

**360 CAPITAL INVESTMENT TRUST
(FORMERLY PENTAGON PROPERTY TRUST)**

ARSN 141 872 844

**FINANCIAL STATEMENTS
FOR THE PERIOD FROM 17 FEBRUARY 2010 TO
30 JUNE 2011**

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**RESPONSIBLE ENTITY REPORT
FOR THE PERIOD ENDED 30 JUNE 2011**

The Directors of 360 Capital Investment Management Limited (formally Pentagon Investment Management Limited), (the "Responsible Entity"), submit herewith the inaugural annual report of 360 Capital Investment Trust ("the Trust") (ARSN 141 872 844) for the period from 17 February 2010 to 30 June 2011. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

1. Directors

The names of the Directors of the Responsible Entity in office during the year are:

Tony Robert Pitt (appointed 22 September 2008)
Andrew Graeme Moffat (appointed 16 February 2011)
David van Aanholt (appointed 16 February 2011)
William John Ballhausen (appointed 16 February 2011)

List of Directors that have resigned during the year are as follows:

Alan Raymond Sutton (resigned 16 February 2011)
Annette Lucy Bolton (resigned 16 February 2011)

Tony Pitt, Alan Sutton and Annette Bolton were Directors of 360 Capital Investment Management Limited when it was formally known as Pentagon Investment Management Limited. Pentagon Investment Management Limited, a company incorporated in 2008, changed its name to 360 Capital Investment Management Limited on 24 January 2011.

2. Principal Activities

The principal activity of the Trust is to act as a managed investment scheme and invest in a diversified portfolio of predominantly property based investments. Investments held during the year include units in Unlisted Property Trusts, units in investment funds and cash.

3. Operating Results

The net profit of the Trust for the period ended 30 June 2011 was \$ 15,107,541.

4 Distributions Paid or Payable to Unitholders

Total distributions paid or payable to unitholders in respect of the financial year ended 30 June 2011 totalled \$ 292,500.

5 Review of Operations

The total value of the Trust's assets at the end of the financial year ended 30 June 2011 is \$ 72,229,000.

Change of name

During the year, on 24 January 2011 the Trust changed its name from Pentagon Property Trust to 360 Capital Investment Trust, at that time the Trust become part of the newly formed 360 Capital Property Group. The Trust is stapled to 360 Capital Property Limited.

Investments

During the year the Trust acquired units in the 360 Capital 111 St. Georges Terrace Property Trust, a Trust that is managed by the 360 Capital Property Group

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5 Review of Operations (cont'd)

Investments (cont'd)

The 360 Capital Property Limited entered into an option with Becton to acquire 58.9% of the 360 Capital Diversified Fund and 9.6% of the 360 Capital Developments Income Fund at any time between 16 December 2010 and 30 June 2011. The cost of exercising the option was \$26,167,705. 360 Capital Investment Trust was nominated by 360 Capital Property Limited as the entity that exercised the option and therefore acquired these investments on 30 June 2011, with payment to be made to Becton Property Trust on 7 July 2011.

6. Significant Changes in State of Affairs

Other than those items detailed in Review on Operations, there have been no other significant changes to the State of Affairs of the Trust during the financial year.

7. After Balance Date Events

Debt facility

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

8. Future Developments

Information on the likely developments of the Trust 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 Trust.

9. Environmental Regulations

The operations of the Trust are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

10. Indemnification and insurance of Officers and Auditor

During or since the end of the financial year, the Responsible Entity has paid insurance premiums to insure each of the aforementioned directors as well as officers of the Responsible Entity 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 Responsible Entity, other than conduct involving a wilful breach of duty in relation to the Responsible Entity.

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

11. Options

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

12. Proceedings on Behalf of the Trust

No person has applied for leave of court to bring proceedings on behalf of the Trust or intervene in any proceedings to which the Trust is a party for the purpose of taking responsibility on behalf of the Trust for all or

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**RESPONSIBLE ENTITY REPORT
FOR THE PERIOD ENDED 30 JUNE 2011**

any part of their proceedings. The Trust was not a party to any such proceedings during the year.

13. Fees, Commissions or other charges by the Responsible Entity or Related Parties of the Responsible Entity

All Responsible Entity fees have been detailed in Note 9 "Related Party Transactions".

14. Units held by the Responsible Entity or Related Parties of the Responsible Entity

At 30 June 2011 the Responsible Entity held no units in the Trust. Related parties of the Responsible Entity held units in the Trust, as detailed in Note 8 to the financial statements.

15. Units Issued in the Trust

During the reporting period 38,000,000 units have been issued and nil units have been. The shares of the 360 Capital Property Limited and the units of the Trust (collectively the "360 Capital Group" or the "Group") are combined and issued as stapled units, there are 38,000,000 stapled units on issue, all have been issued during the period.

16. Buy Back Arrangements

During the year, the Responsible Entity did not make any offer to unitholders to redeem units held in the Trust. The details of the redemptions, if any, are in Note 8 "Equity".

17. Number of Interests on Issue

At 30 June 2011 the number of units issued in the Trust was 38,000,000. The shares of the 360 Capital Property Limited and the units of the Trust (collectively the "360 Capital Group" or the "Group") are combined and issued as stapled units, there are 38,000,000 stapled units on issue.

19. Rounding of amounts

The company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

20. Auditor's Independence Declaration

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

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



Tony Pitt
Director

Sydney, 29 September 2011

DECLARATION OF INDEPENDENCE BY ADRIAN NATHANIELSZ TO THE DIRECTORS OF 360 CAPITAL INVESTMENT MANAGEMENT LIMITED, THE RESPONSIBLE ENTITY OF 360 CAPITAL INVESTMENT TRUST

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

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

This declaration is in respect of 360 Capital Investment Trust.



Adrian Nathanielsz
Director

BDO Audit (NSW-VIC) Pty Ltd

Melbourne, 29 September 2011

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DIRECTORS' DECLARATION

The directors of 360 Capital Investment Management Limited, the Responsible Entity of 360 Capital Investment Trust, have determined that the Trust is not a reporting entity and that these special purpose financial statements should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors declare that:

1. The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and accompanying notes are in accordance with the Corporations Act 2001 and:
 - a. comply with Accounting Standards as described in Note 1 to the financial statements and the Corporations Regulations 2001; and
 - b. give a true and fair view of the Trust's financial position as at 30 June 2010 and of its performance for the period ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and
2. In the directors' opinion there are reasonable grounds to believe that the Trust 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 made pursuant to section 295(5) of the *Corporations Act 2001* and is signed for and on behalf of the directors of 360 Capital Investment Management Limited by:



Tony Pitt
Director

Sydney, 29 September 2011

INDEPENDENT AUDITOR'S REPORT

To unitholders of the 360 Capital Investment Trust

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report of 360 Capital Investment Trust (the "Trust"), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of 360 Capital Investment Management Limited, the Responsible Entity are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the unitholders. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of 360 Capital Investment Management Limited, would be in the same terms if given to the directors as at the time of the auditor's report.

Opinion

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

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

Basis of Accounting

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

BDO

BDO Audit (NSW-VIC) Pty Ltd



Adrian Nathanielsz
Director

Melbourne, 29 September 2011

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**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 17 FEBRUARY 2010 TO 30 JUNE 2011**

	Notes	2011 \$'000
Investment income		
Interest income	3(a)	20
Trust distributions	3(b)	104
Net gain on financial assets at fair value through profit or loss	4(a)	<u>14,994</u>
Total investment income		15,118
 Expenses		
Other administration expenses		(11)
 Profit for the period		<u>15,107</u>
 Total comprehensive income for the period attributable to the unitholders		<u><u>15,107</u></u>

The accompanying notes form part of these financial statements.

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**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011**

	Notes	2011 \$'000
CURRENT ASSETS		
Cash and bank balances		12,128
Inter-staple loan with 360 Capital Property Limited		<u>2,090</u>
TOTAL CURRENT ASSETS		<u>14,218</u>
NON CURRENT ASSETS		
Financial assets at fair value through profit or loss	4(b)	<u>58,011</u>
TOTAL NON-CURRENT ASSETS		<u>58,011</u>
TOTAL ASSETS		<u>72,229</u>
CURRENT LIABILITIES		
Trade and other payables	5	14
Other financial liabilities	7	26,167
Distribution payable	6	<u>293</u>
TOTAL CURRENT LIABILITIES		<u>26,474</u>
TOTAL LIABILITIES		<u>26,825</u>
NET ASSETS		<u>45,755</u>
EQUITY		
Issued capital	8(a)	30,941
Retained earnings		<u>14,814</u>
TOTAL EQUITY		<u>45,755</u>

The accompanying notes form part of these financial statements.

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**STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2011**

	Issued capital	Retained earnings	Total
	\$'000	\$'000	\$'000
Equity at 2 February 2010	-	-	-
Issuance of units	30,941	-	30,941
Profit for the period	-	15,107	15,107
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	15,107	15,107
	30,941	15,107	46,048
Transactions with unitholders in their capacity as unitholders:			
Distribution paid to unitholders	-	(293)	(293)
	-	(293)	(293)
Equity at 30 June 2011	30,941	14,814	45,755

The accompanying notes form part of these financial statements

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**STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 17 FEBRUARY 2010 TO 30 JUNE 2011**

	Notes	2011 \$'000
CASH FLOW FROM OPERATING ACTIVITIES		
Trust distributions received		107
Net interest received		<u>20</u>
Net cash generated by operating activities	10(b)	<u>127</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Payment to acquire units in 360 Capital 111 St. Georges Terrace Property Trust		<u>(16,850)</u>
Net cash used in investing activities		<u>(16,850)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of units		30,941
Advances to 360 Capital Property Limited		<u>(2,090)</u>
Net cash generated by financing activities		<u>28,851</u>
Net decrease in cash and cash equivalents		12,128
Cash and cash equivalents at the beginning of the period		<u>-</u>
Cash and cash equivalents at the end of the period	10(a)	<u><u>12,128</u></u>

The accompanying notes form part of these financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS
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NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

The financial statements are for 360 Capital Investment Trust ("the Trust"). The 360 Capital Investment Trust is an unlisted trust established and domiciled in Australia. The Responsible Entity of the 360 Capital Investment Trust is 360 Capital Investment Management Limited. The shares of the 360 Capital Property Limited and the units of the Trust (collectively the 360 Capital Group or the Group) are combined and issued as stapled units.

The Responsible Entity has not specified a date for termination of the Trust.

The registered office and the principal place of business of the Responsible Entity is:
360 Capital Investment Management Limited
Level 8, 56 Pitt Street
Sydney NSW 2000

(a) Basis of preparation

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

The financial report has been prepared in accordance with AASB 101 *Presentation of Financial Statements* (except paragraphs 124A to 124C), AASB 107 *Statement of Cash Flows*, AASB 108 *Accounting policies, Changes in Accounting Estimates and Errors*, AASB 110 *Events after the Reporting Period*, AASB 1031 *Materiality* and AASB 1048 *Interpretation and Application of Standards*.

The financial statements have been prepared on the basis of historical cost, as modified by the revaluation of financial assets at fair value through profit or loss at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

There are subsidiaries of the Trust however this financial report has been prepared on a standalone basis. A consolidated group financial report is produced being that of the stapled entity of both 360 Capital Property Limited and 360 Capital Investment Trust.

The company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

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

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**NOTES TO THE FINANCIAL STATEMENTS
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NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of preparation (cont'd)

Critical accounting estimates

Certain critical accounting estimates have been used in the preparation of these financial statements. It also requires management to exercise its judgement in the process of applying the Trust'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 1.

(b) 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:

(i) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Trust and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(ii) Distributions

Trust distributions are recognised when the unitholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Trust and the amount of income can be measured reliably).

(c) 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.

Financial assets are classified under the category: financial assets 'at fair value through profit or loss' (FVTPL). The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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**NOTES TO THE FINANCIAL STATEMENTS
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NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Financial instruments (cont'd)

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.

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 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.

(d) Cash and cash equivalents

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

(e) Trade and other payables

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

(f) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not incremental costs relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance costs.

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**NOTES TO THE FINANCIAL STATEMENTS
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NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Expenses

All expenses, including Responsible Entity's fees and custodian fees, are recognised in the profit or loss on an accruals basis.

(h) Finance costs

Finance costs, which represent borrowing costs, are initially recognised as a reduction in borrowings and expensed using the effective interest rate applicable to the financial liability.

(i) 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 as part of an item of 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 included in the cash flow statement 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 classified within operating cash flows.

(j) Income tax

Under current legislation the Trust is not subject to income tax provided the taxable income of the Trust is fully distributed either by way of cash or reinvestment (i.e. unitholders are presently entitled to the income of the Trust).

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the Trust is not subject to capital gains tax.

Realised capital losses are not distributed to unitholders but are retained in the Trust to be offset against any realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to unitholders.

In accordance with the Trust's constitution, the Trust fully distributes its distributable (taxable) income, and any other amounts determined by the responsible entity, to unitholders by way of cash or reinvestments.

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**NOTES TO THE FINANCIAL STATEMENTS
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NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Applications and redemptions

Applications received for units in the Trust are recorded net of any entry fees payable prior to the issue of units in the Trust. Redemptions from the Trust are recorded gross of any exit fees payable after the cancellation of the units redeemed.

(l) Provisions

Provisions are recognised when the Trust has a present obligation (legal or constructive) as a result of a past event, it is probable that the Trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(m) Distributions

Provision is made for the amount of any dividend and distribution declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not yet distributed at balance date.

(n) Critical judgements and significant accounting estimates

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

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

(i) Financial assets at fair value through profit or loss

The fair value of investments which are not traded in an active market is determined by using valuation techniques (including discounted cash flow model or price/earnings multiple model). The Trust 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.

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**NOTES TO THE FINANCIAL STATEMENTS
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NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Critical judgements and significant accounting estimates (cont'd)

The Responsible Entity's valuation policy for units held in related Trusts of the entity is to use the Net Tangible Assets (NTA) of the fund.

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

(ii) Management fees and other fees payable to Responsible Entity

The Responsible Entity has waived its right under the Constitution of the Trust to management and other fees it is otherwise entitled to for the period ended 30 June 2011. Accordingly, no fees have been provided for nor expensed by the Trust for the period ended 30 June 2011.

(o) Accounting standards applicable but not yet adopted

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

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 17 FEBRUARY 2010 TO 30 JUNE 2011**

NOTE 2: FINANCIAL RISK MANAGEMENT

The Trust'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 Trust 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 Trust are described 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 Trust's strategy on the management of investment risk is driven by the Trust's investment objective. The Trust's market risk is managed on a regular basis by the investment manager in accordance its investment guidelines.

(i) Currency Risk

The Trust may invest in funds with a primary objective of investing in real estate assets within the metropolitan boundaries of a capital city or regional centre in Australia. The directors have a policy in place to ensure that any investment with exposure to currency risk has appropriate underlying borrowing arrangements (i.e. borrowing in the currency of the asset purchase acts as a natural hedge) and currency hedging arrangements.

At the date of this report, the Trust is not exposed to any direct currency risk.

(ii) Cash flow and fair value interest rate risk

The Trust's main interest rate risk arises from cash and cash equivalents that are at variable interest rate and thus subject to interest rate risk.

(iii) Price risk

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

The investments within the Trust 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 Trust is in line with Responsible Entity policies.

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**NOTES TO THE FINANCIAL STATEMENTS
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NOTE 2: FINANCIAL RISK MANAGEMENT (cont'd)

(a) Market risk (cont'd)

(iii) Price risk (cont'd)

The Trust does not actively manage or monitor the price risk attached to the deferred management and exit fees.

The Fund'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:

	Notes	2011
		\$'000
Investments in:		
Unlisted investments – Related Parties		58,011
Total exposure to price risk		58,011

If equity prices had been 10.5% higher/lower for the unlisted investments, profit for the year ended 30 June 2011 would have been affected respectively positively/negatively by \$ 6,091,000.

(b) Credit risk management

Credit risk is the risk that a party to the financial instrument will cause a financial loss to the Trust by failing to discharge an obligation. The Trust is exposed to credit risk through the financial assets listed below. The table also details the maximum exposure to credit risk for each class of financial instrument.

	Notes	2011
		\$'000
Cash and cash balances		12,128
Financial assets at fair value through profit or loss		58,011
Maximum exposure to credit risk		70,139

The Trust does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Trust.

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

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**NOTES TO THE FINANCIAL STATEMENTS
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NOTE 2: FINANCIAL RISK MANAGEMENT (cont'd)

(c) Liquidity risk management

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they fall due. The Trust'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 Trust's reputation.

The Trust 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 sets 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.

(c) Liquidity risk management

	Less than 1 year	1 – 2 years	2 – 5 years	More than 5 years	Total contractual cash flows	Carrying Amount of liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2011						
Non-interest bearing liabilities						
Trade and other payables	14	-	-	-	14	14
Total	14	-	-	-	14	14

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

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**NOTES TO THE FINANCIAL STATEMENTS
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NOTE 2: FINANCIAL RISK MANAGEMENT (cont'd)

(d) Fair value measurements

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

The following table presents the Trust's assets and liabilities measured and recognised at fair value at 30 June 2011.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2011				
Financial assets at fair value through profit or loss	-	58,011	-	58,011
Total	-	58,011	-	58,011

	Notes	17 Feb 10 to 30 June 11 \$'000
NOTE 3: INVESTMENT INCOME		
Investment income includes:		
(a) Interest income arising from:		
Interest paid on bank accounts		20
		<u>20</u>
(b) Distribution income arising from:		
360 Capital 111 St. Georges Terrace Property Trust		104
		<u>104</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 17 FEBRUARY 2010 TO 30 JUNE 2011**

**Notes 2011
\$'000**

NOTE 4: FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(a) Financial assets at fair value through profit or loss

360 Capital 111 St. Georges Terrace Property Trust	4,364
360 Capital Diversified Fund	9,453
360 Capital Developments Income Fund	1,177
	<u>14,994</u>

(b) Movements during the financial year:

Acquisitions – 360 Capital 111 St. Georges Terrace Property Trust	16,850
Acquisitions – 360 Capital Diversified Fund	26,167
Acquisitions – 360 Capital Developments Income Fund	-
<i>Net gain arising on fair value changes of financial assets</i>	
360 Capital 111 St. Georges Terrace Property Trust	4,364
360 Capital Diversified Fund	9,453
360 Capital Developments Income Fund	1,177
Closing balance at 30 June	<u>58,011</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 Entity or its affiliates, the unit price is determined by the unit pricing policy of the relevant fund. Refer to Note 1(n).

For the detail of the units held by the Trust refer to Note 9.

NOTE 5: TRADE AND OTHER PAYABLES

CURRENT

Accrued expenses	11
Other creditors	3
	<u>14</u>

**Notes 2011
\$'000**

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 17 FEBRUARY 2010 TO 30 JUNE 2011**

NOTE 6: DISTRIBUTION PAYABLE

CURRENT

Distributions declared	293
Distributions paid	-
Closing balance	<u>293</u>

NOTE 7: OTHER FINANCIAL LIABILITIES

Amounts owed to Becton Property Trust	26,167
	<u>26,167</u>

The amount due to Becton Property Trust resulted from the exercise on 30 June 2011 of an option to purchase a 58.9% interest in 360 Capital Diversified Property Fund and a 9.6% interest in 360 Capital Developments Income Fund. This amount was paid on 7 July 2011.

NOTE 8: EQUITY

(a) Issued capital

38,000,000 ordinary units fully paid	<u>30,941</u>
--------------------------------------	---------------

Movements during the financial year

10 units issued during the period at \$1.0000	-
8,000,000 units issued during the period at \$0.3052	2,441
30,000,000 units issued during the period at \$0.9500	28,500
Nil units redeemed back during the period	-
Closing balance 38,000,000 units	<u>30,941</u>

As stipulated in the Trust 's constitution, each unit represents a right to an individual unit in the Trust and does not extend to a right to the underlying assets of the Trust. There are no separate classes of units and each unit has the same rights attached to it as all other units of the Trust. The shares of the 360 Capital Property Limited and the units of the Trust (collectively the 360 Capital Group or the Group) are combined and issued as stapled units, there are 38,000,000 stapled units on issue.

(b) Distribution paid / payable to unitholders

Distribution paid during the financial period	-
Distribution payable during the financial period	293
	<u>293</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 17 FEBRUARY 2010 TO 30 JUNE 2011**

NOTE 8: EQUITY (cont'd)

(c) Capital management

The Trust regards total contributed equity as its capital. The objective of the Trust is to provide unitholders with regular partly tax-advantaged income distributions over the life of the Trust and moderate capital growth over the longer term. The Trust aims to achieve this objective mainly through investing in a diversified portfolio of predominantly property based investments.

The Group is not subject to any externally imposed capital requirements.

The Trust aims to invest to meet the Trust's investment objectives while maintaining sufficient liquidity to meet its commitments. The investment review committee of the Responsible Entity regularly reviews the performance of the Trust, including asset allocation strategies, investment and operational management strategies, investment opportunities, performance review, and risk management.

NOTE 9: RELATED PARTY TRANSACTIONS

Responsible Entity

The Responsible Entity of 360 Capital Investment Trust is 360 Capital Investment Management Limited, a wholly owned subsidiary of 360 Capital Property Limited.

Responsible Entity's fees and other transactions

Under the terms of the Trust's Constitution, the Responsible Entity is entitled to management fees of up to 1.5% per annum calculated by reference to the gross asset value of the Trust. In addition, the Responsible Entity is entitled to a number of other fees including, but not limited to, entry and withdrawal fees, asset acquisition fees and a direct asset performance fee. The Responsible Entity has waived its rights to the all fees to which it is otherwise entitled under the Constitution for the period ended 30 June 2011.

All expenses in connection with the preparation of accounting records and the maintenance of the unit register are reimbursed in accordance with the Fund's constitution.

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the year and amounts payable at year end between the Trust and the responsible entity were as follows:

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 17 FEBRUARY 2010 TO 30 JUNE 2011**

**2011
\$**

NOTE 9: RELATED PARTY TRANSACTIONS (cont'd)

Distribution received:

Distributions received from other schemes managed by the Responsible Entity or its affiliates during the year

103,870

Loans to 360 Property Group Limited :

Opening balance

-

Loans advanced to 360 Capital Property Limited

2,090,000

Total receivable

2,090,000

Investments

The Trust held investments in the following schemes managed by the Responsible Entity or its affiliates:

2011

Entity Name	Number of Units Held	% Interest Held	Net Fair Value of Investment (\$)	Distributions received/ receivable
360 Capital Diversified Property Fund	121,655,295	58.90%	35,620,670	-
360 Capital Developments Income Fund	2,445,334	9.60%	1,176,777	-
360 Capital 111 St Georges Terrace Property Trust	7,020,833	35.30%	21,214,150	103,870
Total			<u>58,011,597</u>	<u>103,870</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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NOTE 9: RELATED PARTY TRANSACTIONS (cont'd)

Key management personnel

The Trust does not employ personnel in its own right. However, it has an incorporated Responsible Entity, 360 Capital Investment Management Limited, to manage the activities of the Trust and this is considered the key management personnel. The directors and key management personnel of the Responsible Entity are detailed below.

Directors

The names of the Directors of the Responsible Entity in office during the year are:

Tony Robert Pitt (appointed 22 September 2008)
Andrew Graeme Moffat (appointed 16 February 2011)
David van Aanholt (appointed 16 February 2011)
William John Ballhausen (appointed 16 February 2011)

List of Directors that have resigned during the year are as follows:

Alan Raymond Sutton (resigned 16 February 2011)
Annette Lucy Bolton (resigned 16 February 2011)

Tony Pitt, Alan Sutton and Annette Bolton were Directors of 360 Capital Investment Management Limited when it was formally known as Pentagon Investment Management Limited. Pentagon Investment Management Limited, a company incorporated in 2008, changed its name to 360 Capital Investment Management Limited on 24 January 2011.

Unit holdings

Tony Robert Pitt is an indirect investor in TT Investments Pty Limited. TT Investments Pty Limited holds 8,000,000 units in the Trust representing issued capital of \$2,441,500. TT Investments Pty Limited holds 8,000,000 units in the stapled entity. No other Directors have any units in the Trust.

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**NOTES TO THE FINANCIAL STATEMENTS
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	Notes	2011 \$'000
NOTE 10: CASH FLOW INFORMATION		
(a) Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash and cash equivalents		<u>12,128</u>
(b) Reconciliation of cash flows from operating activities with profit for the period		
Profit for the period		15,107
Adjustment for:		
Increase in Trade payables		14
Fair value adjustments to financial assets		<u>(14,994)</u>
Cash flow from operating activities		<u>127</u>
NOTE 11: REMUNERATION OF AUDITORS		
Remuneration of the auditor (BDO) for:		
Audit of financial statements		<u>10,500</u>

NOTE 12: CONTINGENT LIABILITIES

There are no contingent liabilities at the end of the period.

NOTE 13: EVENTS AFTER TO REPORTING DATE

Debt facility

Post the balance sheet date the Trust entered into a short term finance facility of \$13,200,000. The debt facility together with cash was used to pay for the investment in the 360 Capital Diversified Property Fund, on 7 July 2011.

No other matters or circumstances occurred subsequent to the end of the financial year that have significantly affected or may significantly affect the operations of the Trust, the results of those operations, or the state of affairs of the Trust in future financial years.

NOTE 14: SUBSIDIARIES

There are subsidiaries of the Trust however this financial report has been prepared on a standalone basis. A consolidated group financial report is produced being that of the stapled entity of both 360 Capital Property Limited and 360 Capital Investment Trust.