

360 Capital Property Limited and Controlled Entities
ABN 46 146 484 433

Financial Report
For the Period Ended 30 June 2011

360 CAPITAL PROPERTY LIMITED AND CONTROLLED ENTITIES
ABN 46 146 484 433

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360 CAPITAL PROPERTY LIMITED AND CONTROLLED ENTITIES
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DIRECTORS' REPORT
FOR THE PERIOD 30 JUNE 2011

Your Directors present their inaugural report on 360 Capital Property Limited ("Company") and the entities it controlled ("the Group") at the end of, or during the period ended 30 June 2011.

Directors

The following persons were directors of the Company during the financial year and up to the date of this report:

Tony Robert Pitt	Appointed 22 September 2010
Andrew Graeme Moffat	Appointed 14 December 2010
William John Ballhausen	Appointed 14 December 2010
David van Aanholt	Appointed 14 December 2010
Joel Rohan Cann	Appointed 9 May 2011

Principal Activities

The principal activity of the Group during the course of the financial year was to act as Responsible Entity for a number of managed investment schemes that invest in commercial real estate. The Group also invested in a number of these schemes.

Operating Results

The net profit of the Group for the period ended 30 June 2011 after providing for income tax was \$8,826,505.

Dividends

Nil dividends were declared by the Company and paid to members during the period ended 30 June 2011. The stapled entity, 360 Capital Investment Trust, declared a distribution to security holders totalling \$292,500.

Review of Operations

The Company was incorporated on 22 September 2010 as 360 Capital Bec SPV Pty Limited. The Company subsequently changed its name to 360 Capital Property Pty Limited on 25 January 2011 and on the same day changed status from a proprietary company to a public company.

On 16 December 2010, the Company acquired the funds management group of Becton Investment Management Limited (now known as 360 Capital RE Limited) and on the same date entered into an option agreement to acquire 58.9% of Becton Diversified Property Fund (now known as 360 Capital Diversified Fund) and 9.6% of Becton Developments Income Fund (now known as 360 Capital Development Income Fund). This option was exercised in the 360 Capital Investment Trust on 30 June 2011.

On 25 January 2011 the Company was declared a stapled entity, with each one of its shares being stapled on a one for one basis with units in the 360 Capital Investment Trust.

During the financial year, the principal activity of the Company consisted of:

- (a) Property and investment management, property syndication and group companies acting as a Responsible Entity for a number of Managed Investment Schemes; and
- (b) To invest in a diversified portfolio of predominantly property based investments.

Significant Changes in the State of Affairs

Apart from those matters set out under 'Review of operations', no significant change in the nature of these activities occurred during the year.

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After Balance Date Events

Post the balance sheet date, the stapled entity 360 Capital Investment Trust entered into a short term finance facility of \$13,200,000. The debt facility together with cash was used to pay for the investment in the 360 Capital Diversified Property Fund, on 7 July 2011. There are no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Likely Developments and Expected Results of Operations

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Environmental Regulation

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Information on Directors

Tony Robert Pitt	Executive Director
Age	41
Qualifications	Bachelor of Commerce (Property) - Curtin University Graduate Diploma in Applied Finance and Investment - Financial Services Institute of Australasia
Experience	Currently Director of Trafalgar Property Group and Pentagon Capital Limited. Formerly the Executive Director of JF Meridian Trust (JFM), James Fielding Funds Management Limited, Hotel Capital Partners Limited, Bankminster Properties Limited and Travelodge Hotel Group. He also held positions at Paladin Australia Limited, Jones Lang LaSalle and Richard Ellis.
Andrew Graeme Moffat	Non-Executive Director
Age	50
Experience	Sole principle of Cowoso Capital Pty Ltd, Chairman of Pacific Star Network Limited and non-executive director of Rubik Financial Limited. Formerly the director of itX Limited and Infomedia Ltd. He was also a director of Equity Capital Markets and Advisory for BNP Paribas Equities (Australia) Limited.
William John Ballhausen	Non-Executive Director
Age	51
Qualifications	Bachelor of Commerce - University of NSW Fellow of the Financial Services Institute of Australasia
Experience	Founder and Managing Director of Rimcorp Property Limited and Chief Investment Officer of HIH Insurance. He provides services to IFC Funds Management Limited and Equity for Living (Australia) Pty Ltd.

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David van Aanholt	Non-Executive Director
Age	43
Qualifications	Bachelor of Business (Land Economy) Post Graduate Diploma in Management Masters in Business Administration
Experience	Formerly Chief Executive Officer (Asia Pacific) of Goodman Group, Fund Manager at Paladin Australia Limited and an Associate Director of CDH Properties.
Joel Rohan Cann	Non-Executive Director
Age	43
Qualifications	Bachelor of Commerce Graduate Diploma in Applied Finance
Experience	Held senior positions with ING Insurance, Pramerica Real Estate Investors, JPMorgan and Aberdeen Property Investors.

Company Secretary

The company secretary is Alan Sutton.

Meetings of Directors

	Full meetings of directors	
	A	B
Tony Robert Pitt	7	7
Andrew Graeme Moffat	5	6
William John Ballhausen	6	6
David van Aanholt	6	6
Joel Rohan Cann	2	2

A = Number of meetings attended

B = Number of meetings held during the time the director held office.

Options

No options over issued shares or interests in the Company or units in the stapled Trust were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Insurance of Officers

During the financial year, the Company paid premiums in respect of an insurance contract to indemnify officers against liabilities that may arise from their position as officers of the Company. Officers indemnified include the company secretary, all directors and executive officers participating in the management of the Company.

Further disclosure required under section 300(9) of the Corporations Law is prohibited under the terms of the contract.

**360 CAPITAL PROPERTY LIMITED AND CONTROLLED ENTITIES
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**DIRECTORS' REPORT
FOR THE PERIOD 30 JUNE 2011**

Proceedings on behalf of the Company

No person has applied to the court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceeding to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the financial year.

Number of Interests on Issue and Issued During the Period

Issues during the period comprised 38,000,000 ordinary shares in the Company together with 38,000,000 units in the stapled Trust. 38,000,000 stapled instruments were on issue as at 30 June 2011.

Auditor's independence declaration

A copy of the auditor's independence declaration as required by section 307C of the Corporations Act 2001 is set out in the following report.

Signed in accordance with a resolution of the Board of Directors made pursuant to Section 298(2) of the Corporations Act 2011.



Tony Pitt
Director

Sydney, 29 September 2011

**DECLARATION OF INDEPENDENCE BY ADRIAN NATHANIELSZ TO THE DIRECTORS OF
360 CAPITAL PROPERTY LIMITED**

As lead auditor of 360 Capital Property Limited and controlled entities for the period ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of 360 Capital Property Limited and controlled entities.



Adrian Nathanielsz
Director

BDO Audit (NSW-VIC) Pty Ltd

Melbourne, 29 September 2011

360 CAPITAL PROPERTY LIMITED AND CONTROLLED ENTITIES
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD 22 SEPTEMBER 2010 TO 30 JUNE 2011

		22 September 2010 to 30 June 2011	
	Note	Consolidated	Parent
		\$	\$
Revenue			
Management fees		5,023,849	114,577
Exit and performance fees		2,534,287	-
Distributions received from related party funds		1,493,991	-
Distributions received from external funds		4,141	-
Net gain on financial assets at fair value through profit or loss		4,005,293	-
Interest income		51,052	-
Bargain gain on acquisition of subsidiaries	22	1,615,601	-
Other income	3	43,417	6,199
Total Revenue and Other Income		14,771,631	120,776
Expenses			
Employee benefits expense		(1,925,800)	(5,333)
Movements in contingent consideration payable		(760,830)	(760,830)
Provision for impairment of exit and performance fees		(1,464,630)	-
Consultancy fees		(71,665)	(71,665)
Finance costs		(31,065)	(25,235)
Insurance		(141,059)	(26,647)
Lease expense		(28,606)	-
Legal fees		(195,071)	(153,166)
Marketing		(31,548)	(26,578)
Commissions	4	117,555	-
Other expenses		(324,814)	(94,602)
Profit/(loss) before income tax		9,914,098	(1,043,280)
Income tax (expense)/benefit	5	(1,087,593)	84,735
Profit/(loss) for the year		8,826,505	(958,545)
Total comprehensive income for the year		8,826,505	(958,545)
Profit/(Loss) attributable to:			
Shareholders of 360 Capital Property Limited		3,778,397	(958,545)
Unitholders of 360 Capital Investment Trust		5,654,576	-
Stapled security holders		9,432,973	(958,545)
External non-controlling interests		(606,468)	-
		8,826,505	(958,545)
Total comprehensive income attributable to:			
Shareholders of 360 Capital Property Limited		3,778,397	(958,545)
Unitholders of 360 Capital Investment Trust		5,654,576	-
Stapled security holders		9,432,973	(958,545)
External non-controlling interests		(606,468)	-
		8,826,505	(958,545)

The accompanying notes form part of these financial statements.

360 CAPITAL PROPERTY LIMITED AND CONTROLLED ENTITIES
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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Note	30 June 2011	
		Consolidated	Parent
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	6	14,454,740	1,166,887
Trade and other receivables	7	4,117,559	178,192
Total current assets		<u>18,572,299</u>	<u>1,345,079</u>
Non-current assets			
Trade and other receivables	8	6,105,093	1,828,908
Financial assets at fair value through profit or loss	11	82,690,488	125,999
Investments in subsidiaries	14	-	3,499,371
Deferred tax assets	10	2,560,372	84,735
Property, plant and equipment	9	86,779	2,116
Total non-current assets		<u>91,442,732</u>	<u>5,541,129</u>
Total assets		<u>110,015,031</u>	<u>6,886,208</u>
LIABILITIES			
Current liabilities			
Trade and other payables	12	28,134,819	4,156,042
Current tax liability		1,287,151	-
Provisions	13	82,329	-
Total current liabilities		<u>29,504,299</u>	<u>4,156,042</u>
Non-current liabilities			
Provisions	15	2,060,201	2,060,201
Deferred tax liabilities	16	2,430,304	-
Total non-current liabilities		<u>4,490,505</u>	<u>2,060,201</u>
Total liabilities		<u>33,994,804</u>	<u>6,216,243</u>
Net assets		<u>76,020,227</u>	<u>669,965</u>
EQUITY			
Issued Capital - 360 Capital Property Limited	17(a)	1,628,510	1,628,510
Issued Capital - 360 Capital Investment Trust	17(a)	30,941,510	-
Reserves	17(c)	9,453,179	-
Retained profits	17(b)	9,140,473	(958,545)
Total equity attributable to stapled security holders		<u>51,163,672</u>	<u>669,965</u>
External non-controlling interests		24,856,555	-
Total equity		<u>76,020,227</u>	<u>669,965</u>

The accompanying notes form part of these financial statements.

360 CAPITAL PROPERTY LIMITED AND CONTROLLED ENTITIES
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STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 22 SEPTEMBER 2010 TO 30 JUNE 2011

	Issued capital - ordinary shares	Issued capital - trust units	Retained earnings/ (accumulated losses)	Acquisition of NCI Reserve	Total equity attributable to stapled security holders	External non- controlling interest	Total equity
Note	\$	\$	\$	\$	\$	\$	\$
Consolidated							
Equity at 22 September 2010	-	-	-	-	-	-	-
Profit/(Loss) for the period	-	-	9,432,973	-	9,432,973	(606,468)	8,826,505
Total comprehensive income for the period	-	-	9,432,973	-	9,432,973	(606,468)	8,826,505
Transactions with owners:							
Issue of shares in 360 Capital Property Limited	17(a)	1,628,510	-	-	1,628,510	-	1,628,510
Issue of units in 360 Capital Investment Trust	17(a)	-	30,941,510	-	30,941,510	-	30,941,510
Non-controlling interests on the acquisition of subsidiary	22(a)	-	-	-	-	61,902,946	61,902,946
Transactions with non-controlling interests	17	-	-	9,453,179	9,453,179	(35,620,670)	(26,167,491)
Distributions		-	(292,500)	-	(292,500)	(819,253)	(1,111,753)
Equity at 30 June 2011	17	1,628,510	30,941,510	9,453,179	51,163,672	24,856,555	76,020,227
Parent							
Equity at 22 September 2010	-	-	-	-	-	-	-
Loss for the period	-	-	(958,545)	-	(958,545)	-	(958,545)
Total comprehensive income for the period	-	-	(958,545)	-	(958,545)	-	(958,545)
Transaction with owners:							
Issue of shares in 360 Capital Property Limited	17(a)	1,628,510	-	-	1,628,510	-	1,628,510
Equity at 30 June 2011	17	1,628,510	-	-	669,965	-	669,965

The accompanying notes form part of these financial statements.

360 CAPITAL PROPERTY LIMITED AND CONTROLLED ENTITIES
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STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 22 SEPTEMBER 2010 TO 30 JUNE 2011

		22 September 2011 to 30 June 2011	
	Notes	Consolidated \$	Parent \$
Cash flows from operating activities			
Receipts from customers and related parties		2,297,506	120,776
Payments to suppliers and employees		(1,774,929)	(512,394)
Interest received		51,052	-
Trust distributions received		792,209	-
Finance costs		(31,065)	(25,235)
Tax paid		(37)	-
Net cash inflow/(outflow) from operating activities	21	1,334,736	(416,853)
 Cash flow from investing activities			
Payment for property, plant and equipment		(91,832)	(2,151)
Payments for financial assets recognised at fair value through profit or loss		(16,976,000)	(126,000)
Subscription for units in 360 Capital Investment Management Limited		-	(200,000)
Payments for subsidiaries, net of cash acquired	22(b)	(1,558,345)	(1,956,760)
Loans received from related parties		-	4,069,059
Loans paid to related parties		-	(1,828,908)
Net cash outflow from investing activities		(18,626,177)	(44,760)
 Cash flows from financing activities			
Proceeds from the issue of shares		1,628,500	1,628,500
Proceeds from the issue of units		30,941,500	-
Distributions paid		(823,819)	-
Net cash inflow from financing activities		31,746,181	1,628,500
 Net increase in cash and cash equivalents		14,454,740	1,166,887
Cash and cash equivalents at beginning of the period		-	-
Cash and cash equivalents at end of the period	7	14,454,740	1,166,887

The accompanying notes form part of these financial statements.

360 CAPITAL PROPERTY LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. The financial report includes separate financial statements for 360 Capital Property Limited as an individual entity ("the Company" or "parent entity") for the 2011 financial period and the Consolidated Entity consisting of 360 Capital Property Limited and its subsidiaries ("the Group").

(a) Basis of preparation

The financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the Corporations Act 2001. The directors have determined that the Company is not a reporting entity, because in the opinion of the directors there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored, so as to specifically satisfy all of their information needs.

The financial reports cover 360 Capital Property Ltd as an individual entity and 360 Capital Property Ltd and its controlled entities as a Group. The financial report is presented in Australian dollars, which is the functional currency of all the companies in the Group.

360 Capital Property Ltd is a public company limited by shares, incorporated and domiciled in Australia.

The financial report has been prepared in accordance with the recognition and measurement requirements of all Australian Accounting Standards (including Australian Accounting Interpretations), and the disclosure requirements of AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 108 *Accounting policies, Changes in Accounting Estimates and Errors*, AASB 110 *Events after the Reporting Period*, AASB 1031 *Materiality* and AASB 1048 *Interpretation and Application of Standards*.

(b) Stapling

On 25 January 2011, each ordinary share in the Company was stapled to a unit in the 360 Capital Investment Trust (the "Trust"), and together they form the "Stapled Entity". Equity holders of the Group are entitled to an equal interest in each stapled entity. The Trust was established on 2 February 2010, and has a limited life of 80 years.

In accordance with the principles contained in AASB 3, the Group has determined that the Company is the parent entity in the stapling arrangement.

For statutory reporting purposes, the Group reflects the consolidated entity being the Company (the acquirer) and its controlled entities. On the basis that the Company does not hold any interest in the Trust, the net assets, profit or loss and other comprehensive income of the Trust are considered non-controlling interests and are therefore disclosed separately.

The purchase method of accounting is used for the acquisition of controlled entities. The purchase method views a business combination from a perspective of the combining entity that is identified as the acquirer. The acquirer recognises the assets acquired and liabilities and contingent liabilities assumed, at fair value. As the stapling arrangement does not involve one of the combining entities obtaining an ownership interest in another combining entity no goodwill or excess of the acquirer's interest in the net fair value of an acquiree's identifiable assets, liabilities and contingent liabilities over acquisition cost is recognised in relation to the stapling arrangement. Goodwill is recognised to the extent it represents costs incurred in relation to the formation of the stapling arrangement.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of 360 Capital Property Limited as at 30 June 2011 and the results of all subsidiaries for the period then ended. 360 Capital Property Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

(d) Revenue Recognition

Revenue is measured as the fair value of the consideration received or receivable.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

(i) Management services

Revenue from the rendering of management services is recognised upon the delivery of the service to the trusts for which the Group acts as a manager or a responsible entity.

(ii) Performance (exit) fees

The performance fees earned from the trusts managed by the Company are recorded as revenue when they can be reliably measured based on certain measures of 'capital gain' on property investments as defined in each trust's constitution.

The performance fee is only payable on realisation of the underlying property investment, and therefore, the cash flows from the expected timing of realisation of the underlying assets are discounted to present value using a discount rate when measuring the revenue recorded.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Revenue Recognition (continued)

(iii) *Interest income*

Interest income is recognised on a time proportion basis using the effective interest method. Interest income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

(iv) *Dividends and distributions*

Dividends and distributions from investments are recognised as revenue when the right to receive payment is established.

(v) *Other income*

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

(e) Finance costs

Finance costs include interest expense. Interest expense is recognised in profit or loss as it accrues. Finance costs are recognised using the effective interest rate applicable to the financial liability.

(f) Income tax

(i) *Companies*

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(ii) *Trusts*

Under current legislation, the trusts in the group are not liable for income tax provided their income is fully distributed to unitholders.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Impairment of assets

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

(h) Cash and cash equivalents

For the presentation purposes of the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(i) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in profit or loss in other expenses.

(j) Investments and other financial assets

Classification

The Company classifies its investments in the following categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance date which are classified as non-current assets. Loans and receivables are carried at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Investments and other financial assets (continued)

(ii) *Investments at fair value through profit or loss*

Financial assets designated at fair value through profit or loss comprises investments in unlisted trusts. Upon initial recognition, the investments are designated at fair value through profit or loss in accordance with AASB 139 Financial Instruments: Recognition and Measurement. They include financial assets that are not held for trading purposes but which may be sold.

Financial assets designated at fair value through profit or loss at inception, are those that are managed and their performance evaluated on a fair value basis in accordance with the Group's investment strategy.

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

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

Impairment

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

(k) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value of trade receivables and payables, some of which have been adjusted for the effects of discounting future probable cash flows relating to accrued performance fees (refer Note 7), are assumed to approximate their fair value.

(l) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Property, plant and equipment (continued)

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Class of Fixed Asset	Depreciation Rate
Computer and office equipment	10% - 25%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in profit or loss. When revalued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained profits.

(m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(n) Commissions payable

Commission costs to financial planners and platforms are incurred by the Group on equity raised into 360 Capital managed funds. Commission costs include upfront and trail commissions. Upfront commission costs are recognised as an expense in full when the equity is raised based on contractual terms. Trail commission costs payable are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date, calculated based on the contractual terms over the expected duration of underlying equity invested.

(o) Employee benefits

(i) *Wages and salaries and annual leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave expected to be settled within 12 months of the reporting date are recognised in current provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) *Long service leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted.

(iii) *Bonus Plans*

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a best practice that has created a constructive obligation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Issued capital

(i) Shares

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(ii) Units

Trusts in the Group issue units which have a limited life under each Trust's constitution and are classified as equity in accordance with AASB 132 Financial Instruments: Presentation as amended by AASB 2008-2 Amendments to Australian Accounting Standards - Puttable Financial Instruments and Obligations Arising on Liquidation.

Should the terms or conditions of the units change such that they no longer comply with the criteria for classification as equity in the revised AASB 132, the units would be reclassified to a financial liability from the date the instrument ceases to meet the criteria. The financial liability would be measured at the instrument's fair value at the date of reclassification. Any difference between the carrying amount of the equity instrument and the fair value of the liability at the date of reclassification would be recognised in equity.

(q) 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.

(r) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the consolidated statement of financial position date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Accounting standards applicable but not yet adopted

The following new accounting standards, amendments to standards and interpretations have been issued, but are not mandatory as at 30 June 2011. They may impact the Group in the period of initial application. They are available for early adoption, but have not been applied in preparing these financial statements:

- AASB 9 *Financial Instruments* and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9* (issued December 2009 and amended December 2010) amends the requirements for classification and measurement of financial assets. The requirements relating to classification and measurement of financial liabilities, and de-recognition requirements for financial assets and liabilities have generally been carried forward unchanged from AASB 139 *Financial Instruments: Recognition and Measurement into AASB 9*. AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not traded. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. The standards are not applicable until 1 January 2013 but are available for early adoption. The Fund has not yet decided when to adopt AASB 9. However, management does not expect this will have a significant impact on the Group's financial statements as the Group does not hold any available-for-sale investments.
- AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]* (issued June 2010) includes various not urgent but necessary changes to IFRSs as a result of the IASB's 2009 annual improvements project. These include an amendment to AASB 7 *Financial Instruments: Disclosures*, which deletes various disclosures relating to credit risk, renegotiated loans and receivables and the fair value of collateral held. The amendments are applicable from 1 January 2011. There will be no impact on initial adoption to amounts recognised in the financial statements as the amendments result in fewer disclosures only.

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future, the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Income taxes

The Consolidated Entity is subject to income taxes in Australia. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain.

The Consolidated Entity recognises liabilities for anticipated tax audit issues based on the Consolidated Entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

360 CAPITAL PROPERTY LIMITED AND CONTROLLED ENTITIES
ABN 46 146 484 433

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2011

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

(ii) Impairment of assets

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

(iii) 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 (including discounted cash flow model or price/earnings multiple model). The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each consolidated statement of financial position date.

The Group's valuation policy for units held in a multi-property fund (sector fund) is to use the Net Tangible Assets (NTA) of the fund, less capitalised borrowing costs and the fair value of derivative financial instruments. The Group's valuation policy for units held in a single-property fund (SPT) is to use the Net Tangible Assets (NTA) of the fund, less transaction costs.

In determining the NTA of a property fund, property assets are either valued using an external professional valuer, or subject to a directors' valuation. All other assets and liabilities held within the sector fund are valued in accordance with accounting policies, consistent with those noted in Note 1.

The Directors believe that in the absence of a highly liquid market where securities may be easily traded, the adjusted NTA valuation for units held in a sector fund is an appropriate valuation technique.

(iv) Provision for contingent consideration

Part of the consideration paid for the acquisition of Becton Investment Management Limited on 16 December 2010 included an amount contingent on the receipt of management fees and exit fees over the next 3 years from funds managed by 360 Capital RE Limited, as set out in Note 15 and 22. Considerable judgement is required to forecast the timing and quantum of these fees, especially from funds that are currently under financial stress. Should the timing and or quantum of the amounts actually received in the next 3 years differ from that estimated by management, the amount of the contingent consideration payable with a current carrying value of \$2,060,201 (refer Note 15) might differ substantially when and if settled. The maximum nominal amount payable in relation to the contingent consideration payable based on management fees is disclosed in Note 15, and the current maximum amount payable in relation to exit fees is calculated as 30% of the exit fees receivable and not impaired as of 30 June 2011 of \$6,865,522, or \$2,059,657.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2011

	Notes	22 Sept 2010 to 30 Jun 2011	
		Consolidated	Parent
		\$	\$
NOTE 3: REVENUE			
Other income			
Other income		43,417	6,199
NOTE 4: EXPENSES			
Profit/(loss) before income tax includes the following specific expenses			
Cost of Sales			
Commission expenses		183,116	-
Less: Reversal of previously accrued commissions		(300,671)	-
		(117,555)	-
The reversal of previously accrued commissions relates to the change in assumptions on the calculation of trail commissions where the number of years for provisioning was reduced.			
NOTE 5: INCOME TAX EXPENSE/(BENEFIT)			
(a) Income tax expense			
Current tax/tax losses recognised		631,722	(72,135)
Deferred tax assets - temporary differences		(675,133)	(12,600)
Deferred tax liabilities - temporary differences		1,131,004	-
Aggregate income tax expense/(benefit)		1,087,593	(84,735)
(b) Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable			
Profit/(loss) before income tax expense		9,914,098	(1,043,280)
Adjust for profit/(loss) of trusts not subject to tax:			
- 360 Capital Investment Trust		(5,654,576)	-
- 360 Capital Diversified Property Fund		606,468	-
Profit/(loss) before income tax expense subject to taxation		4,865,990	(1,043,280)
Tax expense/(benefit) at 30%		1,459,797	(312,984)
Tax effect of amounts which are not deductible/assessable:			
- Bargain gain on acquisition of Becton Investment Management Limited		(484,680)	-
- Movement in contingent consideration		228,249	228,249
- Non-assessable income		(115,773)	-
Income tax expense/(benefit)		1,087,593	(84,735)

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2011

		30 Jun 2011	
	Notes	Consolidated	Parent
		\$	\$
NOTE 6: CURRENT ASSETS - CASH AND CASH EQUIVALENTS			
Cash at bank and on hand		14,454,740	1,166,887

NOTE 7: CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

Trade and other current assets

Management Fees Receivable	1,722,640	-
Management Fees - Accrued income	2,172,875	-
Provisions for impairment	(1,464,630)	-
Current exit fees receivable	760,429	-
Distributions receivable	705,923	-
GST receivable	-	34,188
Prepayments	220,322	144,004
	4,117,559	178,192

(a) Provision for impairment of trade and other current assets

This represents a provision raised against fees receivable and other current assets at balance date that are not expected to be received by their due date. The amount provided is calculated by discounting the receivables and other assets from the date they are expected to be received.

NOTE 8: NON-CURRENT ASSETS - TRADE & OTHER RECEIVABLES

Deferred exit fees	6,105,093	-
Other receivables (advances) from subsidiaries:		
360 Capital Financial Services Pty Ltd	-	1,828,908
	6,105,093	1,828,908

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2011

	30 Jun 2011	
Notes	Consolidated	Parent
	\$	\$
NOTE 9: NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT		
Office Equipment		
Cost	91,832	2,151
Accumulated depreciation	(5,053)	(35)
	86,779	2,116
Opening balance	-	-
Additions	91,832	2,151
Depreciation	(5,053)	(35)
Closing balance	86,779	2,116
NOTE 10: NON-CURRENT ASSETS - DEFERRED TAX ASSETS		
Provision for doubtful debts	1,874,643	-
Audit fee accrued	30,300	12,600
Other	1,406	-
Total deferred tax assets - temporary differences	1,906,349	12,600
Tax value of losses recognised	654,023	72,135
Total deferred tax assets	2,560,372	84,735
Movements in Deferred Tax Assets - Temporary Differences		
At 22 September 2010	-	-
Deferred tax asset acquired in business combination	1,231,216	-
Credited/(debited) to the income statement	675,133	12,600
At 30 June 2011	1,906,349	12,600

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2011

	Notes	30 Jun 2011 Consolidated \$	Parent \$
NOTE 11: FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			
(a) Financial assets at fair value through profit or loss			
Units in unlisted funds managed by a subsidiaries in the group		82,482,618	-
Units in other unlisted funds		207,870	125,999
		<u>82,690,488</u>	<u>125,999</u>
(b) Movements during the period			
Opening balance		-	-
Acquisitions		16,976,000	125,999
Acquisitions through business combinations		61,709,195	-
Changes in fair value of investments		4,005,293	-
Closing balance		<u>82,690,488</u>	<u>125,999</u>

Unlisted securities are not traded in active markets. Units are measured at fair value and determined by reference to the underlying properties and other net assets of the Funds and schemes. In assessing the fair value of investments held in Funds managed by the responsible entities in the Group or its affiliates, the unit price is determined by the unit pricing policy of the relevant fund. Refer to Note 2.

Investments

The Group held investments in the following schemes:

2011

Entity name	Number of Units Held	Interest Held	Net Fair Value of Investment (\$)
360 Capital 111 St Georges Terrace	7,207,500	36.24%	21,774,935
360 Capital Developments Income Fund	2,445,334	9.63%	1,176,778
360 Capital Industrial Fund	33,958,873	18.81%	20,821,983
360 Capital Office Fund	87,217,292	43.83%	-
360 Capital Retail Fund	36,043,923	36.72%	5,871,709
360 Capital Havelock House Property Trust	2,454,500	26.68%	2,884,528
360 Capital Transport Building Property Trust	1,855,000	33.13%	6,049,526
360 Capital Subiaco Square Shopping Centre Property Trust	2,023,000	24.08%	3,149,002
360 Capital Canberra Trust	4,455,500	21.73%	4,488,916
Lachlan Property Income Fund	15,007,275	100.00%	15,676,905
Centuria Office Fund 2	105,000	0.15%	88,179
Lachlan Private Property Trust No 1	234,000	3.90%	462,337
Lachlan Private Property Trust No 2	71,166	1.79%	125,999
Macquarie Securities Property Fund	275,151		119,691
			<u>82,690,488</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2011

		30 Jun 2011	
		Consolidated	Parent
	Note	\$	\$
NOTE 12: CURRENT LIABILITIES - TRADE AND OTHER PAYABLES			
Trade creditors		42,766	14,983
Other creditors & accruals		528,795	72,000
GST payable		93,327	-
PAYG withholding		67,233	-
Trailing commission accrual		530,548	-
Consideration payable on acquisition of investment		26,167,706	-
Distributions payable			
- by 360 Capital Diversified Property Fund		411,944	-
- by 360 Capital Investment Trust		292,500	-
Advances from subsidiaries			
- 360 Capital RE Limited		-	1,973,387
- 360 Capital Investment Management Limited		-	5,672
- 360 Capital Investment Trust		-	2,090,000
		<u>28,134,819</u>	<u>4,156,042</u>

Trade and other payables are non-interest bearing. The fair value is not materially different from the carrying value.

NOTE 13: CURRENT LIABILITIES - PROVISIONS

Employee entitlements	(a)	<u>82,329</u>	-
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(a) Provisions for employee entitlements

As at 30 June 2011, all employees are employed by 360 Capital Financial Services Pty Limited, which provides for all outstanding employee benefits including annual leave and long service leave entitlements.

360 CAPITAL PROPERTY LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2011

NOTE 14: SUBSIDIARIES

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

Name of entity	Country of Domicile	Class of Units	Equity Holding 2011 %
<i>Stapled entity</i>			
360 Capital Investment Trust	Australia	Ordinary	Nil
<i>Other subsidiaries</i>			
360 Capital Diversified Property Fund	Australia	Ordinary	58.9
360 Capital Investment Management Limited	Australia	Ordinary	100
360 Capital RE Limited	Australia	Ordinary	100
360 Capital Financial Services Pty Ltd (formerly Lachlan Property Services Pty Ltd)	Australia	Ordinary	100
ACN 062671872 Pty Ltd	Australia	Ordinary	100
360 Capital Canberra Pty Ltd (formerly Becton Canberra Pty Ltd)	Australia	Ordinary	100
360 Capital Properties No.1 Limited (formerly Becton Properties Limited)	Australia	Ordinary	100
BDIF Nominees Pty Ltd	Australia	Ordinary	100
BRPTDST No.1 Pty Ltd	Australia	Ordinary	100
BRPTS Portfolio No.1 Pty Ltd	Australia	Ordinary	100
360 Capital Institutional Investment Management Ltd (formerly Becton Institutional Investment Management Limited)	Australia	Ordinary	100
360 Capital Properties No.1 Limited (formerly Lachlan Properties Pty Ltd)	Australia	Ordinary	100
360 Capital Custodian No.3 Pty Ltd (formerly Lachlan Financial Services Pty Ltd)	Australia	Ordinary	100
360 Capital Custodian No.2 Pty Ltd (formerly Lachlan Custodian No. 2 Pty Ltd)	Australia	Ordinary	100

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2011

		30 Jun 2011	
		Consolidated	Parent
Note		\$	\$
NOTE 15: NON-CURRENT LIABILITIES - PROVISIONS			
Contingent consideration payable	(a)	2,060,201	2,060,201
		<u>2,060,201</u>	<u>2,060,201</u>
(a) Movement in contingent consideration payable:			
Opening balance		-	-
Acquisition of Becton Investment Management Limited		1,299,371	1,299,371
Subsequent movements in payable		<u>760,830</u>	<u>760,830</u>
Closing balance		<u>2,060,201</u>	<u>2,060,201</u>

The provision represents management's best estimate (refer Note 2(iv)) of the contingent consideration payable arising from the acquisition of 360 Capital RE Limited (formerly Becton Investment Management Limited) on 16 December 2010. Under the acquisition agreement, the Company has to pay to the seller 30% of the net management fees received during the three year period from the acquisition for the following funds, up to a cap as set out below:

Fund	Cap
360 Capital Office Fund	\$7,400,023
360 Capital Retail Fund	\$1,780,268
360 Capital Developments Income Fund	\$831,320

'Net management fees' under the acquisition agreement are defined as the actual amount of cash received for management fees each month, less \$70,000. In addition, under the acquisition agreement, the Company is required to pay 30% of any exit fees received in the three years from acquisition date for all funds for which 360 Capital RE Limited was acting as Responsible Entity as at the date of acquisition.

NOTE 16: NON-CURRENT LIABILITIES - DEFERRED TAX LIABILITIES

The balance comprises temporary differences attributable to:

Exit fees receivable	1,504,356	-
Accrued income	765,377	-
Other	<u>160,571</u>	-
Net deferred tax liabilities - temporary differences	<u>2,430,304</u>	-

Movements in Deferred Tax Liabilities- Temporary Differences

At 22 September 2010	-	-
Acquired in business combination	1,299,300	-
Debited/(credited) to the income statement	<u>1,131,004</u>	-
At 30 June 2011	<u>2,430,304</u>	-

360 CAPITAL PROPERTY LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2011

	30 Jun 2011		30 Jun 2011	
	Consolidated	Parent	Consolidated	Parent
	No	No	\$	\$
NOTE 17: EQUITY				
(a) Issued Capital				
Issued shares in 360 Capital Property Limited	38,000,000	38,000,000	1,628,510	1,628,510
Issued units in 360 Capital Investment Trust	38,000,000	-	30,941,510	-
Total issued capital - stapled securities	38,000,000	38,000,000	32,570,020	1,628,510

Ordinary shares

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. The Company does not have authorised capital or par value in respect of its issued shares.

(b) Retained profits/(accumulated losses)

Retained profits/(accumulated losses) attributable to 360 Capital Property Limited shareholders	3,778,397	(958,545)
Retained profits attributable to 360 Capital Investment Trust (internal non-controlling interest)	5,362,076	-
Total retained earnings attributable to stapled security holders	9,140,473	(958,545)

Movements in retained profits were as follows:

Retained profits at beginning of the period	-	-
Profit attributable to 360 Capital Property Limited shareholders	3,778,397	(958,545)
Profit attributable to 360 Capital Investment Trust (internal non-controlling interest)	5,654,576	-
Distribution paid/payable	(292,500)	-
Retained profits at end of the year	9,140,473	(958,545)

(c) Acquisition of non-controlling interest reserve

Movements in the reserve were as follows:

Opening balance	-	-
Acquisition of 58.9% interest in 360 Capital Diversified Property Fund from non-controlling interest (refer Note 22(c))	9,453,179	-
Closing balance as at 30 June	9,453,179	-

This reserve records the difference between the fair value of the consideration paid and the carrying value of non-controlling interests acquired.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2011

NOTE 18: KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Directors

The following persons were Directors of 360 Capital Property Limited during the financial year and up to the date of this report:

Tony Robert Pitt	Appointed 22 September 2010
Andrew Graeme Moffat	Appointed 14 December 2010
William John Ballhausen	Appointed 14 December 2010
David van Aanholt	Appointed 14 December 2010
Joel Rohan Cann	Appointed 9 May 2011

NOTE 19: CONTINGENT LIABILITIES

There are no contingent liabilities as at 30 June 2011.

NOTE 20: EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Post the balance sheet date, the stapled entity 360 Capital Investment Trust entered into a short term finance facility of \$13,200,000. The debt facility together with cash was used to pay for the investment in the 360 Capital Diversified Property Fund, on 7 July 2011. There have been no additional events subsequent to balance date that require additional disclosure.

NOTE 21: RECONCILIATION OF PROFIT/(LOSS) AFTER INCOME TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES

	22 Sept 2010 to 30 Jun 2011	
	Consolidated	Parent
	\$	\$
Profit/(loss) for the period	8,826,505	(958,545)
Adjustments for:		
Bargain gain on acquisition of subsidiaries	(1,615,601)	-
Net gain on financial assets at fair value through profit or loss	(4,005,293)	-
Impairment of receivables	1,464,630	-
Depreciation charged	5,053	35
Movements in contingent consideration	760,830	760,830
Changes in assets and liabilities:		-
Decrease/(increase) in deferred tax assets	(1,329,156)	(84,735)
Decrease/(increase) in trade and other receivables	(5,466,764)	(178,192)
Decrease in trade payables & other payables	194,048	43,754
(Decrease)/increase in current tax liabilities	1,287,151	-
(Decrease)/increase in provisions	82,329	-
(Decrease)/increase in deferred tax liabilities	1,131,004	-
Cash flows from operating activities	<u>1,334,736</u>	<u>(416,853)</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2011

NOTE 22: BUSINESS COMBINATIONS

Acquisition of Becton Investment Management Limited

On 16 December 2010, the parent entity acquired a 100% interest in Becton Investment Management Limited (subsequently renamed 360 Capital RE Limited).

Acquisition of Becton Diversified Property Fund

On 16 December 2010, 360 Capital Investment Trust was granted an option to acquire 58.9% of the units in Becton Diversified Property Fund (subsequently renamed 360 Capital Diversified Property Fund). The option was unconditional and had an expiry date of 30 June 2011. In accordance with the principles contained in *AASB 127 Consolidated and Separate Financial Statements*, it was determined that control was obtained on the day that the option was granted, being 16 December 2010, or the acquisition date. Accordingly, the results of this Fund have been consolidated from this date. No consideration was paid/payable on the acquisition date. From acquisition date to 30 June 2011, the Group had no ownership interest in the Fund, and therefore, the results of the Fund for this period have been disclosed as attributable to external non-controlling interests.

On 30 June 2011 the option was exercised and this represented a change in ownership interest (from 0% to 58.9%) without a change in control. In accordance with the principles contained in *AASB 127 Consolidated and Separate Financial Statements*, the difference between the fair value of the consideration paid and the carrying value of the non-controlling interest acquired has been accounted for directly in a separate reserve within equity attributable to the stapled security holders (refer Note 22(c)).

(a) Summary of acquisitions - period ended 30 June 2011

Fair value of the assets, liabilities acquired and goodwill are as follows:

	Becton Investment Management Limited \$	Becton Diversified Property Fund \$	Total \$
Purchase consideration (refer to (b) below):			
Cash paid	2,000,000	-	2,000,000
Contingent consideration (refer to (ii) below)	1,299,371	-	1,299,371
Total purchase consideration	3,299,371	-	3,299,371
Less: Fair value of net identifiable assets acquired (refer to (i) below)	(4,914,972)	-	(4,914,972)
Bargain gain on acquisition	(1,615,601)	-	(1,615,601)
<i>(i) The assets and liabilities recognised as a result of the acquisition are as follows:</i>			
Cash	43,240	398,415	441,655
Management fees receivable	1,512,099	319,568	1,831,667
Investments at fair value through profit or loss	-	60,283,689	61,709,195
Deferred tax asset	1,231,216	-	1,231,216
Exit & performance fees receivable	4,331,265	-	4,331,265
Other assets	57,586	-	57,586
Deferred tax liability	(1,299,300)	-	(1,299,300)
Trade creditors	(4,492)	(107,722)	(112,214)
Trail commissions	(831,218)	-	(831,218)
Other creditors	(125,424)	(416,510)	(541,934)
Net identifiable assets acquired	4,914,972	60,477,440	66,817,918
Less: Non-controlling interests	-	(60,477,440)	(61,902,946)
Net assets acquired	4,914,972	-	4,914,972

360 CAPITAL PROPERTY LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2011

NOTE 22: BUSINESS COMBINATION (CONTINUED)

(ii) Contingent consideration

Part of the consideration for the acquisition of Becton Investment Management Limited is contingent on the future performance of the underlying assets of the funds under management and the subsequent recovery of certain receivables that the seller was entitled to as at acquisition date, but had not yet collected. Under the terms of the share sale agreement, the seller is entitled to 30% of all exit & performance fees received within 3 years of the date of acquisition, and certain management fees as detailed further in Note 15.

As at 30 June 2011, the contingent consideration payable was remeasured to \$2,060,201. In accordance with the principles contained within *AASB 3 Business Combinations*, the bargain gain calculated on acquisition is not adjusted and instead the movement is recorded in profit or loss for the period (refer Note 15).

(b) Purchase consideration - Cash outflow

	Becton Investment Management Limited \$	Becton Diversified Property Fund \$	Total \$
Outflow of cash to acquire subsidiary, net of cash acquired			
Cash consideration	2,000,000	-	2,000,000
Less: Balances acquired			
Cash	(43,240)	(398,415)	(441,655)
Outflow/(inflow) of cash - investing activities	1,956,760	(398,415)	1,558,345

(c) Transactions with non-controlling interests

On 30 June 2011, 360 Capital Investment Trust exercised its option to acquire 58.9% of the units on issue in the 360 Capital Diversified Property Fund (formerly Becton Diversified Property Fund). The exercise price was \$26,167,706, which was recorded as a payable as at 30 June 2011 (refer Note 12) and settled after reporting period end. The carrying amount of the non-controlling interests in the 360 Capital Diversified Property Fund on the date of acquisition was \$60,477,440. The difference between the fair value of the exercise price, being the consideration payable, and the carrying value of 58.9% of the non-controlling interest on 30 June 2011 has been recognised as a separate reserve within equity attributable to stapled security holders (refer Note 17(c)). The effect of the changes in the ownership interest of the 360 Capital Diversified Property Fund on the equity attributable to the owners 360 Capital Investment Trust is summarised as follows:

	2011 \$
Carrying amount of non-controlling interests acquired	35,620,670
Fair value of consideration paid to non-controlling interests on exercise of option	(26,167,491)
Excess of carrying value of non-controlling interest acquired over fair value of consideration paid recognised directly in a separate reserve within equity	9,453,179

360 CAPITAL PROPERTY LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2011

	30 Jun 2011	
	Consolidated	Parent
	\$	\$
NOTE 23: REMUNERATION OF AUDITORS		
Remuneration of the auditor (BDO) for:		
- Audit or review of the financial statements	63,500	42,000
Remuneration of related practices of the auditor for:		
- Taxation compliance	60,110	60,110
	123,610	102,110
Remuneration of other auditors of subsidiaries (Deloitte) for:		
- Audit or review of the financial statements	120,000	-
- Taxation compliance	9,780	-
	129,780	-

NOTE 24: REGISTERED OFFICE

The registered office and the principal place of business of the Company is:

Level 8

56 Pitt Street

Sydney NSW 2000

360 CAPITAL PROPERTY LIMITED AND CONTROLLED ENTITIES
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DIRECTORS' DECLARATION

The directors have determined that the company and consolidated entity are not reporting entities and that these special purpose financial statements should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and accompanying notes, are in accordance with the Corporations Act 2001 and:
 - a) comply with Accounting Standards as described in Note 1 to the financial statements and the Corporations Regulations 2001; and
 - b) give a true and fair view of the company and consolidated entity's financial position as at 30 June 2011 and of their performance for the period ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors of 360 Capital Property Limited by:



Tony Pitt
Director

Sydney, 29 September 2011

INDEPENDENT AUDITOR'S REPORT

To members of 360 Capital Property Limited

We have audited the accompanying financial report, being a special purpose financial report of 360 Capital Property Limited, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Group comprising the Company and the entities it controlled at the period's end or from time to time during the period.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members.

The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have 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 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 judgement, 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 control relevant to the entity's preparation of the financial report that gives a true and fair view 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 control. 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of 360 Capital Property Limited, would be in the same terms if given to the directors as at the time of the auditor's report.

Opinion

In our opinion the financial report of 360 Capital Property Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's and Consolidated Entity's financial positions as at 30 June 2011 and of their performance for the period ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1, and the *Corporations Regulations 2001*.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1(a) to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.



BDO Audit (NSW-VIC) Pty Ltd



Adrian Nathanielsz
Director

Melbourne, 27 September 2011