360 CAPITAL TOTAL RETURN ACTIVE FUND
ARSN 602 303 613

Interim Financial Report
For the period 27 October 2014 to 4 May 2015

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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 Active Fund ARSN 602 303 613 ("the Fund") ("Active Fund") for the period 27 October 2014 to 4 May 2015.

The Active Fund forms part of the stapled entity, 360 Capital Total Return Fund ("Stapled Fund") (ASX: TOT) comprising 360 Capital Total Return Passive Fund ("Passive Fund") ("Parent Entity") ARSN 602 304 432 and its controlled entities and 360 Capital Total Return Active Fund.

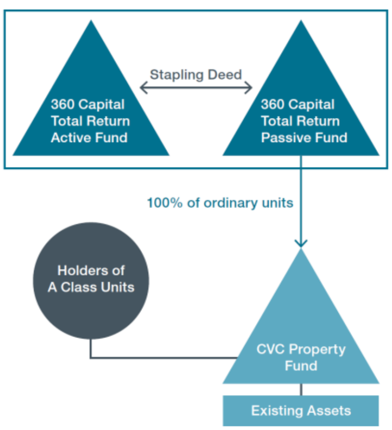
Directors

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 Stapled Fund completed a restructure of existing listed fund CVC Property Fund ("CVC") (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.



The Stapled 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.

Reporting period

The Active Fund was registered on 27 October 2014 with the purpose of facilitating the restructure of CJT as outlined on the previous page. 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 Active Fund is deemed to be the period from its registration on 27 October 2014 until 4 May 2015.

Operating and financial review

Financial results

Statutory results
The Fund's statutory net loss attributable to unitholders for the period ended 4 May 2015 was $133,736.

The Fund's statutory balance sheet as at 4 May 2015 had total assets of $7.9 million reflecting the Fund's $8.0 million allocation of the Stapled Fund's recapitalisation from the $40 million institutional capital raise completed in April 2015.

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. Subsequent to balance date on 8 May 2015 the Fund transferred its investment to the Passive Fund to consolidate the Stapled Fund's investment holding.

Dividends and distributions

The Fund did not declare any distributions during the period.

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 Active 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 Stapled Fund's Product Disclosure Statement ("PDS") dated 17 March 2015.

Events subsequent to balance date

Other than as outlined above, no other 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.

Auditor's independence declaration

The auditor's independence declaration required under Section 307C of the Corporations Act 2001 is set out on page 5 and forms part of the Responsible Entity's report for the period ended 4 May 2015.

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

Tony Robert Pitt	**Graham Ephraim Lenzner**
Director	Director

Sydney
2 July 2015

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

In relation to our review of the financial report of 360 Capital Total Return Active 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

Ernst & Young

Mark Conroy

Mark Conroy
Partner
2 July 2015

360 Capital Total Return Active Fund
Interim statement of profit or loss and other comprehensive income
For the period 27 October 2014 to 4 May 2015

	Note	4 May 2015 $
Revenue from continuing operations		
Finance revenue		3,209
Total revenue from continuing operations		3,209
Other income		
Net gain on fair value of financial assets		53,815
Total other income		53,815
Total revenue from continuing operations and other income		57,024
Administration expenses		190,760
Loss from continuing operations		(133,736)
Loss for the period		(133,736)
Total comprehensive loss for the period		(133,736)
Total comprehensive loss attributable to:		
Unitholders of 360 Capital Total Return Active Fund		(133,736)
Loss attributable to the unitholders		(133,736)
Loss for the period		(133,736)

Loss per unit for continuing operations attributable to the unitholders of 360 Capital Total Return Active Fund		**Cents**
Basic and diluted loss per security	3	(8.0)

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

360 Capital Total Return Active Fund

Interim statement of financial position

As at 4 May 2015

	Note	4 May 2015 $
Current assets		
Cash and cash equivalents		4,363,841
Receivables		41,304
Total current assets		4,405,145
Non-current assets		
Financial assets at fair value through profit or loss	4	3,445,695
Total non-current assets		3,445,695
Total assets		7,850,840
Current liabilities		
Trade and other payables		230,502
Total current liabilities		230,502
Total liabilities		230,502
Net assets		7,620,338
Equity		
Issued capital – ordinary units	5	7,754,074
Accumulated losses		(133,736)
Total equity attributable to unitholders		7,620,338
Total equity		7,620,338

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

360 Capital Total Return Active Fund
Interim statement of changes in equity
For the period 27 October 2014 to 4 May 2015

	Note	Issued capital - Active Fund units $	Accumulated losses $	Total equity $
Balance at 27 October 2014		-	-	-
Total comprehensive loss for the year			(133,736)	(133,736)
Transactions with Securityholders in their capacity as Securityholders				
Issued shares/units - Institutional equity raising	5	8,000,000		8,000,000
Equity raising transaction costs	5	(245,926)		(245,926)
Distributions	2			-
		7,754,074	-	7,754,074
Balance at 4 May 2015		7,754,074	(133,736)	7,620,338

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

360 Capital Total Return Active Fund

Interim statement of cash flows

For the period 27 October 2014 to 4 May 2015

	4 May 2015 $
Cash flows from operating activities	
Cash payments to suppliers and employees	(44,524)
Finance revenue	3,209
Net cash outflows from operating activities	**(41,315)**
Cash flows from investing activities	
Payments for financial assets	(3,391,880)
Net cash outflows from investing activities	**(3,391,880)**
Cash flows from financing activities	
Proceeds from issue of capital	8,000,000
Payment of transaction costs to issue capital	(202,964)
Net cash inflows from financing activities	**7,797,036**
Net increase in cash and cash equivalents	4,363,841
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period	**4,363,841**

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

Note 1: Statement of significant accounting policies

a) Reporting entity

The Active Fund forms part of the stapled entity, 360 Capital Total Return Fund (ASX: TOT) comprising 360 Capital Total Return Passive Fund and its controlled entities and 360 Capital Total Return Active Fund. The Stapled 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 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 interim financial report is for the period 27 October 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 Active Fund is deemed to be the period from its registration on 27 October 2014 until 4 May 2015.

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 any public announcements made by 360 Capital Total Return Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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.

c) Basis of preparation

Basis of preparation
360 Capital Total Return Active Fund is a for-profit entity 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 financial assets, which are stated at their fair value.

c) Basis of preparation (continued)

The financial report is presented in Australian dollars.

Changes in accounting policy
As a result of new or revised accounting standards which became effective for the annual reporting period commencing 27 October 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 (q).

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.

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. Equity holders of the Stapled Fund are entitled to an equal interest in each stapled entity.

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.

e) 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.

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:

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 Funds 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.

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.

<u>Financial assets at fair value through profit or loss</u>
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*.

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.

<u>Receivables</u>
Refer to Note 1 (k).

<u>Financial liabilities and equity</u>
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.

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

m) 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.

n) 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.

o) 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.

p) 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.

q) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

r) 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:

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 recognises 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.

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.

s) 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.

Note 2: Distributions

The Fund did not declare or pay any distributions during the period.

Note 3: Earnings per unit

	4 May 2015
	¢
Basic and diluted loss per stapled security	(8.0)

	$
Basic and diluted loss	
Loss attributable to unitholders of 360 Capital Total Return Active Fund used in calculating loss per stapled security	(133,736)

	units
Weighted average number of units used as a denominator	
Weighted average number of units – basic and diluted	1,680,197

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

	4 May 2015
	$
Non-current	
Units in listed AREIT funds managed externally	3,445,695
Total	3,445,695

At the balance date the Fund held a $3.4 million investment in a listed Australian Real Estate Investment Trust (“AREIT”) fund. Subsequent to balance date on 8 May 2015 the Fund transferred its investment to the Passive Fund to consolidate the Stapled Fund’s investment holding.

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

	4 May 2015
	$
Balance at 27 October	-
Financial assets acquired – on market	3,391,880
Fair value adjustment of financial assets	53,815
Closing balance	3,445,695

Note 5: Equity

(a) Issued capital

	4 May 2015 units
360 Capital Total Return Active Fund - Ordinary units issued	39,678,502

	$
360 Capital Total Return Active Fund - Ordinary units issued	7,754,074
Total issued capital	7,754,074

(b) Movements in issued capital

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

	4 May 2015 units
Opening balance at 27 October 2014	-
Institutional capital raising – 21 April 2015	32,000,000
Issue of units – 21 April 2015	7,678,502
Closing balance	39,678,502

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

	4 May 2015 $
Opening balance at 27 October 2014	-
Institutional capital raising – 21 April 2015	8,000,000
Transaction costs incurred in issuing capital	(245,926)
Closing balance	7,754,074

During the period an institutional capital raise was completed on 21 April 2015 before the Fund was listed on 22 April 2015.

Note 6: Financial instruments

Fair values

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

	Carrying amount 4 May 2015 $	Fair value 4 May 2015 $
Financial assets		
Financial assets at fair value through profit or loss	3,445,695	3,445,695
Total non-current	3,445,695	3,445,695
Receivables	41,304	41,304
Total current	41,304	41,304
Total	3,486,999	3,486,999
Financial liabilities		
Trade and other payables	230,502	230,502
Total current	230,502	230,502
Total	230,502	230,502

<u>Fair value hierarchy</u>

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.

Note 6: Financial instruments (continued)

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

	Total	Level 1	Level 2	Level 3
	$	$	$	$
As at 4 May 2015:				
Financial assets measured at fair value				
Financial assets at fair value through profit or loss	3,445,695	3,445,695	-	-

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 7: 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 8: Related party transactions

Restructure of CVC Property Fund
The Stapled 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 9: Events subsequent to balance date

Other than as disclosed above in the Responsible Entity's report 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 Active Fund
Directors' declaration
For the period 27 October 2014 to 4 May 2015

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

1) The interim financial statements and notes that are set out on pages 6 to 21 are in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the 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 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

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To the unitholders of 360 Capital Total Return Active Fund

Report on the Interim Financial Report

We have reviewed the accompanying interim financial report of 360 Capital Total Return Active Fund ('the Fund'), which comprises the statement of financial position as at 4 May 2015, 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 Interim Financial Report

The directors of the 360 Capital Investment Management Limited, the Responsible Entity of the Fund, are responsible for the preparation of the 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 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 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 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 Total Return Active Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an 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 interim financial report of 360 Capital Total Return Active Fund is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the 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