

**Australian Securities &
Investments Commission**

Electronic Lodgement

Document No. **7E4831098**

Lodgement date/time: 07-11-2012 08:15:28

Reference Id: 85460051

Form 388

Corporations Act 2001

294, 295, 298-300, 307, 308, 319, 321, 322

Corporations Regulations

1.0.08

Copy of financial statements and reports

Company details

Company name

360 CAPITAL PROPERTY LIMITED

ACN

146 484 433

Lodgement details

Registered agent number

30316

Registered agent name

**360 CAPITAL FINANCIAL SERVICES PTY
LTD**

Reason for lodgement of statement and reports

A public company or a disclosing entity which is not a registered scheme or prescribed interest undertaking

**Dates on which financial
year ends**

Financial year end date

30-06-2012

Auditor's report

Were the financial statements audited?

Yes

Details of current auditor or auditors

Appointment of an auditor

Date of appointment **30-11-2011**

ASIC registered auditor number
325705

Form 388 - Copy of financial statements and reports
360 CAPITAL PROPERTY LIMITED ACN 146 484 433

Given names	MARK
Family name	CONROY
Address	'ERNST & YOUNG' LEVEL 49 680 GEORGE STREET SYDNEY NSW 2000 Australia

Certification

I certify that the attached documents are a true copy of the original reports required to be lodged under section 319 of the Corporations Act 2001.
Yes

Signature

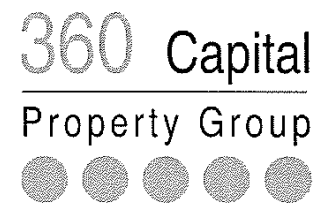
Select the capacity in which you are lodging the form
Agent

I certify that the information in this form is true and complete and that I am lodging these reports as, or on behalf of, the company.
Yes

Authentication

This form has been authenticated by	
Name	360 CAPITAL FINANCIAL SERVICES PTY LTD
This form has been submitted by	
Name	Alex BREEN
Date	07-11-2012

For more help or information
Web www.asic.gov.au
Ask a question? www.asic.gov.au/question
Telephone 1300 300 630



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

**CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 JUNE 2012**

CONTENTS

1.	Directors' report	3
2.	Auditor's independence declaration	9
3.	Consolidated statement of comprehensive income	10
4.	Consolidated statement of financial position	11
5.	Consolidated statement of changes in equity	12
6.	Consolidated statement of cash flows	13
7.	Notes to the consolidated financial statements	14
8.	Directors' declaration	44
9.	Independent auditor's report	45

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

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2012

The Directors of 360 Capital Property Limited ("Company") and its controlled entities ("the Group") present their report for the year ended 30 June 2012.

Directors

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

Tony Robert Pitt
 Andrew Graeme Moffat
 William John Ballhausen
 David van Aanholt
 Joel Rohan Cann

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 after tax of the Group for the year ended 30 June 2012 was \$9,057,392 (2011: \$8,826,505).

Review of Operations

The total value of the Group's assets at the end of the reporting period is \$114,543,967 (2011: \$110,015,031).

Investment valuations

The investments are valued at fair value, which may not be equal to the NTA of the underlying investments. The Group held the following investments:

	2012	2011
	\$	\$
360 Capital 111 St Georges Property Trust	27,113,895	21,774,935
360 Capital Developments Income Fund	-	1,176,778
360 Capital Industrial Fund - Convertible Notes	11,956,000	-
360 Capital Industrial Fund	13,583,549	20,821,983
360 Capital Retail Fund	5,741,797	5,871,709
360 Capital 441 Murray Street	6,034,315	6,049,526
360 Capital Canberra Trust	3,963,167	4,488,916
360 Capital Havelock House Property Trust	2,988,354	2,884,528
360 Capital Subiaco Square Shopping Centre Property Trust	3,117,848	3,149,002

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

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	\$	\$
Lachlan Property Income Fund	16,478,200	15,676,905
Centuria Office Fund No. 2	88,200	88,179
Private Trust No 1	292,500	462,337
Private Trust No 2	-	125,999
Macquarie index-linked Property Securities Fund	-	119,691
	<u>91,357,825</u>	<u>82,690,488</u>

Investments and divestments

360 Capital Industrial Fund

In line with its investment strategy, in June 2012, the stapled Trust and 360 Capital Diversified Property Fund acquired an economic interest in 29,890,000 convertible notes ("Notes") in the 360 Capital Industrial Fund ("Industrial Fund") for a total consideration of \$12 million as part of an offer to institutional investors.

The Notes provide an annual coupon rate of 12.0% paid quarterly. The Notes also provide an option to convert into Industrial Fund Units following any listing of the Industrial Fund on the ASX at an initial conversion price of \$0.40 per Note.

The Industrial Fund's institutional offer was undertaken to part-fund the acquisition of a portfolio of four properties from the Walker Corporation for a total acquisition cost of \$87.4 million. This portfolio has a weighted average lease expiry of 9.6 years, is 100% occupied and has an average age of 2.3 years.

Following the acquisition of the portfolio, the Industrial Fund will comprise 26 industrial assets with a value of approximately \$360 million and will have significantly improved quality, security, scale, growth and liquidity prospects.

The Industrial Fund is required to provide a liquidity event for its Unitholders by late December 2012 and the potential listing of the Industrial Fund is designed to avoid a distressed sale of assets and likely erosion of Industrial Fund Unitholder value.

Macquarie index-linked Property securities Fund

In November 2011 investment of 275,151 units in Macquarie index-linked Property securities Fund were disposed of for \$115,288.

Private Trust No. 1

In December 2011, the manager of Private Trust No. 1 issued a Notice to Unitholders to extend the trust term to 30 September 2013. Pursuant to the trust deed, the Fund issued a notice to exit the Trust at the unit valuation prescribed under the extension notice of \$1.25 per unit. The exit price represented a discount of 32.4% to June 2011 audited NTA. The sale of \$292,500, the total amount for the units, did not occur until July 2012.

360 Capital Havelock House Property Trust

The 360 Capital Havelock House Property Trust ("Trust") announced, on 1 May 2012, of the strategic direction to sell the Trust's property and, if successful, subsequently wind up the Trust. On 17 July 2012 the responsible entity of the Trust reported that an exclusive due diligence period had been granted to a preferred purchaser. The responsible entity announced on 18 September 2012 that the Fund has not entered into a contract of sale with the preferred purchaser following the due diligence period and will be reigniting discussions with the under bidders from the expression of interest campaign. The audited NTA

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

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2012

of the Trust at 30 June 2012 was \$1.27 per unit. The Fund has adjusted this NTA to reflect selling costs of the asset and costs to wind up the Trust. The Fund has valued its holding the Trust using an adjusted NTA of \$1.22 per unit.

At 30 June 2012 the Fund has classified its investments in both Private Trust No. 1 and 360 Capital Havelock House Property Trust as a current asset and valued these as their expected realisable value. See Note 7.

Debt

At 30 June 2012, the stapled Trust has a short term debt facility of \$13.2 million which was due to expire on 6 July 2012. The Trust repaid \$3.2 million of this debt on 6 July 2012 and extended this facility a further six months (to expire on 6 January 2013). The cost of debt remains at 16% p.a.

The Company's subsidiary, 360 Capital Diversified Property Fund has entered into a short-term finance facility for \$9.5 million to facilitate the acquisition of the Notes and intends to review the loan facility post any listing of the Industrial Fund.

Distributions Paid or Payable to Security Holders

Total distributions paid or payable to security holders of the Group for the year ended 30 June 2012 were:

	2012	2011
	\$	\$
Distributions to unitholders	<u>3,537,165</u>	292,500

Distribution rate for the stapled Trust is at 2.25 cents per unit per quarter (2011: 2.25 cents per unit per quarter). No distribution was declared for the June 2012 quarter.

Significant Changes in State of Affairs

There have been no significant changes to the State of Affairs of the Fund during the financial year.

After Balance Date Events

In December 2011, the manager of Private Trust No. 1 issued a Notice to Unitholders to extend the trust term to 30 September 2013. Pursuant to the trust deed, the Fund issued a notice to exit the Trust at the unit valuation prescribed under the extension notice of \$1.25 per unit. The exit price offered to buy back represented a discount of 32.4% to June 2011 audited NTA. The sale of \$292,500, the total amount for the units, did not occur until 24 July 2012.

At 30 June 2012, the stapled Trust has a short term debt facility of \$13.2 million which was due to expire on 6 July 2012. The Trust repaid \$3.2 million of this debt on 6 July 2012 and extended this facility a further six months (to expire on 6 January 2013).

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

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

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2012

A meeting of members of the 360 Capital Industrial Fund was held on 14 September 2012 to vote on a special resolution to list the Fund on the ASX and amend the constitution. The meeting was adjourned to 5 October 2012, and subsequently adjourned to 8 November 2012.

A minority group of members called a meeting of members on 17 September 2012 to vote on Denison Funds Management Limited replacing 360 Capital RE Limited as Responsible Entity of the 360 Capital Industrial Fund. The meeting was adjourned to 4 October 2012; however the notice of meeting was withdrawn on 27 September 2012.

Future Developments

Information on the likely developments of the Group 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 Fund.

Environmental Regulation

The Group complied with all environmental regulations during the course of the financial year.

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	51
Experience	Sole principal 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.

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

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2012

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 Group 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 Company hold no options over interests in the Company.

Indemnification and insurance of Officers or Auditor

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

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

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2012

The Group has not otherwise, during or since the end of the financial year indemnified or agreed to indemnify an officer or an auditor of the Group or of any related body corporate against a liability incurred as such an officer or an auditor.

Proceedings on behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of their proceedings. The Group was not a party to any such proceedings during the year.

Fees, Commissions or other charges to / by the subsidiaries and Related Parties of the Group

All fees receivable by to the Group and the Company and or its subsidiaries are detailed in Note 25 to the financial statements.

Number of interests on issue and issued during the year

At 30 June 2012 the number of units on issue in the Company was 40,623,145 (2011: 38,000,000) and the number of units on issue in the stapled Trust was 40,623,145 (2011: 38,000,000). During the year 2,623,145 ordinary shares in the Company were issued, and 2,623,145 units were issued in the Trust under the Distribution Reinvestment Plan "DRP".

Auditor's independence declaration

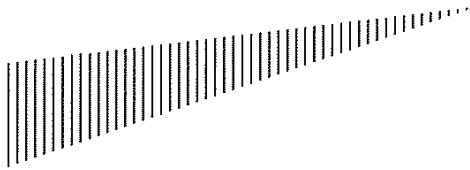
A copy of the auditors' independence declaration as required by section 307C of the Corporations Act 2001 is attached on page 9.

Signed in accordance with a resolution of the Board of Directors made pursuant to Section 298(2) of the Corporations Act 2001.



Tony Pitt
Director

5 November 2012



ERNST & YOUNG

Ernst & Young Centre
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001
Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
www.ey.com/au

Auditor's Independence Declaration to the Directors of 360 Capital Property Limited

In relation to our audit of the financial report of 360 Capital Property Limited for the financial year ended 30 June 2012, 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

Mark Conroy
Partner
5 November 2012

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012	2011
		Consolidated \$	\$
REVENUE			
Management Fees Revenue		6,071,331	5,023,849
Custodian Fees Revenue		455,545	-
Leasing fees		337,316	-
Acquisition fees		4,020,000	-
Commitment fees		560,000	-
Exit and performance fees		4,417,223	2,534,287
Distribution received from related party funds	3	5,796,964	1,464,607
Distribution received from external funds	4	27,360	33,525
Bargain gain on acquisition of subsidiaries		-	1,615,601
GST recoveries & fringe benefit tax refund	6	687,620	-
Re-measurement of contingent consideration payable	21	843,917	(760,830)
Other income		62,969	43,417
TOTAL REVENUE AND OTHER INCOME		23,280,245	9,954,456
EXPENSES			
Commission expenses	7	(11,037)	117,555
Employee benefits expense		(3,262,682)	(1,925,800)
Impairment of investments	16	(125,999)	-
Provision for impairment of deferred exit fees		(1,650,533)	(1,464,630)
Other custodian fees		(133,471)	-
Administration expenses	8	(1,311,843)	(792,763)
Fair value movement of investments	16	(3,042,973)	4,005,293
Loss on sale of investments	16	(4,402)	-
TOTAL EXPENSE		(9,542,940)	(60,345)
Finance income		103,785	51,052
Finance costs	9	(3,341,157)	(31,065)
PROFIT / (LOSS) FOR THE YEAR		10,499,933	9,914,098
Income tax (expense) / benefit	10	(1,442,541)	(1,087,593)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		9,057,392	8,826,505
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equityholders of 360 Capital Property Limited	23	8,570,345	3,778,397
Unitholders of 360 Capital Investment Trust	23	1,788,887	5,654,576
Stapled security holders		10,359,232	9,432,973
External non-controlling interests	23(f)	(1,301,840)	(606,468)
Profit for the year		9,057,392	8,826,505
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		9,057,392	8,826,505

The accompanying notes form part of these consolidated financial statements

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012	2011
		Consolidated	
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	11	4,408,608	14,454,740
Trade and other receivables	12	9,221,253	3,191,314
Distribution receivable	13	537,821	705,923
Investments at fair value through profit and loss	16	3,280,854	-
Prepayments & other receivable	14	150,740	220,322
Total current assets		17,599,276	18,572,299
NON CURRENT ASSETS			
Trade and other receivables	15	4,713,750	6,105,093
Investments at fair value through profit and loss	16	88,076,971	82,690,488
Deferred tax assets		4,115,890	2,560,372
Fixed assets - office equipment	17	38,080	86,779
Total non-current assets		96,944,691	91,442,732
TOTAL ASSETS		114,543,967	110,015,031
CURRENT LIABILITIES			
Trade and other payables	18	1,630,982	27,512,704
Interest bearing liabilities	19	21,980,050	-
Distribution payable	20	339,469	704,444
Current tax Liability		958,517	1,287,151
Total current liabilities		24,909,018	29,504,299
NON CURRENT LIABILITIES			
Provisions	21	-	2,060,201
Deferred tax liability - NC	22	5,904,845	2,430,304
Total non-current liabilities		5,904,845	4,490,505
TOTAL LIABILITIES		30,813,863	33,994,804
NET ASSETS		83,730,104	76,020,227
EQUITY			
Issued capital – ordinary shares	23	1,759,667	1,628,510
Issued capital – trust units	23	33,433,498	30,941,510
Acquisition of non-controlling interest reserve	23	9,453,179	9,453,179
Retained earnings	23	16,876,560	9,140,473
Total Equity attributable to stapled security holders		61,522,904	51,163,672
External non-controlling interest	23	22,207,200	24,856,555
TOTAL EQUITY		83,730,104	76,020,227

The accompanying notes form part of these consolidated financial statements

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

	Notes	Issued Capital – ordinary shares	Issued Capital – trust units	Retained earnings / (accumulated losses)	Acquisitions of NCI Reserve	Total equity attributable to stapled security holders	External non- controlling interest	Total equity
		\$	\$	\$	\$	\$	\$	\$
Equity at 1 July 2011		1,628,510	30,941,510	9,140,473	9,453,179	51,163,672	24,856,555	76,020,227
Total comprehensive income for the year		-	-	10,359,232	-	10,359,232	(1,301,840)	9,057,392
Transactions with owners:								
Issue of shares in 360 Capital Property Limited under DRP		131,157	-	-	-	131,157	-	131,157
Issue of units in 360 Capital Investment Trust under DRP		-	2,491,988	-	-	2,491,988	-	2,491,988
Distributions		-	-	(2,623,145)	-	(2,623,145)	(1,347,515)	(3,970,660)
Equity at 30 June 2012		1,759,667	33,433,498	16,876,560	9,453,179	60,608,884	22,207,200	82,816,084
Equity at 1 July 2010		-	-	9,432,973	-	9,432,973	-	-
Total comprehensive income / (loss) for the year		-	-	9,432,973	-	9,432,973	(606,468)	8,826,505
Transactions with owners:								
Issue of shares in 360 Capital Property Limited		1,628,510	-	-	-	1,628,510	-	1,628,510
Issue of units in 360 Capital Investment Trust		-	30,941,510	-	-	30,941,510	-	30,941,510
Non-controlling interests on the acquisition of subsidiary		-	-	-	-	-	61,902,946	61,902,946
Transactions with non-controlling interest		-	-	-	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		1,628,510	30,941,510	9,140,473	9,453,179	51,163,672	24,856,555	76,020,227

The accompanying notes form part of these consolidated financial statements

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012 Consolidated \$	2011 Consolidated \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		8,114,342	2,297,506
GST recoveries & FBT refund		687,620	-
Payments to suppliers and employees		(4,223,254)	(1,774,929)
Trust distribution received		5,454,605	792,209
Tax paid		(147,493)	(37)
Interest received		103,785	51,052
Finance costs		(2,118,497)	(31,065)
Net cash (used in) / generated by operating activities	27(b)	<u>7,871,109</u>	<u>1,334,736</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		-	(91,832)
Payments for additions to investments		(37,731,989)	-
Proceeds on disposal of investments		115,289	-
Payments for financial assets		-	(16,976,000)
Payments for subsidiaries, net of cash acquired		-	(1,558,345)
Net cash used in investing activities		<u>(37,616,701)</u>	<u>(18,626,177)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from the issue of shares		-	1,628,500
Proceeds from the issue of units		-	30,941,500
Proceeds from borrowings		22,656,000	-
Payment for borrowing costs		(1,244,050)	-
Distributions paid		(1,712,490)	(823,819)
Net cash from financing activities		<u>19,699,460</u>	<u>31,746,181</u>
Net (decrease) / increase in cash and cash equivalents		<u>(10,046,132)</u>	<u>14,454,740</u>
Cash and cash equivalents at the beginning of the year		<u>14,454,740</u>	-
Cash and cash equivalents at the end of the year	27(a)	<u><u>4,408,608</u></u>	<u><u>14,454,740</u></u>

The accompanying notes form part of these consolidated financial statements

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The consolidated financial statements are for 360 Capital Property Limited ("the Company") and its subsidiaries ("the Consolidated Entity" or "the Group"). 360 Capital Property Limited is a company limited by shares, established and domiciled in Australia.

The registered office and the principal place of business of the Consolidated Entity is:

Level 8, 56 Pitt Street, Sydney NSW 2000

The principal accounting policies adopted in the preparation of the financial report are set out below. The financial report is prepared for the financial year ended 30 June 2012 for the Consolidated Entity consisting of 360 Capital Property Limited and its subsidiaries ("the Group").

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including the Australian Interpretations) and the Corporations Act 2001.

The financial statements have been prepared on an accruals basis and on the historical cost basis except for financial assets measured at fair value.

The functional and presentation currency of the Fund is Australian dollars.

Statement of Compliance

The financial report complies with Australian Accounting Standards. The financial statements and notes of the Fund also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Going Concern

The Group has net current liabilities of \$12.9 million. The net current liability position has arisen due to:

- the stapled Trust entering into a short term loan of \$13.2 million to acquire Investments in the 360 Capital Diversified Property Fund. This loan was due to expire on 6 July 2012. However was extended a further six months to 6 January 2013.
- the Group's subsidiary, 360 Capital Diversified Property Fund entering into a short term loan of \$9.5 million to acquire Convertible Notes ("Notes") in the 360 Capital Industrial Fund ("Industrial Fund").

Notwithstanding the above, the Directors have prepared this financial report on a going concern basis for the period ended 30 June 2012. In forming this view, the Directors have given due consideration to the sufficiency of the cash flows that are forecast for the Group for the coming twelve months from the date of this report, and the following factors:

- The Group will continue to receive the distribution payments from its related party funds and external funds which enables the service of interest payments of the debt through its cashflows over the life of the loan;
- Over the period in which the stapled Trust has entered into a short term loan, there is history of rolling debt facility with financier for the further six months and therefore it is likely that the loan term will extend for a further six months past 6 January 2013 should it be required by the stapled Trust;
- The stapled Trust has also sought to refinance the loan with another financier for longer period of term with reduced interest rate and is currently entering into negotiations;
- The stapled Trust's unitholders have undertaken distribution reinvestment plan to preserve cash in the Group;
- During the year ended 30 June 2012 the Group has made a net profit from continuing operations of \$8.7 million (excluding fair value loss on financial investments and other non-cash items). Net cash inflows from operating activities for the period ended 30 June 2012 are \$7.9 million;
- The Notes acquired from 360 Capital Industrial Fund provide an option to convert into Industrial Fund Units following any listing of the Industrial Fund on the ASX at an initial conversion price of \$0.40 per Note, which will provide liquidity to the Group;
- The shareholders of the stapled entity can recapitalise the Group or lend monies to the entity should it be required

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

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.

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 2012 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.

(a) 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:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

(i) Management fee income (including deferred exit fees)

Management and exit fee revenue is recognised in accordance with the entitlement to fees for the management services provided. Revenue from activities conducted by the consolidated entity on a success fee basis is taken into account in the year on an accruals basis.

(ii) 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.

(iii) Dividends and distributions

Dividend and distribution income from investments is recognised when the unitholders' right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Entity and the amount of income can be measured reliably).

(iv) Other income

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

(b) Finance costs

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

(c) Income tax

(i) Companies

The total 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 and deferred tax expense calculated by reference to 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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

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 and Funds

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

(d) 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.

(e) 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.

(f) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently at amortised cost. The payment terms are usually 30 days after the invoice raised. They are classified as current assets except where the maturity is greater than 12 months after the reporting date in which 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 comprehensive income.

(g) Financial instruments

Financial assets and financial liabilities are recognised when a Group 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Financial assets are classified into the following specified categories: 'trade and other 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.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently at amortised cost. 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 (generally over 90 days). 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 profit or loss.

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.

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 Trust's documented investment strategy. The Trust'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 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 Trust 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 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 profit or loss as part of revenue from continuing operations when the Trust's right to receive payments is established.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group 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 below.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Impairment

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

(h) 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 are assumed to approximate their fair value.

(i) 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 Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

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.

(j) 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.

(k) 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

(l) 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 comprehensive income over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

(m) Employee benefits

(i) Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and 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.

(n) 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

The stapled Trust and the Fund in the Group issue units which have a limited life under the Trusts' constitutions and are classified as equity in accordance with AASB 132 Financial Instruments: Presentation as amended by AASB 2009-2 Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations Arising on Liquidation. Units are recognised at initial consideration less any costs relating to the issue.

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Where the Trust and the Fund buys back any of its units from unitholders, the consideration paid, including any directly attributable incremental costs are recognised as a reduction in equity attributable to the Trust's unitholders.

(o) 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.

(p) 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.

(q) 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 2012. 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:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Reference	Title	Summary	Application date of standard	Impact on financial report	Application date
AASB 10	Consolidated Financial Statements	AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and UIG-112 Consolidation – Special Purpose Entities. The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. Consequential amendments were also made to other standards via AASB 2011-7.	1 January 2013	There is expected to be an impact on the Group related to these changes however the impact is yet to be assessed in full.	1 July 2013
AASB 12	Disclosure of Interests in Other Entities	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.	1 January 2013	There is expected to be an impact on the Group related to these changes however the impact is yet to be assessed in full.	1 July 2013
AASB 13	Fair Value Measurement	AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. Consequential amendments were also made to other standards via AASB 2011-8.	1 January 2013	There may be an impact on the value of liabilities which need to be held at fair value. The Group will assess additional disclosures required as a result of this standard.	1 July 2013
Annual Improvements 2009–2011 Cycle	Annual Improvements to IFRSs 2009–2011 Cycle	This standard sets out amendments to International Financial Reporting Standards (IFRSs) and the related bases for conclusions and guidance made during the International Accounting Standards Board's Annual Improvements process. These amendments have not yet been adopted by the AASB. The following items are addressed by this standard: - IFRS 1 First-time Adoption of International Financial Reporting Standards - IAS 1 Presentation of Financial Statements - IAS 16 Property, Plant and Equipment - IAS 32 Financial Instruments: Presentation - IAS 34 Interim Financial Reporting	1 January 2013	There is expected to be some change to the disclosures relating to these changes however the impact has yet to be assessed in full.	1 July 2013

AASB 2011-9, AASB 2011-4, AASB 1053, and AASB 11 are not expected to have a material impact on the Group.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

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 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.

(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. NTA of the underlying Funds is used as a basis for valuation however maybe amended as deemed appropriate. The Group 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.

(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 21 and Note 28. During the last financial year the Company recorded the liability value of \$2,060,201 (30% of the exit fees receivable), as set out in Note 21.

During December 2011, the Company made a payment to the seller of a total of \$1,216,284 for final settlement of the exit fee provision and as such has written off the remaining balance payable of \$843,917.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Notes	2012 Consolidated \$	2011 Consolidated \$
NOTE 3: DISTRIBUTION		
RECEIVED / RECEIVABLE FROM RELATED PARTY FUNDS		
360 Capital 111 St Georges Property Trust	2,063,798	107,470
360 Capital Industrial Fund - Convertible Notes	98,269	-
360 Capital Industrial Fund	1,355,598	338,658
360 Capital 441 Murray Street	463,750	371,000
360 Capital Canberra Trust	378,717	378,718
360 Capital Havelock House Property Trust	230,723	230,723
360 Capital Subiaco Square Shopping Centre Property Trust	161,840	60,690
Lachlan Property Income Fund	1,043,209	(54,097)
226 Greenhill Road Property Trust	1,060	31,445
	<u>5,796,964</u>	<u>1,464,607</u>
NOTE 4: DISTRIBUTION RECEIVED/ RECEIVABLE FROM EXTERNAL FUNDS		
Centuria Office Fund No. 2	6,300	4,183
Private Trust No 1	21,060	21,060
Macquarie index-linked Property Securities Fund	-	8,282
	<u>27,360</u>	<u>33,525</u>
NOTE 5: SUMMARY PARENT INFORMATION		
Information relating to 360 Capital Property Limited		
Current assets	151,898	3,173,986
Non-current assets	3,519,922	3,586,223
Total assets	<u>3,671,820</u>	<u>6,760,209</u>
Current liabilities	1,466,438	4,156,043
Non-current liabilities	-	2,060,201
Total liabilities	<u>1,466,438</u>	<u>6,216,244</u>
Net assets	<u>2,225,382</u>	<u>669,965</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Notes	2012 Consolidated \$	2011 Consolidated \$
NOTE 6: GST RECOVERIES AND FRINGE BENEFIT TAX REFUND		
GST Recoveries	677,077	-
Fringe benefit tax refund	10,543	-
Total GST recoveries and fringe benefit tax refund	687,620	-
NOTE 7: EXPENSES		
Profit/(loss) before income tax includes the following specific expenses		
Commission expenses	(11,037)	(183,116)
Less: Reversal of previously accrued commissions	-	300,671
Total commission expenses	(11,037)	117,555
NOTE 8: ADMINISTRATION EXPENSES		
Audit	(101,450)	(183,500)
Taxation	(28,655)	(69,890)
Compliance Fees	(18,311)	(10,913)
Registry Fees	(53,095)	-
Lease Expenses	(115,059)	(28,606)
Legal	(134,473)	(195,071)
Travel	(195)	-
Consultants Fees	(171,564)	(71,665)
Insurance	(153,659)	(141,059)
Marketing	(45,263)	(31,548)
Staff cost - recruitment, entertainment, training and others	(135,199)	(5,099)
Fringe benefit tax expense	(10,720)	(7,723)
Cost of capital raising & abortive costs for closed funds	(23,062)	-
General office cost	(114,480)	-
Other expenses	(203,658)	(47,689)
Total administration expenses	(1,311,843)	(792,763)
NOTE 9: FINANCE COST		
Borrowing costs	(1,128,100)	-
Interest expense	(2,206,560)	-
Bank charges	(6,497)	(31,065)
Total finance cost	(3,341,157)	(31,065)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Notes	2012 Consolidated \$	2011 Consolidated \$
NOTE 10: INCOME TAX EXPENSE/(BENEFIT)		
(a) Income tax expense		
Current tax expense / (benefit)	(420,204)	631,722
Deferred tax assets – temporary differences	(1,613,192)	(675,133)
Deferred tax liabilities – temporary differences	3,475,937	1,131,004
Aggregate income tax expense/(benefit)	<u>1,442,541</u>	<u>1,087,593</u>
(b) Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable		
<i>Profit/(loss) before income tax expense</i>	10,499,933	9,914,098
Adjust for profit/(loss) of trusts not subject to tax:		
- 360 Capital Investment Trust	(2,073,362)	(5,654,576)
- 360 Capital Diversified Property Fund	1,301,596	606,468
Profit/(loss) before income tax expense subject to taxation	<u>9,728,167</u>	<u>4,865,990</u>
Taxation expense/(benefit) at 30%	2,918,450	1,459,797
<i>Tax effect of amounts which are not deductible/assessable:</i>		
- Bargain gain on acquisition of Becton Investment Management Limited	-	(484,680)
- Movement in contingent consideration	-	228,249
- Non-assessable income	-	(115,773)
- Provision for investments	37,800	-
- Adjustments in respect to current income tax of previous years	(1,513,709)	-
Income tax expense/(benefit)	<u>1,442,541</u>	<u>1,087,593</u>

NOTE 11: CURRENT ASSETS – CASH AND CASH EQUIVALENTS

Cash at bank	<u>4,408,608</u>	<u>14,454,740</u>
--------------	------------------	-------------------

Cash carries a weighted average effective interest rate of 3.5% (2011: 4.75%)

The cash deposits are bearing floating interest rates between 3.0% and 4.3% (2011: 3.0% and 5.0%) per annum. These are typically held in deposit accounts and can be accessed within 24 hours.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Notes	2012 Consolidated \$	2011 Consolidated \$
NOTE 12: CURRENT ASSETS – TRADE AND OTHER RECEIVABLES (RESPONSIBLE ENTITY FEES)		
Management fees receivable	1,825,686	2,206,881
Custodian fees receivable	-	29,908
Exit fees receivable	7,330,500	760,429
Leasing fees receivable	65,067	194,096
Total trade and other receivables	9,221,253	3,191,314
NOTE 13: DISTRIBUTION RECEIVABLES		
360 Capital Canberra Trust	94,679	94,420
Lachlan Property Income Fund	-	259,795
Centuria Office Fund No. 2	-	1,571
Private Trust No. 1	5,265	5,265
360 Capital Industrial Fund	339,588	342,344
360 Capital Industrial Fund - Convertible Notes	98,289	-
Macquarie index-linked Property Securities Fund	-	2,528
Total distribution receivables	537,821	705,923
NOTE 14: PREPAYMENTS AND OTHER RECEIVABLES		
Prepayments	131,337	220,322
<i>Trust recoveries receivable from:</i>		
- 360 Capital Office Fund	17,145	-
- 360 Capital Development Income Fund	2,258	-
	150,740	220,322
NOTE 15: NON CURRENT ASSETS – TRADE AND OTHER RECEIVABLES		
Exit fees receivable from the following Trusts were recognised as non-current asset during the year:		
360 Capital 111 St Georges Terrace Property Trust	3,382,500	2,206,881
360 Capital 441 Murray Street Property Trust	662,500	258,067
360 Capital Subiaco Square Shopping Centre Property Trust	668,750	-
360 Capital Industrial Fund	-	3,639,921
Private Trust No. 2	-	224
Total trade and other receivables	4,713,750	6,105,093

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Notes	2012 Consolidated \$	2011 \$
NOTE 16: FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
(a) Financial assets at fair value through profit or loss		
Current		
Units in unlisted funds managed by the Group's subsidiaries	3,280,854	-
Units in other external unlisted funds	-	-
	<u>3,280,854</u>	<u>-</u>
Non-current		
Units in unlisted funds managed by the Group's subsidiaries	87,696,271	82,482,618
Units in other external unlisted funds	380,700	207,870
	<u>88,076,971</u>	<u>82,690,488</u>
	<u><u>91,357,825</u></u>	<u><u>82,690,488</u></u>
(b) Movements during the period		
Opening balance	82,690,488	-
Acquisitions - Industrial Fund Convertible Notes	11,956,000	16,976,000
Acquisitions through business combinations	-	61,709,195
Disposal of investments held	(115,289)	-
Fair value loss on disposal of investments	(4,402)	-
Provision of Private Trust No. 2	(125,999)	-
Changes in fair value of investments	(3,042,973)	4,005,293
Closing balance	<u><u>91,357,825</u></u>	<u><u>82,690,488</u></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:

	Number of units / notes held	Interest held	2012 \$	2011 \$
360 Capital 111 St Georges Property Trust	7,207,550	36.24%	27,113,895	21,774,935
360 Capital Developments Income Fund	2,445,334	9.63%	-	1,176,778
360 Capital Industrial Fund - Convertible Notes	29,890,000	44.28%	11,956,000	-
360 Capital Industrial Fund	33,958,873	18.81%	13,583,549	20,821,983
360 Capital Office Fund	87,217,292	43.83%		
360 Capital Retail Fund	36,043,923	36.72%	5,741,797	5,871,709
360 Capital 441 Murray Street	1,885,000	36.23%	6,034,315	6,049,526
360 Capital Canberra Trust	4,455,500	21.73%	3,963,167	4,488,916
360 Capital Havelock House Property Trust (classified as current asset)	2,454,500	26.68%	2,988,354	2,884,528

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	Number of units / notes held	Interest held	2012 \$	2011 \$
360 Capital Subiaco Square Shopping Centre Property Trust	2,023,000	24.08%	3,117,848	3,149,002
Lachlan Property Income Fund	15,007,275	100.00%	16,478,200	15,676,905
Centuria Office Fund No. 2	105,000	0.15%	88,200	88,179
Private Trust No 1 (<i>classed as current asset</i>)	234,000	3.90%	292,500	462,337
Private Trust No 2	71,166	1.79%	-	125,999
Macquarie index-linked Property Securities Fund	-	0%	-	119,691
			<u>91,357,825</u>	<u>82,690,488</u>

Notes	2012 Consolidated \$	2011 \$
-------	----------------------------	------------

NOTE 17: FIXED ASSETS - OFFICE EQUIPMENT

Office equipment at cost	112,432	91,832
Accumulated depreciation	(74,352)	(5,053)
	<u>38,080</u>	<u>86,779</u>

Movements during the period

Opening balance	86,779	-
Additions	20,600	91,832
Depreciation during the year	(69,299)	(5,053)
Closing balance	<u>38,080</u>	<u>86,779</u>

NOTE 18: CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

Trade creditors	43,756	42,766
Other creditors and accrual	1,125,482	528,795
Trailing commission accrual	262,573	530,548
Provision - payroll tax, PAYG withholding, annual leave and long service leave entitlements	136,586	149,562
Other withholding tax liability	2,885	-
GST payable	59,700	93,327
Consideration payable on acquisition of investment	-	26,167,706
Total trade and other payables	<u>1,630,982</u>	<u>27,512,704</u>

(a) Provisions for employee entitlements

As at 30 June 2012, 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.

2012 2011

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	Notes	Consolidated \$	\$
NOTE 19: INTEREST BEARING LIABILITIES			
360 Capital Investment Trust - Bank loan current	13,200,000		-
Capitalised borrowing costs	(60,000)		-
360 Capital Diversified Property Fund - Bank loan current	9,456,000		-
Capitalised borrowing costs	(615,950)		-
Total	21,980,050		-
Movement during the financial year:			
Opening balance as at 1 July		-	-
Drawdown from finance provider		22,656,000	-
		22,656,000	-

360 Capital Investment Trust (the stapled Trust) entered into a short term finance facility of \$13,200,000, on 6 July 2011. The debt facility together with cash was used to pay for the investment in the 360 Capital Diversified Property Fund, on 6 July 2011. The debt was due to expire in 6 July 2012, however it has subsequently been extended following a \$3,200,000 repayment on 6 July 2012 for a further six months to expire on 6 January 2013, on the same terms as the current loan. The loan has a fixed interest rate which was 16% at balance date (2011: nil).

Also during the year, 360 Capital Diversified Property Fund entered into a short term finance facility of \$9,456,000, on 5 June 2012. The debt facility was used to acquire an economic interest of 23,640,000 convertible notes ("Notes") in the 360 Capital Industrial Fund.

NOTE 20: DISTRIBUTION PAYABLE

Distribution payable relates to 360 Capital Property Limited, 360 Capital Investment Trust and 360 Capital Diversified Property Fund. These amounts are payable to unitholders quarterly in arrears.

360 Capital Investment Trust	-	292,500
360 Capital Diversified Property Fund	339,469	411,944
	339,469	704,444

2012 2011

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	Notes	Consolidated	
		\$	\$
NOTE 21: PROVISIONS			
Contingent consideration payable	28	- 2,060,201	
		<u>- 2,060,201</u>	
(a) Movement in contingent consideration payable:			
Opening balance		2,060,201	-
Acquisition of Becton Investment Management Limited		-	1,299,371
Payment to Becton Management Investment Limited		(1,216,284)	-
Remeasurement of provision		<u>(843,917)</u>	<u>760,830</u>
Closing balance		<u>- 2,060,201</u>	

The provision represents management's best estimate 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 agreed to pay the seller 30% of the net management fees received during the three year period from the acquisition were these to exceed \$70,000 per month.

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. No amount is expected to be payable under this arrangement.

During December 2011, the Company made a payment to the seller of a total of \$1,216,284 for final settlement of the exit fee provision and as such has written off the remaining balance payable of \$843,917.

2012 2011

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	Notes	Consolidated	
		\$	\$
NOTE 22: NON-CURRENT LIABILITIES – DEFERRED TAX LIABILITIES			
The balance comprises temporary differences attributable to:			
Exit fees receivable		3,639,934	1,504,356
Management fees receivable		2,264,911	765,377
Other		-	160,571
Net deferred tax liabilities – temporary differences		<u>5,904,845</u>	<u>2,430,304</u>

Movements in deferred tax liabilities

Opening balance	2,430,304	-
Acquired in business combination	-	1,299,300
Debited/(credited) to the income statement	<u>3,474,541</u>	<u>1,131,004</u>
Closing balance	<u>5,904,845</u>	<u>2,430,304</u>

NOTE 23: EQUITY

(a) Issued Capital

	No.	No.
Issued shares in 360 Capital Property Limited	40,623,145	38,000,000
Issued units in 360 Capital Investment Trust	40,623,145	38,000,000
Total issued capital – stapled securities	<u>40,623,145</u>	<u>38,000,000</u>

Issued Capital

	\$	\$
Issued shares in 360 Capital Property Limited	1,759,667	1,628,510
Issued units in 360 Capital Investment Trust	<u>33,433,498</u>	<u>30,941,510</u>
Total issued capital – stapled securities	<u>35,193,165</u>	<u>32,570,020</u>

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) Movement during the financial year

Opening balance	32,570,020	-
Issuance of units	-	32,570,020
Issuance of units under Distribution Reinvestment Plan "DRP" for stapled securities	<u>2,623,145</u>	-
Closing balance	<u>35,193,165</u>	<u>32,570,020</u>

Movements of units issued under DRP during the financial year 2012:

No. of units issued under DRP as at 31 Oct 2011	855,000
No. of units issued under DRP as at 31 Jan 2012	874,237
No. of units issued under DRP as at 30 Apr 2012	<u>893,908</u>
Total number of units issued during the year	<u>2,623,145</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Notes	2012 Consolidated \$	2011 \$
(c) Distributions to unitholders		
Distribution paid by 360 Capital Property Limited under DRP	131,157	-
Distribution paid by 360 Capital Investment Trust under DRP	2,491,988	-
Distribution payable accrued	-	292,500
Total distribution paid / payable	<u>2,623,145</u>	<u>292,500</u>
Annualised cents per unit	<u>9.0</u>	<u>9.0</u>
(d) Retained profits/(accumulated losses)		
Retained profits/(accumulated losses) attributable to 360 Capital Property Limited shareholders	2,912,397	3,778,397
Retained profits attributable to 360 Capital Investment Trust (internal non-controlling interest)	1,771,424	5,362,076
Total retained earnings attributable to stapled security holders	<u>4,683,821</u>	<u>9,140,473</u>
Movements in retained profits were as follows:		
Retained profits at beginning of the period	9,140,473	-
Profit attributable to 360 Capital Property Limited shareholders	8,570,345	3,778,397
Profit attributable to 360 Capital Investment Trust (internal non-controlling interest)	1,788,887	5,654,576
Distribution paid	(3,537,165)	(292,500)
Retained profits at end of the year	<u>15,962,540</u>	<u>9,140,473</u>
(e) Acquisitions of non-controlling interest reserve		
Movements in the reserve were as follows:		
Opening balance	9,453,179	-
Acquisition of 58.9% interest in 360 Capital Diversified Property Fund from non-controlling interest	-	9,453,179
Closing balance as at 30 June	<u>9,453,179</u>	<u>9,453,179</u>

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

2012 2011

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	Notes	Consolidated	
		\$	\$
(f) Movement of external non-controlling interest "NCI"			
Opening balance		24,856,555	-
NCI recognised at acquisition		-	26,282,276
NCI accumulated (loss) / profit current year		(1,301,840)	(606,468)
NCI distribution to unitholders		(1,347,515)	(819,253)
Closing balance		22,207,200	24,856,555

For the financial year 2012, 360 Capital Diversified Property Fund has recorded the loss of \$3,167,997 and therefore the Group has recognized the loss in non-controlling interest being \$1,301,840 which resulted from 41.1% of the total loss of \$3,167,997 during the financial year.

NOTE 24: FINANCIAL RISK MANAGEMENT

The Consolidated Entity's investing activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The most important types of financial risk to which the Consolidated Entity is exposed are market risk, credit risk and liquidity risk.

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

(a) Market risk

Market risk embodies the potential for both loss and gains and includes currency risk, interest rate risk and other price risk. The Consolidated Entity's strategy on the management of investment risk is driven by the Consolidated Entity's investment objective. The Consolidated Entity's market risk is managed on a regular basis by the 360 Group finance department under policies approved by the Board of Directors.

(i) Cash flow and interest rate risk

The key source of interest rate risk for the Entity is derived from cash balances and interest bearing liabilities.

The Consolidated Entity's exposure to interest rate risk at reporting date, including its sensitivity to changes in market interest rates that were reasonably possible, is as follows:

2012 2011

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	Notes	Consolidated \$	\$
<i>Instruments with cash flow risk:</i>			
Cash and cash equivalents		4,408,608	14,454,740
Interest bearing liabilities		(22,656,000)	-
Total		<u>(18,247,392)</u>	<u>14,454,740</u>
Market interest rates increased by 55 basis points (2011: 150 basis points)		(100,361)	216,821
Market interest rates decreased by 55 basis points (2011: 150 basis points)		<u>100,361</u>	<u>(216,821)</u>

(ii) Price risk

The Group is exposed to price risk on its deferred exit fees receivable. The exit fees are calculated and recognised based on the underlying changes in the price of the investment properties. Changes in the value of the investment property will directly affect the amounts recognised.

Financial Assets:

Deferred exit fees receivable	9,402,250	6,105,093
Total exposure to price risk	<u>9,402,250</u>	<u>6,105,093</u>

Sensitivity of profit / (loss) to changes in fair values of property (exit fees):

- Property values increased by 13.0% (2011: 14.0%)	1,222,293	854,713
- Property values decreased by 13.0% (2011: 14.0%)	<u>(1,222,293)</u>	<u>(854,713)</u>

The sensitivities above have been estimated based on an analysis of changes in property value of the underlying Trusts and Funds since inception and calculated the weighted average percentage based on the analysis (2011: six years).

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

The investments within the Group are 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 at a Responsible Entity level, and policies are set which each individual fund complies with. The framework of the composition of the securities held by the Group is in line with Responsible Entity policies.

The Group'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, is shown below:

2012 2011

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	Notes	Consolidated	
		\$	\$
Instruments with price risk:			
Financial assets at fair value through profit and loss		91,357,825	82,690,488
Sensitivity of profit/(loss) to changes in fair values of equity values:			
- Equity values increased by 19.1% (2011: 20.0%)		17,449,345	16,538,098
- Equity values decreased by 19.1% (2011: 20.0%)		(17,449,345)	(16,538,098)

The sensitivities above have been estimated based on an analysis of changes in underlying investment prices since 360 Capital Diversified Property Fund inception (2011: since 360 Capital Diversified Property Fund inception), and using the average to predict future increases. There is no change in this methodology from prior periods.

(iii) Currency risk

At the date of this report, the Consolidated Entity is not exposed to any direct currency risk (2011: nil).

(b) Credit risk management

Credit risk is the risk that a party to the financial instrument will cause a financial loss to the Consolidated Entity by failing to discharge an obligation. The Consolidated Entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Consolidated Entity.

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 disclosed in Note 9 that are past due or impaired other than those that have been impaired in the Statement of Comprehensive Income.

(c) 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 Consolidated Entity's approach to managing liquidity is to ensure that as far as possible, 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 on a regular basis there is sufficient cash on hand to meet the contractual obligations of financial liabilities as they fall due. The Directors set budgets to monitor cash flows. There have been no changes from previous periods.

The maturity of financial liabilities at reporting date are shown below, based on the contractual terms of each liability in place at reporting date. The amounts disclosed are based on undiscounted cash flows.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	Less than 1 year \$	1 – 2 years \$	2 – 5 years \$	More than 5 years \$	Total contractual cash flows \$	Carrying Amount (assets)/liabilities \$
2012						
Non-interest bearing liabilities						
Trade and other payables	1,630,982	-	-	-	1,630,982	1,630,982
Distribution payable	1,253,489	-	-	-	1,253,489	1,253,489
Total	2,884,471	-	-	-	2,884,471	2,884,471
Interest bearing liabilities						
Fixed interest rate	25,374,720	-	-	-	25,374,720	21,980,050
Total	25,374,720	-	-	-	25,374,720	21,980,050
2011						
Non-interest bearing liabilities						
Trade and other payables	27,512,704	-	-	-	27,512,704	27,512,704
Distribution payable	704,444	-	-	-	704,444	704,444
Provisions	2,060,201	-	-	-	2,060,201	2,060,201
Total	30,277,349	-	-	-	30,277,349	30,277,349
Interest bearing liabilities:						
Fixed interest rate	-	-	-	-	-	-
Total	-	-	-	-	-	-

The carrying amounts of the Consolidated Entity's assets and liabilities at the consolidated statement of financial position date approximate their fair values.

(c) Fair value

(i) Hierarchy

The following tables classify financial instruments recognised in the statement of financial position at fair value according to the hierarchy stipulated in AASB 7 that reflects the subjectivity of the inputs used in making the measurements as follows:

- Level 1 – the instrument has quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – a valuation technique is used using inputs other than quoted prices within Level 1 that are observable for the financial instrument, either directly (i.e. as prices), or indirectly (i.e. derived from prices); or
- Level 3 – a valuation technique is used using inputs that are not based on observable market data (i.e. unobservable inputs).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

The level in the fair value hierarchy within which the fair value measurement is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Responsible Entity. The Responsible Entity considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The table below sets out the Trust's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 30 June 2012. The carrying amounts of cash and cash equivalents, trade and other receivables, and trade and other payables are assumed to reasonably approximate their fair values due to their short-term nature. Accordingly, fair value disclosures are not provided for such assets and liabilities.

Consolidated	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
2012				
Assets				
Financial assets:	- 91,357,825		- 91,357,825	
	<u>- 91,357,825</u>		<u>- 91,357,825</u>	
2011				
Assets				
Financial assets:	- 82,690,488		- 82,690,488	
	<u>- 82,690,488</u>		<u>- 82,690,488</u>	
Parent				
2012				
Assets				
Financial assets:	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2011				
Assets				
Financial assets:	- 125,999		- 125,999	
	<u>- 125,999</u>		<u>- 125,999</u>	

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 25: 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	
			2012 %	2011 %
<i>Stapled entity:</i>				
360 Capital Investment Trust	Australia	Ordinary	Nil	Nil
<i>Other subsidiaries:</i>				
360 Capital Diversified Property Fund	Australia	Ordinary	58.9	58.9
360 Capital Investment Management Limited	Australia	Ordinary	100.0	100.0
360 Capital RE Limited	Australia	Ordinary	100.0	100.0
360 Capital Financial Services Pty Ltd	Australia	Ordinary	100.0	100.0
ACN 062671872 Pty Ltd	Australia	Ordinary	100.0	100.0
360 Capital Canberra Pty Ltd	Australia	Ordinary	100.0	100.0
360 Capital Properties No. 1 Limited	Australia	Ordinary	100.0	100.0
BDIF Nominees Pty Ltd	Australia	Ordinary	100.0	100.0
360 Capital Group Investment Pty Ltd	Australia	Ordinary	100.0	100.0
BRPTS Portfolio No. 1 Pty Ltd	Australia	Ordinary	100.0	100.0
360 Capital Institutional Investment Limited	Australia	Ordinary	100.0	100.0
360 Capital Properties No. 2 Limited	Australia	Ordinary	100.0	100.0
360 Capital Custodian No. 3 Pty Ltd	Australia	Ordinary	100.0	100.0
360 Capital Custodian No. 2 Pty Ltd	Australia	Ordinary	100.0	100.0

The total cost of investments in subsidiaries in the Parent is \$3,499,372 (2011: \$3,499,372) these amounts eliminate on consolidation.

Loan Forgiveness

During the financial year 2012, the Parent Entity had forgiven loans to its subsidiary entities and also received loan forgiveness from those related parties.

Fees, Commissions or other charges to Related Parties of the Group

All fees receivable by to the Group and the Company and or its subsidiaries are detailed in Note 12, 13 & 14 to the financial statements.

Unitholdings

The stapled Trust and 360 Capital Diversified Property Fund held investments in other managed investment schemes which the Group's subsidiaries manage. These can be seen in Note 15.

The stapled Trust and 360 Capital Diversified Property Fund received distributions from investments in other managed investment schemes which the Group's subsidiaries manage. These can be seen in Note 3 and 4.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Notes	2012 Consolidated \$	2011 Consolidated \$
-------	----------------------------	----------------------------

NOTE 26: 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
 Andrew Graeme Moffat
 William John Ballhausen
 David van Aanholt
 Joel Rohan Cann

NOTE 27: CASHFLOW INFORMATION

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flow is reconciled to the related items in the statement of financial position as follows:

Cash at bank	<u>4,408,608</u>	<u>14,454,740</u>
--------------	------------------	-------------------

(b) Reconciliation of profit / (loss) after income tax to net cash flow from operating activities

Profit/(loss) for the period	9,057,392	8,826,505
<i>Adjustment for:</i>		
Bargain gain on acquisition of subsidiaries	-	(1,615,601)
Net (loss) / gain on financial assets	3,047,375	(4,005,293)
Impairment of receivables	-	1,464,630
Depreciation charged	-	5,053
Movements in contingent consideration	(843,917)	760,830
Provision on Investment in Private Trust No.2	125,999	-
Acquisition fees - non cash	(1,608,000)	-
Commitment fees - non cash	(560,000)	-
Transaction costs related to borrowings	1,128,100	-
Loan forgiveness	-	-
<i>Changes in assets and liabilities:</i>		
Decrease / (increase) in deferred tax asset	(1,555,518)	(1,329,156)
Decrease / (increase) in receivables	2,748,287	(5,466,764)
Increase / (decrease) in payables	(7,290,987)	276,377
Increase / (decrease) in current tax liability	147,837	1,287,151
Increase / (decrease) in deferred tax liability	3,474,541	1,131,004
Cash flow from operating activities	<u>7,871,109</u>	<u>1,334,736</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 28: BUSINESS COMBINATIONS

2012 Acquisitions through business combinations: Nil

Details of movement in external non-controlling interests for this year arises from acquisition through business combination during the financial year 2011 can be seen in Note 23 (f).

The \$26.2m consideration payable was settled through cash on hand at 30 June 2011 and a \$13.2m drawdown on a short-term loan facility.

The contingent consideration payable was re-measured to nil at 30 June 2012. During December 2011, the Company made a payment to the seller of a total of \$1,216,284 for final settlement of the exit fee provision and as such has written off the remaining balance payable of \$843,917. 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 year.

NOTE 29: EVENTS SUBSEQUENT TO REPORTING DATE

In December 2011, the manager of Private Trust No. 1 issued a Notice to Unitholders to extend the trust term to 30 September 2013. Pursuant to the trust deed, the Fund issued a notice to exit the Trust at the unit valuation prescribed under the extension notice of \$1.25 per unit. The exit price offered to buy back represented a discount of 32.4% to June 2011 audited NTA. The sale of \$292,500, the total amount for the units, did not occur until 24 July 2012.

At 30 June 2012, the stapled Trust has a short term debt facility of \$13.2 million which was due to expire on 6 July 2012. The Trust repaid \$3.2 million of this debt on 6 July 2012 and extended this facility a further six months (to expire on 6 January 2013).

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

A meeting of members of the 360 Capital Industrial Fund was held on 14 September 2012 to vote on a special resolution to list the Fund on the ASX and amend the constitution. The meeting was adjourned to 5 October 2012, and subsequently adjourned to 8 November 2012.

A minority group of members called a meeting of members on 17 September 2012 to vote on Denison Funds Management Limited replacing 360 Capital RE Limited as Responsible Entity of the 360 Capital Industrial Fund. The meeting was adjourned to 4 October 2012; however the notice of meeting was withdrawn on 27 September 2012.

NOTE 30: CONTINGENT LIABILITIES

There are no contingent liabilities at the end of year (2011: nil).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Notes	2012 Consolidated \$	2011 \$
-------	----------------------------	------------

NOTE 31: CAPITAL MANAGEMENT

As a requirement of the Australian Financial Services Licence ("AFSL") issued by ASIC to the Company, it is a requirement for the company to maintain positive net tangible assets. The Company has complied with these requirements during the year.

Management controls the capital of the Company in order to maintain a positive net tangible asset position, provide the shareholders with adequate returns and to ensure that the Company can fund its operations and continue as a going concern.

Management effectively manage the Company's capital by assessing the Company's financial risks and adjusting its capital structure accordingly.

A fixed and floating charge over the company's assets was lodged on 17 June 2011.

NOTE 32: REMUNERATION OF AUDITORS

Audit or review of the financial statements – Deloitte/BDO	-	289,408
Audit or review of the financial statements – Ernst & Young	78,450	-
Audit of compliance plan – Deloitte/BDO	-	-
Audit of compliance plan – Ernst & Young	7,050	-
Related practices of the auditor for:		
Taxation compliance – Deloitte/BDO	-	82,595
Taxation compliance – Ernst & Young	15,950	-
	<u>101,450</u>	<u>372,003</u>

360 CAPITAL PROPERTY LIMITED AND CONTROLLED ENTITIES

ABN 46 146 484 433

DIRECTORS' DECLARATION

The directors of 360 Capital Property Limited and its controlled entities declare that:

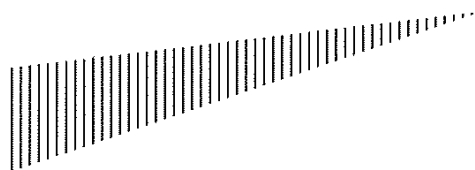
1. The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and accompanying notes, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the Group's financial position as at 30 June 2012 and of its performance for the year ended on that date.
2. The notes to the financial statements include an explicit and unreserved statement of compliance with International Financial Reporting Standards.
3. In the directors' opinion, there are reasonable grounds to believe that the Group 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 and its controlled entities by:



Tony Pitt
Director

5 November 2012



ERNST & YOUNG

Ernst & Young Centre
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001
Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
www.ey.com/au

Independent auditor's report to the members of 360 Capital Property Limited

Report on the Financial Report

We have audited the accompanying financial report of 360 Capital Property Limited ('the company'), which comprises the consolidated statement of financial position as at 30 June 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company 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 360 Capital Property Limited are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Account Standard AASB 101 *Presentation of Financial Statements* that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

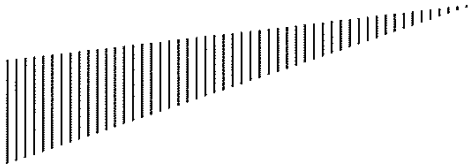
Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain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



Opinion

In our opinion:

- a. the financial report of 360 Capital Property Limited, 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 2012 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

Mark Conroy
Partner
Sydney
5 November 2012