

360 CAPITAL TOTAL RETURN ACTIVE FUND

Annual Report
FOR THE YEAR ENDED
30 JUNE 2015

360 CAPITAL TOTAL RETURN ACTIVE FUND

ARSN 602 303 613

Financial Report

For the period 27 October 2014 to 30 June 2015

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360 Capital Total Return Active Fund
Responsible Entity report
For the period 27 October 2014 to 30 June 2015

The Directors of 360 Capital Investment Management Limited (“CIML”), the Responsible Entity, present their report together with the financial report of 360 Capital Total Return Active Fund ARSN 602 303 613 (“the Fund”) (“Active Fund”) for the period 27 October 2014 to 30 June 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.

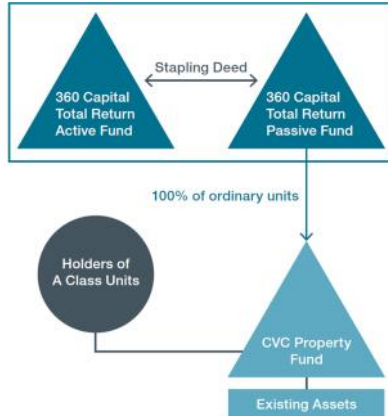
Directors

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 (“CJT”) (ASX: CJT), a capital raising of \$40.0 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.

360 Capital Total Return Active Fund
Responsible Entity report
For the period 27 October 2014 to 30 June 2015

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. The period from 27 October 2014 to 30 June 2015 is the first reporting period for the Fund.

Operating and financial review

Financial results

The Fund's statutory net loss attributable to unitholders for the period ended 30 June 2015 was \$169,249.

The Fund's statutory balance sheet as at 30 June 2015 had total assets of \$7.6 million reflecting the Fund's \$8.0 million allocation of the Stapled Fund's recapitalisation from the \$40.0 million institutional capital raise completed in April 2015.

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.

Environmental Issues

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

Units issued in the Fund

There were 39,678,456 units issued during the year. Refer to Note 7 for more detail.

Number of interests on issue

At 30 June 2015 the number of units on issue in the Fund was 39,678,456.

Fees, commissions or other charges by the Responsible Entity or Related Parties of the Responsible Entity

All fees payable to the Responsible Entity or its related parties are detailed in Note 11 to the financial statements.

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

At 30 June 2015 related parties of the Responsible Entity held units in the Fund, as detailed in Note 11 to the financial statements.

360 Capital Total Return Active Fund
Responsible Entity report
For the period 27 October 2014 to 30 June 2015

Indemnification and insurance of Officers

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

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

Non-audit services

Disclosed in Note 4 are the non-audit services provided by the Fund's auditors. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

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 year ended 30 June 2015.

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



Tony Robert Pitt
Director

Sydney
26 August 2015



Graham Ephraim Lenzner
Director



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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 audit of the financial report of 360 Capital Total Return Active Fund for the financial year ended 30 June 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
26 August 2015

360 Capital Total Return Active Fund
Statement of profit or loss and other comprehensive income
For the period 27 October 2014 to 30 June 2015

		30 June 2015 \$
	Note	
Revenue from continuing operations		
Finance revenue		21,076
Total revenue from continuing operations		21,076
Total revenue from continuing operations and other income		21,076
Administration expenses		61,287
Restructure and acquisition costs		115,557
Net loss on disposal of financial assets		13,481
Loss from continuing operations		(169,249)
Loss for the period		(169,249)
Total comprehensive loss for the period		(169,249)
Earnings per unit for continuing operations		
attributable to the unitholders of 360 Capital Total Return Active Fund		Cents
Basic and diluted loss per security	5	(1.5)

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

360 Capital Total Return Active Fund**Statement of financial position****As at 30 June 2015**

		30 June 2015 \$
	Note	
Current assets		
Cash and cash equivalents	9	7,222,596
Receivables	6	388,880
Total current assets		7,611,476
Total assets		7,611,476
Current liabilities		
Trade and other payables		34,433
Total current liabilities		34,433
Total liabilities		34,433
Net assets		7,577,043
Equity		
Issued capital – ordinary units	7	7,746,292
Accumulated losses		(169,249)
Total equity attributable to unitholders		7,577,043
Total equity		7,577,043

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

360 Capital Total Return Active Fund
Statement of changes in equity
For the period 27 October 2014 to 30 June 2015

	Note	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 27 October 2014		-	-	-
Total comprehensive loss for the year		-	(169,249)	(169,249)
Transactions with unitholders in their capacity as unitholders				
Issued units - Institutional equity raising	7	8,000,000	-	8,000,000
Equity raising transaction costs	7	(253,708)	-	(253,708)
Distributions		-	-	-
		7,746,292	-	7,746,292
Balance at 30 June 2015		7,746,292	(169,249)	7,577,043

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

360 Capital Total Return Active Fund
Statement of cash flows
For the period 27 October 2014 to 30 June 2015

		30 June 2015 \$
	Note	
Cash flows from operating activities		
Cash payments to suppliers (inclusive of GST)		(179,351)
Finance revenue		21,076
Net cash outflows from operating activities	9	(158,275)
Cash flows from investing activities		
Payments for financial assets		(3,441,475)
Proceeds from disposal of financial assets		3,427,994
Net cash outflows from investing activities		(13,481)
Cash flows from financing activities		
Proceeds from issue of capital	7	8,000,000
Payment of transaction costs to issue capital	7	(253,708)
Provision of loan to related party		(351,940)
Net cash inflows from financing activities		7,394,352
Net increase in cash and cash equivalents		7,222,596
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period	9	7,222,596

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

360 Capital Total Return Active Fund
Notes to the financial report
For the period 27 October 2014 to 30 June 2015

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 Active Fund was registered on 27 October 2014. The financial report for the period from 27 October 2014 to 30 June 2015 is the reporting period for the Fund.

The financial report was authorised for issue by the Board on 26 August 2015.

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 complies with IFRS and interpretations adopted by the International Accounting Standards Board.

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.

The financial report is presented in Australian dollars.

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.

360 Capital Total Return Active Fund
Notes to the financial report
For the period 27 October 2014 to 30 June 2015

c) Basis of preparation (continued)

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.

360 Capital Total Return Active Fund
Notes to the financial report
For the period 27 October 2014 to 30 June 2015

f) Revenue recognition (continued)

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.

360 Capital Total Return Active Fund
Notes to the financial report
For the period 27 October 2014 to 30 June 2015

I) 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*.

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) 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) 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.

o) 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.

p) 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.

360 Capital Total Return Active Fund
Notes to the financial report
For the period 27 October 2014 to 30 June 2015

q) 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.

r) 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, 2018)*. 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 are currently assessing the impact on 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 Active Fund
Notes to the financial report
For the period 27 October 2014 to 30 June 2015

Note 2: Financial risk management

Overview

The Fund's activities expose it to various types of financial risks including credit risk, liquidity risk, and market risk. The Board of Directors of the Responsible Entity has responsibility for the establishment and oversight of the risk management framework ensuring the effective management of risk.

The Board has established risk management principles and policies and monitor their implementation. Policies are established to identify and analyse the financial risks faced by the Fund, to set appropriate risk limits and controls, and monitor the risks and adherence to limits. The Board meets regularly to review risk management policies and systems and ensure they reflect changes in market conditions and the Fund's activities.

The nature and extent of the financial instruments and the risk management policies employed by the Fund are discussed in this section.

a) Credit risk

Credit risk is the risk of financial loss to the Fund if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Fund is exposed to credit risk through the financial assets listed in the table below. The table also details the maximum exposure to credit risk for each class of financial instrument.

	30 June 2015 \$
Cash and cash equivalents	7,222,596
Receivables	388,880
Total	7,611,476

The Fund manages credit risk and the losses which could arise from default by ensuring that parties to contractual arrangements are of an appropriate credit rating, or do not show a history of defaults. At reporting date, there are no issues with the credit quality of financial assets that are neither past due nor impaired, and all amounts are expected to be received in full.

b) Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Board has a policy of prudent liquidity risk management ensuring that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund monitors its exposure to liquidity by ensuring that there is sufficient cash on hand to meet the contractual obligations of financial liabilities as they fall due.

Note 2: Financial risk management (continued)

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Fund's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Fund's market risk is managed in accordance with the investment guidelines as outlined in the Fund's Product Disclosure Statement.

Interest rate risk

The Fund's interest rate risk arises from cash balances. The potential impact of a change in interest rates by +/-1% on profit and equity has been disclosed in a table in Note 8.

Other markets risk

The Fund does not have any material exposure to any other market risks such as currency risk.

d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The Fund uses a variety of methods to calculate the value of financial instruments and makes assumptions that are based on market conditions existing at each balance date. The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables.

e) Capital Management

Under the direction of the Board, the Fund manages its capital structure to safeguard the ability of the Fund to continue as a going concern while maximising the return to unitholders through the optimisation of net debt and total equity balances.

In order to maintain or adjust the capital structure, the Fund may adjust the amount of distributions paid to unitholders, return capital to unitholders, issue new units, purchase the Fund's own units, or sell assets to reduce debt.

There were no changes in the Fund's approach to capital management during the year.

Note 3: Distributions

The Fund did not pay any distributions during the period.

360 Capital Total Return Active Fund
Notes to the financial report
For the period 27 October 2014 to 30 June 2015

Note 4: Auditors' remuneration

	30 June 2015 \$
<u>Audit services – EY</u>	
Audit services	10,000
Audit of compliance plan	2,650
	12,650
<u>Other services – EY</u>	
Taxation compliance services	5,000
Taxation services – other	37,000
	54,650

Note 5: Earnings per unit

	30 June 2015 ¢
Basic and diluted loss per unit	(1.5)
	\$
Basic and diluted loss	
Loss attributable to unitholders of 360 Capital Total Return Active Fund used in calculating loss per unit	(169,249)
	units
Weighted average number of units used as a denominator	
Weighted average number of units – basic and diluted	11,405,548

Note 6: Receivables

	30 June 2015 \$
Current	
GST receivable	36,940
Related party loan receivable	351,940
	388,880

a) Fair values

The receivables are carried at amounts that approximate their fair value. There are no receivables where the fair value would be materially different from the carrying value.

b) Credit risk

There is a limited amount of credit risk - refer to Note 2 for more information on the risk management policy of the Fund.

360 Capital Total Return Active Fund
Notes to the financial report
For the period 27 October 2014 to 30 June 2015

Note 7: Equity

(a) Issued capital

	30 June 2015 units
360 Capital Total Return Active Fund - Ordinary units issued	39,678,456
	\$
360 Capital Total Return Active Fund - Ordinary units issued	7,746,292
Total issued capital	7,746,292

(b) Movements in issued capital

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

	30 June 2015 units
Opening balance at 27 October 2014	-
Institutional capital raising – 21 April 2015	32,000,000
Issue of units – 21 April 2015	7,678,456
Closing balance	39,678,456

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

	30 June 2015 \$
Opening balance at 27 October 2014	-
Institutional capital raising – 21 April 2015	8,000,000
Transaction costs incurred in issuing capital	(253,708)
Closing balance	7,746,292

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

(c) Distributions to unitholders

There were no distributions paid or payable to unitholders by the Fund for the year ended 30 June 2015.

(d) Capital management

The Fund regards net assets attributable to unitholders as its capital. The Fund's investment strategy is to invest in real estate based activities and actively manage a diversified portfolio of investments to provide returns to unitholders.

360 Capital Total Return Active Fund
Notes to the financial report
For the period 27 October 2014 to 30 June 2015

Note 8: Financial instruments

Fair values

Set out below is a comparison of the carrying amounts and fair values of financial instruments as at 30 June 2015:

	Carrying amount	Fair value
	30 June	30 June
	2015	2015
	\$	\$
Financial assets		
Receivables	388,880	388,880
Total current	388,880	388,880
Total	388,880	388,880
Financial liabilities		
Trade and other payables	34,433	34,433
Total current	34,433	34,433
Total	34,433	34,433

The fair values of receivables and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

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.

At balance date, the Fund did not hold any classes of financial instruments measured at fair value.

Risk management activities

Credit risk

The carrying amounts of financial assets included in the statement of financial position represent the Fund's exposure to credit risk in relation to these assets. Credit risk management is detailed in Note 2(a).

Interest rate risk

The key source of interest rate risk for the Fund is derived from cash balances. The Fund manages this exposure by entering into interest rate swap agreements to fix a portion of the interest charged on its borrowings.

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Notes to the financial report
For the period 27 October 2014 to 30 June 2015

Note 8: Financial instruments (continued)

The Fund's exposure to interest rate risk by maturity period is:

	Floating interest rate \$	Fixed interest maturing in 1 year or less \$	Fixed interest maturing in 1 to 5 years \$	Fixed interest maturing more than 5 years \$	Non- interest bearing \$	Total \$
30 June 2015						
<u>Financial assets</u>						
Cash and cash equivalents	7,222,596	-	-	-	-	7,222,596
Receivables	-	-	-	-	388,880	388,880
Total financial assets	7,222,596				388,880	7,611,476
Weighted average interest rate	1.50%					
<u>Financial liabilities</u>						
Trade and other payables	-	-	-	-	34,433	34,433
Total financial liabilities	-	-	-	-	34,433	34,433
Net financial assets	7,222,596	-	-	-	354,447	7,577,043

Summarised interest rate sensitivity analysis

The table below illustrates the potential impact a change in interest rates by +/-1% would have had on the Fund's profit and equity.

		Change in interest rate	
	Carrying amount \$	-1% Profit \$	1% Profit \$
30 June 2015			
<u>Financial assets</u>			
Cash and cash equivalents	7,222,596	(72,226)	72,226
Total increase (decrease)	7,222,596	(72,226)	72,226

Liquidity risk

The following are contractual maturities of financial liabilities, including estimated interest payments (using existing variable interest rates):

	Carrying amount \$	Contractual cash flow \$	Less than 1 Year \$	Between 1- 5 Years \$	Over 5 Years \$
30 June 2015					
Trade and other payables	34,433	34,433	34,433	-	-
	34,433	34,433	34,433	-	-

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Note 9: Cash flow information

(a) Reconciliation of cash and cash equivalents

	30 June 2015 \$
Cash at bank	7,222,596
Cash and cash equivalents in the statement of cash flows	7,222,596

(b) Reconciliation of net profit to net cash inflows from operating activities

	30 June 2015 \$
Net loss for the year	(169,249)
<u>Adjustment for:</u>	
Loss on disposal of financial assets	13,481
<u>Change in assets and liabilities</u>	
Increase in receivables	(36,940)
Increase in payables	34,433
Net cash outflows from operating activities	(158,275)

Note 10: Capital commitments and contingencies

Capital commitments

As at 30 June 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 30 June 2015.

Note 11: Related party transactions

Responsible Entity

The Responsible Entity of the Fund is 360 Capital Investment Management Limited. The immediate parent entity of the Responsible Entity is 360 Capital Property Limited (ABN 46 146 484 433), and its ultimate parent entity is 360 Capital Group Limited (ABN 18 133 569 136).

360 Capital Total Return Active Fund
Notes to the financial report
For the period 27 October 2014 to 30 June 2015

Note 11: Related party transactions (continued)

Responsible Entity's fees and other transactions

Under the terms of the constitution, the Responsible Entity is entitled to receive fees in accordance with the product disclosure statement.

	30 June 2015
	\$
Fees for the year paid/payable by the Fund:	
Management of the Fund	9,004
Fund recoveries	104,018
	113,022

Restructure of CVC Property Fund

The Fund completed a restructure of an existing listed fund (CVC Property Fund), a capital raising of \$40.0 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.

During the year, the Responsible Entity was reimbursed for \$113,022 of costs incurred of behalf of the Fund. These included costs directly associated with the establishment of the Fund, the restructure of CVC Property Fund and capital raise transaction costs.

Unitholdings

Units held by the Responsible Entity and other Funds managed by and related to the Responsible Entity held units in the Fund as follows:

	30 June 2015
360 Capital Property Limited	
Number of units held	4,000,000
Interest % held	10.1%
Distributions paid/payable by the Fund (\$)	-

360 Capital Total Return Active Fund
Notes to the financial report
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Note 11: Related party transactions (continued)

Related Party Loans

During the year 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.

The Fund has a loan with the Passive Fund which relates to the charging of shared costs between the two stapled entities. The balance of the loan at 30 June 2015 is \$351,940. There is no interest charged on this loan.

Transfer of financial assets

During the period, the Fund purchased 1.7 million units in a third party property fund. In May 2015, these units were transferred to the Passive Fund at market price resulting in a loss on disposal of \$13,481.

Key management personnel

The Fund does not employ personnel in its own right. However, it has an incorporated Responsible Entity, 360 Capital Investment Management Limited, to manage the activities of the Fund. The directors and key management personnel of the Responsible Entity are detailed below. No compensation is paid directly by the Fund to directors or to any of the key management personnel of the Responsible Entity.

Payments made by the Fund to the Responsible Entity do not specifically include any amounts attributable to the compensation of key management personnel.

Directors

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

Management personnel unitholdings

The number of units held directly or indirectly by Directors, Key Management Personnel and their related parties as at 30 June 2015 are as follows:

Name	Position	30 June 2014	Acquisitions	30 June 2015
		Equity Holding		Equity Holding
David van Aanholt	Director	Nil	-	Nil
Tony Robert Pitt	Director	Nil	-	Nil
William John Ballhausen	Director	Nil	60,000	60,000
Graham Ephraim Lenzner	Director	Nil	50,000	50,000
Andrew Graeme Moffat	Director	Nil	200,000	200,000

360 Capital Total Return Active Fund
Notes to the financial report
For the period 27 October 2014 to 30 June 2015

Note 12: 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.

Note 13: Responsible Entity details

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

360 Capital Investment Management Limited
Level 8, 56 Pitt Street
Sydney, NSW 2000

360 Capital Total Return Active Fund

Directors' declaration

For the period 27 October 2014 to 30 June 2015

- 1) The Directors of 360 Capital Investment Management Limited, the Responsible Entity, declare that:
 - (a) The financial statements and notes that are set out on pages 6 to 25, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Fund's financial position as at 30 June 2015 and of its performance for the period ended on that date; and
 - (ii) complying with Australian Accounting Standards and *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (b) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable
- 2) The Directors draw attention to Note 1 (b) to the consolidated financial statements, which includes a statement of compliance with International Financial reporting Standards.

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



Tony Robert Pitt
Director

Sydney
26 August 2015



Graham Ephraim Lenzner
Director

Independent auditor's report to the unitholders of 360 Capital Total Return Active Fund

Report on the Financial Report

We have audited the accompanying financial report of 360 Capital Total Return Active Fund ('the Fund'), which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the declaration of the directors of 360 Capital Investment Management Limited, the Responsible Entity of the Fund.

Directors' Responsibility for the Financial Report

The directors of the Responsible Entity are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements* that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

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

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

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

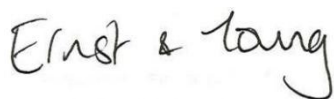
Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the Responsible Entity a written Auditor's Independence Declaration, a copy of which forms part of the directors' report.

Opinion

In our opinion:

- a. the financial report of 360 Capital Total Return Active Fund is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the Fund's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.



Ernst & Young



Mark Conroy
Partner
Sydney
26 August 2015