uses a variety of methods to calculate the value of financial instruments and makes assumptions that are based on market conditions existing at each balance date. The fair value of interest rate swaps is determined by reference to the market value of the swaps. The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate for similar financial instruments.

e) 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.

For information on issued units refer to Note 23 and on borrowings refer to Note 19.

Note 3: Distributions and dividends

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

	30 June 2015 $'000	30 June 2014 $'000
1.25 cents per unit paid on 24 October 2013	-	3,096
1.25 cents per unit paid on 28 January 2014	-	3,109
1.25 cents per unit paid on 24 April 2014	-	3,109
1.25 cents per unit paid on 24 July 2014	-	3,109
1.3125 cents per stapled security paid on 24 October 2014 (unfranked)	3,264	-
1.4790 cents per stapled security paid on 27 January 2015 (unfranked)	3,679	-
1.4790 cents per stapled security paid on 23 April 2015 (unfranked)	3,678	-
1.4795 cents per stapled security paid on 27 July 2015 (unfranked)	3,679	-
Total distributions per unit	14,300	12,423

Note 4: Revenue

Rental from investment properties include:

	30 June 2015 $'000	30 June 2014 $'000
12 - 22 Woniora Road, Hurstville NSW	4,757	7,618
Windsor Marketplace, Sydney NSW	113	-
City Centre Plaza, Rockhampton QLD	56	-
	4,926	7,618

Windsor Marketplace, Sydney NSW and City Centre Plaza, Rockhampton QLD were acquired through the consolidation of 360 Capital Retail Fund No.1 into the 360 Capital Investment Trust in June 2015. Refer to Note 17 for further information.

Note 4: Revenue (continued)

Distributions from property funds include:

	30 June 2015 $'000	30 June 2014 $'000
360 Capital Industrial Fund (ASX: TIX)	3,807	2,010
360 Capital Office Fund (ASX: TOF)	3,147	720
Australian Industrial REIT (ASX: ANI)	1,068	-
360 Capital 111 St Georges Terrace Property Trust	2,487	1,730
360 Capital 441 Murray Street Property Trust	568	413
360 Capital Havelock House Property Trust	245	175
360 Capital Subiaco Square Property Trust	305	121
Centuria Diversified Direct Property Fund	268	683
Centuria Office Fund No.2	2	4
360 Capital AREIT Fund	36	-
	11,933	5,856

Finance revenue includes:

	30 June 2015 $'000	30 June 2014 $'000
Interest on bank accounts and term deposits	352	69
Interest on stamp duty refund	-	546
Interest on loans to related entities	-	571
	352	1,186

Refer to Note 28 for further information on loans to related entities.

Note 5: Net gain on fair value of financial assets

	30 June 2015 $'000	30 June 2014 $'000
Investments in property funds	7,920	2,896
	7,920	2,896

Refer to Note 14 for information on the fair value adjustments on Investments in property funds.

Note 6: Other income

	30 June 2015 $'000	30 June 2014 $'000
Stamp duty refund	-	1,587
Other	-	227
	-	1,814

During the prior year, the Victorian State Revenue Office refunded $1.59 million of stamp duty previously paid by the 360 Capital Diversified Property Fund. The Fund received a net $1.8 million refund including interest on the overpaid stamp duty less associated legal costs. The stamp duty refund has been recognised in other income and the associated legal costs in administration expenses in the statement of profit or loss.

Note 7: Investment property expenses

	30 June 2015 $'000	30 June 2014 $'000
12 - 22 Woniora Road, Hurstville NSW	988	1,407
158 Hume Street, Goulburn NSW	43	229
Windsor marketplace, Sydney NSW	47	-
City Centre Plaza, Rockhampton QLD	5	-
	1,083	1,636

Note 8: Finance expenses

	30 June 2015 $'000	30 June 2014 $'000
Interest and finance charges paid and payable	4,307	849
Borrowing cost amortisation	754	294
	5,061	1,143

Note 9: 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 2015 $	30 June 2014 $
Audit services – Ernst & Young		
Audit and review of financial reports	33,000	40,000
Other assurance services - compliance	6,650	7,450
	39,650	47,450
Other services – Ernst & Young		
Taxation compliance services	25,300	21,800
Total auditor's remuneration	64,950	69,250

Note 10: Earnings per unit

	30 June 2015 ¢	30 June 2014 ¢
Basic earnings per unit	9.2	4.2
Diluted earnings per unit	8.4	3.9

	$'000	$'000
Basic and diluted earnings		
Profit attributable to unitholders of the consolidated entity used in calculating earnings per unit	20,859	7,997

	000's	000's
Weighted average number of units used as a denominator		
Weighted average number of units - basic	226,733	190,710
Weighted average number of units - diluted	248,703	206,999

Dilution

During the prior year 21,970,000 stapled securities were granted to employees of the Stapled Group under the 360 Capital Group Employee Security Plan ("ESP"). The issue price per security was $0.59 which was equal to the price per security in the $70.8 million Institutional Capital Raising completed in October 2013. The grant of the securities is subject to a 3 year Total Securityholder Return target.

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. Further information on the ESP is provided in Note 23.

Note 11: 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 and include:

1) Co-investment - providing income through distributions and capital growth in equity values
2) Direct asset investment - delivering stable rental cash flows

The consolidated entity's management strategy and measures of performance focus on the returns from these core segments in order to deliver returns and value to investors.

Operating segments are determined based on the information which is regularly reviewed by the Managing Director, who is the Chief Operating Decision Maker 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 26 and Note 29). 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 11: Segment reporting (continued)

The operating segments provided to the Board for the reportable segments for the year ended 30 June 2015 are as follows:

Year ended 30 June 2015	Co-investment funds $'000	Direct asset investment $'000	Total core $'000	Consolidation & eliminations $'000	Total $'000
Net property income	-	6,060	6,060	116	6,176
Co-investment revenue	11,527	-	11,527	406	11,933
Finance revenue	27	-	27	(27)	-
Total revenue and other income	11,554	6,060	17,614	495	18,109
Operating expenses	118	411	529	194	723
Earnings before interest and tax (EBIT)	11,436	5,649	17,085	301	17,386
Net interest expense	4,463	296	4,759	(51)	4,708
Operating profit (before specific non-cash and significant items)	6,973	5,353	12,326	352	12,678

Weighted average number of units - basic ('000)			226,733		
Operating profit per unit (before specific non-cash and significant items) (EPS) - cents			5.4		

Number of units for distribution per unit (DPS) ('000)			248,703		
DPS - cents			**5.75**		

Reconciliation of total segment revenue to total revenue in the statement of profit or loss is on page 31.

Note 11: Segment reporting (continued)

The operating segments provided to the Board for the reportable segments for the year ended 30 June 2014 are as follows:

Year ended 30 June 2014	Co-investment funds	Direct asset investment	Total core	Consolidation & eliminations	Total
	$'000	$'000	$'000	$'000	$'000
Net property income	-	6,602	6,602	-	6,602
Co-investment revenue	3,842	-	3,842	2,014	5,856
Finance revenue	-	571	571	546	1,117
Other income	-	-	-	5	5
Total revenue and other income	3,842	7,173	11,015	2,565	13,580
Operating expenses	19	499	518	583	1,101
Earnings before interest and tax (EBIT)	3,823	6,674	10,497	1,982	12,479
Net interest expense	(2)	876	874	200	1,074
Operating profit (before specific non-cash and significant items)	3,825	5,798	9,623	1,782	11,405

Weighted average number of units - basic ('000)	190,710
Operating profit per unit (before specific non-cash and significant items) (EPS) - cents	5.0

Number of units for distribution per unit (DPS) ('000)	248,703
DPS - cents	5.0

Reconciliation of total segment revenue to total revenue in the statement of profit or loss is on page 31.

Note 11: Segment reporting (continued)

Reconciliation of total segment revenue to total revenue in the statement of profit or loss is as follows:

	30 June 2015 $'000	30 June 2014 $'000
Total revenue per segment report	18,109	13,580
Investment property expenses reported in net property income	1,083	1,636
Straight-lining of lease revenue and incentives [1]	(474)	(620)
Interest income	352	59
Rent receivable adjustment	(1,859)	-
Other income	-	(5)
Total revenue in the statement of profit or loss	17,211	14,660
Gain on bargain purchase of 360 Capital Property Group	-	1,057
Net gain on fair value of financial assets	7,920	2,896
Net gain on fair value of investment properties	9,608	-
Other income [2]	-	1,814
Total revenue and other income in the statement of profit or loss	34,739	20,427

1) Straight-lining of lease revenue and incentives of $0.5 million is excluded from revenue in the segment report in order to disclose lease revenue on a cash basis.

2) Other income during the prior year of $1.8 million is excluded from revenue in the operating segment report as the majority ($1.6 million) relates to a one off refund received by 360 Capital Diversified Property Fund from Victorian State Revenue in relation to stamp duty previously paid.

Note 11: Segment reporting (continued)

Reconciliation of profit/(loss) to operating profit/(loss) for the year is as follows:

	Total core 30 June 2015 $'000	Total core 30 June 2014 $'000	Total 30 June 2015 $'000	Total 30 June 2014 $'000
Profit after tax attributable to unitholders	20,859	7,997		
Profit for the year	-	-	23,079	10,500
Specific non-cash items				
Net loss on fair value of derivative financial instruments	1,608	14	1,745	14
Net gain on fair value of financial assets	(6,792)	(3,984)	(7,920)	(2,896)
Net (gain)/loss on fair value of investment properties	(8,686)	5,345	(9,608)	5,345
Straight-lining of lease revenue and incentives	474	620	474	620
Significant items				
Other expenses/(income)	316	-	316	(1,809)
Subsidiary capital raising costs	2,688	-	2,688	-
Rent receivable adjustment	1,859			
Gain on bargain purchase of 360 Capital Property Group	-	(1,057)	-	(1,057)
Business combination transaction expenses	-	688	-	688
Operating profit (before specific non-cash items and significant items)	12,326	9,623	10,774	11,405

Note 11: Segment reporting (continued)

As at 30 June 2015	Co-investment funds $'000	Direct asset investment $'000	Total core $'000	Consolidation & eliminations $'000	Total $'000
Assets					
Cash and cash equivalents	2,894	269	3,164	1,042	4,206
Investment properties	-	-	-	75,300	75,300
Assets held for sale	-	47,000	47,000	-	47,000
Financial assets at fair value through the profit or loss	184,201	-	184,201	(34,024)	150,177
Other assets	2,787	161	2,948	37	2,985
Total assets	189,882	47,430	237,313	42,355	279,668
Liabilities					
Borrowings	85,713	-	85,713	33,907	119,620
Other liabilities	653	21,055	21,708	1,880	23,588
Total liabilities	86,366	21,055	107,421	35,787	143,208
Net assets	103,516	26,375	129,891	6,568	136,460
As at 30 June 2014					
Assets					
Cash and cash equivalents	219	4,731	4,950	698	5,648
Investment properties	-	38,500	38,500	-	38,500
Assets held for sale	-	4,300	4,300	-	4,300
Financial assets at fair value through the profit or loss	95,330	-	95,330	25,508	120,838
Other assets	2,254	208	2,462	(802)	1,660
Total assets	97,803	47,739	145,542	25,404	170,946
Liabilities					
Borrowings	-	24,755	24,755	(4)	24,751
Other liabilities	10	5,712	5,722	378	6,100
Total liabilities	10	30,467	30,477	374	30,851
Net assets	97,793	17,272	115,065	25,030	140,095

Note 12: Cash and cash equivalents

	30 June 2015 $'000	30 June 2014 $'000
Cash at bank	4,206	5,648
Cash and cash equivalents in the statement of cash flows	4,206	5,648

Note 13: Receivables

	30 June 2015 $'000	30 June 2014 $'000
Current		
Trade receivables	72	20
Distributions receivable	2,415	1,453
	2,487	1,473

a) Bad and doubtful trade receivables

During the year, the consolidated entity incurred $Nil (2014: $Nil) in respect of provisioning for bad and doubtful trade receivables in relation to lease income on investment properties.

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 24 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 2015 $'000	30 June 2014 $'000
Current	2,487	1,473
1 to 3 months	-	-
More than 3 months	-	-
	2,487	1,473

As at 30 June 2015, trade receivables of $Nil (2014: $Nil) were past due but not impaired.

Note 14: Financial assets at fair value through profit or loss

	30 June 2015 $'000	30 June 2014 $'000
Current		
Units in unlisted funds managed by 360 Capital Group	-	3,364
	-	3,364
Non-current		
Units in unlisted funds managed by 360 Capital Group	46,749	39,568
Units in listed funds managed by 360 Capital Group	103,063	65,678
Units in unlisted funds managed externally	365	12,228
	150,177	117,474
Total	150,177	120,838

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

	30 June 2015 %	30 June 2014 %	30 June 2015 $'000	30 June 2014 $'000
Current				
360 Capital Canberra Trust	-	21.73	-	3,364
			-	3,364
Non-current				
360 Capital Industrial Fund (ASX: TIX)	17.4	15.8	63,877	32,136
360 Capital Office Fund (ASX: TOF)	25.3	21.8	39,186	33,542
360 Capital 111 St Georges Terrace Property Trust	44.4	41.3	30,307	27,115
360 Capital 441 Murray Street Property Trust	35.7	35.7	5,115	5,860
360 Capital Havelock House Property Trust	26.7	26.7	3,486	3,048
360 Capital Subiaco Square Property Trust	39.8	24.1	7,288	3,545
Centuria Diversified Direct Property Fund	19.3	19.3	360	12,184
Centuria Office Fund No.2	1.2	1.2	5	44
Other	-	-	553	-
			150,177	117,474
Total			150,177	120,838

The 360 Capital Industrial Fund and 360 Capital Office Fund are listed on the ASX. All other investments are unlisted. Investments held in Centuria Diversified Direct Property Fund and Centuria Office Fund No. 2 are managed externally.

On 19 December 2014, TIX made a takeover offer for all units in ANI, a $320.0 million listed industrial property fund. During the year and prior to the announcement of the offer, the 360 Capital Diversified Property Fund and the Trafalgar Opportunity Fund No.4 acquired a 5.5% and 7.4% respective interest in ANI. These two Funds are wholly owned by 360 Capital Investment Trust which consequently had a total of 12.9% ownership in ANI. In line with the Offer, these ANI units were accepted into the TIX Offer and converted to TIX units in May 2015 once the Offer had been declared unconditional. Trafalgar Opportunity Fund No.4 thereafter transferred its units to the 360 Capital Diversified Property Fund. Ultimately, the 360 Diversified Property Fund acquired 11,177,061 units in TIX through the Offer.

The Group acquired an additional 917,138 units in TIX through the TIX distribution reinvestment plan during the year.

Note 14: Financial assets at fair value through the profit or loss (continued)

The consolidated entity also increased its investment in the 360 Capital Subiaco Square Property Trust from 24.08% to 39.79% and also its investment in 360 Capital 111 St Georges Terrace Property Trust from 41.26% to 44.43%.

On 25 August 2014 the 360 Capital Canberra Trust unitholders voted in favour of not extending the life of the Trust beyond December 2014 and the trusts property was sold on 4 March 2015 and the Trust was wound up in June 2015.

Refer to Note 24 for fair value valuation techniques.

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*.

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

	30 June 2015 $'000	**30 June 2014 $'000**
Balance at 1 July	120,838	-
Financial assets acquired through the acquisition of 360 Capital Property Group	-	87,375
Financial assets acquired in Initial Public Offering	-	38,707
Financial assets acquired through dividend reinvestment	2,215	652
Financial assets acquired - other	66,353	2,789
Financial assets disposed	(47,149)	(11,581)
Fair value adjustment of financial assets	7,920	2,896
Closing balance	150,177	120,838

Note 15: Assets held for sale

	30 June 2015 $'000	**30 June 2014 $'000**
Investment property		
158 Hume Street, Goulburn NSW	-	4,300
12-22 Woniora road, Hurstville NSW	47,000	-
	47,000	4,300
Less: Deferred rent receivable	(3,150)	-
Deferred rent received	1,859	-
	45,709	4,300

On 30 October 2014 the consolidated entity entered into an unconditional sale contract to dispose of 12-22 Woniora Road, Hurstville NSW for a gross sale price of $47.0 million. Settlement is expected prior to 30 September 2015. The settlement proceeds include amounts receivable in relation to a lease to the purchaser over the premises with a total value of $3.15 million. During the year the consolidated entity receive rent payments of $1.86 million.

In the prior year 158 Hume Street, Goulburn NSW was subject to an exchanged sales contract for $4.3 million. The property settled on 13 August 2014.

Note 15: Assets held for sale (continued)

A reconciliation of the movements in assets held for sale during the year is set out below:

	30 June 2015 $'000	30 June 2014 $'000
Balance at 1 July	4,300	-
Financial assets acquired through the acquisition of Trafalgar Opportunity Fund No.4	-	4,750
Reclassification from investment properties (refer to Note 17)	47,000	-
Fair value adjustment of assets held for sale	-	(450)
Sale of asset held for sale	(4,300)	-
Closing balance	47,000	4,300

a) Valuation basis
Assets held for sale are carried at fair value refer to Note 1 (m) for further information.

Note 16: Other current assets

	30 June 2015 $'000	30 June 2014 $'000
Prepayments	498	146
Other	-	41
	498	187

Note 17: Investment properties

	30 June 2015 $'000	30 June 2014 $'000
Balance at 1 July	38,500	44,000
Capitalised subsequent expenditures	6,566	15
Investment properties acquired	68,100	-
Reclassification to assets held for sale (refer to Note 15)	(47,000)	-
Straight-lining of lease revenue and incentives	(474)	(620)
Fair value adjustment of investment properties	6,458	(4,895)
Fair value adjustment of investment properties – Deferred rent receivable	3,150	-
Closing balance	75,300	38,500

Note 17: Investment properties (continued)

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. Valuations are undertaken in accordance with the Australian Property Institute Professional Practice Standard and the International Valuation Standard Committee Guidelines.

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 17: Investment properties (continued)

Capitalisation and discount rates are considered significant Level 3 inputs. Refer to Note 24 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 2015 $'000	30 June 2014 $'000
No later than 12 months	4,580	4,992
Between 12 months and five years	12,690	-
Greater than five years	16,584	-
	33,854	4,992

Note 17: Investment properties

		Book value		Capitalisation rate		Discount rate			
	Date of acquisition	30 June 2015 $'000	30 June 2014 $'000	30 June 2015 %	30 June 2014 %	30 June 2015 %	30 June 2014 %	Last external valuation	Valuation $'000
12-22 Woniora Road, Hurstville NSW	20-Jul-05	-	38,500	-	9.25	-	10.25	Dec-13	38,500
City Centre Plaza, Rockhampton QLD	26-Jun-15	55,000	-	7.25	-	8.75	-	Jun-15	55,000
Windsor Marketplace, Windsor, Sydney NSW	11-Jun-15	20,300	-	7.00	-	8.00	-	Jun-15	20,300
Investment properties		75,300	38,500						
Less: lease income receivable & incentives		(1,500)	(474)						
		73,800	38,026						

<u>12-22 Woniora Road, Hurstville NSW</u>
The consolidated entity owns this property which is a 5 star NABERS rated office building located in Hurstville. Hurstville is a regional metropolitan centre in the middle of Sydney's South Western suburbs approximately 20 kilometres from Sydney's CBD. The property comprises a ground floor and five upper levels of office accommodation. Parking is provided over three basement levels. On 30 October 2014 the consolidated entity entered into an unconditional sale contract to dispose of the property for a gross sale price of $47.0 million. The property has been reclassified to assets held for sale (refer to Note 15) during the year.

<u>City Centre Plaza, Rockhampton QLD – 360 Capital Retail Fund No.1</u>
A controlled entity of the Group (refer to Note 14) which is located in Rockhampton QLD. The property is a sub-regional shopping centre comprising 14,063sqm and 491 car spaces.

<u>Windsor Marketplace, Windsor, Sydney, NSW – 360 Capital Retail Fund No.1</u>
A controlled entity of the Group (refer to Note 14) which is located in Windsor NSW. The property is a recently refurbished neighbourhood shopping centre comprising 5,347sqm with 162 car spaces.

Note 18: Trade and other payables

	30 June 2015 $'000	30 June 2014 $'000
Trade & GST payables	1,594	164
Accruals	1,714	339
Other payables	135	3
	3,443	506

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

Note 19: Borrowings

	30 June 2015 $'000	30 June 2014 $'000
Current		
Borrowings - secured	11,000	5,000
	11,000	5,000
Non-current		
Borrowings - secured	110,699	20,000
Capitalised borrowing costs	(2,079)	(249)
	108,620	19,751
Borrowings - secured		
Total facility limit	137,400	25,000
Used at end of reporting date	121,699	25,000
Unused at end of reporting date	15,701	-

a) Loan facilities summary

Unsecured note issue
During the year the consolidated entity raised $75.0 million through the issue of five year, fixed rate unsecured notes. The fixed rate of the notes is 6.9% per annum. The note funds were used to fund the acquisition of 360 Capital Diversified Property Fund, underwrite future unlisted trust offerings by the Stapled Group, reduce the NAB loan facility balance and for general working capital purposes.

National Australia Bank facility - (360 Capital Investment Trust)
The consolidated entity has a loan facility with National Australia Bank (“NAB”). During the year the $25 million loan balance was repaid and the facility limit remained at $25.0 million. At reporting date the facility is drawn to $11.0 million and expires in September 2015. The facility is secured by a mortgage in favour of NAB over 12-22 Woniora Road, Hurstville NSW (refer to Note 15) and a fixed and floating charge over the assets of the wholly owned entities within the Group.

St George Bank facility – (360 Capital Retail Fund No.1)
A controlled entity of the consolidated entity (refer to Note 14) has a loan facility with St George. The $37.4 million facility is drawn to $34.1 million and expires in June 2018. The consolidated entity has an interest rate hedge covering $34.6 million of the facility at a rate of 2.54% (exclusive of the underlying margin). The interest rate hedge expires in June 2022. The facility is secured by a mortgage in favour of St George over Windsor Marketplace Windsor, Sydney NSW and City centre Plaza, Rockhampton QLD (refer to Note 17).

Note 19: Borrowings (continued)

Funding Covenants

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

Note 20: Derivative financial instruments

	30 June 2015 $'000	30 June 2014 $'000
Current		
Interest rate swap contracts - fair value	-	14
Total	-	14

	30 June 2015 $'000	30 June 2014 $'000
Non - Current		
Interest rate swap contracts - fair value	137	-
Total	137	-

The consolidated entity utilises derivative financial instruments to hedge exposure to fluctuations in interest rates. Refer to Note 24 for further information on interest rate swap contracts.

a) Interest rate swap contracts

Interest-bearing liabilities of the consolidated entity carried a weighted average effective interest rate of 4.90% (2014: 5.29%). The debt may be protected all or in part from exposure to increasing interest rates, and to ensure steady cash flow of the consolidated entity. Accordingly, the consolidated entity has entered into an interest rate swap contract under which it is obliged to receive interest at variable rates and to pay interest at fixed rates. The weighted average fixed interest rate is 3.74% (2014: 2.77%).

Swaps currently in place cover approximately 76.8% (2014: 60.0%) of the loan principal outstanding. The contracts require settlement of net interest receivable or payable each month. The settlement dates coincide with the dates on which interest is payable on the underlying debt. The contract is settled on a net basis.

As explained in Note 1, the interest rate swaps have not been designated as hedges for accounting purposes and hence all changes in fair value are recognised immediately in the statement of profit or loss.

Note 21: Provisions

	30 June 2015 $'000	30 June 2014 $'000
Current		
Distributions payable to unitholders	3,680	3,109
Distributions payable to external non-controlling interest	-	339
	3,680	3,448

Note 22: Other current liabilities

	30 June 2015 $'000	30 June 2014 $'000
Rental income invoiced in advance	1,076	786
Deposits on investment properties - Hurstville	4,700	-
Deferred rent received	1,859	-
Other	192	-
	7,827	786

Note 23: Equity

(a) Issued capital

	30 June 2015 000's	30 June 2014 000's
360 Capital Investment Trust - Ordinary units issued	226,733	226,733

	$'000	$'000
360 Capital Investment Trust - Ordinary units issued	152,453	152,453

(b) Movements in issued capital

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

	$’000's	$'000
Opening balance at 1 July	226,733	85,352
1 October 2013 - Scrip for scrip offer	-	23,685
1 October 2013 - Unit consolidation	-	(23,685)
2 October 2013 - Institutional capital raising	-	120,000
2 October 2013 - Scrip for scrip offer	-	21,381
Closing balance at 30 June	226,733	226,733

Note 23: Equity (continued)

(c) Employee Security Plan

During the prior year 21,970,000 securities were granted to employees of the Stapled Group under the 360 Capital Group Employee Security Plan ("ESP"). The issue price per security was $0.59 which was equal to the price per security in the $70.8 million Institutional Capital Raising completed by the Stapled Group in October 2013. 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.

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 2015 000's	**30 June 2014 $'000**
Total ordinary units disclosed	226,733	226,733
Issued units - Employee security plan	21,970	21,970
Total units issued on the ASX	248,703	248,703

The securities vest if the Stapled Group's Total Securityholder Return (TSR) over a 3 year period achieves the following:

Absolute TSR Achieved (% pa)	**Proportion of Target Award Vesting**
15%	100%
>10% and <15%	Pro Rata Allocation
10%	50%
<10%	0%

The fair value of the issue of securities under the ESP at grant date is estimated using a binominal pricing model, taking into account the terms and conditions upon which the securities were granted and the following key assumptions:

Valuation Date: 2 October 2013
Security Price: $0.66
Risk Free Rate: 2.84%
Dividend Yield: 7.5%
Volatility: 30%
Initial TSR: 11.9%
Exercise price: $0.59

As the Stapled Group has been transformed following the acquisition of 360 Capital Property Group (refer to Note 26), a volatility estimate could not be obtained from analysing historic data. Volatility was determined by analysing comparable companies with similar principal activities.

The grant date fair value of the securities issued under the ESP was $0.0998 per security. For the year ended 30 June 2015, the Stapled Group has recognised $0.69 million (2014: $0.52 million) of security based payment expense in the statement of profit or loss.

Note 23: Equity (continued)

As the employees are employed by the Stapled Group and not the consolidated entity, this cost is not an expense of the consolidated entity. However the consolidated entity's proportionate share of issued capital, being $0.45 million, has been recognised.

Note 24: Financial instruments

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the consolidated entity as at 30 June 2015:

	Amortised cost $'000	Fair value profit or loss $'000
Financial assets		
Financial assets at fair value through profit or loss	-	150,177
Total non-current	-	150,177
Receivables	2,487	-
Total current	2,487	-
Total	2,487	150,177
Financial liabilities		
Borrowings	108,620	-
Derivative financial instruments	-	137
Total non-current	108,620	137
Trade and other payables	3,443	-
Borrowings	11,000	-
Due to related entities	8,501	-
Total current	22,944	-
Total	131,564	137

Note 24: Financial instruments (continued)

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the consolidated entity as at 30 June 2014:

	Amortised cost $'000	Fair value profit or loss $'000
Financial assets		
Financial assets at fair value through profit or loss	-	117,474
Total non-current	-	117,474
Receivables	1,473	-
Financial assets at fair value through profit or loss	-	3,364
Total current	1,473	3,364
Total	1,473	120,838
Financial liabilities		
Borrowings	19,751	-
Total non-current	19,751	-
Trade and other payables	506	-
Borrowings	5,000	-
Due to related entities	1,346	-
Derivative financial instruments	-	14
Total current	6,852	14
Total	26,603	14

Risk management activities

Interest rate risk
The key source of interest rate risk for the consolidated entity is derived from borrowings. The consolidated entity manages this exposure by entering into interest rate swap agreements to fix a portion of the interest charged on its borrowings.

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

Note 24: Financial instruments (continued)

	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 more than 5 years $'000	Non-interest bearing $'000	Total $'000
30 June 2015						
Financial assets						
Cash and cash equivalents	4,206	-	-	-	-	4,206
Receivables	-	-	-	-	2,487	2,487
Financial assets at fair value through profit or loss	-	-	-	-	150,177	150,177
Total financial assets	4,206	-	-	-	152,664	156,870
Weighted average interest rate	1.50%	-				
Financial liabilities						
Trade and other payables	-	-	-	-	3,443	3,443
Borrowings	11,000	-	75,000	34,600	-	120,600
Due to related entities	-	-	-	-	8,501	8,501
Derivative financial instruments	-	-	-	-	137	137
Total financial liabilities	11,000	-	75,000	34,600	12,081	132,681
Weighted average interest rate	5.07%	-	6.90%	3.74%		
Net financial assets/(liabilities)	(6,794)	-	(75,000)	(34,600)	140,583	24,189
30 June 2014						
Financial assets						
Cash and cash equivalents	5,648	-	-	-	-	5,648
Receivables	-	-	-	-	1,473	1,473
Financial assets at fair value through profit or loss	-	-	-	-	120,838	120,838
Total financial assets	5,648	-	-	-	122,311	127,959
Weighted average interest rate	2.55%					
Financial liabilities						
Trade and other payables	-	-	-	-	506	506
Borrowings	10,000	15,000	-	-	-	25,000
Due to related entities	-	-	-	-	1,346	1,346
Derivative financial instruments	-	-	-	-	14	14
Total financial liabilities	10,000	15,000	-	-	1,866	26,866
Weighted average interest rate	5.25%	5.32%				
Net financial assets/(liabilities)	(4,352)	(15,000)	-	-	120,445	101,093

Note 24: Financial instruments (continued)

Liquidity risk

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 2015					
Trade and other payables	3,443	3,443	3,443	-	-
Borrowings	120,600	144,340	6,880	137,460	-
	124,043	147,783	10,323	137,460	-
30 June 2014					
Trade and other payables	506	506	506	-	-
Borrowings	25,000	26,343	6,079	20,264	-
	25,506	26,849	6,585	20,264	-

Credit risk

The carrying amounts of financial assets included in the statement of financial position represent the consolidated entity's exposure to credit risk in relation to these assets.

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.

		Change in interest rate	
		-1%	1%
	Carrying amount $'000	Profit $'000	Profit $'000
30 June 2015			
Financial assets			
Cash and cash equivalents	4,206	(42)	42
Financial liabilities			
Borrowings	120,600	110	(110)
Total increase/(decrease)		68	(68)
30 June 2014			
Financial assets			
Cash and cash equivalents	5,648	(56)	56
Financial liabilities			
Borrowings	25,000	100	(100)
Total increase/(decrease)		44	(44)

Note 24: Financial instruments (continued)

Fair values
Set out below is a comparison of the carrying amounts and fair values of financial instruments as at 30 June 2015:

	Amortised cost $'000	Fair value $'000
Financial assets		
Financial assets at fair value through profit or loss	150,177	150,177
Total non-current	150,177	150,177
Receivables	2,487	2,487
Total current	2,487	2,487
Total	152,664	152,664
Financial liabilities		
Borrowings	108,620	110,699
Derivative financial instruments	137	137
Total non-current	108,757	110,836
Trade and other payables	3,443	3,443
Borrowings	11,000	11,000
Due to related entities	8,501	8,501
Total current	22,944	22,944
Total	131,701	133,780

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.

Note 24: Financial instruments (continued)

Set out below is a comparison of the carrying amounts and fair values of financial instruments as at 30 June 2014:

	Amortised cost $'000	Fair value $'000
Financial assets		
Financial assets at fair value through profit or loss	117,474	117,474
Total non-current	117,474	117,474
Receivables	1,473	1,473
Financial assets at fair value through profit or loss	3,364	3,364
Total current	4,837	4,837
Total	122,311	122,311
Financial liabilities		
Borrowings	19,751	20,000
Total non-current	19,751	20,000
Trade and other payables	506	506
Borrowings	5,000	5,000
Due to related entities	1,346	1,346
Derivative financial instruments	14	14
Total current	6,866	6,866
Total	26,617	26,866

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 24: Financial instruments (continued)

As at 30 June 2015, the consolidated entity held the following classes of financial instruments measured at fair value:

	30 June 2015 $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Financial assets measured at fair value				
Financial assets at fair value through profit or loss	150,177	103,063	-	47,114
Financial liabilities measured at fair value				
Derivative financial instruments	137	-	137	-

During the year 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.

As at 30 June 2014, the consolidated entity held the following classes of financial instruments measured at fair value:

	30 June 2014 $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Financial assets measured at fair value				
Financial assets at fair value through profit or loss	120,838	65,678	-	55,160
Financial liabilities measured at fair value				
Derivative financial instruments	14	-	14	-

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

	30 June 2015 $'000	30 June 2014 $'000
Balance at 1 July	55,160	-
Financial assets acquired through the acquisition of 360 Capital Property Group	-	57,347
Financial assets transferred to Level 1	-	(174)
Financial assets acquired - other	7,188	-
Financial assets disposed	(17,996)	(1,717)
Fair value adjustment of financial assets	2,762	(296)
Closing balance	47,114	55,160

Valuation techniques

<u>Fair value profit or loss financial assets</u>

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).

Note 24: Financial instruments (continued)

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 17). The significant Level 3 inputs in relation to the underlying property valuations of the investments include capitalisation rates which are estimated to be in the range of 7.5% to 9.5% and discount rates estimated to be between 9.0% and 10.0%. The consolidated entity uses its judgment to select a variety of methods and makes assumptions that are mainly based on market conditions existing at each statement of financial position date.

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

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

Note 25: Reconciliation of net profit to net cash inflows from operating activities

	30 June 2015 $'000	**30 June 2014 $'000**
Net profit/(loss) for the year	23,079	10,500
Adjustment for:		
Borrowing cost amortisation	234	131
Gain on bargain purchase of 360 Capital Property Group	-	(1,057)
Net gain on fair value of financial assets	(7,920)	(2,896)
Net (gain)/ loss on fair value of investment properties	(9,608)	5,345
Net loss on fair value of derivative financial instruments	1,745	14
Straight-lining of lease revenue and incentives	474	620
Change in assets and liabilities		
Increase in receivables and prepayments	(565)	(604)
Increase in creditors and accruals	2,937	10
Net cash inflows from operating activities	10,376	12,063

Note 26: Business combinations

Acquisition of 360 Capital Property Group

Summary of acquisition

On 2 October 2013, the Stapled Group acquired 100% of the issued securities of 360 Capital Property Group, a diversified real estate investment and funds management business, for a consideration of $59.0 million.

360 Capital Property Group was a stapled entity, comprising 360 Capital Property Limited and its controlled entities and 360 Capital Trust and its controlled entities. The consolidated entity acquired 100% of the issued units in 360 Capital Trust for consideration of $51.34 million.

The acquisition has been accounted for using the acquisition method. The consolidated financial statements include the results of 360 Capital Trust for the 9 month period from the acquisition date.

Details of the purchase consideration to acquire 360 Capital Trust is as follows:

	30 June 2014 $'000
Cash paid	39,062
Securities issued at fair value	12,277
Total purchase consideration	51,339

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

	$'000
Assets	
Cash and cash equivalents	1,508
Receivables	4,152
Financial assets at fair value through profit or loss	87,375
Due from related entities	1,759
Liabilities	
Trade and other payables	(705)
Borrowings	(17,801)
Provisions	(339)
Net identifiable assets acquired including external non-controlling interest	75,949
Less: External non-controlling interest	(23,553)
Net identifiable assets acquired excluding external non-controlling interest	52,396
Less: Gain on bargain purchase	(1,057)
Total purchase consideration	51,339

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

A bargain on purchase of 360 Capital Trust of $1.06 million has been recognised as income in the consolidated statement of profit or loss in the prior year. The bargain represents the difference between total purchase consideration and net identifiable assets acquired.

Note 26: Business combinations (continued)

Revenue and profit contribution
The acquired business contributed revenues of $10.28 million and net profit of $9.47 million (including $4.57 million in non-cash & significant items) to the consolidated entity from 2 October 2013 to 30 June 2014.

If the acquisition had occurred on 1 July 2013, consolidated total revenue from continuing operations and the consolidated net profit of the acquired business for the year ended 30 June 2014 would have been $13.24 million and $11.23 million (including $5.83 million in non-cash & significant items) respectively. 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

	30 June 2014 $'000
Cash consideration paid	39,062
Less: Cash and cash equivalents acquired	(1,508)
Outflow of cash to acquire subsidiary - including external non-controlling interest cash	37,554
Add: Direct costs relating to the acquisition	688
Total cash outflow to acquire subsidiary	38,242

Acquisition related costs
During the prior year acquisition related costs of $0.7 million incurred have been expensed in the consolidated statement of profit or loss and have been included as part of investing cash flows in the consolidated statement of cash flows.

Securities issued
As part of the acquisition, the Stapled Group issued 21,380,603 securities to Securityholders of 360 Capital Property Group who elected to take scrip. The fair value was determined to be $0.66 per security, being the closing price of securities on the ASX on the last trading day prior to completing the acquisition on 2 October 2013.

Note 26: Business combinations (continued)

b) Acquisition of Trafalgar Opportunity Fund No.4

Summary of acquisition
On 1 October 2013, the consolidated entity acquired 100% of the issued units of Trafalgar Opportunity Fund No.4, an investment property trust, for consideration of $10.8 million. Consideration paid to the unitholders was the equivalent of the fair value of net assets of Trafalgar Opportunity Fund No.4 at the time the purchase price was agreed.

Trafalgar Opportunity Fund No.4 was previously part of the stapled entity, Trafalgar Corporate Group, comprising the stapling together of the shares of the 360 Capital Group Limited (formerly Trafalgar Corporate Group Limited) and the units of 360 Capital Investment Trust (formerly Trafalgar Platinum Fund No.12) and Trafalgar Opportunity Fund No.4. Following approval at a Securityholder meeting held on 24 September 2013, the stapled entity was destapled.

The acquisition has been accounted for using the acquisition method. The consolidated financial statements include the results of Trafalgar Opportunity Fund No.4 for the 9 month period from the acquisition date.

Details of the purchase consideration to acquire Trafalgar Opportunity Fund No.4 is as follows:

	30 June 2014 $'000
Securities issued at fair value	10,818
Total purchase consideration	10,818

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

	$'000
Assets	
Cash and cash equivalents	1,039
Receivables	55
Assets held for sale	4,750
Due from related entities	4,988
Other current assets	31
Liabilities	
Trade and other payables	(45)
Net identifiable assets acquired excluding external non-controlling interest	10,818
Less: Bargain on acquisition	-
Total purchase consideration	10,818

The fair value of receivables and other financial assets approximates the collectible amount.

Revenue and profit contribution
The acquired business contributed $0.01 million and a net loss of $0.73 million to the consolidated entity from 2 October 2013 to 30 June 2014.

If the acquisition had occurred on 1 July 2013, total revenue and the net loss of the acquired business for the year ended 30 June 2014 would have been $0.55 million and $0.30 million respectively. These amounts have been calculated using the consolidated entity's accounting policies.

Note 26: Business combinations (continued)

Contingent consideration

There is no contingent consideration as part of this transaction.

Purchase consideration – cash outflow on acquisition

	30 June 2014 $'000
Cash consideration paid	-
Less: Cash and cash equivalents acquired	1,039
Inflow of cash to acquire subsidiary	1,039
Add: Direct costs relating to the acquisition	-
Total cash inflow to acquire subsidiary	1,039

Securities issued

As part of the acquisition, the consolidated entity issued 23.685 million securities to unitholders of Trafalgar Opportunity Fund No.4. The fair value was determined to be $0.4567 per unit, being the net tangible assets of the Fund at the time of completing the acquisition.

Note 27: Capital commitments and contingencies

Capital commitments

At 30 June 2015, the consolidated entity had no capital commitments (30 June 2014: no capital commitments) relating to the purchase of property, plant and equipment.

Contingencies

There are no other contingent liabilities as at 30 June 2015.

Note 28: Related party transactions

Parent entity

The legal parent entity is 360 Capital Investment Trust

Controlled entities

Interests in controlled entities are set out in Note 29.

Note 28: Related party transactions (continued)

Acquisition of 360 Capital Property Group
During the prior year, the Stapled Group acquired 100% of 360 Capital Property Group through a scrip-for-scrip offer to 360 Capital Property Group Securityholders (with a cash election). 360 Capital Property Group was a diversified real estate investment and funds management business.

At the time of the acquisition, Mr Tony Robert Pitt was a substantial Securityholder and Non-Executive Director of the Stapled Group, and owned (through TT Investments Pty Limited) 21.1% of 360 Capital Property Group.

The acquisition was approved by Securityholders at an extraordinary general meeting held on 24 September 2013 following Independent Expert, Lonergan Edwards & Associates Limited, concluding that the acquisition was fair and reasonable for the Group's non-associated Securityholders. The Independent Committee of Directors (David van Aanholt & Graham Lenzner) established to oversee the due diligence and to consider the acquisition also recommended Securityholders vote in favour of the acquisition.

Acquisition of 360 Capital Diversified Property Fund
On 19 September 2014 the consolidated entity acquired 100% of 360 Capital Diversified Property Fund through a $21.2 million cash offer to non 360 Capital Group unitholders. At the time of the acquisition the Group held 58.9% of 360 Capital Diversified Property Fund and was the Responsible Entity.

The acquisition was approved by unitholders at an extraordinary general meeting held on 8 September 2014 following Independent Expert, BDO Corporate Finance, concluding that the acquisition was fair and reasonable and in the best interest of unitholders not associated with the Group.

Acquisition of 360 Capital Retail Fund No.1
In June 2015 the consolidated entity sold down 22.4% of the 360 Capital Retail Fund No.1. The fund is a controlled entity of the Group, which acquired two retail investment properties in June 2015. The Group holds underwriting units in the fund which it intends to sell down. The Group charged $1.3 million in underwriting fees and $1.7 million of acquisition fees to the fund, associated with the capital raise and property acquisitions, these fees are eliminated on the consolidation of the fund within the financial statements

Refer to Note 26 for further information.

Responsible Entity
During the prior year, the Responsible Entity of 360 Capital Investment Trust changed from Trafalgar Managed Investments Limited to 360 Capital Investment Management Limited, both are wholly owned subsidiaries of 360 Capital Group Limited.

Key management personnel
The consolidated entity does not employ personnel in its own right. However, it has an incorporated Responsible Entity, 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.

Note 28: Related party transactions (continued)

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

KMP
Tony Pitt, Managing Director
Ben James, Chief Investment Officer
Glenn Butterworth, Chief Financial Officer
Alan Sutton, Company Secretary

Securities held in 360 Capital Group by Directors

NEDs	Held at 1 July 2014	Granted as remuneration	Acquisitions	Held at 30 June 2015
David van Aanholt	249,000	-	-	249,000
William Ballhausen	400,000	-	-	400,000
Graham Lenzner	240,000	-	-	240,000
Andrew Moffat	500,000	-	-	500,000
Total	1,389,000	-	-	1,389,000

Securities held in 360 Capital Group by key management personnel

KMP	Held at 1 July 2014	Granted as remuneration	Acquisitions	Held at 30 June 2015
Tony Pitt	51,998,502	-	751,498	52,750,000
Ben James	6,000,000	-	-	6,000,000
Glenn Butterworth	1,750,000	-	-	1,750,000
Alan Sutton	1,020,000	-	-	1,020,000
Total	60,768,502	-	751,498	61,520,000

Note 28: Related party transactions (continued)

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

KMP	Balance at start of ESP grant $	Interest charged in the year $	Payments made during the year $	Balance at end of the year $	Highest indebtness during the year $
Tony Pitt	3,540,000	345,000	(345,000)	3,540,000	3,540,000
Ben James	3,540,000	345,000	(345,000)	3,540,000	3,540,000
Glenn Butterworth	1,032,500	100,625	(100,625)	1,032,500	1,032,500
Alan Sutton	601,800	58,650	(58,650)	601,800	601,800
	8,714,300	849,275	(849,275)	8,714,300	8,714,300

The loan provided on the grant date was equivalent to the face value of the securities. All loans were granted on 2 October 2013. Interest on the loan is equal to any distributions or dividends paid on the securities over the 3 year period, and should performance hurdles not be met, or participants elect not to repay the loan, then the Board, at its discretion, will either sell or cancel the securities.

For further information on these loans refer to Note 23.

Due to related entities

The following loans are outstanding with related parties at balance date:

	30 June 2015 $'000	30 June 2014 $'000
Current liabilities		
Loan from 360 Capital Group Limited	8,501	1,346
	8,501	1,346

In November 2013, the consolidated entity lent 360 Capital Group Limited $20 million (funded from the consolidated entity's NAB loan facility) to assist in the acquisition of the Lawson loan. The Lawson loan was a $27.4 million loan facility to 360 Capital Developments Income Fund which was previously owned by a consortium of Blackstone and Morgan Stanley. 360 Capital Group Limited repaid the loan in full in April 2014 as well as $0.57 million in interest income (refer to Note 4). Interest charged reflects the cost the consolidated entity incurred from the NAB loan facility being finance charges at 5.3%.

360 Capital Group Limited used profits from the realisation of the Lawson loan to repay the $4.33 million loan owing to the consolidated entity as at 30 June 2013. In the prior year, as a consequence of reviewing the recoverability of the loan to 360 Capital Group Limited, the Directors decided to further impair the portion considered to be unrecoverable. This impairment amounted to $3.01 million. Total impairment of this loan is currently $8.1 million.

Related entity loans are unsecured and payable on demand. With the exception of the lending for the Lawson loan (as detailed above), all loans between related entities are non-interest bearing.

Responsible Entity

The Responsible Entity of the Fund was changed from Trafalgar Managed Investments Limited to 360 Capital Investment Management Limited on 2 October 2013, both entities are wholly owned subsidiaries of 360 Capital Group Limited.

Note 28: Related party transactions (continued)

Responsible Entity's fees
Responsible Entity fees paid during the year were as follows:

	30 June 2015 $'000	30 June 2014 $'000
Management of the funds	261	361
	261	361

There are no amounts payable to related parties for management fees as at 30 June 2015 (30 June 2014: $Nil).

Note 29: 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

Name of entity	Country of domicile	Equity Class	Equity Holding 30 June 2015 %	Equity Holding 30 June 2014 %
Trafalgar Opportunity Fund No. 4 [1]	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 [2]	Australia	Ordinary units	100	58.9

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

360 Capital Retail Fund No.1 [3]	Australia	Underwrite units	77.6%	-

[1] The consolidated entity acquired a 100% interest in Trafalgar Opportunity Fund No.4 (refer to Note 26).

[2] In September 2014 the Group acquired the remaining non-controlling interest and now holds 100% interest in the fund.

[3] For further information of on controlled entities with material non-controlling interests refer to following details below.

Details of entities with material non-controlling interests
During the year the consolidated entity also acquired material non-controlling interests in 360 Capital Retail Fund No.1. The consolidated financial report includes the financial statements of the following subsidiaries controlled by the Fund with a material non-controlling interest:

Note 29: Controlled entities (continued)

360 Capital Diversified Property Fund: On 19 September 2014 the consolidated entity acquired an additional 41.1% of 360 Capital Diversified Property Fund through a $21.2 million cash offer to external unitholders.

At the time of the acquisition the consolidated entity held 58.9% of 360 Capital Diversified Property Fund.

Prior to acquiring the Fund, the consolidated financial report included the financial statements of the Fund based on the Group's Material non-controlling interest. The acquisition increased the consolidated entity's ownership to 100%.

	$'000
Cash consideration paid to non-controlling interests	21,200
Carrying value of the additional interest	26,678
Value uplift recognised in retained earnings	5,478

In the prior year the consolidated entity acquired the fund as it was deem to have control of the fund based upon the impact of a) the consolidated entity's role as Responsible Entity of the fund and b) the consolidated entity's 59% direct interest in the fund. In September 2014 the consolidated entity acquired the remaining non-controlling interest and now holds 100% interest in the fund.

Summarised financial information for the 360 Capital Diversified Property Fund is as follows:

	30 June 2015 $'000	30 June 2014 $'000
Current assets	-	4,815
Total assets	-	62,858
Current liabilities	-	1,931
Total liabilities	-	1,931
Total revenue	-	9,803
Total comprehensive income for the period	-	2,149
Net cash inflow from operating activities	-	4,121
Distributions paid to non-controlling interests	-	537

360 Capital Retail Fund No.1: On 22 December 2015 the consolidated entity acquired 100% of the issued units in 360 Capital Retail Fund No.1 an unlisted property fund. The fund subsequently acquired two retail investment properties in June 2015 and issued additional units to and fund the acquisitions. Units were issued to the consolidated entity and to external investors with the consolidated entity holding 77.6% of the issued equity in the fund at 30 June 2015. The consolidated entity holds underwrite units which may be redeemed at the issue price from the proceeds from the issue of ordinary units.

At the time of the acquisition the consolidated entity held 100% of 360 Capital Retail Fund No.1, and subsequently diluted its holding to 77.6% at 30 June 2015.

	$'000
Cash consideration received from non-controlling interests	9,681
Carrying value of the additional interest	9,079
Value uplift recognised in retained earnings	602

Note 29: Controlled entities (continued)

The Fund is deemed to have control of the 360 Capital Retail Fund No.1 based upon the impact of the Fund's 77.6% direct interest in the property fund.

	30 June 2015 $'000	30 June 2014 $'000
Current assets	1,565	-
Total assets	76,865	-
Current liabilities	1,717	-
Total liabilities	35,761	-
Total revenue	225	-
Total comprehensive income for the period	913	-
Net cash inflow from operating activities	(52)	-
Distributions paid to non-controlling interests	76	-

Note 30: Parent entity disclosures

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

	30 June 2015 $'000	30 June 2014 $'000
Current assets	48,138	5,618
Non-current assets	179,786	138,628
Total assets	227,924	144,246
Current liabilities	14,594	16,439
Non-current liabilities	98,608	19,755
Total liabilities	113,202	36,194
Issued capital	152,453	152,453
Security based payments reserve	-	451
Accumulated losses	(37,731)	(44,852)
Total equity	114,722	108,052
Net profit/(loss) for the year	8,095	984
Total comprehensive income for the year	8,095	984

Parent entity contingencies

The parent entity does not have any contingencies as at 30 June 2015 (2014: Nil).

Note 31: Events subsequent to balance date

No 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.

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

1) The consolidated financial statements and notes that are set out on pages 9 to 62 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 2015 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 2015.

4) The Directors draw attention to Note 1 (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.

Tony Robert Pitt
Director

Graham Ephraim Lenzner
Director

Sydney
26 August 2015

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

Report on the Financial Report

We have audited the accompanying financial report of 360 Capital Investment Trust ('the Fund'), which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the declaration of the directors of 360 Capital Investment Management Limited, the Responsible Entity of the consolidated entity comprising the Fund and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility 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 controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements* that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the Responsible Entity a written Auditor's Independence Declaration, a copy of which forms part of the directors' report.

Opinion

In our opinion:

a. the financial report of 360 Capital Investment Trust is in accordance with the Corporations Act 2001, including:

   i giving a true and fair view of the consolidated entity's financial position at 30 June 2015 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Ernst & Young

Ernst & Young

Mark Conroy

Mark Conroy
Partner
Sydney
26 August 2015