

360 Capital Total Return Fund

For the period ended 4 May 2015



360 Capital Total Return Fund (ASX: TOT) ("the Fund") comprising the stapling of ordinary units 360 Capital Total Return Passive Fund ARSN 602 304 432 ("Passive Fund") and its controlled entities and 360 Capital Total Return Active Fund ARSN 602 303 613 ("Active Fund").

This preliminary financial report is given to the ASX in accordance with Listing Rule 4.2.A. This report should be read in conjunction with the Interim Financial Report for period year ended 4 May 2015. It is also recommended that the Financial Report be considered together with any public announcements made by the Fund. The Interim Financial Report for the period ended 4 May 2015 is attached and forms part of this Appendix 4D.

Details of reporting period:

Current reporting period: 1 July 2014 – 4 May 2015
 Prior corresponding period: 1 July 2013 – 30 June 2014

Overview of operations

The Fund completed a restructure of an existing listed fund CVC Property Fund (ASX: CJT), a capital raising of \$40 million, and listing on the ASX on 22 April 2015.

The Passive Fund and Active Fund were registered on 27 October 2014 for the purpose of undertaking the restructure of CJT. The restructure was subsequently approved by CJT unitholders on 21 January 2015. The Fund is considered to be a continuance of the previous CJT entity as the restructure associated with the creation of the Active and Passive Funds had no economic substance and simply facilitates a broad investment mandate providing flexibility in relation to how the ownership of investments is to be structured.

The interim financial report is for the period 1 July 2014 to 4 May 2015. The first half-year for the Passive Fund, the parent entity, is the period from its registration on 27 October 2014 until 4 May 2015. The directors have however consider that the reporting period for the Fund that is the most appropriate and relevant to users should incorporate the results of the consolidated entity from 1 July 2014 to 4 May 2015, given that the consolidated entity is considered a continuance of the previous CJT entity which existed on 1 July 2014, and that the Passive Fund was dormant from its registration date until the restructure of CJT on 21 April 2015.

The comparative period deemed most relevant is for the full financial year for CJT from 1 July 2013 to 30 June 2014 given the proximity of the reporting date to the end of the current financial year and also that 30 June 2014 was the reporting date of the last issued annual report of CJT.

Results for announcement to the market:

	4 May 2015 \$'000	30 June 2014 \$'000	Movement \$'000	Movement %
Revenue and other income from ordinary activities	3,465	3,860	(395)	10.2)
(Loss)/Profit from ordinary activities after tax attributable to stapled securityholders	(946)	671	(1,617)	(241.0)
Operating profit *	1,490	N/A	N/A	N/A

*Operating profit is a financial measure which is not prescribed by Australian Accounting Standards ("AAS") and represents the profit under AAS adjusted for specific non-cash items and significant items. The Directors consider operating profit to reflect the core earnings of the Fund. Operating profit is used by the Responsible Entity to make strategic decisions and as a guide to assessing an appropriate distribution to declare. A reconciliation of the Fund's statutory profit to operating earnings is provided in Note 10 of the Interim Financial Report.

360 Capital Total Return Fund

For the period ended 4 May 2015



	4 May 2015 Cents per unit	30 June 2014 Cents per unit	Movement Cents per unit	Movement %
Basic & Diluted earnings per stapled security	(10.5)	8.7	(19.2)	(220.7)

During the period CJT unitholders were issued of 1 Passive Fund unit for every 100 CJT units during the restructure of the Fund completed in April 2015, the comparative number of units on issue have been adjusted to reflect the 100:1 reduction of units in the current year.

Distributions:

	Cents per unit	Total amount paid \$'000	Date of payment
Total distribution for the period ended 4 May 2015	-	-	-
Total distribution for the year ended 30 June 2014	-	-	-

No distributions were paid by the Fund during the period (2014: Nil).

Net tangible assets per security:

	4 May 2015 \$	30 June 2014 \$
Net tangible assets (NTA) per security	1.26	0.16

Control Gained or Lost over Entities during the period:

On 21 April 2015, 100% interest was acquired in 360 Capital Total Return Active Fund ARSN 602 303 613, also refer to the Overview of Operations section above regarding the restructure of the Fund that occurred during the period.

360 CAPITAL TOTAL RETURN FUND

Interim Financial Report For the period 1 July 2014 to 4 May 2015

360 Capital Total Return Fund comprises 360 Capital Total Return Passive Fund ARSN 602 304 432 and its controlled entities and 360 Capital Total Return Active Fund ARSN 602 303 613.

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for CVC Property Fund for the year ended 30 June 2014 and any public announcements made by CVC Property Fund and 360 Capital Total Return Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

360 Capital Total Return Fund

Responsible Entity report

For the period 1 July 2014 to 4 May 2015

The Directors of 360 Capital Investment Management Limited (“CIML”), the Responsible Entity, present their report together with the interim financial report of 360 Capital Total Return Fund (“the Fund” or “consolidated entity”) (ASX: TOT) for the period 1 July 2014 to 4 May 2015. 360 Capital Total Return Fund comprises 360 Capital Total Return Passive Fund (“Passive Fund”) (“Parent Entity”) and its controlled entities and 360 Capital Total Return Active Fund (“Active Fund”).

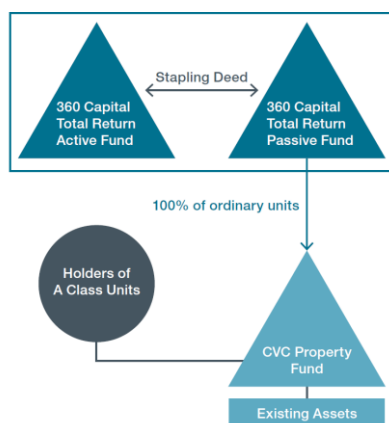
Directors

The following persons were Directors of 360 Capital Investment Management Limited during the period and up to the date of this report, unless otherwise stated:

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

Principal activities

The Fund completed a restructure of existing listed fund CVC Property Fund (“CJT”) (ASX: CJT), a capital raising of \$40 million, and listing on the ASX on 22 April 2015. The diagram below illustrates the structure of the Fund following the restructure and capital raising.



The Fund’s investment strategy is to invest in real estate based activities and actively manage a diversified portfolio of investments including:

- repositioning assets, including short term re-leasing positions and refurbishment projects;
- investing in investment properties that generate rental income;
- underwriting potential capital raisings in the real estate sector including syndicates and both unlisted and listed funds;
- taking strategic positions in unlisted funds, including providing liquidity solutions to existing unitholders of those funds;
- capitalising on mispriced trading opportunities within ASX listed AREIT sector;
- participating in mergers and acquisition activities occurring within the Australian real estate markets; and
- participating in special situations which arise from time to time within Australian real estate markets including distressed sales, investments with restructuring potential, and providing loans.

360 Capital Total Return Fund
Responsible Entity report
For the period 1 July 2014 to 4 May 2015

Reporting period

The Passive Fund and Active Fund were registered on 27 October 2014 with the purpose of undertaking the restructure of CJT as outlined above. The restructure was subsequently approved by CJT unitholders on 21 January 2015. The Fund is considered to be a continuance of the previous CJT entity as the restructure associated with the creation of the Active and Passive Funds had no economic substance and simply facilitates a broad investment mandate providing flexibility in relation to how the ownership of investments is to be structured. The comparative reporting period for the Fund therefore reflects the historic financial results and position of CJT.

The interim financial report is for the period 1 July 2014 to 4 May 2015. 360 Capital Investment Management Limited as Responsible Entity of the Fund has obtained ASIC relief from section 323D(5) of the Corporations Act 2001. The effect of the relief is that the first half-year for the Passive Fund, the parent entity, is the period from its registration on 27 October 2014 until 4 May 2015. The directors however consider that the reporting period for the Fund that is the most appropriate and relevant to users should incorporate the results of the consolidated entity from 1 July 2014 to 4 May 2015, given that the consolidated entity is considered a continuance of the previous CJT entity which existed on 1 July 2014, and that the Passive Fund was dormant from registration until the restructure of CJT on 21 April 2015.

The comparative period deemed most relevant is for the full financial year for CJT from 1 July 2013 to 30 June 2014 given the proximity of the reporting date to the end of the current financial year and also that 30 June 2014 was the reporting date of the last issued annual report of CJT.

Operating and financial review

Financial results

Statutory results

The Fund's statutory net loss attributable to securityholders for the period ended 4 May 2015 was \$946,000, which was driven primarily due to a \$2.25 million downwards revaluation of the Fund's investment properties.

The Fund's statutory balance sheet as at 4 May 2015 had gross assets of \$50.7 million reflecting the results of the recapitalisation from the \$40 million institutional capital raise completed in April 2015.

Operating results

Operating profit is a financial measure which is not prescribed by Australian Accounting Standards ("AAS") and represents the profit under AAS adjusted for specific non-cash items and significant items. The Responsible Entity considers operating profit to reflect the core earnings of the Fund and it is used as a guide to assess the Funds ability to pay distributions to unitholders.

The following table summarises key reconciling items between statutory profit attributable to the unitholders of the Fund and operating profit. The operating profit information in the table has not been subject to any specific review procedures by the Fund's auditor but has been extracted from Note 10: Segment reporting of the financial statements for the period ended 4 May 2015, which have been subject to audit; refer to page 29 for the auditor's report on the financial statements.

	4 May 2015 \$'000	30 June 2014 \$'000
Loss attributable to stapled securityholders of the Fund	(946)	671
Specific non-cash items		
Net loss on fair value of investment properties	2,255	988
Net gain on fair value of financial assets	(54)	-
Significant items		
Restructure and acquisition costs	235	-
Operating profit (profit before specific non-cash and significant items)	1,490	1,659

360 Capital Total Return Fund
Responsible Entity report
For the period 1 July 2014 to 4 May 2015

Properties

The Fund continues to own and manage two properties located at 8 Rodborough Road and 357 Warringah Road, Frenchs Forest NSW. These properties are fully leased, however the lease to Ricoh at 8 Rodborough Road expires in September 2015 and Ricoh does not intend to enter into a new lease.

The two properties are subject to a conditional contract for sale, and the Fund is currently in discussions with the purchaser to progress the sale towards completion. On 20 April 2015, in accordance with resolutions passed by CJT unitholders on 21 January 2015, existing unitholders became entitled to "A" class units in the CJT fund entitling those unitholders to any proceeds above \$26 million from the sale of these properties under the existing conditional sales contracts.

Strategic fund investment

At the balance date the Fund held a \$3.4 million investment in a listed Australian Real Estate Investment Trust ("AREIT") fund. The Fund, up to the date of this report, has invested a total of approximately \$12.5 million in this un-associated listed fund which management believe to be undervalued. The Fund has identified multiple exit strategies for this investment based around a short to medium term investment period.

Capital management

During the period the Fund had a loan facility with National Australia Bank ("NAB"). At 30 June 2014 the drawn amount was \$16.1 million which was subsequently reduced throughout the period to \$14.6 million. On 4 May 2015, the Fund utilised \$14.6 million of the capital raise proceeds to repay all of its drawn debt to become debt free.

Dividends and distributions

The Fund did not declare any distributions during the period (30 June 2014: Nil).

Significant changes in state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of 360 Capital Total Return Fund that occurred during the period under review other than those listed above or elsewhere in the Responsible Entity's report.

Likely developments and expected results of operations

The Fund will continue to invest in real estate based activities and actively manage a diversified portfolio of investments as outlined in the Product Disclosure Statement ("PDS") dated 17 March 2015.

Events subsequent to balance date

Other than those disclosed above, no circumstances have arisen since the end of the period which have 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 Total Return Fund
Responsible Entity report
For the period 1 July 2014 to 4 May 2015

Auditor's independence declaration

The auditor's independence declaration required under Section 307C of the Corporations Act 2001 is set out on page 6 and forms part of the Responsible Entity's report for the period ended 4 May 2015.

Rounding of amounts

360 Capital Total Return Fund is an entity of the kind referred to in Class Order 98/100 issued by the Australian Securities and Investments Commission ("ASIC"). In accordance with that Class Order, amounts in the interim financial report and Responsible Entity report have been rounded to the nearest thousand dollars, unless otherwise stated.

This report is made in accordance with a resolution of the Directors.



Tony Robert Pitt
Director



Graham Ephraim Lenzner
Director

Sydney
2 July 2015

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

In relation to our review of the consolidated interim financial report of 360 Capital Passive Fund for the interim period ended 4 May 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



Mark Conroy
Partner
2 July 2015

360 Capital Total Return Fund

Consolidated interim statement of profit or loss and other comprehensive income

For the period 1 July 2014 to 4 May 2015

		4 May 2015 \$'000	30 June 2014 \$'000
	Note		
Revenue from continuing operations			
Rental from investment properties		3,394	3,858
Finance revenue		17	2
Total revenue from continuing operations		3,411	3,860
Other income			
Net gain on fair value of financial assets		54	-
Total other income		54	-
Total revenue from continuing operations and other income		3,465	3,860
Investment property expenses		515	631
Administration expenses		858	410
Finance expenses		783	1,160
Net loss on fair value of investment properties	6	2,255	988
(Loss)/Profit from continuing operations		(946)	671
(Loss)/Profit for the period		(946)	671
Total comprehensive (loss)/income for the period		(946)	671
Total comprehensive (loss)/income attributable to:			
Unitholders of 360 Capital Total Return Passive Fund		(812)	671
Unitholders of 360 Capital Total Return Active Fund		(134)	-
(Loss)/Profit attributable to the stapled securityholders		(946)	671
(Loss)/Profit for the period		(946)	671
(Loss)/Earnings per stapled security for (loss)/profit after tax attributable to the stapled securityholders of 360 Capital Total Return Fund		Cents	Cents
Basic and diluted (loss)/earnings per security	3	(10.5)	8.7

The above consolidated interim statement of profit or loss and other comprehensive income should be read with the accompanying condensed notes.

360 Capital Total Return Fund
Consolidated interim statement of financial position
As at 4 May 2015

		4 May 2015 \$'000	30 June 2014 \$'000
	Note		
Current assets			
Cash and cash equivalents		21,039	293
Receivables		19	150
Assets held for sale	5	26,000	-
Other current assets		202	18
Total current assets		47,260	461
Non-current assets			
Financial assets at fair value through profit or loss	4	3,446	-
Investment properties	6	-	28,250
Total non-current assets		3,446	28,250
Total assets		50,706	28,711
Current liabilities			
Trade and other payables		512	371
Other current liabilities		175	-
Total current liabilities		687	371
Non-current liabilities			
Borrowings	7	-	16,146
Total non-current liabilities		-	16,146
Total liabilities		687	16,517
Net assets		50,019	12,194
Equity			
Issued capital - Passive Fund units	8	63,485	32,468
Issued capital – Active Fund units	8	7,754	-
Accumulated losses		(21,220)	(20,274)
Total equity attributable to stapled securityholders		50,019	12,194
Total equity		50,019	12,194

The above consolidated interim statement of financial position should be read with the accompanying condensed notes.

360 Capital Total Return Fund

Consolidated interim statement of changes in equity

For the period 1 July 2014 to 4 May 2015

		Issued capital - Passive Fund units \$'000	Issued capital - Active Fund units \$'000	Accumulated losses \$'000	Total equity attributable to stapled Securityholders \$'000	Total equity \$'000
	Note					
Balance at 1 July 2014		32,468	-	(20,274)	12,194	12,194
Total comprehensive loss for the year				(946)	(946)	(946)
Transactions with Securityholders in their capacity as Securityholders						
Issued shares/units - Institutional equity raising	8	32,000	8,000		40,000	40,000
Equity raising transaction costs	8	(983)	(246)		(1,229)	(1,229)
Distributions	2	-	-		-	-
		31,017	7,754	-	38,771	38,771
Balance at 4 May 2015		63,485	7,754	(21,220)	50,019	50,019
Balance at 1 July 2013						
		32,468	-	(20,945)	11,523	11,523
Total comprehensive income for the year		-	-	671	671	671
Transactions with Securityholders in their capacity as Securityholders						
Issued shares/units - Institutional equity raising	8	-	-		-	-
Equity raising transaction costs	8	-	-		-	-
Distributions	2	-	-		-	-
		-	-	-	-	-
Balance at 30 June 14		32,468	-	(20,274)	12,194	12,194

The above consolidated interim statement of changes in equity should be read with the accompanying condensed notes.

360 Capital Total Return Fund

Consolidated interim statement of cash flows

For the period 1 July 2014 to 4 May 2015

		4 May 2015 \$'000	30 June 2014 \$'000
	Note		
Cash flows from operating activities			
Cash receipts from customers		3,699	4,346
Cash payments to suppliers and employees		(1,629)	(1,517)
Finance revenue		17	2
Finance expenses		(783)	(1,169)
Net cash inflows from operating activities		1,304	1,662
Cash flows from investing activities			
Payments for investment properties	6	(5)	(88)
Proceeds from disposal of investment properties		-	3,600
Payments for financial assets	4	(3,392)	-
Net cash (outflows)/inflows from investing activities		(3,397)	3,512
Cash flows from financing activities			
Proceeds from borrowings		-	596
Repayment of borrowings	7	(16,146)	(5,732)
Proceeds from issue of capital	8	40,000	-
Payment of transaction costs to issue capital	8	(1,015)	-
Net cash inflows/(outflows) from financing activities		22,839	(5,136)
Net increase in cash and cash equivalents		20,746	38
Cash and cash equivalents at the beginning of the period		293	255
Cash and cash equivalents at the end of the period		21,039	293

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

360 Capital Total Return Fund
Condensed notes to the interim financial report
For the period 1 July 2014 to 4 May 2015

Note 1: Statement of significant accounting policies

a) Reporting entity

The interim financial report of 360 Capital Total Return Fund ("the Fund") comprises the consolidated financial statements of 360 Capital Total Return Passive Fund ("Passive Fund") and its controlled entities and 360 Capital Total Return Active Fund ("Active Fund"). A 360 Capital Total Return Fund stapled security comprises one 360 Capital Total Return Passive Fund unit stapled to one 360 Capital Total Return Active Fund unit to create a single listed entity traded on the ASX. The stapled security cannot be traded or dealt with separately.

The Responsible Entity of the Fund is 360 Capital Investment Management Limited. The registered office and the principal place of business is Level 8, 56 Pitt Street, Sydney NSW 2000 Australia. The nature of operations and principal activities of the Fund are disclosed in the Responsible Entity's report.

The Passive Fund and Active Fund were registered on 27 October 2014 with the purpose of undertaking the restructure of CJT. The restructure was subsequently approved by CJT unitholders on 21 January 2015. The Fund is considered to be a continuance of the previous CJT entity as the restructure associated with the creation of the Active and Passive Funds had no economic substance and simply facilitates a broad investment mandate providing flexibility in relation to how the ownership of investments is to be structured. The comparative reporting period for the Fund therefore reflects the historic financial results and position of CJT.

The interim financial report is for the period 1 July 2014 to 4 May 2015. 360 Capital Investment Management Limited as Responsible Entity of the Fund has obtained ASIC relief from section 323D(5) of the Corporations Act 2001. The effect of the relief is that the first half-year for the Passive Fund, the parent entity, is the period from its registration on 27 October 2014 until 4 May 2015. The directors however consider that the reporting period for the Fund that is the most appropriate and relevant to users should incorporate the results of the consolidated entity from 1 July 2014 to 4 May 2015, given that the consolidated entity is considered a continuance of the previous CJT entity which existed on 1 July 2014, and that the Passive Fund was dormant from its registration date until the restructure of CJT on 21 April 2015.

The comparative period deemed most relevant is for the full financial year for CJT from 1 July 2013 to 30 June 2014 given the proximity of the reporting date to the end of the current financial year and also that 30 June 2014 was the reporting date of the last issued annual report of CJT.

The interim financial report does not include all of the notes and information required for a full annual financial report and should be read in conjunction with the annual financial report for CVC Property Fund (ASX: CJT) for the year ended 30 June 2014 and any public announcements made by 360 Capital Total Return Fund and CJT during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The annual financial report of the CVC Property Fund as at and for the year ended 30 June 2014 is available upon request from the registered office at Level 8, 56 Pitt Street, Sydney NSW 2000 Australia.

The principal accounting policies adopted in the preparation of the financial report are set out below.

b) Statement of compliance

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001.

International Financial Reporting Standards ("IFRS") form the basis of Australian Accounting Standards (including Australian Interpretations) adopted by the AASB, being Australian equivalents to IFRS ("AIFRS"). The financial report has been prepared in accordance with AASB 134: Interim Financial Reporting and the Corporations Act 2001.

360 Capital Total Return Fund
Condensed notes to the interim financial report
For the period 1 July 2014 to 4 May 2015

c) Basis of preparation

Basis of preparation

360 Capital Total Return Fund and its consolidated entities are for-profit entities for the purpose of preparing the financial report.

The financial report has been prepared on accruals basis and on the historical cost basis except for investment properties, financial assets and financial liabilities, which are stated at their fair value.

The financial report is presented in Australian dollars.

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

Changes in accounting policy

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

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

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

Critical accounting estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of Australian Accounting Standards that have a significant effect on the financial report and estimates with a significant risk of material adjustment in the next year are disclosed in Note 1 (s).

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

360 Capital Total Return Fund
Condensed notes to the interim financial report
For the period 1 July 2014 to 4 May 2015

c) Basis of preparation (continued)

Certain new or amended Australian Accounting Standards have been published that are not mandatory for this reporting period. Based on management's assessment, the recently issued or amended Accounting Standards are not expected to have a significant impact on the amounts recognised or disclosures made in this financial report when restated for the application of the new or amended Accounting Standards.

d) Basis of consolidation

Stapling

On 21 April 2015, 360 Capital Total Return Fund was formed by stapling together the units of the 360 Capital Total Return Passive Fund and the units of 360 Capital Total Return Active Fund. The Fund was subsequently listed on 22 April 2015. Following approval at a CJT unitholder meeting held on 21 January 2015, CJT was restructured including the acquisition by the Passive Fund of all issued units in CJT, the issue of 1 Passive Fund unit for every 100 CJT units, and the stapling of each Passive Fund unit to an Active Fund unit.

The Fund has determined that the Passive Fund is the parent entity in the stapling arrangement.

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

The Constitutions of the Passive Fund and the Active Fund ensure that, for so long as these entities remain jointly listed, the number of units in the Passive Fund and the number of units in the Active Fund shall be equal and that unitholders in both funds be identical. Both the Responsible Entity of the Passive Fund and the Active Fund must at all times act in the best interest of consolidated entity.

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.

Controlled entities

The consolidated financial statements incorporate the assets and liabilities of all controlled entities of the Fund as at 4 May 2015 and the results of all controlled entities for the period then ended.

Controlled entities are entities controlled by the Fund. Control exists when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of controlled entities are included in the financial report from the date that control commences until the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Fund entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Fund.

Investments in controlled entities are accounted for at cost in the individual financial statements of the parent entity, less any impairment.

360 Capital Total Return Fund
Condensed notes to the interim financial report
For the period 1 July 2014 to 4 May 2015

e) Segment reporting

Segment information is presented in respect of the Fund's operating segments, which are the primary basis of segment reporting. An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other operating segments. The primary segments are based on the Fund's management and internal reporting structure.

Operating segments are determined based on the information which is regularly reviewed by the Managing Director, who is the Chief Operating Decision Maker within the Fund.

f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of GST paid. Revenue is recognised for the major business activities as follows:

Rental from investment properties

Rental revenue from investment properties is recognised on a straight-line basis over the lease term where leases have fixed increments, otherwise on an accruals basis. Rental revenue not received at reporting date is reflected in the statement of financial position as a receivable or if paid in advance, a current liability. Lease incentives granted are recognised over the lease term on a straight-line basis as a reduction of rental revenue.

Distributions from property funds

Distribution income from investments is recognised when the unitholder's right to receive payment has been established, provided that it is probable that the economic benefits will flow to the unitholder and the amount of income can be measured reliably.

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 basis.

Other income

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

g) Finance expenses

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

h) Income tax

Under current Australian income tax legislation, the Active Fund and Passive Fund are generally not liable for income tax provided their taxable income and taxable capital gains are fully distributed to unitholders each year. In the circumstances if a managed investment trust undertakes certain trading activities that trust may be liable to pay income tax.

360 Capital Total Return Fund
Condensed notes to the interim financial report
For the period 1 July 2014 to 4 May 2015

i) Impairment of assets

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

j) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

k) Receivables

Receivables are recognised initially at fair value and subsequently at amortised cost. The payment terms are usually 30 days after the invoice is raised. They are classified as current assets except where the maturity is greater than 12 months after the reporting date in which case they are classified as non-current.

Amounts not recoverable are assessed at each reporting date. Indicators that an amount is not recoverable include where there is objective evidence of significant financial difficulties, debtor bankruptcy, financial reorganisation or default in payment. Any allowances for non-recoverable receivables are recognised in a separate allowance account. Any bad debts which have previously been provided for are eliminated against the allowance account. In all other cases bad debts are written off directly to the statement of profit or loss.

l) Financial instruments

Financial assets and financial liabilities are recognised when a Fund entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets are classified into the following specified categories: "Receivables" and "Financial assets at fair value through profit or loss". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit or loss

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

360 Capital Total Return Fund
Condensed notes to the interim financial report
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l) Financial instruments (continued)

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 Fund's documented investment strategy. The Fund's policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

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

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

Receivables

Refer to Note 1 (k).

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Fund are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Impairment

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

m) Assets held for sale

Assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. The assets must meet the following criteria:

- the asset is available for immediate sale in its present condition and is highly probable;
- an active program to locate a buyer and complete a sale must have been initiated;
- the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- the sale should be completed within 12 months from the date of classification.

Immediately before applying the classification as held for sale, the measurement of the assets is brought up to date in accordance with applicable accounting standards.

Investment properties which are classified as held for sale are carried at fair value as the measurement provisions of AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* do not apply to investment properties.

Impairment losses determined at the time of initial classification of the non-current asset as held for sale are included in the statement of profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent remeasurement.

360 Capital Total Return Fund
Condensed notes to the interim financial report
For the period 1 July 2014 to 4 May 2015

n) Investment properties

Investment properties are properties which are held for the purpose of producing rental income, capital appreciation, or both. Investment properties are initially recognised at cost including any acquisition costs. Investment properties are subsequently stated at fair value at each balance date with any gain or loss arising from a change in fair value recognised in the statement of profit or loss in the period. An external, independent valuer with appropriately recognised professional qualification and recent experience in the location and category of the property being valued, values the individual properties when considered appropriate as determined by management in accordance with a Board approved valuation policy. Valuation methods used to determine the fair value include market sales comparison, discounted cash flow and capitalisation rate. The fair value for a property may be determined using a combination of these and other valuation methods.

These external valuations are taken into consideration when determining the fair value of the investment properties. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without prejudice.

o) Trade and other payables

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

p) Borrowings

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

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

Transaction costs are amortised over the term of the borrowing and the balance of transaction costs is amortised immediately upon a borrowing being substantially renegotiated, refinanced or repaid in full.

q) Provisions

A provision is recognised in the statement of financial position when the Fund has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate which reflects current market assessments of the time value of money and, where appropriate the risks specific to the liability.

Distributions

A provision for distributions payable is recognised in the reporting period in which the distributions are declared, determined, or publicly recommended by the Directors on or before the end of the financial period, but not distributed at balance date.

r) Issued capital

Issued capital represents the amount of consideration received for stapled securities issued by the Fund. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

360 Capital Total Return Fund
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s) 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.

t) Critical judgements and significant accounting estimates

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

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

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities are:

Valuation of investment properties

The Directors ascertain the fair value of investment properties after having regard to independent valuations which are undertaken annually. These valuations are determined through the use of the properties' lease profile and direct market comparison and include the valuers' assessments of appropriate capitalisation rates and discounted cash flow rates. The valuations are in accordance with accounting policy Note 1 (m).

Income taxes

In circumstances where the Fund becomes 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 Fund may recognise liabilities based on the Fund'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.

Impairment of assets

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

Financial assets at fair value through profit or loss

The fair value of investments which are not traded in an active market is determined by using valuation techniques. The Net Tangible Assets ('NTA') of the underlying Funds is used as a basis for valuation however may be amended as deemed appropriate. The Fund 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.

360 Capital Total Return Fund
Condensed notes to the interim financial report
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u) Accounting standards issued but not yet effective

The following new accounting standards, amendments to standards and interpretations have been issued, but are not mandatory as at 30 June 2015. They are available for early adoption, but have not been applied in preparing these financial statements. The Fund plans to adopt these standards on the effective date. The impact of these new standards and interpretations are as follows:

- AASB 9 – *Financial Instruments (Effective January 1, 2018)*. This standard includes requirements to simplify the approach for the classification and measurement of financial instruments. This is not expected to materially impact the Fund's financial statements
- AASB 15 – *Revenue from Contracts with Customers (Effective January 1, 2017)*. This standard establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. At this stage we have not assessed whether it is likely to materially impact the Fund's financial statements

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

- AASB 2014-4 *Clarification of Acceptable Methods of Depreciation and Amortisation (Effective January 1, 2016)*
- AASB 2014-9 *Equity method in Separate Financial Statements (Effective April 1, 2016)*
- AASB 2015-1 *Annual Improvements to Australian Accounting Standards – 2012-2014 Cycle (Effective April 1, 2016)*
- AASB 2015-2 *Disclosure Initiative: Amendments to AASB 101 (Effective April 1, 2016)*

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

360 Capital Total Return Fund
Condensed notes to the interim financial report
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Note 2: Distributions and dividends

The Fund did not declare or pay any distributions during the period (30 June 2014: Nil).

Note 3: Earnings per stapled security

	4 May 2015 ¢	30 June 2014 ¢
Basic and diluted (loss)/earnings per stapled security	(10.5)	8.7
	\$'000	\$'000
Basic and diluted (loss)/earnings		
(Loss)/Profit attributable to stapled securityholders of 360 Capital Total Return Fund used in calculating (loss)/earnings per stapled security	(946)	671
	000's	000's
Weighted average number of stapled securities used as a denominator		
Weighted average number of stapled securities – basic and diluted	9,034	7,679

Earnings per stapled security for the year ended 30 June 2014 was 0.09 cents before adjusting for the scrip for scrip offer. The comparative has been adjusted for the issue of 1 Passive Fund unit for every 100 CJT units made during the restructure completed in April 2015. The weighted average number of units on issue for the year ended 30 June 2014 has also been adjusted from 767,850,204 to 7,678,502 to reflect the restructure.

Note 4: Financial assets at fair value through the profit or loss

	4 May 2015 \$'000	30 June 2014 \$'000
Non-current		
Units in listed funds managed externally	3,446	-
Total	3,446	-

At the balance date the Fund held a \$3.4 million investment in a listed Australian Real Estate Investment Trust ("AREIT") fund. The Fund, up to the date of this report, has invested a total of approximately \$12.5 million in this un-associated listed fund which management believe to be undervalued. The Fund has identified multiple exit strategies for this investment based around a short to medium term investment period.

360 Capital Total Return Fund
Condensed notes to the interim financial report
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Note 4: Financial assets at fair value through the profit or loss (continued)

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

	4 May 2015 \$'000	30 June 2014 \$'000
Balance at 1 July	-	-
Financial assets acquired – on market	3,392	-
Fair value adjustment of financial assets	54	-
Closing balance	3,446	-

Note 5: Assets held for sale

	4 May 2015 \$'000	30 June 2014 \$'000
Investment properties		
8 Rodborough Road, Frenchs Forest NSW	12,000	-
357-373 Warringah Road, Frenchs Forest NSW	14,000	-
	26,000	-

At the balance date the Fund had entered into conditional sale contracts to dispose of 8 Rodborough Road, Frenchs Forest and 357-373 Warringah Road, Frenchs Forest for a maximum sale price of \$32.0 million. On 20 April 2015, in accordance with resolutions passed by CJT unitholders on 21 January 2015, “A” class units were issued in the CJT fund entitling those unitholders to any proceeds above \$26 million from the sale of these properties under the existing conditional sales contracts.

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

	4 May 2015 \$'000	30 June 2014 \$'000
Balance at 1 July	-	-
Reclassification from investment properties (refer to Note 6)	26,000	-
Closing balance	26,000	-

360 Capital Total Return Fund
Condensed notes to the interim financial report
For the period 1 July 2014 to 4 May 2015

Note 6: Investment properties

	Book value		Last external valuation	Valuation \$'000
	4 May 2015 \$'000	30 June 2014 \$'000		
8 Rodborough Road, Frenchs Forest NSW	-	13,900	Jan-14	12,000
357-373 Warringah Road, Frenchs Forest NSW	-	14,350	Jan-14	14,000
Investment properties	-	28,250		26,000

During the period the above properties were reclassified to Assets Held for Sale. See Note 5 for further details.

8 Rodborough Road, Frenchs Forest NSW

8 Rodborough Road is a four storey freestanding mixed use commercial office and warehouse facility, constructed in 1998. The building comprises three upper levels of office accommodation and ground floor high clearance warehouse space. The Property provides a total lettable area of 8,065sqm comprising 4,304sqm of office (53% of lettable area) and 3,762sqm of warehouse (47% of lettable area).

357-373 Warringah Road, Frenchs Forest NSW

There are two buildings erected upon this site. The northern building is an older style, albeit refurbished, two storey office building comprising 3,461sqm of Net Lettable Area (NLA) and is currently fully tenanted by Infomedia Limited (lease expiring 28 February 2017 with a 5 year option). The southern building is an older style single storey warehouse building comprising 5,412sqm of lettable area and is presently fully tenanted by Australian Postal Corporation (lease expiring 28 February 2017 with a 5 year option). The total lettable area of the Property is approximately 8,873sqm and a total of approximately 193 on-grade car spaces are provided on site.

360 Capital Total Return Fund
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Note 6: Investment properties (continued)

	4 May 2015 \$'000	30 June 2014 \$'000
Balance at 1 July	28,250	32,750
Payments for capital additions	5	88
Reclassification to assets held for sale (refer to Note 8)	(26,000)	-
Disposal of investment property	-	(3,600)
Fair value adjustment of investment properties	(2,255)	(988)
Closing balance	-	28,250

a) Valuation basis

Investment properties are carried at fair value. Fair value of the properties is determined by the Directors, having regard to independent valuations prepared by valuers with appropriately recognised professional qualification and recent experience in the location and category of the property being valued. Valuation methods used to determine the fair value include market sales comparison, discounted cash flow and capitalisation rate. The fair value for a property may be determined using a combination of these and other valuation methods.

Note 7: Borrowings

	4 May 2015 \$'000	30 June 2014 \$'000
Non-current		
Borrowings - secured	-	16,146
	-	16,146
Borrowings - secured		
Total facility limit	-	16,146
Used at end of reporting date	-	16,146
Unused at end of reporting date	-	-

a) Loan facilities summary

National Australia Bank facility - (Frenchs Forest No.1 Trust and Frenchs Forest No.2 Trust)

During the period the Fund had a loan facility with National Australia Bank ("NAB"). At 30 June 2014 the drawn amount was \$16.1 million which was subsequently reduced throughout the period to \$14.6 million. On 4 May 2015, the Fund utilised \$14.6 million of the capital raise proceeds to repay its drawn debt to become debt free.

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Note 8: Equity

(a) Issued capital

	4 May 2015 000's	30 June 2014 000's
360 Capital Total Return Fund (ASX: TOT)- Ordinary securities issued	39,678	-
CVC Property Fund (ASX: CJT) - Ordinary units issued	-	7,679
	\$'000	\$'000
360 Capital Total Return Fund (ASX: TOT)- Ordinary securities issued	71,239	
CVC Property Fund (ASX: CJT) - Ordinary units issued	-	32,468
Total issued capital	71,239	32,468

(b) Movements in issued capital

Movement during the period in the number of issued securities of the Fund was as follows:

	4 May 2015 000's	30 June 2014 000's
Opening balance at 1 July	767,850	767,850
Institutional capital raising – 21 April 2015	32,000	-
Scrip for scrip offer (1:100) – 21 April 2015	(760,172)	-
Closing balance	39,678	767,850
Closing balance (comparative restated for scrip for scrip offer)	39,678	7,679

During the period CJT unitholders were issued of 1 Passive Fund unit for every 100 CJT units during the restructure of the Fund completed in April 2015, the comparative number of units on issue have been adjusted to reflect the 100:1 reduction of units in the current year.

Movement during the half year in the value of issued securities of the Fund was as follows:

	4 May 2015 \$'000	30 June 2014 \$'000
Opening balance at 1 July	32,468	32,468
Institutional capital raising – 21 April 2015	40,000	-
Transaction costs incurred in issuing capital	(1,229)	-
Closing balance	71,239	32,468

There was also an institutional capital raise completed on 21 April 2015 before the Fund was relisted on 22 April 2015.

360 Capital Total Return Fund
Condensed notes to the interim financial report
For the period 1 July 2014 to 4 May 2015

Note 9: Financial instruments

Fair values

Set out below is a comparison of the carrying amounts and fair values of financial instruments as at 4 May 2015:

	Carrying amount		Fair value	
	4 May 2015 \$'000	30 June 2014 \$'000	4 May 2015 \$'000	30 June 2014 \$'000
Financial assets				
Financial assets at fair value through profit or loss	3,446	-	3,446	-
Total non-current	3,446	-	3,446	-
Receivables	19	150	19	150
Total current	19	150	19	150
Total	3,465	150	3,465	150
Financial liabilities				
Borrowings	-	16,146	-	16,146
Total non-current	-	16,146	-	16,146
Trade and other payables	512	371	512	371
Total current	512	371	512	371
Total	512	16,517	512	16,517

Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows and based on the lowest level input that is significant to the fair value measurements as a whole:

Level 1 – Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities

Level 2 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable)

Level 3 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable)

For financial instruments that are recognised at fair value on a recurring basis, the Fund determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

360 Capital Total Return Fund
Condensed notes to the interim financial report
For the period 1 July 2014 to 4 May 2015

Note 9: Financial instruments (continued)

At balance date, the Fund held the following classes of financial instruments measured at fair value:

	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
As at 4 May 2015:				
Financial assets measured at fair value				
Financial assets at fair value through profit or loss	3,446	3,446	-	-
As at 30 June 2014:				
Financial assets measured at fair value				
Financial assets at fair value through profit or loss	-	-	-	-

There were no transfers between Level 1 and Level 2 fair value measurements, and no other transfers into or out of Level 3 fair value measurements. Fair value hierarchy levels are reviewed on an annual basis unless there is a significant change in circumstances indicating that the classification may have changed.

Valuation techniques

Fair value profit or loss financial assets

For fair value profit or loss financial assets, the Fund invests in listed investments. The value of the investments in the listed market is stated at unit price as quoted on the ASX at each statement of financial position date. As such, listed investments are categorised as Level 1 instruments.

Note 10: Segment reporting

The Fund invests solely in the property sector within Australia.

The Chief Operating Decision Maker being, the Managing Director of the Responsible Entity, monitors the performance and results of the Fund at a total Fund level. As a result, the Fund has only one segment. Operating profit is a financial measure which is not prescribed by AAS and represents the profit under AAS adjusted for specific non-cash items and other significant items which management consider to reflect the core earnings of the Fund and is used as a guide to assess the Funds ability to pay distributions to stapled securityholders. The Directors have decided to report operating profit in alignment with the PDS for the period beginning 1 July 2014.

The following table summarises key reconciling items between statutory profit attributable to the unitholders of the Fund and operating profit.

	4 May 2015 \$'000	30 June 2014 \$'000
Loss attributable to stapled securityholders of the Fund	(946)	671
Specific non-cash items		
Net loss on fair value of investment properties	2,255	988
Net gain on fair value of financial assets	(54)	-
Significant items		
Restructure and acquisition costs	235	-
Operating profit (profit before specific non-cash and significant items)	1,490	1,659

360 Capital Total Return Fund
Condensed notes to the interim financial report
For the period 1 July 2014 to 4 May 2015

Note 11: Capital commitments and contingencies

Capital commitments

As at 4 May 2015 the Fund had no capital commitments relating to the purchase of property, plant and equipment.

Contingencies

There are no other contingent liabilities as at 4 May 2015.

Note 12: Related party transactions

Restructure of CVC Property Fund

The Fund completed a restructure of an existing listed fund (CVC Property Fund), a capital raising of \$40 million, and listing on the ASX on 22 April 2015. As part of the restructure, the Responsible Entity is entitled to the following fees, as outlined in the PDS:

Management Fee: The Responsible Entity is entitled to a Management Fee of 0.65% p.a. of the gross value of the assets of the Fund during the relevant year for its role in managing and administering the Fund.

Performance Fee: The Responsible Entity is entitled to a Performance Fee of 20% of any total return in excess of 12% p.a. The calculation of total return is based on actual distributions paid to Stapled Unitholders during the relevant financial year plus any increase in the trading price of Stapled Units in the relevant financial year. The Performance Fee is payable yearly in arrears after the end of the relevant financial year.

Acquisition Fee: The Responsible Entity will be entitled to an acquisition fee of up to 1.0% of the total purchase price of an investment of the Fund. The acquisition fee is payable upon the completion of the relevant acquisition.

Disposal Fee: The Responsible Entity will be entitled to a disposal fee of up to 1.0% of the total sale price of an investment sold by the Fund. The disposal fee is payable upon the completion of the relevant sale.

Related Party Loan

During the period an entity related to the Responsible Entity made a loan to the Active Fund of \$1,583,282 which was subsequently repaid on 30 April 2015. There was no interest charged on the loan.

Note 13: Events subsequent to balance date

Other than as disclosed above and throughout the interim financial report, no circumstances have arisen since the end of the period which have 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 Total Return Fund

Directors' declaration

For the period 1 July 2014 to 4 May 2015

In the opinion of the Directors of 360 Capital Investment Management Limited:

- 1) The interim consolidated financial statements and notes that are set out on pages 7 to 27 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 4 May 2015 and of its performance for the period ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- 2) There are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



Tony Robert Pitt
Director



Graham Ephraim Lenzner
Director

Sydney
2 July 2015

To the unitholders of 360 Capital Passive Fund

Report on the Interim Financial Report

We have reviewed the accompanying consolidated interim financial report of 360 Capital Passive Fund (the "Fund") which comprises the consolidated statement of financial position as at 4 May 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the Fund and the entities it controlled at the period end or from time to time during the period.

Directors' Responsibility for the Interim Financial Report

The directors of 360 Capital Investment Management Limited, the Responsible Entity of the Fund, are responsible for the preparation of the consolidated interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the consolidated interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the consolidated interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the consolidated interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Fund's financial position as at 4 May 2015 and its performance for the period ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of 360 Capital Passive Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a consolidated interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

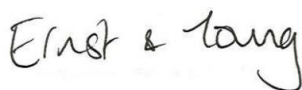
Independence

In conducting our review, 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 Responsible Entity Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the consolidated interim financial report of 360 Capital Passive Fund is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated Fund's financial position as at 4 May 2015 and of its performance for the period ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



Mark Conroy
Partner
Sydney
2 July 2015