ASX Release | Appendix 4E

360 Capital Group

For the year ended 30 June 2015

Comprises the stapling of 360 Capital Group Limited (ACN 113 569 136) and 360 Capital Investment Trust (ARSN 104 552 598)

This Preliminary Financial Report is given to the ASX in accordance with Listing Rule 4.3A. This report should be read in conjunction with the Annual Report for the year ended 30 June 2015. It is also recommended that the Annual Report be considered together with any public announcements made by the Group. Reference should also be made to the statement of significant accounting polices as outlined in the Financial Report. The Annual Report for the year ended 30 June 2015 is attached and forms part of this Appendix 4E.

Details of reporting period:

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

Results announcement to the market:

	30 Jun 2015 $'000	30 Jun 2014 $'000	Movement $'000	Movement %
Revenue and other income from ordinary activities	59,031	54,475	4,556	8.4
Profit attributable to stapled securityholders for the year	24,138	22,973	1,165	5.1
Operating profit [1]	14,627	12,215	2,412	19.7

1 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 Group. Operating earnings is used by the Board to make strategic decisions and as a guide to assessing an appropriate distribution to declare. A reconciliation of the Group's statutory profit to operating earnings is provided in Note 13 of the Financial Report.

	30 Jun 2015 Cents per security	30 Jun 2014 Cents per security	Movement Cents per security	Movement %
Earnings per security – Basic	10.6	12.1	(1.5)	(12.4)
Earnings per security – Diluted	9.7	11.1	(1.4)	(12.6)
Operating profit per security	6.4	6.4	-	-

For the year ended 30 June 2015

Comprises the stapling of 360 Capital Group Limited (ACN 113 569 136) and 360 Capital Investment Trust (ARSN 104 552 598)

Distributions:

	Cents per security	Total amount paid $'000	Date of payment
September quarter distribution	1.3125	3,264	24 Oct 2014
December quarter distribution	1.4790	3,679	27 Jan 2015
March quarter distribution	1.4790	3,678	23 Apr 2015
June quarter distribution	1.4795	3,679	27 Jul 2015
Total distribution for the year ended 30 June 2015	**5.7500**	**14,300**	
September quarter distribution	1.25	3,096	24 Oct 2013
December quarter distribution	1.25	3,109	28 Jan 2014
March quarter distribution	1.25	3,109	24 Apr 2014
June quarter distribution	1.25	3,109	24 Jul 2014
Total distribution for the year ended 30 June 2014	**5.00**	**12,423**	

Net tangible asset per security:

	30 Jun 2015 $	30 Jun 2014 $
NTA per security [2]	0.71	0.61

2 The number of securities on issue at 30 June 2015 is 248.7 million (2014: 248.7 million). For calculation of NTA per security, the number of securities is reduced to 226.7 million (2014: 226.7 million). The difference represents securities issued under the 360 Capital Group Employee Security Plan, which under AASB2: Share-based payments, are not recognised for accounting purposes or included when calculating NTA per security. The corresponding loan receivable and interest income are also not recognised.

Control Gained or Lost over Entities during the year:

Refer to Note 35 of the Financial Report.

Details of Associates and Joint Venture entities:

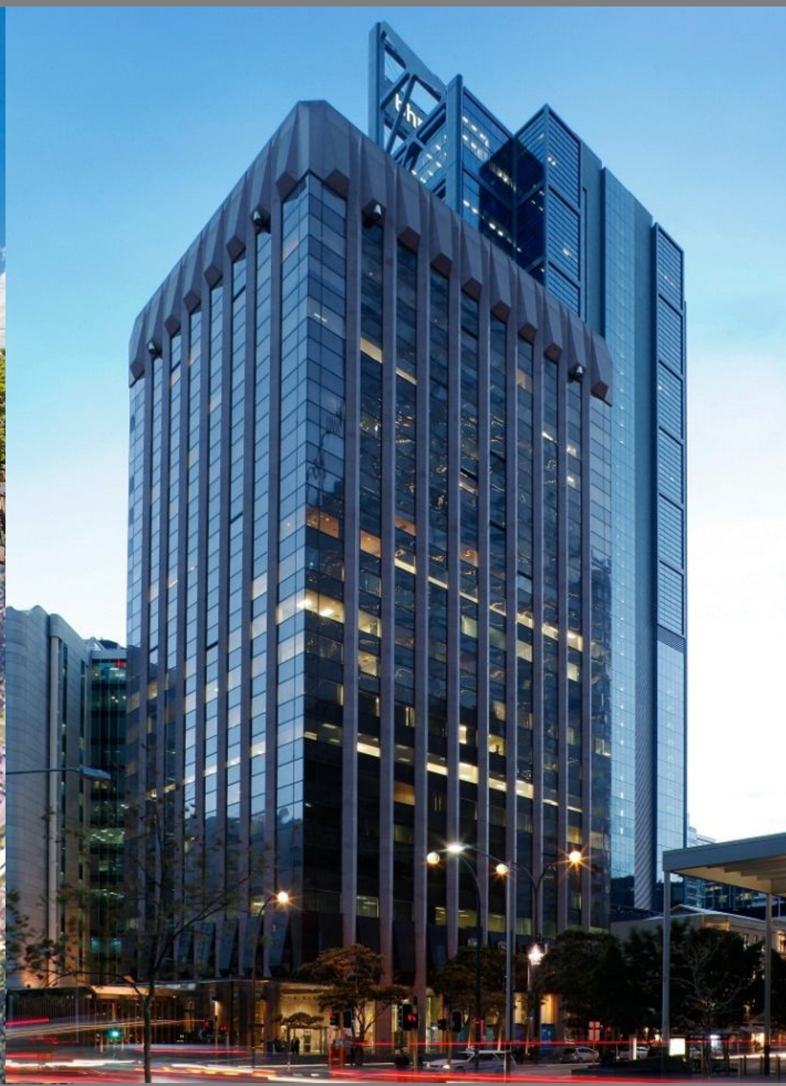
Refer to Note 19 of the Financial Report.

360 Capital Group

Annual Report

FOR THE YEAR ENDED 30 JUNE 2015

360 CAPITAL GROUP



360 Capital Group comprises 360 Capital Group Limited (ABN 18 113 569 136) and its controlled entities and 360 Capital Investment Trust (ARSN 104 552 598) and its controlled entities

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The Directors of 360 Capital Group Limited ("Company") present their report, together with the annual financial report of 360 Capital Group ("Group") for the year ended 30 June 2015. 360 Capital Group comprises 360 Capital Group Limited ("Parent Entity") and its controlled entities and 360 Capital Investment Trust and its controlled entities.

Directors

The following persons were Directors of 360 Capital Group Limited during the year 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 Group is a diversified real estate investment and funds management business. The principal activities of the Group are currently focused on the following core business segments representing:

- Funds Management - utilising the Group's management expertise to generate fee revenue through the creation and management of real estate funds
- Co-investment in managed funds - aligning interests of the Group with underlying fund investors and providing income through distributions and capital growth in equity values
- Direct asset investment - delivering rental cash flows, until the divestment of the Group's remaining direct property asset

The Group contracted during the year to sell its last remaining direct asset at Hurstville which now enables the Group to focus on being a pure fund manager with co-investments in the funds it manages.

There were no other significant changes in the nature of activities of 360 Capital Group during the year.

Operating and financial review

The statutory profit after tax attributable to the stapled securityholders of 360 Capital Group for the year ended 30 June 2015 was $24.1 million (2014: $23.0 million). The operating profit (profit before specific non-cash items and significant items) was $14.6 million (2014: $12.2 million).

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 Group.

The following table summarises key reconciling items between statutory profit after tax attributable to the stapled securityholders of 360 Capital Group and operating profit. The operating profit information in the table has not been subject to any specific audit procedures by the Group's auditor but has been extracted from Note 13 of the accompanying financial statements for the year ended 30 June 2015, which have been subject to audit; refer to page 100 for the auditor's report on the financial statements.

	Total core 30 June 2015 $'000	**Total core 30 June 2014 $'000**
Profit after tax attributable to stapled securityholders of 360 Capital Group	**24,138**	**22,973**
Specific non-cash items		
Net gain on fair value of financial assets	(6,844)	(8,505)
Reversal of impairment of equity accounted investments	(100)	(600)
Net (gain)/loss on fair value of investment properties	(9,111)	5,465
Net loss on fair value of derivative financial instruments	1,608	14
Security based payment expense	691	518
Straight-lining of lease revenue and incentives	474	620
Significant items		
Other expenses	545	-
Gain on bargain purchase	(287)	(9,321)
Business combination transaction expenses	-	791
Rent receivable adjustment	1,859	-
Acquisition and underwrite fees	645	-
Write back of provision of management fee income from property funds	-	(2,285)
Tax effect		
Tax effect of non-cash and significant item adjustments	1,009	2,545
Operating profit (profit before specific non-cash and significant items)	**14,627**	**12,215**

Operating and financial review (continued)

The key financial highlights for the year ended 30 June 2015 include:

- Statutory net profit attributable to stapled securityholders of $24.1 million (2014: $23.0 million)
- Operating profit of $14.6 million (2014: $12.2 million)
- Statutory basic EPS of 10.6 cps (2014: 12.1 cps)
- Operating diluted EPS[1] of 6.4 cps in line with guidance (2014: 6.4 cps)
- Including "active earnings" (capital deployed into repositioning and trading opportunities) of $25.4 million equating to 10.7 cps for the year (2014: 10.1 cps)
- Distributions increased 15% to 5.75 cps (2014: 5.00 cps) with a payout ratio 90% of operating profit
- Net assets increased 12.3% to $162.3 million from $142.6 million as at 30 June 2014
- Security trading price of $1.07 per Security up 36.3% from $0.785 as at 30 June 2014
- Group's market capitalisation increased to $266.1 million at 30 June 2015 (2014: $195.2 million)
- Total return for the year of 42.8% significantly outperformed S&P/ASX300 AREIT Accumulation Index which returned 20.2% and ASX Small Cap Industrials which returned 7.0%

The key operating achievements for the year ended 30 June 2015 include:

- Accelerated Group's strategy of becoming a pure fund manager and co-investor by opportunistically exchanging contracts to sell the Hurstville property for $47.0 million (22.0% premium to previous book value)
- Settled Goulburn asset disposal for $4.3 million in August 2014
- Completed 360 Capital Diversified Property Fund takeover
- Completed $75.0 million unsecured five year corporate bond issue
- Acquired strategic $27.1 million holding in Australian Industrial REIT (ASX: ANI) and accepted into 360 Capital Industrial Fund (ASX: TIX) off-market offer ("Offer") for ANI
- Launched new unlisted Fund, 360 Capital Retail Fund No.1
- Recycled $22.5 million in non-performing investments into higher forecast ROE activities
- Rationalised unlisted funds to focus on larger funds in platform
- Crystallised $4.1 million in unlisted trust exit fees

Managed funds key achievements for the year ended 30 June 2015 continue to drive Group returns through our co-investments, these include:

- TIX: Raised $141.2 million equity and acquired $155.3m of quality assets
- TIX: increased DPU forecast by 12.9% to 21.0cpu, upgraded FY16 EPU to 21.2 cpu
- TIX: announced takeover proposal for the $320.0 million ANI
- TOF: disposed of Burwood asset for $80.0 million, $15 million above book value
- TOF: purchased 576 Swan St, Richmond, Victoria for $46.5 million
- TOF: commenced buyback of up to 15% of its issued units
- TOT: completed IPO for 360 Capital Total Return Fund (ASX:TOT) raising $40.0 million in equity
- 360 Capital 111 St Georges Terrace Property Trust unitholders approved Trust extension to 2022 and crystallisation of $3.4 million exit fee, Group co-investment now 44.4%
- 360 Capital Subiaco Square Shopping Centre Property Trust unitholders approved Trust extension to 2020 and crystallisation of $0.7 million exit fee, Group co-investment now 39.8%
- 360 Capital Retail Fund No.1 acquired two shopping centres for $69.6 million at $5.7 million below 30 June 2015 valuation

[1] Excludes consolidated results relating to four Managed Funds with material non-controlling interests, deemed to be controlled under AASB 10. The consolidated performance of these managed funds, which are operated as managed investment schemes, are considered to be non-core segments and are reviewed separately to that of the performance of the Group's "core" operations. Balances associated with these Funds are only included to the extent of the Group's distributions received, fair value adjustments and equity investment value. Please refer to Note 13 Segment reporting.

Financial results summary

The Group's statutory net profit attributable to securityholders for the financial year ended 30 June 2015 was $24.1 million, equating to 10.6 cps, compared to $23.0 million for the prior year. The Group's statutory income and financial position for the year ended 30 June 2015 includes the results of four managed funds including two additional funds consolidated into the Group for financial reporting purposes during the year, (refer to note 35 of the financial statements for further information).

The increase in statutory profit for the year ended 30 June 2015 was driven by a full year profit contribution resulting from acquisition of the 360 Capital Property Group which occurred on 2 October 2013 in the prior year. Distribution revenue increased as a result of acquisitions of co-investments funded by redeployment of Group capital and from corporate bond proceeds. The Group also recognised $19.5 million of other income which was underpinned by $11.4 million of net gains on revaluations of investment properties including $8.5 million associated with the exchange of contracts for sale of the Group's Hurstville property during the year.

The Group's statutory balance sheet as at 30 June 2015 contained gross assets of $463.2 million reflecting an increase of $134.3million from 30 June 2014. Current assets have increased to $68.1 million reflecting the reclassification of the Group's $47.0 million Hurstville property, to assets held for sale. The Group's financial assets fair valued through the profit and loss increased in total by $28.0 million to $117.4 million which included a $31.7 million increase in the Group's investment in TIX facilitated by the conversion of the Group's units acquired in ANI to TIX units under the TIX Offer. Total borrowings at 30 June 2015 increased to $212.9 million primarily as a result of the Group's $75.0 million unsecured note issuance in September 2014.

The Group has utilised the cash and cash equivalents at the time of the capital raising in October 2013, to fund the acquisition of the 360 Capital Property Group, and other activities in line with the Group's business objectives and stated strategy as outlined in the Product Disclosure Statement dated 21 August 2013.

Operating and segment results

Operating profit[1] was $14.6 million up 19.7% on the prior year, reflecting the growth in operating activities and full year contribution resulting from the acquisition of 360 Capital Property Group in October 2013 combined with an increase in distribution revenue driven by from significant additional capital invested in listed and unlisted co-investments. Operating EPS of 6.4cps was consistent with the prior year, and in line with the revised guidance provided to the market in February 2015.

In addition to operating earnings, the Group continues to report the "Active Earnings" contribution (representing capital deployed into repositioning and trading opportunities) and also the fair value movements. Both of these contribute to the Group's overall returns and were created by the Group's ability to actively generate earnings from its capital deployed and enhance the value of its investments.

Operating earnings (including Active Earnings) combined to contribute $25.4 million[2] or 10.7 cps, to the overall Group returns, an increase of 31.6 % on the prior year earnings of $19.3 million[3]. The two main contributors to Active Earnings for the period were an uplift from the Hurstville investment property contracted for sale during the year of $4.8 million (excluding the deferred rent receivable component) and the value uplift of $5.5 million from the acquisition of the minority interest in the Diversified Fund (recognised directly in equity). The balance of Active Earnings for the year comprised the bargain gain on Subiaco Trust acquisitions, the gain on ANI units accepted into the TIX Offer, offset by employee security based payments expense and associated tax adjustments. In addition to Active earnings fair value movements of $4.8 million include net gains on revaluation of the Group's investments in managed funds of $5.3 million offset by $1.6 million fair value loss on financial instruments.

1 Excludes consolidated results relating to four Managed Funds with material non-controlling interests, deemed to be controlled under AASB 10. The consolidated performance of these managed funds, which are operated as managed investment schemes, are considered to be non-core segments and are reviewed separately to that of the performance of the Group's "core" operations. Balances associated with these Funds are only included to the extent of the Group's distributions received, fair value adjustments and equity investment value. Please refer to Note 13 Segment reporting.

2 Operating earnings including active earnings of $25.4 million for the year ended 30 June 2015 represents operating earnings plus value uplift on Hurstville investment property (excluding deferred rent receivable) of $4.9 million, value uplift on Diversified Fund (recorded in equity) of $5.5 million, gain on conversion of ANI units $0.6 million, bargain gain on Subiaco acquisition $0.3 million less employee security based payments net of applicable tax of $0.4 million.

3 Operating earnings including active earnings of $19.3 million for the year ended 30 June 2014 represents operating earnings plus value uplift on Lawson loan mezzanine debt of $4.8 million plus $2.3 million form restructuring the Development Income Fund and gain on acquisition of Retail Fund $0.3 million.

Financial results summary (continued)

The Group's total segment assets increased by $90.5 million to $264.4 million primarily driven by co-investment activities including fair value uplifts combined with further acquisitions in managed funds during the year. The Group's net assets increased by $19.7 million further strengthening the Group's net asset backing.

Capital management

As at 30 June 2015, the Group's total borrowing were $86.0 million including the $75.0 million, 5 year unsecured notes and $11.0 million drawn of the $25.0 million debt facility with National Australia Bank ("NAB"). In September 2014 the Group issued a total of $75.0 million in unsecured notes with a fixed rate of 6.9% and term of 5 years to assist funding the Group's future growth. As at 30 June 2015, the Group's balance sheet was geared to 34.0%[1] with a look through gearing position of 53.9%. Under the bond covenants, the Group must maintain a gearing ratio of less than 45% and look through gearing[2] of less than 55.0%.

As at 30 June 2015 the Group held $11.7 million in cash, with $6.5 million available for investment and the balance held for AFSL capital purposes. Furthermore, the settlement of Hurstville will provide further cash of approximately $39.0 million in September 2015 over and above rent and deposits already received in relation to the sale. These funds will be used to repay the Group's $11.0 million of bank debt reducing the Group's gearing position and $29.0 million is to be recycled in co-investments in 360 Capital managed unlisted funds and other working capital activities over the next 12-18 months.

In summary, over the next 18 months the Group is expected to have access to cash reserves of more than $100.0 million, providing significant capital to continue to grow the Group and maintain its capital light strategy.

Funds Management

During the year, the Group rationalised the number of funds and trusts in its platform simplifying the Group's corporate structure whereby all investments in funds managed by the Group are now held directly.

The Group has now completed the rationalisation of funds in the platform and has provided all unitholders within the platform with the opportunity to exit their investment either through ASX listing for TOF and TIX, winding up 360 Capital Canberra Trust and various development funds and providing liquidity facilities for 360 Capital Diversified Property Fund, 360 Capital 111 St Georges Terrace Property Trust and 360 Capital Subiaco Square Shopping Centre Property Trust.

During the year to 30 June 2015, the Group increased funds under management (FUM) from $0.9 billion to $1.2 billion, driven by FUM growth within the listed funds.

During the year Group's funds management division generated recurring revenue of $6.3 million, up 40.7% from $4.8 million on the prior year. Including non-recurring revenue, total revenue for the division was $7.2 million, an increase of 35.9%. The operating earnings before interest and tax ("EBIT") of the division for the year was $2.7 million up 237.5% on the prior year EBIT of $0.8 million.

The Group crystallised $4.1 million in accrued exit fees during the year, and has $1.1 million in accrued exit fees remaining in the four core unlisted funds.

1 Group gearing for covenant purposes represents total borrowings divided by tangible assets.

2 Look through gearing is calculated as total borrowings less cash divided by total tangible assets less cash, including the Group's proportionate share of underlying gearing of its co-investments in managed funds.

Listed Funds

The Group manages three ASX listed Funds with FUM at 30 June 2015 across these three funds of $903.5 million, up 44.6% from $624.8 million at the end of the previous year.

Industrial Fund

During the year TIX raised $141.2 million of equity, acquired a total of $155.3 million of properties, increased gross assets from $366.0 million to $623.2 million and continued to deliver earnings growth with EPU up 10.7% to 22.8cpu and DPU up 12.9% to 21.0cpu for the year.

TIX announced a takeover proposal for the $320.0 million ANI and currently holds a $68.8 million investment in ANI with a 32.0% acceptance level of the TIX Offer. The strategy is to create a circa $900.0 million pure rent collecting AREIT with significantly improved market position scale diversification and liquidity.

The Fund remains well supported by investors and is in a strong position to continue to grow its EPU and DPU through acquisitions in the above $10.0 million range.

Office Fund

TOF completed the opportunistic disposal of a 26 year old Burwood property for $80.0 million, $15.0 million in excess of book value, and utilised the proceeds to retire the majority of borrowings and acquire a two year old property located at 576 Swan St, Richmond, Victoria for $46.5 million. The fund has a mandate to invest in A-grade suburban assets and B-grade CBD assets, a market characterised by depth and few competitors. The fund has a strategy of growing its gross assets of $220.0 million whilst also growing EPU and DPU. The fund bought back $9.1 million (5.7% of units) under its unit buy-back program during the year.

Total Return Fund

TOT listed on ASX in April 2015 following a successful IPO and completed a $40.0 million equity raise. TOT represents a unique real estate-based opportunity fund. The Group is entitled to ongoing base management fees of 0.65% of gross assets, acquisition and disposal fees and performance fees of 20% above a 12% total return.

Unlisted Funds

The Group's unlisted funds division focused on maximising portfolio value and returns for unitholders as well as rationalising non-core funds. The Group manages six unlisted Funds with total FUM at 30 June 2015 of $301.0 million compared to $319.5 million a year ago following significant rationalisation and capital recycling.

360 Capital Retail Fund No.1

This new $75.3 million unlisted fund was launched in March 2015 and represents attractive defensive investment characteristics with two shopping centres with 50% of their combined revenue contributed by Coles, Target and Woolworths, with the properties at 98.3% occupancy. The Fund has an 8.00% distribution yield in year one, with distributions forecast 50-60% tax deferred component and $0.96 NTA per unit compared to $1.00 issue price and a potential ASX listing proposal.

The Group purchased the assets $5.7 million below the 30 June 2015 valuation and renegotiated a new 10 year lease with Target. The Group will receive an acquisition fee of $1.7 million, an underwriting fee of $1.3 million, upon the equity sell down of the Fund, plus ongoing management fees of approximately $0.4 million per annum and potential disposal and performance fees upon sale of the properties after seven years.

Operating and financial review (continued)

360 Capital 111 St Georges Terrace Property Trust

In December 2014 the unitholders approved a trust expiry extension to 2022 and crystallisation of $3.4 million exit fee as units, taking Group co-investment to 44.4%.

360 Capital Subiaco Square Shopping Centre Property Trust

In October 2014 the unitholders approved a trust expiry extension to 2020 and crystallisation of $0.7 million exit fee as units, taking Group co-investment to 39.8%.

360 Capital Diversified Property Fund

In September 2014 the unitholders approved the Group offer, under a scheme of arrangement, to purchase units it did not already own at $0.25 per unit for total consideration of $21.2 million giving unitholders long sought after liquidity. The Fund is now a wholly owned subsidiary of the Group.

360 Capital Canberra Trust

In August 2014 the unitholders approved the windup of the Trust following the Group's recommendation to unitholders to sell the property following a successful leasing transaction. A final distribution was paid in June 2015 providing full liquidity to unitholders of the wind up process.

360 Capital AREIT Fund

In July 2014 the Group launched a property securities fund managed by Damian Diamantopoulos. The Fund has outperformed the S&P/ASX300 AREIT Accumulation Index from inception to 30 June 2015 generating a total return of 17.9% to date compared to 14.8% from the Index. The fund has obtained an independent research report and is now included on the Macquarie wrap platform.

Co-investments

The co-investment segment delivered operating EBIT of $12.0 million for the year, an increase 79.1% on the prior year result of $6.7 million. The significant growth was generated from the Group's takeover of the Diversified Fund in September 2014 combined with additional capital invested across the listed and unlisted managed funds.

As mentioned above the Group has continued the rationalisation of the number of funds and trusts in the Group's platform which simplified the Group's corporate structure with all co-investment funds managed by the Group now held directly by the Group.

A $16.5 million stake in funds managed by Centuria was providing suboptimal income returns to the Group. At the Group's instigation, a successful wind up strategy was implemented during the year returned the majority of unitholders' capital with a residual of $0.4 million to be returned in FY16.

The Group's provision of liquidity to unitholders in the 360 Capital Diversified Fund through the acquisition of the units it didn't already own resulted in the fund becoming a wholly owned subsidiary of the Group, significantly boosting the Group's co-investments.

Operating and financial review (continued)

At 30 June 2015, the Group had total co-investments in its managed funds of $194.1 million, up 94.2% from $100.3 million at 30 June 2014.

The Group has $113.1 million of core co-investments in ASX listed entities comprising:

- $63.9 million or a 17.4% investment in TIX
- $44.5 million or a 28.8% investment in TOF
- $4.7 million or a 10.1% investment in TOT

The Group has total co-investments of $80.4 million in unlisted funds, up 31.8% from $62.3 million a year ago driven by the consolidation of the Diversified Fund and creation of 360 Capital Retail Fund No.1.

These co-investments are considered shorter term investments, many of which could provide recyclable capital for the Group as follows:

- $47.0 million invested in 360 Capital Group's managed unlisted funds, approximately two thirds of which is the Group's 44.4% interest in 111 St Georges Terrace Property Trust. 360 Capital is reviewing options to recycle this capital back into the Group over the next 12- 18 months.
- $33.4 million invested in the recently formed 360 Capital Retail Fund No.1 on a short term basis through an underwriting agreement. The Group expects to sell down most, if not all, of this raising over the next quarter potentially via an ASX listing proposal.

The Group's co-investment in unlisted funds was boosted during the period after the Group provided liquidity facilities to the 111 St Georges Terrace Property Trust and Subiaco Shopping Square Property Trust and converted a total of $4.1 million of exit fees into additional units in these two funds.

Direct assets

For the year ended 30 June 2015 operating EBIT direct asset investment was $6.0 million, down 11.1% on the prior year reflecting the Group's reduced exposure to direct assets following the recent property divestments. The Group also recorded a profit on the unconditional exchange of the Hurstville asset of $4.8 million during the period as a result of the gain on sale (excluding lease payments under the sale contract). This amount has been recorded as Active Earnings.

On 30 October 2014, the Group exchanged unconditional contracts to dispose of its remaining direct asset at 20 Woniora Road, Hurstville, NSW for a gross sale price of $47.0 million, a 22.0% premium to the previous carrying value of the asset of $38.5 million as at 30 June 2014. Under the contract, the purchaser has leased the entire building from the expiry of the ATO lease in February 2015 until settlement on 30 September 2015, with the sale price to be reduced by any rental payments under the lease. These lease payments received are included in operating profit for the year.

Operating and financial review (continued)

Summary and Outlook

In line with its stated strategy, the Group is now a pure funds management and co-investor group, with the disposal of the Hurstville investment property due to settle in September 2015 and proceeds to be recycled into higher ROE co-investments. The Group will continue to maintain its "capital light" strategy, opting to grow earnings and distributions per security in excess of its peers from a tight capital base.

The Group now has sustainable and visible earnings from its funds management division, through recurring management and associated fees, and through its co-investment's income distributions, following simplification of its business model. The Group's medium term strategy for the co-investment division is to exit unlisted co-investments by recycling capital into higher ROE activities which is expected to drive growth in distribution income.

Active Earnings relate to potential upside from identified opportunities, and depend on market conditions and identifying opportunities. However these will continue to complement the Group's ability to organically grow existing funds and continue to recycle capital into higher ROE investments as well as continued appreciation in the value of existing assets.

Risks to the Group in the coming year primarily involve potential earnings variability associated with identifying alternate investment opportunities and the timing of the reinvestment of recycled funds from the disposal of the Group's non-core assets. These risks are mitigated by the Group's focused and active management of its existing managed funds platform and its proven ability to identify new opportunities to maximise returns for securityholders.

The Group considers that the commercial real estate markets are fully priced and is prepared to stand still and/or opportunistically sell assets where mispricing occurs in the market. The Group maintains its active approach to transactions ensuring that it continues to get an opportunity to participate in the majority of transactions in Australian commercial real estate marketplace.

The Group's objectives for the coming year are:

- Remain focused on maximising portfolio value within the managed funds to maximise investor returns
- Continue to recycle capital into higher ROA activities to drive Group EPS
- Be prepared for opportunities which may arise, be mindful of where we are in the cycle and continuing to focus on our business plan

Dividends and distributions

The Company did not declare any dividends during the year or up to the date of this report (30 June 2014: Nil). Distributions declared by 360 Capital Investment Trust directly to Securityholders during the year were as follows:

	30 June 2015 $'000	**30 June 2014 $'000**
1.25 cents per stapled security paid on 24 October 2013	-	3,096
1.25 cents per stapled security paid on 28 January 2014	-	3,109
1.25 cents per stapled security paid on 24 April 2014	-	3,109
1.25 cents per stapled security paid on 24 July 2014	-	3,109
1.3125 cents per stapled security paid on 24 October 2014	3,264	-
1.4790 cents per stapled security paid on 27 January 2015	3,679	-
1.4790 cents per stapled security paid on 23 April 2015	3,678	-
1.4795 cents per stapled security paid on 27 July 2015	3,679	-
	14,300	12,423

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 Group that occurred during the year under review other than those listed above or elsewhere in the Directors' report.

Likely developments and expected results of operations

As outlined in the Summary and Outlook section above, the Group has transitioned to a pure funds management and co-investor group. The Group remains focused on maximising portfolio value within the managed funds to maximise investor returns and continues to recycle capital into higher ROA activities to drive Group EPS.

Information on Directors and Key management Personnel

Directors

David van Aanholt - Independent Chairman

David van Aanholt has over 25 years of experience in the property and funds management industry. Prior to establishing his own property group in 2007, David was the Chief Executive Officer (Asia Pacific) of the ASX listed Goodman Group (previously known as Macquarie Goodman). In that role David was responsible for Goodman's operations in Australia, New Zealand, Hong Kong and Singapore. David worked for Goodman for more than a decade and before joining them he was a Fund Manager at Paladin Australia Limited (acquired by Deutsche Bank) and an Associate Director of CDH Properties (acquired by KPMG).

David holds a Bachelor of Business (Land Economy), a Post Graduate Diploma in Management and a Masters in Business Administration. He is an Independent Director of the Kennards Self Storage Group and is a Fellow of the Australian Property Institute.

Tony Robert Pitt – Managing Director

Tony Pitt is a founding Director of 360 Capital and has worked in the property and property funds management industries for over 18 years.

As Managing Director, Tony is responsible for the performance of 360 Capital's various investments and funds, including the investment analysis, management, acquisitions and disposal and overall Group and investment strategy. Tony was responsible for repositioning of the 360 Capital Property Group since December 2010 through the disposal of in excess of $340 million in underlying Fund and Trust assets and the refinancing of approximately $0.5 billion in debt, prior to its acquisition by the Group in October 2013.

Tony was formerly the Director of JF Meridian Trust (JFM), an ASX listed diversified trust and was responsible for growing JFM from $530 million to $1.1 billion in assets over a three year period. He was previously an Executive Director of James Fielding Funds Management Limited, JF Meridian Management Limited, Hotel Capital Partners Limited, Bankminster Properties Limited and Travelodge Hotel Group. He also held positions at Paladin Australia Limited, Jones Lang LaSalle and Richard Ellis.

Apart from 360 Capital directorships, Tony is a director of Pentagon Property Group.

He graduated from Curtin University with a Bachelor of Commerce (Property), has a Graduate Diploma in Applied Finance and Investment from the Financial Services Institute of Australasia.

William John Ballhausen - Non-Executive Independent Director

John Ballhausen is a financial services professional. He provides services to a number of organisations and is a Responsible Manager for several Australian Financial Services Licensees.

John founded Rimcorp Property Limited and became its Managing Director. In 2008, Rimcorp was successfully sold with approximately $100 million in funds under management spread over four registered property schemes.

Before 2002 John held the position of Chief Investment Officer with HIH Insurance, with responsibility for more than $3 billion of funds across fixed interest, equities and property asset classes. John has a Bachelor of Commerce from the University of NSW and is a Fellow of the Financial Services Institute of Australasia.

Directors (continued)

Graham Ephraim Lenzner - Non-Executive Independent Director
Graham Lenzner has had a career spanning four decades, with particular emphasis on funds management and financial markets. Graham was an Executive Director of the Armstrong Jones Group for 12 years, the last four years as Joint Managing Director. Other previous roles include Finance and Deputy Managing Director of Aquila Steel, General Manager Finance and Investments of MMI Insurance Limited and Director Head of Equities with Schroder Darling Management Limited. Graham has served on the Board of a number of public and private companies. He is currently Chairman of Device Technologies Australia Pty Limited.

Andrew Graeme Moffat - Non-Executive Independent Director
Andrew Moffat has in excess of 20 years of corporate and investment banking experience, including serving as a director of Equity Capital markets and Advisory for BNP Paribas Equities (Australia) Limited. Andrew is the sole principal of Cowoso Capital Pty Ltd, a company providing corporate advisory services.

Andrew is also Chairman of Pacific Star Network Limited, Chairman of Keybridge Capital Limited, a Director of Rubik Financial Limited and a Director of CCK Financial Solutions Limited. His past public company directorships include itX Group Limited and Infomedia Limited.

Senior Management

Ben James - Chief Investment Officer
Ben James joined 360 Capital in 2010 and is responsible for all fund investment activities within the group. Ben has over 19 years' experience in Real Estate Funds Management and Investment across the office, retail, industrial, hotel and car park sectors. Prior to joining 360 Capital, Ben was the Trust Manager of Mirvac Property Trust, the $4.5 billion investment vehicle of the ASX listed Mirvac Group. He also held positions in property management and investment sales with Colliers International.

Ben holds a Bachelor of Commerce (Land Economy) and is a former Chair of the Property Council of Australia's NSW Capital Markets Committee. Ben is also a Director of 360 Capital Institutional Investment Management Limited and Pentagon Property Group.

Glenn Butterworth - Chief Financial Officer

Glenn Butterworth was appointed as the 360 Capital Group Chief Financial Officer in December 2013. A key executive within the business, Glenn is responsible for all 360 Capital's financial management activities.

Glenn joined 360 Capital from Mirvac where he has spent the last 11 years, most recently as Financial Controller of the Mirvac's Investment Division for the last 7 years where he was responsible for Mirvac Property Trust, listed and wholesale managed funds and partnership structures and has a wealth of transactional and financial management experience. Prior to Mirvac Glenn held a number of senior finance roles including Financial Controller at McGrath Estate Agents.

Glenn is a Chartered Accountant and holds a Bachelor of Commerce, and commenced his career as an accountant at Deloitte.

Alan Raymond Sutton - Company Secretary
Alan Sutton is an accountant with more than 30 years in financial control and company secretarial practice, the last 12 years in property funds management. Prior to joining the 360 Capital, Alan was the Company Secretary for the Lachlan Property Group including Lachlan REIT Limited. He was Paladin Australia's Financial Controller – Corporate before its merger with Deutsche Asset Management in July 2000.

At Deutsche, he was responsible for all accounting and financial aspects of the Asset Management Property Group, as well as reorganising the property trust accounting team to take on the operations of Deutsche's various property trusts and mandates. Alan is responsible for the Group's corporate financial reporting and all company secretarial matters.

Alan is a FCPA, an Associate member of the Chartered Secretaries Australia, a member (FFin) of the Financial Services Institute of Australia (Finsia) and a registered tax agent.

Directors meetings

The number of Board meetings and Directors' attendance at those meetings during the year are set out below:

	Board		Audit Committee		Nominations & Remuneration	
	Meetings attended	**Meetings held**	**Meetings attended**	**Meetings held**	**Meetings attended**	**Meetings held**
Director						
David van Aanholt	7	7	-	-	1	1
Tony Robert Pitt	7	7	-	-	1	1
William John Ballhausen	7	7	4	4	-	-
Graham Ephraim Lenzner	7	7	4	4	-	-
Andrew Graeme Moffat	7	7	4	4	1	1

Remuneration report

The Remuneration Report for the year ended 30 June 2015 outlines the remuneration arrangements of the 360 Capital Group in accordance with the requirements of the *Corporations Act 2001* and its regulations ("the Act"). This information has been audited as required by section 308(3C) of the Act.

The 360 Capital Group Board is committed to clear and transparent disclosure of the remuneration structure and details of the value that Key Management Personnel ("KMP") derive from their remuneration arrangements.

The remuneration report is presented under the following sections:

a. Introduction
b. Remuneration governance
c. Executive remuneration arrangements
d. Executive remuneration outcomes
e. Executive contracts
f. Non-executive director remuneration arrangements
g. Additional disclosures relating to options and securities
h. Loans to key management personnel and their related parties
i. Other transactions and balances with key management personnel and their related parties

Remuneration report (continued)

a. Introduction

The remuneration report details the remuneration arrangements for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise).

(i) Non-executive directors ("NEDs")
David van Aanholt, Independent Chairman
William John Ballhausen, Independent Director
Graham Ephraim Lenzner, Independent Director
Andrew Graeme Moffat, Independent Director

(ii) Executive director
Tony Robert Pitt, Managing Director

(iii) Other KMP
Ben James, Chief Investment Officer
Glenn Butterworth, Chief Financial Officer
Alan Sutton, Company Secretary

There were no other changes to KMP after the reporting date and before the date the financial report was authorised for issue.

b. Remuneration governance

Remuneration Committee
The Remuneration Committee is appointed by the Board and comprises the following directors:

Andrew Graeme Moffat (Chairman of the Committee)
Graham Ephraim Lenzner
Tony Robert Pitt

The Remuneration Committee has delegated decision making authority for some matters related to the remuneration arrangements for NEDs and executives, and is required to make recommendations to the Board on other matters.

Specifically, the Board approves the remuneration arrangements of the Managing Director and other executives and all awards made under the short term ("STI") and long-term incentive ("LTI") plans, following recommendations from the Remuneration Committee. The Board also sets the aggregate remuneration of NEDs, which is then subject to securityholder approval, and NED fee levels. The Remuneration Committee approves, having regard to the recommendations made by the Managing Director, the level of the Group STI pool.

The Remuneration Committee meets throughout the year. The Managing Director is not present during any discussions related to his own remuneration arrangements.

Further information on the Remuneration Committee's role, responsibilities and membership can be viewed at www.360capital.com.au

Remuneration report (continued)

Use of remuneration advisors
To ensure the Remuneration Committee is fully informed when making remuneration decisions, it may seek external remuneration advice. Remuneration advisors are engaged by, and report directly to, the Committee. In selecting remuneration advisors, the Committee considers potential conflicts of interest and requires independence from the Group's key management personnel and other executives as part of their terms of engagement.

During the year, the Remuneration Committee approved the engagement of a remuneration advisor to provide advice regarding fixed salary and STI benchmarking for comparable roles in the market for executive and other positions within the Group. Advice was provided to the Committee as an input into its decision making only. The Remuneration Committee considered the advice, along with other factors, in making its remuneration recommendations. The Board has final responsibility for decisions regarding remuneration structure and outcomes.

No remuneration recommendation was provided by any external advisors during the 2015 financial year.

Remuneration report approval at 2014 Annual General Meeting ("AGM")
The remuneration report for the year ended 30 June 2014 received positive securityholder support at the AGM with a vote of 96.1% in favour.

c. Executive remuneration arrangements

Remuneration principles and strategy
360 Capital Group's executive remuneration strategy is designed to attract, motivate and retain high performing individuals and encourage performance which aligns with the business strategy of the Group and long-term interest of securityholders.

Approach to setting remuneration
For the year ended 30 June 2015, the executive remuneration framework consisted of fixed remuneration and short and long-term incentives as outlined below. The Group aims to reward executives with a level and mix of remuneration appropriate to their position, responsibilities and performance within the Group and aligned with market practice.

The following table summarises the Managing Director's and other executives' actual remuneration mix.

		Fixed remuneration	**STI**	**LTI**
Tony Pitt - Managing Director	**2015**	75.5%	-	24.5%
	2014	69.8%	8.6%	21.5%
Ben James - Chief Investment Officer	**2015**	66.7%	-	33.3%
	2014	61.2%	8.2%	30.6%
Glenn Butterworth - Chief Financial Officer	**2015**	83.4%	-	16.6%
	2014	71.1%	9.1%	19.8%
Alan Sutton - Company Secretary	**2015**	84.1%	-	15.9%
	2014	77.2%	8.4%	14.3%

Remuneration report (continued)

Details of fixed remuneration

Fixed remuneration levels are considered annually through a remuneration review that considers market data, insights into remuneration trends, the performance of the Group and individual, and the broader economic environment. Fixed remuneration comprises salary, superannuation and packaged benefits and is commensurate with an individual's responsibilities, performance, qualifications and experience.

Details of short-term incentives

The Group operates an annual STI program that is available to executives and awards a cash bonus subject to the attainment of clearly defined Group performance measures. No STI deferral program was in place for 2015 or 2014 given the STI pool and individual STIs granted represent a relatively minor component of total remuneration. The formal STI program was only first initiated in the 2014 financial year. The Remuneration committee reviews Group performance measures included in the STI program annually.

Actual STI payments awarded to each executive depend on the extent to which specific targets set have been met. The targets consist of a number of key performance indicators (KPIs) covering financial and non-financial measures of performance. Financial and non-financial measures are given equal weighting; however, in any year, one set of measures may be given greater weighting if it specifically relates to the delivery of Group initiatives underpinning the business strategy in that year. Although financial and non-financial measures are given equal weighting, the Group is expected to achieve at least 90% of the Board approved operating EPS target "financial gateway" before any STI will be granted.

The Group performance measures chosen represent the key drivers for the short-term success of the Group and provide a framework for delivering long-term value. The performance measures are consistent across the Managing Director and other executive roles. The performance measures (and their intended objectives) are as follows:

50% weighting to financial measures, comprising;

- Earnings per security: To align performance incentives to the key Group earnings performance measure.
- Total securityholder returns: To align performance incentives to returns to those of Group Securityholders.

50% weighting to non-financial measures, comprising;

- Implementation of key strategic initiatives: To ensure performance incentives are aimed at achieving the Groups strategy any key business objectives.
- Compliance and risk management: To ensure performance measures encourage the maintenance of an effective compliance and risk management culture.

On an annual basis, after consideration of performance against KPIs, the Board, in line with their responsibilities, determines the amount, if any, of the short-term incentive to be paid to each executive, seeking recommendations from the Managing Director as appropriate.

Remuneration report (continued)

Details of long-term incentives

LTI awards to executives are made under the executive LTI plan and are delivered in the form of securities. The securities will vest over a period of three years subject to meeting performance measures, with limited opportunity to retest.

The Group uses absolute Total Securityholder Return (TSR) as the performance measure for the LTI plan. LTI awards vest if the Group's TSR over a 3 year period achieves the following:

Absolute TSR Achieved (% pa)	Proportion of Target Award Vesting
15%	100%
>10% and <15%	Pro Rata Allocation
10%	50%
<10%	0%

TSR performance is monitored by an independent external adviser. The table on page 20 provides details of the number of securities granted, vested and lapsed during the year and the table on page 21 provides details of the value of securities granted, exercised and lapsed during the year.

Absolute TSR was selected as the LTI performance measure for the following reasons:

- TSR ensures an alignment between comparative securityholder return and reward for executives
- The absolute measure is appropriate given the Group has been in a transitional phase since the acquisition of the 360 Capital Property Group in October 2013. The alternate use of relative TSR is challenging due to identifying identify a comparable group of ASX listed companies that may be selected that are of similar size, in the same industry sector and that are at similar stages in terms of strategy implementation, thus the comparator group would be unlikely to be comparable which is necessary for there to be TSR outcomes that reflect different management performances rather than other factors.
- No LTI awards vest when the Group's TSR is less than the minimum 10% per annum target. Thus executives are not rewarded where securityholder returns are low or negative.
- Provides clear line of sight for executives.

Termination and change of control provisions

Where a participant ceases employment prior to their award vesting due to resignation or termination for cause, awards will be forfeited. Where a participant ceases employment for any other reason, they may retain a number of unvested awards pro-rated to reflect the participant's period of service during the LTI grant performance period at the absolute discretion of the Board. These unvested awards only vest subject to meeting the relevant LTI performance measures.

In the event of a change of control of the Group, the performance period end date will generally be brought forward to the date of the change of control and awards will vest subject to performance over this shortened period, subject to ultimate Board discretion.

Remuneration report (continued)

d. Executive remuneration outcomes for 2015

Fixed remuneration
For the year ended 30 June 2015 the fixed remuneration reviews were as follows;

Managing Director - no change
Other executives - the Chief Financial Officer's fixed remuneration increased by 3.5%, there were no other changes.

Group performance and its link to short-term incentives
The Group aims to align executive remuneration to our strategic business objectives and long term interests of securityholders. The table below measures the Group's financial performance over the last five years as required by the Corporations Act 2001. However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMPs. The financial performance measures driving STI payment outcomes are primarily operating profit per security of the Group and total securityholder returns. The Group's TSR for the year ended 30 June 2015 was 42.8% compared to ASX Small cap Industrials Accumulation Index of 7.0% and the S&P/ ASX 300 A-REIT Accumulation Index 20.2% for the same period.

	2011	2012	2013	2014	2015
Profit attributable to securityholders of the Group ('000)	(3,035)	1,468	(6,320)	22,973	24,765
Basic EPS (cents)	(3.6)	1.7	(7.4)	12.1	10.9
Operating diluted EPS (cents)	n/a	n/a	5.2	6.4	6.4
Distributions per security (cents)	-	-	6.68	5.00	5.75
Distributions (capital return) per security (cents)	27.00	52.00	0.82	-	-
Security price ($)	0.42	0.50	0.49	0.79	1.07
Increase/(decrease in security price)	-	19.1%	(2.7%)	61.9%	36.3%
Total KMP incentives as a percentage of profit for the year (%)	-	-	-	2.2%	2.0%

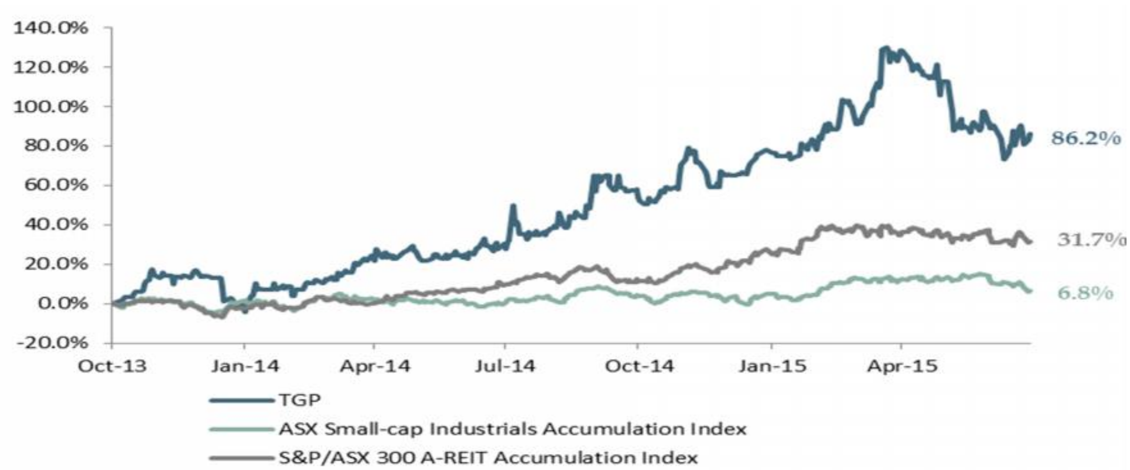
Remuneration report (continued)

As detailed below the 2015 STI financial gateway together with the majority of key performance measures for the year were satisfied, however after consideration by the Remuneration Committee based on the progress status on a number of key business strategic initiatives it was recommended that no STI awards for the Managing director and executives be paid for 2015 (2014; $135,000).

Performance measure	Weighting	Outcome	Action
Financial gateway	90% of Operating EPS target	Achieved	STI available subject to below performance measures
Operating EPS	50%	Achieved 2015 market guidance of 6.4 cps	STI measure satisfied
TSR for 2015		Outperformed S&P/ ASX 300 A-REIT and ASX Small cap Industrials Indexes for the year	STI measure satisfied
Implementation of key strategic initiatives	50%	A number of key Group strategic initiatives remained outstanding at 30 June 2015	STI measure not satisfied given progress on a number of key strategies
Compliance and risk management		Maintained a strong compliance and risk management focus across the Group's activities during the year	STI measure satisfied

Long term performance measure

The following chart demonstrates the Group's TSR (including share price movements and dividends/distributions) has performed relative to the ASX Small cap Industrials Accumulation Index and the S&P/ ASX 300 A-REIT Accumulation Index since the inception of the plan. Whilst the LTI plan is based on absolute TSR the below graph gives an indication of the relative performance of the Group since the commencement of the LTI plan. To-date the Group has outperformed its absolute TSR target of 15% pa. For the year ended 30 June 2015 no LTI's securities vested (2014: $Nil). Under the October 2013 LTI plan, awards may vest in October 2016 subject to the TSR hurdle and other vesting conditions being met.



Remuneration report (continued)

		Short-term benefits			Post-employment benefits	Security based benefits	Other			
	Year	Salary & fees $	Short-term incentive $	Non monetary benefits[7] $	Super-annuation $	Securities under ESP[6] $	Long service leave $	Termination benefits $	Total $	Performance related %
Executive Director										
Tony Pitt[1] - Managing Director	**2015**	581,217	-	13,920	18,783	199,600	-	-	813,520	24.5%
	2014	455,419	60,000	15,090	15,065	149,700	-	-	695,274	30.2%
KMP										
Ben James[2] - Chief Investment Officer	**2015**	381,217	-	-	18,783	199,600	-	-	599,600	33.3%
	2014	286,488	40,000	-	13,331	149,700	-	-	489,519	38.8%
Glenn Butterworth[3] - Chief Financial Officer	**2015**	274,595	-	-	18,783	58,217	-	-	351,595	16.6%
	2014	146,195	20,000	-	10,369	43,663	-	-	220,227	28.9%
Alan Sutton[4] - Company Secretary	**2015**	164,287	-	-	15,608	33,932	-	-	213,827	15.9%
	2014	125,540	15,000	-	11,640	25,449	-	-	177,629	22.8%
Peter Norris[5]	**2015**	-	-	-	-	-	-	-	-	- %
	2014	139,010	-	-	8,888	-	1,907	21,250	171,055	- %
Total	**2015**	**1,401,316**	**-**	**13,920**	**71,957**	**491,349**	**-**	**-**	**1,978,542**	**24.8%**
	2014	1,152,652	135,000	15,090	59,293	368,512	1,907	21,250	1,753,704	28.7%

1. Tony Pitt was a Non-Executive Director prior to his appointment as Managing Director on 2 October 2013.

2. Ben James commenced employment with the Group on 2 October 2013.

3. Glenn Butterworth commenced employment with the Group on 2 December 2013.

4. Alan Sutton commenced employment with the Group on 2 October 2013.

5. Peter Norris was made redundant in December 2013.

6. Securities were granted to employees under the 360 Capital Group Employee Security Plan on 2 October 2013. The securities are subject to a 3 year Total Securityholder Return hurdle. The fair value of the grants was determined by an independent actuary and has been proportionally disclosed in the remuneration report to reflect the 3 year vesting period. Further information on 360 Capital Group Employee Security Plan is provided in Note 29 (c).

7. Car parking including associated Fringe Benefits Tax.

Remuneration report (continued)

e. Executive contracts
Remuneration arrangements for KMP are formalised in employment agreements. The following outlines the details of contracts with key management personnel:

Managing Director
In October 2013, the Group entered into an employment agreement with Mr Tony Pitt ("Employment Agreement"). Under the Employment Agreement, Mr Pitt is employed as Managing Director. Mr Pitt is paid annual fixed remuneration of $600,000 (inclusive of statutory superannuation) and on commencement as Managing Director was issued 6,000,000 securities pursuant to the Employee Security Plan.

Mr Pitt's employment agreement does not have a set term and will continue until it is validly terminated in accordance with its terms. The employment contract contains termination provisions pursuant to which the Group must give 12 months notice of termination (or shorter in a number of circumstances including in the event of serious misconduct, material breach, a serious criminal offence or bankruptcy).

Mr Pitt must provide six months' notice of termination or, in circumstances of a change of control or where there is a material change in the role, responsibilities or other circumstances of Mr Pitt's employment (Change of Circumstance), one months' notice. The Group may make payment in lieu of service during any termination period. Mr Pitt is entitled to all unpaid remuneration and entitlements up to the date of termination. In addition, in the event of termination for a Change of Circumstance, Mr Pitt is entitled to a payment equal to 12 months' base salary. There are no restraint provisions in the Employment Agreement.

<u>Other KMP</u>
All other KMP have rolling contracts. KMP termination provisions for the Chief Investment Officer & Company Secretary are as follows:

- Term of agreement: Open-ended
- Termination notice – Group: 12 months
- Termination notice – Employee: 6 months

KMP termination provisions for the Chief Financial Officer are as follows:

- Term of agreement: Open-ended
- Termination notice – Group: 6 months
- Termination notice – Employee: 3 months

<u>Payments applicable to outgoing executives</u>
The following arrangements applied to outgoing executives in office during the prior financial year:

- Peter Norris received a redundancy payment of $127,500 upon termination of his employment contract in December 2013 of which $21,250 was reported in the 2014 remuneration report, and the balance in prior years based on the retention provisions of his employment contract.

f. Non-executive director remuneration arrangements

<u>Remuneration policy</u>
The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain staff and directors of the highest calibre, whilst incurring a cost that is acceptable to securityholders.

Remuneration report (continued)

The amount of aggregate remuneration sought to be approved by securityholders and the fee structure is reviewed annually against fees paid to NEDs of comparable companies. The Board considers advice from external consultants when undertaking the annual review process when required.

The Company's constitution and the ASX listing rules specify that the NED fee pool shall be determined from time to time by a general meeting. The latest determination was at the 2005 AGM when securityholders approved an aggregate fee pool of $750,000 per year. The Board will not seek any increase for the NED pool at the 2015 AGM.

Structure

The remuneration of NEDs consists of directors' fees and committee fees. The payment of additional fees for serving on a committee recognises the additional time commitment required by NEDs who serve on sub-committees. The table below summarises the NED fees for FY2015:

Board fees	**$**	**Committee fees**	**$**
Chairman	130,000	Committee chair	9,133
Other NEDs	85,000	Committee member	-

In addition, the NEDs receive superannuation contributions at the Superannuation Guarantee Levy rate.

The remuneration of NEDs for the year ended 30 June 2015 is detailed below:

		Short-term benefits	**Post-employment benefits**	**Security based benefits**		
	Year	**Salary & Fees** $	**Superannuation** $	**Securities under ESP[6]** $	**Total** $	**Performance related** %
NED						
David van Aanholt[1]	**2015**	139,133	13,218	3,327	155,678	2.1%
	2014	171,250	15,841	2,495	189,586	1.3%
William Ballhausen[2]	**2015**	85,000	8,075	3,327	96,402	3.5%
	2014	66,250	5,203	2,495	73,948	3.4%
Graham Lenzner	**2015**	85,000	8,075	3,327	96,402	3.5%
	2014	82,500	7,631	2,495	92,626	2.7%
Andrew Moffat[3]	**2015**	85,000	8,075	3,327	96,402	3.5%
	2014	63,750	5,897	2,495	72,142	3.5%
Garry Charny[4]	**2015**	-	-	-	-	- %
	2014	10,483	970	-	11,453	- %
Total	**2015**	**394,133**	**37,443**	**13,308**	**444,884**	**3.0%**
	2014	394,233	35,542	9,980	439,755	2.3%

1. Salary & fees includes a one-off payment in 2014 of $54,625 for services provided in relation to the acquisition of 360 Capital Property Group (refer to Note 32).
2. Appointed as Director on 2 October 2013. Salary & fees in 2014 includes a one-off payment of $10,000 for services provided in relation to 360 Capital Office Fund Restructure.
3. Appointed as Director on 2 October 2013.
4. Resigned as Director on 21 August 2013.
5. Securities were granted to employees under the 360 Capital Group Employee Security Plan on 2 October 2013. The securities are subject to a 3 year Total Securityholder Return hurdle. The fair value of the grants was determined by an independent actuary and has been proportionally disclosed in the remuneration report to reflect the 3 year vesting period. Further information on 360 Capital Group Employee Security Plan is provided in Note 29 (c).

Remuneration report (continued)

g. Additional disclosures relating to options and securities

Securities awarded, vested and lapsed during the year
The table below discloses the number of securities granted to KMP and NEDs as remuneration during FY2015 as well as the number of securities that vested or lapsed during the year.

KMP	Year	Securities awarded during the year No.	Award date	Fair value per security at award date $	Vesting date	Exercise price $	Expiry date	No. vested during year	No. lapsed during year
Tony Pitt	**2015**	-	-	-	-	-	-	-	-
	2014	6,000,000	2/10/2013	0.0998	1/10/2016	0.5900	1/10/2016	-	-
Ben James	**2015**	-	-	-	-	-	-	-	-
	2014	6,000,000	2/10/2013	0.0998	1/10/2016	0.5900	1/10/2016	-	-
Glenn Butterworth	**2015**	-	-	-	-	-	-	-	-
	2014	1,750,000	2/10/2013	0.0998	1/10/2016	0.5900	1/10/2016	-	-
Alan Sutton	**2015**	-	-	-	-	-	-	-	-
	2014	1,020,000	2/10/2013	0.0998	1/10/2016	0.5900	1/10/2016	-	-
NEDs									
David van Aanholt	**2015**	-	-	-	-	-	-	-	-
	2014	100,000	2/10/2013	0.0998	1/10/2016	0.5900	1/10/2016	-	-
William Ballhausen	**2015**	-	-	-	-	-	-	-	-
	2014	100,000	2/10/2013	0.0998	1/10/2016	0.5900	1/10/2016	-	-
Graham Lenzner	**2015**	-	-	-	-	-	-	-	-
	2014	100,000	2/10/2013	0.0998	1/10/2016	0.5900	1/10/2016	-	-
Andrew Moffat	**2015**	-	-	-	-	-	-	-	-
	2014	100,000	2/10/2013	0.0998	1/10/2016	0.5900	1/10/2016	-	-

Remuneration report (continued)

g. Additional disclosures relating to options and securities

Value of 360 Capital Group securities awarded, exercised and lapsed during the year and the prior year

KMP	Year	Value of securities granted during the year $	Value of securities vested during the year $	Value of securities lapsed during the year $	Remuneration consisting of securities for the year %
Tony Pitt	**2015**	-	-	-	-
	2014	598,800	-	-	-
Ben James	**2015**	-	-	-	-
	2014	598,800	-	-	-
Glenn Butterworth	**2015**	-	-	-	-
	2014	174,650	-	-	-
Alan Sutton	**2015**	-	-	-	-
	2014	101,796	-	-	-
NEDs					
David van Aanholt	**2015**	-	-	-	-
	2014	9,980	-	-	-
William Ballhausen	**2015**	-	-	-	-
	2014	9,980	-	-	-
Graham Lenzner	**2015**	-	-	-	-
	2014	9980	-	-	-
Andrew Moffat	**2015**	-	-	-	-
	2014	9,980	-	-	-

For details on the valuation of securities, including models and assumptions used, please refer to Note 29. There were no alterations to the terms and conditions of securities awarded as remuneration since their award date.

Securities held in 360 Capital Group by key management personnel

KMP	Held at 1 July 2014	Granted as remuneration	Acquisitions	Held at 30 June 2015
Tony Pitt	51,998,502	-	751,498	52,750,000
Ben James	6,000,000	-	-	6,000,000
Glenn Butterworth	1,750,000	-	-	1,750,000
Alan Sutton	1,020,000	-	-	1,020,000
Total	60,768,502	-	751,498	61,520,000

Remuneration report (continued)

Securities held in 360 Capital Group by directors

NEDs	Held at 1 July 2014	Granted as remuneration	Acquisitions	Held at 30 June 2015
David van Aanholt	249,000	-	-	249,000
William Ballhausen	400,000	-	-	400,000
Graham Lenzner	240,000	-	-	240,000
Andrew Moffat	500,000	-	-	500,000
Total	1,389,000	-	-	1,389,000

The table above includes securities held directly, indirectly and beneficially by KMP and NEDs. All equity transactions with KMP and NEDs other than those arising from the Employee Security Plan have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

h. Loans to key management personnel and their related parties
The following loans have been provided to KMP through their participation in the Group employee security plan:

KMP	Balance at start of ESP grant $	Interest charged in the year $	Payments made during the year $	Balance at end of the year $	Highest indebtness during the year $
Tony Pitt	3,540,000	345,000	(345,000)	3,540,000	3,540,000
Ben James	3,540,000	345,000	(345,000)	3,540,000	3,540,000
Glenn Butterworth	1,032,500	100,625	(100,625)	1,032,500	1,032,500
Alan Sutton	601,800	58,650	(58,650)	601,800	601,800
	8,714,300	849,275	(849,275)	8,714,300	8,714,300

The loan provided on the grant date was equivalent to the face value of the securities. All loans were granted on 2 October 2013. Interest on the loan is equal to any distributions or dividends paid on the securities over the 3 year period, and should performance hurdles not be met, or participants elect not to repay the loan, then the Board, at its discretion, will either sell or cancel the securities.

For further information on these loans refer to Note 29.

There were no other loans to key management personnel and their related parties during the year.

i. Other transactions and balances with key management personnel and their related parties

Acquisition of 360 Capital Property Group
During the prior year, the Group acquired 100% of 360 Capital Property Group through a scrip-for-scrip offer to 360 Capital Property Group Securityholders (with a cash election). 360 Capital Property Group was a diversified real estate investment and funds management business.

At the time of the acquisition, Mr Tony Robert Pitt was a substantial Securityholder and Non-Executive Director of the Group, and owned (through TT Investments Pty Limited) 21.1% of 360 Capital Property Group.

Remuneration report (continued)

The acquisition was approved by Securityholders at an extraordinary general meeting held on 24 September 2013 following Independent Expert, Lonergan Edwards & Associates Limited, concluding that the acquisition was fair and reasonable for the Group's non-associated Securityholders. The Independent Committee of Directors (David van Aanholt & Graham Lenzner) established to oversee the due diligence and to consider the acquisition also recommended Securityholders vote in favour of the acquisition.

Refer to Note 32 for further information.

There were no other transactions or balances with key management personnel and their related parties during the year.

Events subsequent to balance date

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

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

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

Indemnification and insurance of Officers and Auditors
During or since the end of the financial year, the Group has paid insurance premiums to insure each of the aforementioned Directors as well as Officers of the Group against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of the as officers of the Group, other than conduct involving a willful breach of duty in relation to the Group. The Group has not otherwise, during or since the end of the financial year indemnified or agreed to indemnify an officer of the Group.

To the extent permitted by law, the Group has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Non-audit services

Disclosed in Note 11 were the non-audit services provided by the Group'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 28 and forms part of the Directors' report for the year ended 30 June 2015.

Rounding of amounts

360 Capital Group 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 annual financial report and Directors' 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
26 August 2015

Ernst & Young
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

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

In relation to our audit of the financial report of 360 Capital Group Limited 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

Ernst & Young

Mark Conroy

Mark Conroy
Partner
26 August 2015

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360 Capital Group

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2015

	Note	30 June 2015 $'000	30 June 2014 $'000
Revenue from continuing operations			
Rental from investment properties	4	24,454	21,018
Funds management fees	4	5,259	6,359
Distributions from property funds	4	9,183	3,821
Finance revenue	4	651	3,454
Total revenue from continuing operations		39,547	34,652
Other income			
Gain on bargain purchase	32	287	9,321
Net gain on fair value of financial assets	5	7,654	8,087
Net gain on fair value of investment properties		11,410	-
Reversal of impairment of equity accounted investments	19	100	600
Other income	6	33	1,815
Total other income		19,484	19,823
Total revenue from continuing operations and other income		59,031	54,475
Investment property expenses	7	7,585	5,339
Employee benefit expenses	8	5,457	4,247
Administration expenses		1,843	2,735
Depreciation expenses	22	15	16
Finance expenses	9	9,437	4,370
Business combination transaction expenses	32	-	791
Net loss on sale of investment properties		-	119
Net loss on fair value of investment properties		-	5,267
Net loss on fair value of derivative financial instruments		2,551	591
Profit from continuing operations before income tax		32,143	31,000
Income tax expense	10	1,294	2,899
Profit for the year		30,849	28,101

360 Capital Group
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2015

	Note	30 June 2015 $'000	30 June 2014 $'000
Profit for the year		30,849	28,101
Other comprehensive income for the year		-	-
Total comprehensive income for the year		30,849	28,101
Total comprehensive income attributable to:			
Shareholders of 360 Capital Group Limited		823	14,507
Unitholders of 360 Capital Investment Trust		23,315	8,466
Profit after tax attributable to the stapled securityholders		24,138	22,973
External non-controlling interests		6,711	5,128
Profit for the year		30,849	28,101

Earnings per stapled security for profit after tax attributable to the stapled securityholders of 360 Capital Group		**Cents**	**Cents**
Basic earnings per security	12	10.6	12.1
Diluted earnings per security	12	9.7	11.1

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

360 Capital Group

Consolidated statement of financial position

As at 30 June 2015

	Note	30 June 2015 $'000	30 June 2014 $'000
Current assets			
Cash and cash equivalents	14	14,967	16,881
Receivables	15	5,242	3,247
Financial assets at fair value through profit or loss	16	-	3,364
Assets held for sale	17	47,000	4,300
Other current assets	18	897	635
Total current assets		68,106	28,427
Non-current assets			
Receivables	15	297	956
Financial assets at fair value through profit or loss	16	117,421	89,461
Investments accounted for using the equity method	19	-	1,400
Investment properties	20	271,800	203,000
Intangible assets	21	5,000	5,000
Property, plant and equipment	22	69	33
Deferred tax assets	23	486	592
Total non-current assets		395,073	300,442
Total assets		463,179	328,869
Current liabilities			
Trade and other payables	24	6,896	3,369
Borrowings	25	21,525	15,257
Derivative financial instruments	26	-	14
Distribution payable	27	3,680	3,448
Provisions	27	1,569	97
Other current liabilities	28	9,093	2,013
Total current liabilities		42,763	24,198
Non-current liabilities			
Borrowings	25	191,401	87,115
Derivative financial instruments	26	1,347	358
Deferred tax liabilities	23	127	325
Provisions	27	-	20
Total non-current liabilities		192,875	87,818
Total liabilities		235,638	112,016
Net assets		227,541	216,853

360 Capital Group
Consolidated statement of financial position
As at 30 June 2015

	Note	30 June 2015 $'000	30 June 2014 $'000
Equity			
Issued capital - ordinary shares	29	7,386	7,386
Issued capital - trust units	29	167,815	167,815
Security based payments reserve		3,233	1,604
Accumulated losses		(18,266)	(34,184)
Total equity attributable to stapled Securityholders		160,168	142,621
External non-controlling interest		67,373	74,232
Total equity		227,541	216,853

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

360 Capital Group
Consolidated statement of changes in equity
For the year ended 30 June 2015

	Note	Issued capital - ordinary shares $'000	Issued capital - trust units $'000	Security based payments reserve $'000	Accumulated losses $'000	Total equity attributable to stapled Securityholders $'000	External non-controlling interest $'000	Total equity $'000
Balance at 1 July 2014		7,386	167,815	1,604	(34,184)	142,621	74,232	216,853
Total comprehensive income for the year		-	-	-	24,138	24,138	6,711	30,849
Recognition of external non-controlling interest	32	-	-	-	602	602	18,997	19,599
Acquisition of external non-controlling interest	35	-	-	-	5,478	5,478	(26,874)	(21,396)
Transactions with Securityholders in their capacity as Securityholders						-		
						-		
Issued shares/units - Redeemed		-	-	-	-	-	(6)	(6)
Security based payment transactions	29	-	-	691	-	691		691
Equity raising transaction costs	29	-	-	-	-	-	(602)	(602)
Dividends/distributions	3	-	-	938	(14,300)	(13,362)	(5,085)	(18,447)
		-	-	1,629	(14,300)	(12,671)	(5,693)	(18,364)
Balance at 30 June 15		7,386	167,815	3,233	(18,266)	160,168	67,373	227,541
Balance at 1 July 2013		(3,092)	97,688	-	(44,734)	49,862	-	49,862
Total comprehensive income for the year		-	-	-	22,973	22,973	5,128	28,101
Recognition of external non-controlling interest	32	-	-	-	-	-	74,473	74,473
Acquisition of external non-controlling interest	35	-	-	-	-	-	(1,135)	(1,135)
Securityholders								
Issued shares/units - Institutional equity raising	29	9,204	61,596	-	-	70,800	-	70,800
Issued shares/units - Scrip-for-scrip	29	1,834	12,277	-	-	14,111	-	14,111
Issued shares/units - Redeemed		-	-	-	-	-	(8)	(8)
Security based payment transactions	29	-	-	518	-	518	-	518
Equity raising transaction costs	29	(560)	(3,746)	-	-	(4,306)	-	(4,306)
Dividends/distributions	3	-	-	1,086	(12,423)	(11,337)	(4,226)	(15,563)
		10,478	70,127	1,604	(12,423)	69,786	(4,234)	65,552
Balance at 30 June 14		7,386	167,815	1,604	(34,184)	142,621	74,232	216,853

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

360 Capital Group

Consolidated statement of cash flows

For the year ended 30 June 2015

	Note	30 June 2015 $'000	30 June 2014 $'000
Cash flows from operating activities			
Cash receipts from customers		36,436	31,700
Cash payments to suppliers and employees		(17,541)	(15,624)
Dividends and distributions received		5,517	3,112
Finance revenue		646	3,520
Finance expenses		(7,739)	(4,439)
Income tax refunds		-	93
Net cash inflows from operating activities	31	**17,319**	**18,362**
Cash flows from investing activities			
Payments for investment properties and additions		(74,140)	(4,475)
Proceeds from disposal of investment properties		8,821	4,726
Payments for property, plant and equipment		(51)	(7)
Payments for financial assets		(37,713)	(42,234)
Proceeds from disposal of financial assets		19,417	6,008
Payments for other financial assets		-	(22,630)
Proceeds from disposal of other financial assets		1,500	27,448
Payments for subsidiaries - net of cash acquired	32	(1,750)	(23,168)
Payments for external non-controlling interest		(21,200)	(1,135)
Payment of transaction costs to acquire subsidiaries		-	(791)
Proceeds from issue of capital to non-controlling interest		9,681	-
Net cash outflows from investing activities		**(95,435)**	**(56,258)**
Cash flows from financing activities			
Proceeds from borrowings		111,127	29,598
Repayment of borrowings		(14,000)	(29,467)
Payments of borrowing costs		(2,201)	-
Proceeds from issue of capital		-	70,800
Payment of transaction costs to issue capital		-	(4,306)
Distributions paid to stapled securityholders		(14,069)	(9,356)
Distributions paid to external non-controlling interests		(4,655)	(4,160)
Redemption of units from external non-controlling interests		-	(8)
Capital return to external non-controlling interests		-	(5,840)
Net cash inflows from financing activities		**76,202**	**47,261**
Net increase/(decrease) in cash and cash equivalents		(1,914)	9,365
Cash and cash equivalents at the beginning of the year		16,881	7,516
Cash and cash equivalents at the end of the year	14	**14,967**	**16,881**

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

Note 1: Statement of significant accounting policies

a) Reporting entity

The financial report of 360 Capital Group comprises the consolidated financial statements of 360 Capital Group Limited and its controlled entities and 360 Capital Investment Trust and its controlled entities. A 360 Capital Group stapled security comprises one 360 Capital Group Limited share stapled to one 360 Capital Investment Trust unit to create a single listed entity traded on the ASX. The stapled security cannot be traded or dealt with separately.

360 Capital Group Limited is a company limited by shares, established and domiciled in Australia. 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 Group are disclosed in the Directors' report.

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 Group Limited and its subsidiaries 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 Company 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 Group has changed some of its accounting policies. The affected policies and standards that are applicable to the Group 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; and
- AASB 2014-1 Amendment to Australian Accounting Standards - 2011-2013 Cycle.
- AASB 1031 – Materiality.

c) Basis of preparation (continued)

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

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 (x).

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 Group.

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.

The consolidated entity has applied the amendments contained in the Corporations Amendment (Corporate Reporting Reform) Bill 2010 in the preparation of this financial report which allows for removing the requirement in consolidated financial statements to include full parent entity information. A note containing information about the Parent Entity has been included at Note 37.

d) Basis of consolidation

Stapling

On 20 July 2005, Trafalgar Corporate Group was formed by stapling together the shares of the 360 Capital Group Limited (formerly Trafalgar Corporate Group Limited) and the units of 360 Capital Investment Trust (formerly Trafalgar Platinum Fund No.12) and Trafalgar Opportunity Fund No.4. Following approval at a Securityholder meeting held on 24 September 2013, the Group was destapled and 360 Capital Investment Trust acquired 100% of the issued units in Trafalgar Opportunity Fund No.4.

On 2 October 2013, each ordinary share in 360 Capital Group Limited was stapled to a unit in the 360 Capital Investment Trust and together they form the Stapled Entity known as 360 Capital Group. Equity holders of the Group are entitled to an equal interest in each stapled entity.

In accordance with the principles contained in AASB 3 *Business Combinations*, the Group has determined that the Company is the parent entity in the stapling arrangement.

d) Basis of consolidation (continued)

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

The Constitutions of the Trust and the Company ensure that, for so long as these entities remain jointly listed, the number of units in the Trust and the number of shares in the Company shall be equal and that unitholders and shareholders be identical. Both the Responsible Entity of the Trust and the Company must at all times act in the best interest of 360 Capital Group.

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.

Business combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the statement of profit or loss.

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company and Trust as at 30 June 2015 and the results of all subsidiaries for the period then ended.

Subsidiaries are entities controlled by the Company and Trust. 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 subsidiaries 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 Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

d) Basis of consolidation (continued)

Investments in associates and joint ventures
Investments in associates and joint ventures are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date.

The Group's share of net profit or loss is recognised in the statement of profit or loss from the date joint control commences until the date joint control ceases. Other movements in reserves are recognised directly in the consolidated reserves.

e) Segment reporting

Segment information is presented in respect of the Group'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 Group'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 Group.

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.

Funds management fees
Management, custodian and deferred exit fee revenue is recognised in accordance with the entitlement to fees for the management service provided.

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) Employee benefits

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised as current provisions in respect of employees' services provided up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities expected to be settled beyond 12 months are discounted back to their net present value.

Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on commercial bond rates with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Bonus entitlements

A liability is recognised for employee benefits in the form of employee bonus entitlements which are determined before the time of completion of the financial report. Liabilities for employee bonus entitlements are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). Refer to Note 29 (c) for further detail.

h) Finance expenses

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

i) Income tax

Companies

Income tax expense or benefit for the period is the tax payable on the current period’s taxable income based on the national income tax rate for each jurisdiction and deferred tax expense calculated by reference to changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets are reduced to the extent that is no longer probable that the related tax benefit will be realised.

i) Income tax (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Trusts and Funds
Under current Australian income tax legislation, the Trusts and Funds in the Group are not liable for income tax provided their taxable income and taxable capital gains are fully distributed to unitholders each year. Accordingly, income tax amounts disclosed in this financial report relate only to the companies within the Group.

Tax consolidation
The Company and its wholly owned entities formed a tax consolidated group with effect from 1 July 2005.

j) 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.

Intangible assets
Intangible assets with indefinite useful lives are tested for impairment semi-annually at the Cash Generating Unit ("CGU") level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

k) 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. Restricted cash is separately disclosed and is based on a calculation to meet the Australian Financial Services Licence net tangible asset requirements.

l) 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.

m) Financial instruments

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

Financial assets are classified 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*. The Group has elected to measure these investments at fair value through profit or loss as allowed under paragraph 18 of AASB 128 *Investments in associates and joint ventures*.

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 Group's documented investment strategy. The Group'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 Group 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 Group's right to receive payments is established.

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

<u>Financial liabilities and equity</u>
Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. The accounting policies adopted for specific financial liabilities and equity instruments are set out in Note 1 (s) and Note 1 (p) below.

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

n) 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.

o) 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.

p) Derivative financial instruments

The Group uses derivative financial instruments to hedge its risks associated with interest rate fluctuations. The significant interest rate risk arises from bank borrowings. The Group does not use derivative financial instruments for speculative purposes.

Derivatives are initially measured at fair value on the date a derivative contract is entered into and are subsequently measured at fair value at each reporting date. The net fair value of all derivative financial instruments outstanding at the statement of financial position date is recognised in the statement of financial position as either a financial asset or liability.

The Directors have decided not to use the option in AASB 139: *Financial Instruments: Recognition and Measurement* to classify the interest rate swaps as cash flow hedges and accordingly these are classified as at fair value through profit or loss, and the changes in the fair value of the derivative financial instruments are recognised in the statement of profit or loss.

p) Derivative financial instruments (continued)

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the statement of financial position date, taking into account current and future interest rates and the current credit worthiness of the swap counterparties.

q) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Class of Fixed Asset	Depreciation Rate
Computer, office equipment, fixtures	2.5% - 50.0%

Each asset's residual value and useful life is reviewed, and adjusted if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in profit or loss.

r) Trade and other payables

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

s) 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 Group 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.

t) Provisions

A provision is recognised in the statement of financial position when the Group 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.

u) Issued capital

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

v) 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.

w) 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 at least once in a two year period. 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 (o).

Income taxes
The Group is subject to income taxes in Australia. There are transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain.

The Group recognises liabilities based on the Group'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.

w) Critical judgements and significant accounting estimates (continued)

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

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 Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each statement of financial position date.

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

Deferred exit fees receivable
Deferred exit fees receivable have been estimated based on the Group's best estimate of the amount earned at balance date taking into account the weighted average of reasonably possible future cash inflows at the currently expected divestment date of the underlying investment properties on which it is earned.

Intangibles
The Group assesses the carrying value of intangibles on at least a semi-annual basis. Critical judgements are made by the Group in assessing the value of management rights which have an indefinite life. Management rights are considered to have an indefinite useful life if there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group. Refer to Note 21 for further information.

Business combinations – Gain on bargain purchase
The recognition of business combinations requires the difference between total purchase consideration and net identifiable assets acquired to be recognised as income in the statement of profit or loss. The Group makes judgements and estimates in assessing the net identifiable assets acquired. Refer to Note 32 for further information.

Control of entities
The Group has consolidated the financial results of entities it is deemed to control under AASB10 *Consolidated Financial Statements*. Critical judgements are made by the Group to determine whether control exists, principally around the three criteria which must be met (refer to Note 1 (d)). Further information on Controlled Entities is included in Note 35.

x) 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 Group 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 Group'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 whether it is likely to impact on the Group's financial report

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

- IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation (Effective January 1, 2016)*
- AASB2014-9 *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: Financial risk management

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

The Board has developed risk management principles and policies and monitors their implementation. Policies are established to identify and analyse the financial risks faced by the Group, 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 Group's activities.

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

a) Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group 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 $'000	**30 June 2014 $'000**
Cash and cash equivalents	14,967	16,881
Receivables	5,539	4,203
Financial assets at fair value through profit or loss	117,421	92,825
Total	137,927	113,909

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

b) Liquidity risk
Liquidity risk is the risk that the Group 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 Group's reputation.

The Group 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.

The maturities of financial liabilities at reporting date based on the contractual terms of each liability in place at reporting date have been disclosed in a table in Note 30. There are no financial liabilities where the fair value would be materially different from the amortised cost. The amounts disclosed are based on undiscounted cash flows.

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 Group'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.

Note 2: Financial risk management (continued)

Interest rate risk

The Group's interest rate risk arises from borrowings and cash balances. Borrowings are at variable interest rates and expose the Group to cash flow interest rate risk. The Group utilises derivative financial instruments to hedge exposure to fluctuations in interest rates. The potential impact of a change in interest rates by +/-1% on profit and equity has been disclosed in a table in Note 30.

Price risk

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

The investments within the Group are listed and unlisted property securities. These risks include, but are not limited to, exposure from different investment classes and geographical locations. The overall risk to exposures from investments is monitored and managed by the Board, and policies are set which each individual fund complies with. The framework of the composition of the securities held by the Group is in line with Group policies.

The Group's exposure to other price risk at reporting date, including its sensitivity to changes in the fair value of different classes of equity securities that were reasonably possible has been disclosed in a table in Note 30.

Other markets risk

The Group 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 Group 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 fair value of interest rate swaps is determined by reference to the market value of the swaps. 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. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate for similar financial instruments.

e) Capital Management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends and distributions paid to securityholders, return capital to securityholders, issue new stapled securities, purchase the Group's own securities on the market, or sell assets to reduce debt.

Neither the Company nor any of its related entities are subject to externally imposed capital requirements with the exception of the Responsible Entities. The Responsible Entities must hold capital in accordance with Australian Financial Services Licence requirements.

For information on issued capital refer to Note 29 and on borrowings refer to Note 25.

Note 3: Distributions and dividends

The Company did not declare any dividends during the year or up to the date of this report (30 June 2014: Nil). Distributions declared by 360 Capital Investment Trust directly to Securityholders during the year were as follows:

	30 June 2015 $'000	30 June 2014 $'000
1.25 cents per stapled security paid on 24 October 2013	-	3,096
1.25 cents per stapled security paid on 28 January 2014	-	3,109
1.25 cents per stapled security paid on 24 April 2014	-	3,109
1.25 cents per stapled security paid on 24 July 2014	-	3,109
1.3125 cents per stapled security paid on 24 October 2014	3,264	-
1.4790 cents per stapled security paid on 27 January 2015	3,679	-
1.4790 cents per stapled security paid on 23 April 2015	3,678	-
1.4795 cents per stapled security paid on 27 July 2015	3,679	-
	14,300	12,423

Note 4: Revenue

Rental from investment properties include:

	30 June 2015 $'000	30 June 2014 $'000
12 - 22 Woniora Road, Hurstville NSW	4,757	7,613
2B Factory Street, Granville NSW	-	542
111 St George's Terrace, Perth WA	13,867	10,658
Windsor Marketplace, NSW	113	-
City Centre Plaza, Rockhampton, QLD	56	-
441 Murray Street, Perth WA	3,083	2,205
Subiaco Square Shopping Centre	2,578	-
	24,454	21,018

2B Factory Street, Granville was sold on 14 August 2013. 111 St George’s Terrace, Perth and 441 Murray Street, Perth were acquired through the acquisition of 360 Capital Property Group. Refer to Note 20 and Note 32 for further information. Windsor Marketplace, Sydney and City Centre Plaza, Rockhampton were acquired through the consolidation of 360 Capital Retail Fund No.1 into the 360 Capital Group in June 2015. Refer to Note 20 and Note 32 for further information. Subiaco Square Shopping Centre was acquired through the consolidation of 360 Capital Subiaco Square Shopping Centre Property Trust into the 360 Capital Group in October 2014. Refer to Note 20 and Note 32 for further information.

Note 4: Revenue (continued)

Funds management fees include:

	30 June 2015 $'000	30 June 2014 $'000
Management fees	4,681	5,448
Custodian fees	387	395
Performance fees	66	285
Leasing fees	-	100
Other fees	125	131
	5,259	6,359

Distributions from property funds include:

	30 June 2015 $'000	30 June 2014 $'000
360 Capital Industrial Fund (ASX: TIX)	3,808	2,011
360 Capital Office Fund (ASX: TOF)	3,572	827
360 Capital Total Return Fund (ASX: TOT)	112	-
Australian Industrial REIT (ASX: ANI)	1,067	-
360 Capital Havelock House Property Trust	246	175
360 Capital Subiaco Square Property Trust	71	121
Centuria Diversified Direct Property Fund	268	683
Centuria Office Fund No.2	2	4
360 Capital AREIT Fund	37	-
	9,183	3,821

Finance revenue includes:

	30 June 2015 $'000	30 June 2014 $'000
Interest on bank accounts and term deposits and other	651	903
Interest and fees on Lawson loan	-	2,551
	651	3,454

Note 4: Revenue (continued)

Lawson Loan

On 29 November 2013, the Group acquired 100% of the Lawson Loan for $22.6 million. The Lawson Loan was a $27.4 million loan facility to 360 Capital Developments Income Fund which was previously owned by a consortium of Blackstone and Morgan Stanley. The Group owned 9.6% of 360 Capital Developments Income Fund and was also the Responsible Entity and Custodian of the Fund.

The interest rate on the loan was 12% per annum which was being capitalised on a monthly basis. As the loan was not repaid by 1 March 2014, the Group was entitled to a $1.0 million deferred establishment fee from the 360 Capital Developments Income Fund. The loan was repaid in full in April 2014.

Movements in the carrying value of the Lawson Loan during the year are as follows:

	30 June 2015 $'000	30 June 2014 $'000
Consideration paid	-	22,630
Fair value adjustment of financial assets	-	4,814
Total carrying value before capitalised finance charges	-	27,444
Interest and fees capitalised	-	2,551
Loan repayment	-	(29,995)
Closing carrying value	-	-

A net gain on fair value adjustment of $4.8 million has been recognised during the prior year based on a fair value assessment post-acquisition.

Note 5: Net gain on fair value of financial assets

	30 June 2015 $'000	30 June 2014 $'000
Lawson loan	-	4,814
Investments in property funds	7,654	3,273
	7,654	8,087

Refer to Note 4 for information on the fair value adjustment of the Lawson loan. Refer to Note 16 for information on the fair value adjustments on Investments in property funds. The Group is no longer involved in Vendor and Development property financing.

Note 6: Other income

	30 June 2015 $'000	30 June 2014 $'000
Stamp duty refund	-	1,587
Other	33	228
	33	1,815

During the prior year, the Victorian State Revenue Office refunded $1.59 million of stamp duty previously paid by the 360 Capital Diversified Property Fund. The Group received a net $1.8 million refund including interest on the overpaid stamp duty less associated legal costs. The stamp duty refund has been recognised in other income and the associated legal costs in administration expenses in the statement of profit or loss.

Note 7: Investment property expenses

	30 June 2015 $'000	30 June 2014 $'000
12 - 22 Woniora Road, Hurstville NSW	987	1,407
2B Factory Street, Granville NSW	-	14
158 Hume Street, Goulburn NSW	43	279
111 St George's Terrace, Perth WA	4,674	3,156
Windsor Marketplace, Windsor, Sydney NSW	47	-
City Centre Plaza, Rockhampton QLD	5	-
441 Murray Street, Perth WA	745	483
Subiaco Square Shopping Centre	1,084	-
	7,585	5,339

Note 8: Employee benefit expenses

	30 June 2015 $'000	30 June 2014 $'000
Wages and salaries	4,220	3,266
Employer superannuation contributions	332	237
Security based payments expense	691	518
Payroll tax	214	226
	5,457	4,247

During the prior year the Group implemented an Employee Security Plan (“ESP”). Employees were granted 21,970,000 securities subject to a 3 year Total Securityholder Return target. The fair value of the issue of securities under the ESP has been determined by an independent Actuary using a binominal pricing model. The Group has recognised $0.7 million (2014: $0.5 million) of security based payment expense in the statement of profit or loss. Further information on the ESP and the fair value calculation is provided in Note 29.

Note 9: Finance expenses

	30 June 2015 $'000	30 June 2014 $'000
Interest and finance charges paid and payable	8,625	3,707
Borrowing cost amortisation	812	663
	9,437	4,370

Note 10: Income tax expense

The Group calculates income tax expense using the tax rate applicable to the expected total annual earnings. The major components of income tax expense during the year are:

	30 June 2015 $'000	30 June 2014 $'000
Profit before tax attributable to stapled securityholders	32,143	31,000
Income tax expense/(benefit) at the effective corporate rate of 30%	9,643	9,300
Increase/(decrease) in income tax expense due to:		
Trust income exempt from income tax	(9,008)	(4,078)
Gain on bargain purchase exempt from income tax	-	(2,476)
Exit fees income realised from controlled entity	1,002	-
Acquisition and underwrite fees realised from controlled entity	865	-
Reversal of impairment in equity accounted investment exempt from income tax	(30)	(180)
Employee Security Plan interest income taxable	378	326
Security based payments expense non tax deductible	207	155
Tax deferred distribution income	(100)	-
Other tax adjustments	(166)	(148)
Income tax expense	2,791	2,899
Utilisation of prior year losses previously not brought to account	(1,497)	-
Income tax expense recognised in the statement of profit or loss	**1,294**	**2,899**

During the year the Group has recognised previously unrecognised carried forward revenue tax losses of $4.9 million (2014: unrecognised $6.3 million). The Group has recognised these losses on the basis it has taxable profits available to utilise the losses and after investigation it was established that the losses satisfy the relevant tests to allow them to be utilised. The Group has now recognised the majority of the previously unrecognised losses. The Group has carried forward capital tax losses of $10.6 million (2014: $10.6 million) that have not been recognised as deferred tax assets as it is not probable that the corporate entities in the Group will realise any capital gains through the sale of assets in the future.

In the prior year following the acquisition of 360 Capital Property Group (refer to Note 32), management recognised transferred tax losses and timing differences resulting from the business acquisitions.

Whilst deductible tax losses do not expire under current tax legislation, the continuity of ownership test or same business test need to be satisfied for tax losses to be utilised.

Note 11: Auditors' remuneration

Details of the amounts paid to the Group auditors' for audit and non-audit services provided during the year are set out below:

	30 June 2015 $	30 June 2014 $
Audit services – Ernst & Young		
Audit and review of financial reports	177,038	165,506
Other assurance services	11,950	-
	188,988	165,506
Other services – Ernst & Young		
Taxation compliance services	120,340	189,300
Other services	-	29,700
Total auditors' remuneration	309,328	384,506

Note 12: Earnings per stapled security

	30 June 2015 ¢	30 June 2014 ¢
Basic earnings per stapled security	10.6	12.1
Diluted earnings per stapled security	9.7	11.1

	$'000	$'000
Basic and diluted earnings		
Profit attributable to stapled securityholders of 360 Capital Group used in calculating earnings per stapled security	24,138	22,973

	000's	000's
Weighted average number of stapled securities used as a denominator		
Weighted average number of stapled securities - basic	226,732	190,710
Weighted average number of stapled securities - diluted	248,702	206,999

Dilution

During the prior year 21,970,000 securities were granted to employees under the 360 Capital Group ESP. The issue price per security was $0.59 which was equal to the price per security in the $70.8 million Institutional Capital Raising completed in October 2013. The grant of the securities is subject to a 3 year Total Securityholder Return target.

The employees who participated in the ESP were also provided with a loan on the grant date of an amount equivalent to the face value of the securities. Interest on the loan is equal to any distributions or dividends paid on the securities over the 3 year period, and should performance hurdles not be met, or participants elect not to repay the loan, then the Board, at its discretion, will either sell or cancel the securities.

Further information on the ESP is provided in Note 29.

Note 13: Segment reporting

Segment information is presented in respect of the Group'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 Group's management and internal reporting structure.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Core operations
The Group reports on the following core business segments;

1) Funds Management - utilising the Group's management expertise to generate fee revenue through the creation and management of real estate funds
2) Co-investment - aligning interest of the Group with underlying fund investors and providing income through distributions and capital growth in equity values
3) Direct asset investment - delivering rental cash flows, until the divestment of the Groups remaining direct property asset

The Group's management strategy and measures of performance focus on the returns from these core segments in order to deliver returns and value to investors.

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 Group.

The information provided is net of specific non-cash items including fair value adjustments, straight-lining of lease revenues and incentives, security based payments expense and impairment adjustments. Significant one off items are also excluded.

Corporate
Income and expenses for management of the Group on an overall basis are not allocated to three core operation segments. Property development assets, tax assets and other incidental assets and liabilities are not allocated to core operation segments as they are either non-core or for management of the Group on an overall group basis. All these items are included under corporate in the segment disclosures.

Consolidation and eliminations
Included in this segment are the elimination of inter-group transactions and conversion of the consolidated results from managed funds deemed to be controlled under AASB 10, being material non-controlling interests (refer to Note 35). The performance of these managed funds, which are operated as externally managed investment schemes, are considered to be non-core segments and are reviewed separately to that of the performance of the Group's business segments.

Geographical segments
In presenting information on the basis of geographical segments, segment revenue and segment assets are based on the geographical location of the underlying assets. All segments operate solely within Australia.

Note 13: Segment reporting (continued)

The operating segments provided to the Board for the reportable segments for the year ended 30 June 2015 are as follows:

Year ended 30 June 2015	Co-investment funds	Direct asset investment	Funds management	Corporate	Total core	Consolidation & eliminations	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Management fee revenue	-	-	7,208	-	7,208	(1,304)	5,904
Net property income	-	6,054	-	-	6,054	13,148	19,202
Co-investment revenue	12,064	-	-	-	12,064	(2,881)	9,183
Finance revenue	27	-	-	-	27	(27)	-
Other income	-	-	31	-	31	2	33
Total revenue and other income	**12,091**	**6,054**	**7,239**	**-**	**25,384**	**8,938**	**34,322**
Operating expenses	111	73	4,540	917	5,641	398	6,039
Earnings before interest and tax (EBIT)	**11,980**	**5,981**	**2,699**	**(917)**	**19,743**	**8,540**	**28,283**
Net interest expense	-	358	(266)	4,401	4,493	4,293	8,786
Operating profit before tax	11,980	5,623	2,965	(5,318)	15,251	4,246	19,497
Income tax expense	-	-	-	624	624	670	1,294
Operating profit (before specific non-cash and significant items)	**11,980**	**5,623**	**2,965**	**(5,942)**	**14,627**	**3,576**	**18,203**
Interest on Group ESP					1,263		
Operating earnings used in calculating - diluted operating EPS					**15,890**		
Weighted average number of securities - diluted ('000)					248,703		
Operating profit per security (EPS) - cents - diluted					**6.4**		
Number of securities for distribution per security (DPS) ('000)					248,703		
DPS - cents					**5.75**		

Reconciliation of total segment revenue to total revenue in the statement of profit or loss is on page 60.

Note 13: Segment reporting (continued)

The operating segments provided to the Board for the reportable segments for the year ended 30 June 2014 are as follows:

Year ended 30 June 2014	Co-investment	Direct asset	Funds	Corporate	Total core	Consolidation &	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Management fee revenue	-	-	5,200	-	5,200	(1,126)	4,074
Net property income	-	6,825	-	-	6,825	9,726	16,551
Co-investment revenue	3,950	-	-	-	3,950	(129)	3,821
Finance revenue	2,804	-	-	-	2,804	650	3,454
Other income	-	5	101	-	106	-	106
Total revenue and other income	**6,754**	**6,830**	**5,301**	**-**	**18,885**	**9,121**	**28,006**
Operating expenses	44	107	4,462	1,058	5,671	801	6,472
Earnings before interest and tax (EBIT)	6,710	6,723	839	(1,058)	13,214	8,320	21,534
Net interest expense	(2)	872	(233)	-	637	3,733	4,370
Operating profit before tax	6,712	5,851	1,072	(1,058)	12,577	4,587	17,164
Income tax expense	-	-	362	-	362	-	362
Operating profit (before specific non-cash and significant items)	**6,712**	**5,851**	**710**	**(1,058)**	**12,215**	**4,587**	**16,802**
Interest on Group ESP					1,099		
Operating earnings used in calculating - diluted operating EPS					**13,314**		
Weighted average number of securities - diluted ('000)					206,999		
Operating profit per security (EPS) - cents - diluted					6.4		
Number of securities for distribution per security (DPS) ('000)					248,703		
DPS - cents					5.00		

Reconciliation of total segment revenue to total revenue in the statement of profit or loss is on page 60.

Note 13: Segment reporting (continued)

Reconciliation of total segment revenue to total revenue in the statement of profit or loss is as follows:

	30 June 2015 $'000	30 June 2014 $'000
Total revenue per segment report	**34,322**	28,006
Investment property expenses reported in net property income	7,585	5,339
Write back of provision of management fee income from property funds	-	2,285
Acquistion and underwrite fees [3]	(645)	-
Straight-lining of lease revenue and incentives [2]	(474)	(872)
Interest income	651	-
Rent receivable adjustment [1]	(1,859)	-
Other income	(33)	(106)
Total revenue in the statement of profit or loss	39,547	34,652
Gain on bargain purchase	287	9,321
Net gain/(loss) on fair value of financial assets	7,654	8,087
Reversal of impairment of investments accounted for using the equity method	100	600
Net gain on fair value of investment properties	11,410	-
Other income	33	1,815
Total revenue and other income in the statement of profit or loss	**59,031**	54,475

1) Rent receivable adjustment of $1.9 million relates to rent received on the Hurtsville investment property from the purchaser. The purchaser has leased the entire building from the expiry of the ATO lease in February 2015 until settlement on 30 September 2015, with the sale price to be reduced by any rental payments under the lease. Rent received is recorded as a liability for statutory reporting purposes.
2) Straight-lining of lease revenue and incentives are excluded from revenue in the segment report in order to report revenue on a cash basis.
3) Acquisition and underwrite fees are recognised on a proportionate basis equal to the external equity sold down in the 360 Capital Retail Fund No.1. These fees are eliminated on consolidation for statutory reporting purposes.

Note 13: Segment reporting (continued)

Reconciliation of profit to operating profit for the year is as follows:

	30 June 2015 $'000	30 June 2014 $'000	30 June 2015 $'000	30 June 2014 $'000
Profit after tax attributable to stapled securityholders	**24,138**	22,973		
Profit for the year			**30,849**	28,101
Specific non-cash items				
Net loss on fair value of derivative financial instruments	1,608	14	2,551	591
Net gain on fair value of financial assets	(6,506)	(8,505)	(7,654)	(8,087)
Reversal of impairment of investments accounted for using the equity method	(100)	(600)	(100)	(600)
Net (gain)/loss on fair value of investment properties	(9,110)	5,465	(11,410)	5,267
Net loss on disposal of investment properties	-	-	-	119
Security based payments expense	691	518	691	518
Straight-lining of lease revenue and incentives	474	620	474	872
Significant items				
Other expenses/(income)	545	-	545	(1,709)
Rent receivable adjustment	1,859	-	1,859	-
Gain on bargain purchase	(287)	(9,321)	(287)	(9,321)
Business combination transaction expenses	-	791	-	791
Write back of provision of management fee income from property funds	-	(2,285)	-	(2,285)
Acquistion and underwrite fees	645	-	645	-
Tax effect				
Tax effect of specific non-cash items and significant items	670	2,545	670	2,545
Operating profit (before specific non-cash items and significant items)	**14,627**	12,215	**18,833**	16,802

Note 13: Segment reporting (continued)

As at 30 June 2015	Co-investment funds $'000	Direct asset investment $'000	Funds management $'000	Corporate $'000	Total core $'000	Consolidation & eliminations $'000	Total $'000
Assets							
Cash and cash equivalents	2,894	-	8,528	269	**11,691**	3,276	14,967
Assets held for sale		47,000			**47,000**	-	47,000
Investment properties	-	-	-	-	**-**	271,800	271,800
Financial assets at fair value through the profit or loss	194,156	-	-	-	**194,156**	(76,735)	117,421
Other assets and intangibles	3,745	161	6,617	1,029	**11,552**	439	11,991
Total assets	200,795	47,161	15,145	1,298	**264,399**	198,780	463,179
Liabilities							
Borrowings	-	-	-	85,713	**85,713**	127,213	212,926
Other liabilities	139	8,145	1,120	7,025	**16,429**	6,283	22,712
Total liabilities	139	8,145	1,120	92,738	**102,142**	133,496	235,638
Net assets	**200,656**	**39,016**	**14,025**	**(91,440)**	**162,257**	**65,284**	**227,541**

As at 30 June 2014	Co-investment funds $'000	Direct asset investment $'000	Funds management $'000	Corporate $'000	Total core $'000	Consolidation & eliminations $'000	Total $'000
Assets							
Cash and cash equivalents	-	-	5,249	9,137	**14,386**	2,495	16,881
Assets held for sale	-	4,300	-	-	**4,300**	-	4,300
Investment properties	-	38,500	-	-	**38,500**	164,500	203,000
Financial assets at fair value through the profit or loss	100,292	-	-	-	**100,292**	(7,467)	92,825
Other assets	2,261	445	11,442	2,284	**16,432**	(4,569)	11,863
Total assets	102,553	43,245	16,691	11,421	**173,910**	154,959	328,869
Liabilities							
Borrowings	-	25,000	-	-	**25,000**	77,372	102,372
Other liabilities	24	1,234	1,624	3,410	**6,292**	3,352	9,644
Total liabilities	24	26,234	1,624	3,410	**31,292**	80,724	112,016
Net assets	**102,529**	**17,011**	**15,067**	**8,011**	**142,618**	**74,235**	**216,853**

Note 14: Cash and cash equivalents

	30 June 2015 $'000	30 June 2014 $'000
Cash at bank	9,467	11,632
Cash at bank – Restricted	5,500	5,249
Cash and cash equivalents in the statement of cash flows	14,967	16,881

Restricted cash is maintained to meet the Australian Financial Services Licence net tangible asset requirements.

Note 15: Receivables

	30 June 2015 $'000	30 June 2014 $'000
Current		
Trade receivables	2,075	1,413
Distributions receivables	2,627	1,559
Other receivables	540	275
	5,242	3,247
Non-current		
Trade receivables	297	956
	297	956

a) Bad and doubtful trade receivables
During the year, the Group incurred $99,031 (2014: $87,793) in respect of provisioning for bad and doubtful trade receivables in relation to lease income on investment properties. As at reporting date, the full provision remains in place.

b) Fair values
The receivables are carried at amounts that approximate their fair value.

c) Credit risk
There is a limited amount of credit risk – refer to Note 2 for more information on the risk management policy of the Group.

The ageing of trade receivables at the reporting date was as follows:

	30 June 2015 $'000	30 June 2014 $'000
Current	1,400	1,215
1 to 3 months	657	142
More than 3 months	18	56
	2,075	1,413

As at 30 June 2015, trade receivables of $675,000 (2014: $198,000) were past due but not impaired.

Note 16: Financial assets at fair value through the profit or loss

	30 June 2015 $'000	30 June 2014 $'000
Current		
Units in unlisted funds managed by Group subsidiaries	-	3,364
	-	3,364
Non-current		
Units in unlisted funds managed by Group subsidiaries	4,038	6,593
Units in listed funds managed by Group subsidiaries	113,018	70,640
Units in unlisted funds managed externally	365	12,228
	117,421	89,461
Total	117,421	92,825

The Group holds investments in the following managed investment schemes:

	30 June 2015 %	30 June 2014 %	30 June 2015 $'000	30 June 2014 $'000
Current				
360 Capital Canberra Trust	-	21.7%	-	3,364
			-	3,364
Non-current				
360 Capital Industrial Fund (ASX: TIX)	17.4%	15.8%	63,876	32,148
360 Capital Office Fund (ASX: TOF)	28.8%	25.0%	44,461	38,492
360 Capital Total Return Fund (ASX: TOT)	10.1%	-	4,680	-
360 Capital Havelock House Property Trust	26.9%	26.7%	3,486	3,048
360 Capital Subiaco Square Property Trust	-	24.1%	-	3,545
Centuria Diversified Direct Property Fund	19.3%	19.3%	360	12,184
Centuria Office Fund No.2	1.2%	1.2%	5	44
Other	-	-	553	-
			117,421	89,461
Total			117,421	92,825

The 360 Capital Industrial Fund, 360 Capital Office Fund and 360 Capital Total Return Fund are listed on the ASX. All other investments are unlisted. Investments held in Centuria Diversified Direct Property Fund and Centuria Office Fund No. 2 are managed externally.

On 19 December 2014, TIX made a takeover offer for all units in ANI, a $320.0 million listed industrial property fund. During the year and prior to the announcement of the offer, the 360 Capital Diversified Property Fund and the Trafalgar Opportunity Fund No.4 acquired a 5.5% and 7.4% respective interest in ANI. These two Funds are wholly owned by 360 Capital Investment Trust which consequently had a total of 12.9% ownership in ANI. In line with the Offer, these ANI units were accepted into the TIX Offer and converted to TIX units in May 2015 once the Offer had been declared unconditional. Trafalgar Opportunity Fund No.4 thereafter transferred its units to the 360 Capital Diversified Property Fund. Ultimately, the 360 Diversified Property Fund acquired 11,177,061 units in TIX through the Offer.

The Group acquired an additional 917,138 units in TIX through the TIX distribution reinvestment plan during the year.

Note 16: Financial assets at fair value through the profit or loss (continued)

The Group also increased its investment in the 360 Capital Subiaco Square Shopping Centre Property Trust from 24.1% to 39.8%. As a result of the increased investment, the 360 Capital Subiaco Square Shopping Centre Property Trust has been consolidated into the financial statements of the Group. Refer to Note 32 for further information.

On 25 August 2014 the 360 Capital Canberra Trust unitholders voted in favour of not extending the life of the Trust beyond December 2014 and the Trust's property was sold on 4 March 2015 and all the units redeemed in June 2015 as part of the Trust wind up process.

As part of the acquisition of 360 Capital Property Group, in October 2013, the Group acquired $53.3 million of investments in managed investment schemes (refer to Note 32).

In the prior year the Group participated in the 360 Capital Office Fund Initial Public Offering ("IPO") in April 2014. A total of 19,175,762 units were acquired for $38.4 million.

Refer to Note 30 for fair value valuation techniques.

The Group has elected to measure these investments in accordance with AASB 139 *Financial instruments: recognition and measurement* at fair value through profit or loss as allowed under paragraph 18 of AASB 128 *Investments in Associates and Joint Ventures*.

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

	30 June 2015 $'000	30 June 2014 $'000
Balance at 1 July	92,825	-
Financial assets acquired through the acquisition of 360 Capital Property Group	-	53,325
Financial assets acquired in Initial Public Offering	-	38,707
Financial assets acquired through dividend reinvestment	2,215	652
Financial assets acquired - other	67,727	2,872
Financial assets disposed	(47,131)	(6,004)
Financial assets consolidated into financial statements	(5,869)	-
Fair value adjustment of financial assets	7,654	3,273
Closing balance	117,421	92,825

Note 17: Assets held for sale

	30 June 2015 $'000	30 June 2014 $'000
Investment property		
158 Hume Street, Goulburn NSW	-	4,300
12-22 Woniora Road, Hurstville NSW	47,000	-
	47,000	4,300
Less: Deferred rent receivable	(3,150)	-
Deferred rent received	1,859	-
	45,709	4,300

On 30 October 2014 the Group entered into an unconditional sale contract to dispose of 12-22 Woniora Road, Hurstville NSW for a gross sale price of $47.0 million. Settlement is expected prior to September 2015. The settlement proceeds include amounts receivable in relation to a lease to the purchaser over the premises with a total value of $3.1 million. During the year the Group receive rent payments of $1.9 million.

In the prior year 158 Hume Street, Goulburn NSW was subject to an exchanged sales contract for $4.3 million. The property settled on 13 August 2014.

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

	30 June 2015 $'000	30 June 2014 $'000
Balance at 1 July	4,300	9,583
Reclassification from investment properties	47,000	-
Fair value adjustment of assets held for sale	-	(450)
Sale of asset held for sale	(4,300)	(4,833)
Closing balance	47,000	4,300

a) Valuation basis
Assets held for sale are carried at fair value, refer to Note 1 (n) for further information.

Note 18: Other current assets

	30 June 2015 $'000	30 June 2014 $'000
Prepayments	897	594
Other	-	41
	897	635

Note 19: Investments accounted for using the equity method

	30 June 2015 %	30 June 2014 %	30 June 2015 $'000	30 June 2014 $'000
Partnership interest				
Renewing Homebush Bay Partnership	50.0	50.0	-	1,400

The Group, through various wholly owned subsidiary companies, holds a 50% interest in the Renewing Homebush Bay Partnership. The other 50% is held by entities associated with Brookfield Multiplex Group. The principal activity of the partnership was residential property development. Practical completion of the project was achieved in the 2013 financial year and all sales have settled. On 24 April 2013 a legal claim was lodged with the Federal Court against the Rhodes Joint Venture alleging Breach of Contract with respect to the sale of a Super Land Lot, settlement of this dispute was reached in March 2015 and following the resolution of this dispute the partnership returned $1.5 million in capital to the Group.

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

	30 June 2015 $'000	30 June 2014 $'000
Balance at 1 July	1,400	800
Redemption of equity	(1,500)	-
Reversal of prior year impairments	100	600
Closing balance	-	1,400

The reversal of prior year impairments was due to reforecasting of costs and claims associated with the development works undertaken.

The Group's share of summarised financial information consists of:

	Assets $'000	Liabilities $'000	Revenues $'000	Profit/(loss) $'000
Renewing Homebush Bay Partnership				
Year Ended 30 June 2015	449	211	-	-
Year Ended 30 June 2014	4,355	1,555	-	-

Note 20: Investment properties

		Book value		Capitalisation rate		Discount rate			
	Date of acquisition	30 June 2015 $'000	30 June 2014 $'000	30 June 2015 %	30 June 2014 %	30 June 2015 %	30 June 2014 %	Last external valuation	Valuation $'000
12-22 Woniora Road, Hurstville NSW	20-Jul-05	-	38,500	-	9.25	-	10.25	Dec-13	38,500
111 St George's Terrace, Perth WA	2-Oct-13	139,000	137,000	8.00	8.50	8.75	10.00	Jun-14	137,000
441 Murray Street, Perth WA	2-Oct-13	25,500	27,500	8.25	9.50	9.25	10.25	Jun-15	25,500
City Centre Plaza, Rockhampton QLD	26-Jun-15	55,000	-	7.25	-	8.75	-	Jun-15	55,000
Windsor Marketplace, Windsor, Sydney NSW	11-Jun-15	20,300	-	7.00	-	8.00	-	Jun-15	20,300
Subiaco Square Shopping Centre, Perth WA	1-Nov-14	32,000	-	6.75	-	8.00	-	Jun-15	32,000
Investment properties		271,800	203,000						
Less: lease income receivable and incentives		(8,383)	(6,003)						
		263,417	196,997						

<u>12-22 Woniora Road, Hurstville NSW - (360 Capital Investment Trust)</u>
The Group owns this property which is a 5 star NABERS rated office building located in Hurstville. Hurstville is a regional metropolitan centre in the middle of Sydney's South Western suburbs approximately 20 kilometres from Sydney's CBD. The property comprises a ground floor and five upper levels of office accommodation. Parking is provided over three basement levels. On 30 October 2014 the Group entered into an unconditional sale contract to dispose of the property for a gross sale price of $47.0 million. The property has been reclassified to assets held for sale (refer to Note 17) during the year.

Note 20: Investment properties (continued)

111 St George's Terrace, Perth WA - (360 Capital 111 St George's Terrace Property Trust)
A controlled entity of the Group (refer to Note 16) owns this property which is a landmark building on the corner of William Street and St George's Terrace in the heart of Perth WA. The property comprises 19 upper floors of office space, ground floor lobby and retail and basement car park.

441 Murray Street, Perth WA - (360 Capital 441 Murray Street Property Trust)
A controlled entity of the Group owns this property which is located in the burgeoning 'West End' of the Perth Business district. The property is within walking distance to the main commercial address of St George's Terrace and the Murray and Hay Street retail shopping precincts.

Subiaco Square Shopping Centre, Perth WA - (360 Capital Subiaco Square Shopping Centre Property Trust)
A controlled entity of the Group (refer to Note 16) owns this property which is located in Subiaco. The property comprises a modern neighbourhood shopping centre with a net lettable area of 6,481sqm.

Windsor Marketplace, Windsor, Sydney, NSW – 360 Capital Retail Fund No.1
A controlled entity of the Group (refer to Note 16) which is located in Windsor NSW. The property is a recently refurbished neighbourhood shopping centre comprising 5,347sqm with 162 car spaces.

City Centre Plaza, Rockhampton QLD – 360 Capital Retail Fund No.1
A controlled entity of the Group (refer to Note 16) which is located in Rockhampton QLD. The property is a sub-regional shopping centre comprising 14,063sqm and 491 car spaces.

Note 20: Investment properties (continued)

	30 June 2015 $'000	30 June 2014 $'000
Balance at 1 July	203,000	44,000
Capitalised subsequent expenditures	3,747	1,049
Investment properties acquired through a business acquisition	72,878	163,262
Investment properties consolidated into financial statements	29,000	-
Reclassification to assets held for sale	(47,000)	-
Straight-lining of lease revenue and incentives	(1,235)	(494)
Fair value adjustment of investment properties	8,260	(4,817)
Fair value adjustment of investment properties – Deferred rent receivable	3,150	-
Closing balance	271,800	203,000

a) Valuation basis

Investment properties are carried at fair value. Fair value of the properties is determined by the Directors, having regard to the most recent 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. As discounted cash flow and capitalisation rate use unobservable inputs, the investment property is categorised as Level 3 under the Fair Value Hierarchy. These inputs include net passing rent, gross market rent and net market rent as set out in the sensitivity matrix below.

Market sales comparison: The sales comparison approach utilises recent sales of comparable properties, adjusted for any differences including the nature, location and lease profile, to indicate the fair value of a property. Where there is a lack of recent sales, activity adjustments are made from previous comparable sales to reflect changes in economic conditions.

Discounted cash flow: Projections derived from contracted rents, market rents, operating costs, lease incentives, lease fees, capital expenditure and future income on vacant space are discounted at a rate to arrive at a value. The discount rate is a market assessment of the risk associated with the cash flows, and the nature, location and tenancy profile of the property absolute to returns from alternative investments, CPI rates and liquidity risk. It is assumed that the property is sold at the end of the investment period at terminal value. The terminal value is determined by using an appropriate capitalisation rate.

Capitalisation rate: An assessment is made of fully leased net income based on contracted rents, market rents, operating costs and future income on vacant space. The adopted fully leased net income is capitalised in perpetuity from the valuation date at an appropriate capitalisation rate. The capitalisation rate reflects the nature, location and tenancy profile of the property together with current market investment criteria, as evidenced by current sales evidence. Various adjustments, including incentives, capitalised expenditure and reversions to market rent are made to arrive at the property value.

Note 20: Investment properties (continued)

b) Sensitivity Matrix

Inputs	Fair value measurement sensitivity to increase in input	Fair value measurement sensitivity to decrease in input
Net passing rent	Increase	Decrease
Gross market rent	Increase	Decrease
Net market rent	Increase	Decrease
Adopted capitalisation rate	Decrease	Increase
Adopted terminal yield	Decrease	Increase
Adopted discount rate	Decrease	Increase

Capitalisation and discount rates are considered significant Level 3 inputs. Refer to Note 30 for further information on the fair value hierarchy.

Net passing rent is the contracted amount for which a property or space within a property is leased. In a net rent, the owner recovers outgoings from the tenant on a pro-rata basis (where applicable).

Gross market rent is the estimated total amount for which a tenancy within a property should lease between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and wherein the parties have each acted knowledgably, prudently and without compulsion.

Net market rent is the estimated amount for which a property or space within a property should lease between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and wherein the parties have each acted knowledgeably, prudently and without compulsion. In a net rent, the owner recovers outgoings from the tenant on a pro-rata basis (where applicable).

c) Highest and best use
For all investment properties the current use equates to the highest and best use.

d) Leases as lessor
The investment properties (including investment properties classified as held for sale) are leased to tenants under long term operating leases with rentals payable monthly. Minimum lease payments under non-cancellable operating leases of the investment properties not recognised in the financial statements are receivable as follows:

	30 June 2015 $'000	30 June 2014 $'000
No later than 12 months	18,650	15,589
Between 12 months and five years	44,190	30,109
Greater than five years	36,737	19,016
	99,577	64,714

Note 21: Intangible assets

Cost	30 June 2015 $'000	30 June 2014 $'000
Opening balance at 1 July	5,000	-
Management right - indefinite useful life	-	5,000
Closing balance at 30 June	5,000	5,000
Net book value	5,000	5,000

Management rights are held in relation to property funds and were acquired following the acquisition of 360 Capital Property Group (refer to Note 32). The value of management rights are reviewed annually for impairment. Management's internal valuation for indefinite-life management rights as at 30 June 2015 have been undertaken on a consistent basis with the prior year. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions.

Key assumptions used for indefinite life intangible calculations:

- Cash flow projections based on financial budgets approved by the directors covering a 5 year period. Cash flows beyond 5 years are extrapolated using appropriate estimated growth rates;
- Post-tax discount rates are applied to future cash flows based using rates that are relevant for the funds management sector and the Group, the equivalent pre-tax discount range used is 12%-15% (2014: 12%-15%);
- Growth over the next 5 years of between 2% to 3% (2014: 2% to 3%)
- Terminal values calculated using multiples of earning of 5 to 7 times (2014: 5 to 7 times)

Impairment is tested at the cash-generating unit (CGU) level, with each CGU representing a fund management agreement which generates management fee income.

a) Impairment of intangible assets
There was no impairment of management rights during the year (2014: Nil).

Note 22: Property, plant and equipment

	30 June 2015 $'000	30 June 2014 $'000
Opening net book amount at 1 July	33	17
Additions	51	32
Depreciation charge	(15)	(16)
Closing net book amount	69	33
Balance as at 30 June		
Cost	120	69
Accumulated depreciation	(51)	(36)
Closing net book amount	69	33

Property, plant and equipment consist of office equipment and furniture and fittings.

Note 23: Deferred tax assets and liabilities

	30 June 2015 $'000	30 June 2014 $'000
Deferred tax assets comprises temporary differences attributable to:		
Accrued expenses	217	408
Provision for doubtful debts	75	112
Business acquisition costs	19	25
Tax losses	175	47
	486	592
Deferred tax liabilities comprises temporary differences attributable to:		
Accrued revenue	127	325
	127	325
Net deferred tax assets	358	267

A reconciliation of the carrying amount of deferred tax assets and liabilities movements during the year is set out below:

	30 June 2015 $'000	30 June 2014 $'000
Balance at 1 July	267	-
Net deferred tax assets acquired through acquisition of 360 Capital Property Group	-	3,327
Recognition of prior year losses previously not brought to account	1,497	-
Reversal and recognition of timing differences	(43)	(2,480)
Prior year carried forward tax losses utilised	(1,363)	(467)
Tax loss carry back refund	-	(93)
Other	-	(20)
Closing balance	358	267
Net deferred tax assets expected to reverse within 12 months	478	535
Net deferred tax assets expected to reverse after more than 12 months	(120)	(268)
	358	267

For further information on recognition of deferred tax balances (refer to Note 10).

<u>Tax consolidation</u>
360 Capital Group Limited formed a tax consolidated group with effect from 1 July 2005. All wholly owned Australian resident subsidiaries are part of the tax consolidated group. 360 Capital Group Limited is the head entity of the tax consolidated group. Companies included in the 360 Capital Property Group acquisition that occurred during the prior year joined the tax consolidated group on the date of acquisition being 2 October 2013. Members of the Group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

Note 24: Trade and other payables

	30 June 2015 $'000	30 June 2014 $'000
Trade & GST payables	2,999	294
Employee benefits	141	105
Accruals	3,735	2,893
Other payables	21	77
	6,896	3,369

All trade and other payables are expected to be settled within 12 months.

Note 25: Borrowings

	30 June 2015 $'000	30 June 2014 $'000
Current		
Borrowings - secured	21,525	15,288
Capitalised borrowing costs	-	(31)
	21,525	15,257
Non-current		
Borrowings - secured	194,011	87,807
Capitalised borrowing costs	(2,610)	(692)
	191,401	87,115
Borrowings - secured		
Total facility limit	239,400	109,000
Used at end of reporting date	215,536	103,095
Unused at end of reporting date	23,864	5,905

Note 25: Borrowings (continued)

a) Loan facilities summary

Unsecured note issue - (360 Capital Investment Trust)
During the year the Group raised $75.0 million through the issue of five year, fixed rate unsecured notes. The fixed rate of the notes is 6.9% per annum. The note funds were used to fund the acquisition of 360 Capital Diversified Property Fund, reduce the NAB loan facility balance and for general working capital purposes.

National Australia Bank facility - (360 Capital Investment Trust)
The Group has a loan facility with National Australia Bank ("NAB"). During the year the $25 million loan balance was repaid and the facility limit remains at $25.0 million. At reporting date the facility is drawn to $11.0 million and expires in September 2015. The facility is secured by a mortgage in favour of NAB over 12-22 Woniora Road, Hurstville NSW (refer to Note 20) and a fixed and floating charge over the assets of the wholly owned entities within the Group.

Bank of Western Australia facility - (360 Capital 111 St George's Terrace Property Trust)
A controlled entity of the Group (refer to Note 16) has a loan facility with Bank of Western Australia ("Bankwest"). The $74.0 million facility is drawn to $69.6 million and expires in June 2019. The Group has an interest rate commercial hedge covering $65.0 million of the facility at a rate of 3.0% (exclusive of the underlying margin). The interest rate hedge expires in January 2017. The facility is secured by a mortgage in favour of Bankwest over 111 St Georges Terrace, Perth WA (refer to Note 20).

Bank of Western Australia facility - (441 Murray Street Property Trust)
A controlled entity of the Group has a loan facility with Bankwest. The $13.0 million facility is drawn to $10.5 million and has been extended to December 2015. The Group has an interest rate commercial hedge covering $9.5 million of the facility at a rate of 3.0% (exclusive of the underlying margin). The interest rate hedge expires in May 2016. The facility is secured by a mortgage in favour of Bankwest over 441 Murray Street, Perth WA (refer to Note 20).

Bank of Western Australia facility - (360 Capital Subiaco Square Shopping Centre Property Trust)
A controlled entity of the Group (refer to Note 16) has a loan facility with Bankwest. The $15.0 million facility is drawn to $13.7 million and expires in December 2018. The Group has an interest rate commercial hedge covering $13.7 million of the facility at a rate of 3.0% (exclusive of the underlying margin). The interest rate hedge expires in November 2017. The facility is secured by a mortgage in favour of Bankwest over Subiaco Square Shopping Centre, Perth WA (refer to Note 20).

St George Bank facility – (360 Capital Retail Fund No.1)
A controlled entity of the Group (refer to Note 16) has a loan facility with St George. The $37.4 million facility is drawn to $34.1 million and expires in June 2018. The Group has an interest rate hedge covering $34.6 million of the facility at a rate of 2.54% (exclusive of the underlying margin). The interest rate hedge expires in June 2022. The facility is secured by a mortgage in favour of St George over Windsor Marketplace Windsor, Sydney NSW and City centre Plaza, Rockhampton QLD (refer to Note 20).

Funding Covenants
All loan facilities are subject to standard commercial covenants consistent with the type of loan including Loan Value Ratio, Interest Cover Ratio and Negative Variations. At the date of this report, the Group complies with all debt covenants and did at all times during the year.

Note 26: Derivative financial instruments

	30 June 2015 $'000	30 June 2014 $'000
Current		
Interest rate swap contracts - fair value	-	14
Non-current		
Interest rate swap contracts - fair value	1,347	358
Total	1,347	372

The Group utilises derivative financial instruments to hedge exposure to fluctuations in interest rates. Refer to Note 30 for further information on interest rate swap contracts.

a) Interest rate swap contracts
Interest-bearing liabilities of the Group carried a weighted average effective interest rate of 4.54% (2014: 5.24%). The debt may be protected all or in part from exposure to increasing interest rates, and to ensure steady cash flow of the Group. Accordingly, the Group has entered into interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates. The weighted average fixed interest rate is 2.87% (2014: 2.96%).

Swaps currently in place cover approximately 88.4% (2014: 86.8%) of variable loan principal outstanding. The contracts require settlement of net interest receivable or payable each month. The settlement dates coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

As explained in Note 1, the interest rate swaps have not been designated as hedges for accounting purposes and hence all changes in fair value are recognised immediately in the statement of profit or loss.

Note 27: Provisions

	30 June 2015 $'000	30 June 2014 $'000
Current		
Employee benefits	184	97
Income tax payable	1,385	-
Distributions payable	3,680	3,448
	5,249	3,545
Non-current		
Employee benefits	-	20
	-	20

Note 28: Other current liabilities

	30 June 2015 $'000	30 June 2014 $'000
Rental income invoiced in advance	2,342	2,013
Deposits on investment properties - Hurstville	4,700	-
Deferred rent received	1,859	-
Other	192	-
	9,093	2,013

Note 29: Equity

(a) Issued capital

	30 June 2015 000's	30 June 2014 000's
360 Capital Group Limited - Ordinary shares issued	226,733	226,733
360 Capital Investment Trust - Ordinary units issued	226,733	226,733

	$'000	$'000
360 Capital Group Limited - Ordinary shares issued	7,386	7,386
360 Capital Investment Trust - Ordinary units issued	167,815	167,815
Total issued capital	175,201	175,201

(b) Movements in issued capital

Movements in issued capital of the Group for the year were as follows:

	000's	'000
Opening balance at 1 July	226,733	85,352
2 October 2013 - Institutional capital raising	-	120,000
2 October 2013 - Scrip for scrip offer (refer to Note 32)	-	21,381
Transaction costs incurred in issuing capital	-	-
Closing balance at 30 June	226,733	226,733

Under Australian Accounting Standards, securities issued under the 360 Capital Group Employee Security Plan ("ESP") are required to be accounted for as options and are excluded from total issued capital, until such time as the relevant employee loans are fully repaid or the employee leaves the Group. Total ordinary securities issued as detailed above is reconciled to securities issued on the ASX as follows:

	30 June 2015 000's	30 June 2014 000's
Total ordinary securities disclosed	226,733	226,733
Issued capital - Employee security plan in October 2013	21,970	21,970
Total securities issued on the ASX	248,703	248,703

(c) Employee Security Plan

During the prior year 21,970,000 securities were granted to employees under the 360 Capital Group ESP. The issue price per security was $0.59 which was equal to the price per security in the $70.8 million Institutional Capital Raising completed in October 2013. The employees who participated in the ESP were also provided with a loan on the grant date of an amount equivalent to the face value of the securities. Interest on the loan is equal to any distributions or dividends paid on the securities over the 3 year period, and should performance hurdles not be met, or participants elect not to repay the loan, then the Board, at its discretion, will either sell or cancel the securities.

Note 29: Equity (continued)

The securities vest if the Group's Total Securityholder Return (TSR) over a 3 year period achieves the following:

Absolute TSR Achieved (% pa)	Proportion of Target Award Vesting
15%	100%
>10% and <15%	Pro Rata Allocation
10%	50%
<10%	0%

The fair value of the issue of securities under the ESP at grant date is estimated using a binominal pricing model, taking into account the terms and conditions upon which the securities were granted and the following key assumptions:

Valuation Date:	2 October 2013
Security Price:	$0.66
Risk Free Rate:	2.84%
Dividend Yield:	7.5%
Volatility:	30%
Initial TSR:	11.9%
Exercise price:	$0.59

As the Group has been transformed following the acquisition of 360 Capital Property Group in October 2013 (refer to Note 32), a volatility estimate could not be obtained from analysing historic data. Volatility was determined by analysing comparable companies with similar principal activities.

The grant date fair value of the securities issued under the ESP was $0.0998 per security. For the year ended 30 June 2015, the Group has recognised $0.69 million (2014: $0.52 million) of security based payment expense in the statement of profit or loss.

Note 30: Financial instruments

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the Group as at 30 June 2015:

	Amortised cost $'000	Fair value profit or loss $'000
Financial assets		
Receivables	297	-
Financial assets at fair value through profit or loss	-	117,421
Total non-current	297	117,421
Receivables	5,242	-
Financial assets at fair value through profit or loss	-	-
Total current	5,242	-
Total	5,539	117,421
Financial liabilities		
Borrowings	191,401	-
Derivative financial instruments	-	1,347
Total non-current	191,401	1,347
Trade and other payables	6,896	-
Borrowings	21,525	-
Total current	28,421	-
Total	219,822	1,347

Note 30: Financial instruments (continued)

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the Group as at 30 June 2014:

	Amortised cost $'000	Fair value profit or loss $'000
Financial assets		
Receivables	956	-
Financial assets at fair value through profit or loss	-	89,461
Total non-current	956	89,461
Receivables	3,247	-
Financial assets at fair value through profit or loss	-	3,364
Total current	3,247	3,364
Total	4,203	92,825
Financial liabilities		
Borrowings	87,115	-
Derivative financial instruments	-	358
Total non-current	87,115	358
Trade and other payables	3,369	-
Borrowings	15,257	-
Derivative financial instruments	-	14
Total current	18,626	14
Total	105,741	372

Risk management activities

Interest rate risk

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

The Group’s exposure to interest rate risk and the effective weighted average interest rate by maturity period is:

Note 30: Financial instruments (continued)

	Floating interest rate $'000	Fixed interest maturing in 1 year or less $'000	Fixed interest maturing in 1 to 5 years $'000	Fixed interest maturing more than 5 years $'000	Non-interest bearing $'000	Total $'000
30 June 2015						
Financial assets						
Cash and cash equivalents	9,773	5,194	-	-	-	14,967
Receivables	-	-	-	-	5,539	5,539
Financial assets at fair value through profit or loss	-	-	-	-	117,421	117,421
Total financial assets	9,773	5,194	-	-	122,960	137,927
Weighted average interest rate	1.50%	2.90%				
Financial liabilities						
Trade and other payables	-	-	-	-	6,896	6,896
Borrowings	16,113	9,500	153,700	34,600	-	213,913
Derivative financial instruments	-	-	-	-	1,347	1,347
Total financial liabilities	16,113	9,500	153,700	34,600	8,243	222,156
Weighted average interest rate	4.54%	5.25%	5.70%	3.74%		
Net financial assets/(liabilities)	(6,340)	(4,306)	(153,700)	(34,600)	114,717	(84,229)
30 June 2014						
Financial assets						
Cash and cash equivalents	11,686	5,195	-	-	-	16,881
Receivables	-	-	-	-	4,203	4,203
Financial assets at fair value through profit or loss	-	-	-	-	92,825	92,825
Total financial assets	11,686	5,195	-	-	97,028	113,909
Weighted average interest rate	2.20%	3.64%				
Financial liabilities						
Trade and other payables	-	-	-	-	3,369	3,369
Borrowings	13,595	15,000	74,500	-	-	103,095
Derivative financial instruments	-	-	-	-	372	372
Total financial liabilities	13,595	15,000	74,500	-	3,741	106,836
Weighted average interest rate	5.24%	5.32%	5.53%			
Net financial assets/(liabilities)	(1,909)	(9,805)	(74,500)	-	93,287	7,073

Note 30: Financial instruments (continued)

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

	Carrying amount $'000	Contractual cash flow $'000	Less than 1 Year $'000	Between 1-5 Years $'000	Over 5 Years $'000
30 June 2015					
Trade and other payables	6,896	6,896	6,896	-	-
Borrowings	213,913	250,846	20,800	230,046	-
	220,809	257,742	27,696	230,046	-
30 June 2014					
Trade and other payables	3,369	3,369	3,369	-	-
Borrowings	103,095	110,942	19,690	91,252	-
	106,464	114,311	23,059	91,252	-

Credit risk
The carrying amounts of financial assets included in the statement of financial position represent the Group's exposure to credit risk in relation to these assets.

Summarised interest rate sensitivity analysis
The table below illustrates the potential impact a change in interest rates by +/-1% would have had on the Group's profit.

		Change in interest rate	
		-1%	1%
	Carrying amount $'000	Profit $'000	Profit $'000
30 June 2015			
Financial assets			
Cash and cash equivalents	14,967	(98)	98
Financial liabilities			
Borrowings	213,913	161	(161)
Derivative financial instruments	1,347	13	(13)
Total (decrease) increase		76	(76)
30 June 2014			
Financial assets			
Cash and cash equivalents	16,881	(117)	117
Financial liabilities			
Borrowings	103,095	136	(136)
Total (decrease) increase		19	(19)

Note 30: Financial instruments (continued)

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 $'000	Fair value $'000
Financial assets		
Receivables	297	297
Financial assets at fair value through profit or loss	117,421	117,421
Total non-current	117,718	117,718
Receivables	5,242	5,242
Total current	5,242	5,242
Total	122,960	122,960
Financial liabilities		
Borrowings	191,401	194,011
Derivative financial instruments	1,347	1,347
Total non-current	192,748	195,358
Trade and other payables	6,896	6,896
Borrowings	21,525	21,525
Total current	28,421	28,421
Total	221,169	223,779

Note 30: Financial instruments (continued)

Set out below is a comparison of the carrying amounts and fair values of financial instruments as at 30 June 2014:

	Carrying amount $'000	Fair value $'000
Financial assets		
Receivables	956	956
Financial assets at fair value through profit or loss	89,461	89,461
Total non-current	90,417	90,417
Receivables	3,247	3,247
Financial assets at fair value through profit or loss	3,364	3,364
Total current	6,611	6,611
Total	97,028	97,028
Financial liabilities		
Borrowings	87,115	87,807
Derivative financial instruments	358	358
Total non-current	87,473	88,165
Trade and other payables	3,369	3,369
Borrowings	15,257	15,288
Derivative financial instruments	14	14
Total current	18,640	18,671
Total	106,113	106,836

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 Group 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 30: Financial instruments (continued)

As at 30 June 2015, the Group held the following classes of financial instruments measured at fair value:

	30 June 2015 $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Financial assets measured at fair value				
Financial assets at fair value through profit or loss	117,421	113,018	-	4,403
Derivative financial instruments	1,347	-	1,347	-

As at 30 June 2014, the Group held the following classes of financial instruments measured at fair value:

	30 June 2014 $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Financial assets measured at fair value				
Financial assets at fair value through profit or loss	92,825	70,640	-	22,185
Derivative financial instruments	372	-	372	-

During the prior year, the Group's investment in the 360 Capital Office Fund (refer to Note 16) moved from Level 3 to Level 1 following its listing on the ASX. There were no other transfers between Level 1 and Level 2 fair value measurements, and no other transfers into or out of Level 3 fair value measurements.

Reconciliation of fair value measurements categorised within the Level 3 hierarchy for the year is as follows:

	30 June 2015 $'000	30 June 2014 $'000
Balance at 1 July	22,185	-
Financial assets acquired through the acquisition of 360 Capital Property Group	-	23,296
Financial assets acquired - other	3,289	-
Financial assets consolidated into financial statements	(5,869)	-
Financial assets disposed	(17,997)	(1,140)
Fair value adjustment of financial assets	2,795	29
Closing balance	4,403	22,185

Valuation techniques

Fair value profit or loss financial assets

For fair value profit or loss financial assets, the Group invests in listed and unlisted 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. Unlisted investments are not traded in an active market and are categorised as Level 3 instruments. NTA of the underlying investments is used as a basis for valuation however may be amended as deemed appropriate (e.g. when the NTA of the underlying investment is negative).

Note 30: Financial instruments (continued)

The NTA of investments is driven by underlying investment properties which are carried at fair value based on valuations using the capitalisation rate, markets sale comparison and discounted cash flow approaches (refer to Note 20). The significant Level 3 inputs in relation to the underlying property valuations of the investments include capitalisation rates which are estimated to be in the range of 7.5% to 9.5% and discount rates estimated to be between 9.0% and 10.5%. The Group uses its judgment to select a variety of methods and makes assumptions that are mainly based on market conditions existing at each statement of financial position date.

Derivatives
For derivatives, as market prices are unavailable the Group uses valuation models to derive fair value. The models are industry standard and mostly employ a Black–Scholes framework to calculate the expected future value of payments by derivative, which is discounted back to a present value. The models' interest rate inputs are benchmark interest rates such as BBSW and active broker quoted interest rates in the swap, bond and futures markets. Interest rate volatilities are sourced through a consensus data provider. As such, the input parameters into the models are deemed observable, thus these derivatives are categorised as Level 2 instruments.

Borrowings
The fair value of the borrowings is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

Note 31: Reconciliation of net profit/(loss) to net cash inflows from operating activities

	30 June 2015 $'000	30 June 2014 $'000
Net profit for the year	30,849	28,101
Adjustment for:		
Borrowing cost amortisation	2,610	663
Depreciation	15	16
Gain on bargain purchase of 360 Capital Property Group	(287)	(9,321)
Impairment reversal of equity accounted investments	(100)	(600)
Net gain on fair value of financial assets	(7,654)	(8,087)
Net (gain)/ loss on fair value of investment properties	(11,410)	5,267
Net loss on fair value of derivative financial instruments	2,551	591
Security based payments expense	691	518
Straight-lining of lease revenue and incentives	474	620
Change in assets and liabilities		
Decrease in receivables and prepayments	(1,336)	(562)
Increase/(decrease) in creditors and accruals	380	(1,904)
Decrease in provision for deferred income tax	536	3,060
Net cash inflows from operating activities	17,319	18,362

Note 32: Business combinations

Acquisition of 360 Capital Subiaco Square Shopping Centre Property Trust

Summary of acquisition

During October 2014 the Group increased its investment in the 360 Capital Subiaco Square Shopping Centre Property Trust from 24.1% to 39.8%. As a result of the increase in ownership, the Group's role as Responsible Entity of the trust and relative dispersion of the remaining interests not held by the Group, the Group is deemed under AASB10 *Consolidated Financial Statements* to control the Trust. The acquisition has been accounted for using the acquisition method. The consolidated financial statements include the results of 360 Capital Subiaco Square Shopping Centre Property Trust from 1 November 2014.

	30 June 2014 $'000
Carrying value of existing investment	3,544
Cash paid - Acquisitions made in October 2014	2,325
Total purchase consideration	5,869

The provisional fair value of assets and liabilities recognised as a result of the acquisition are as follows:

	$'000
Assets	
Cash and cash equivalents	575
Receivables	206
Investment properties	29,000
Liabilities	
Trade and other payables	(565)
Borrowings	(13,698)
Derivative financial instruments	(46)
Net identifiable assets acquired including external non-controlling interest	15,472
Less: External non-controlling interest	(9,316)
Net identifiable assets acquired excluding external non-controlling interest	6,156
Less: Gain on bargain purchase	(287)
Total purchase consideration	5,869

The fair value of receivables and other financial assets approximates the collectible amount. External non-controlling interest has been calculated at the respective share of net assets.

A bargain on purchase of 360 Capital Subiaco Square Shopping Centre Property Trust of $0.3 million has been recognised as income in the consolidated statement of profit or loss for the year. The bargain represents the difference between total purchase consideration and net identifiable assets acquired. The gain on bargain purchase reflects the liquidity discount the Group included when calculating the purchase price of units from existing unitholders.

Note 32: Business combinations (continued)

Revenue and profit contribution

The acquired business contributed revenues of $0.4 million and net loss after tax of $0.03 million to the Group from 1 November 2014 to 30 June 2015.

If the acquisition had occurred on 1 July 2014, consolidated total revenue from continuing operations and the consolidated net profit after tax of the acquired business for the year ended 30 June 2015 would have been $1.7 million and $0.3 million respectively. These amounts have been calculated using the Group's accounting policies.

Contingent consideration

There is no contingent consideration as part of this transaction.

Purchase consideration - cash outflow on acquisition

	30 June 2014 $'000
Cash consideration paid	2,325
Less: Cash and cash equivalents acquired	(575)
Outflow of cash to acquire subsidiary - including external non-controlling interest cash	1,750
Add: Direct costs relating to the acquisition	-
Total cash outflow to acquire subsidiary	1,750

Acquisition related costs

No acquisition related costs were incurred.

Acquisition of 360 Capital Total Return Fund

Summary of acquisition

On the 21 April 2015 the Group invested $5.0 million acquiring a 52.1% holding in CVC Property Fund (ASX code CJT), a listed property fund. The acquisition was part of the restructure and subsequent relisting of the fund as the 360 Capital Total Return Fund (ASX code TOT). On 17 April 2015, prior to the acquisition, a Group entity was appointed as responsible entity of CJT. On the 22 April, the day after the acquisition, the Group's interest in TOT was diluted down to 10.1% through a $40 million capital raise. The Group is deemed under AASB10 *Consolidated Financial Statements* to control the fund for the one day period from 21 April 2015 to 22 April 2015 as it held a 52.1% interest in CJT and was the manager of the fund. Given that at the date of the acquisition and subsequent dilution of the Group's interest in the fund, the fair value of the assets and liabilities acquired was equal to the consideration paid, no gain or loss has been recognised on the consolidation and deconsolidation of the fund. Refer to Note 16 for further information on the Groups investment in the fund.

Note 33: Capital commitments and contingencies

Capital commitments
At 30 June 2015, the Group no capital commitments (30 June 2014: no capital commitments) relating to the purchase of property, plant and equipment.

Contingencies
In accordance with the ANI Offer (discussed in more detail in Note 16), a possible future obligation exists at balance date for the Group to pay 10.0 cents per ANI unit to all ANI unitholders that accept the Offer subject to certain conditions being satisfied. If 100% of the ANI unitholders were to accept into the ANI Offer and all necessary conditions were met the total obligation for the Group would result in a cash payment of $9.6 million. At balance date the relevant conditions had not been satisfied. There are no other contingent liabilities as at 30 June 2015.

Note 34: Related party transactions

Parent entity
The legal parent entity is 360 Capital Group Limited

Controlled entities
Interests in controlled entities are set out in Note 35.

Key management personnel
Key management personnel of the Group include:

Executive director
Tony Robert Pitt, Managing Director

Other KMP
Ben James, Chief Investment Officer - Appointed 2 October 2013
Glenn Butterworth, Chief Financial Officer - Appointed 2 December 2013
Alan Sutton, Company Secretary - Appointed 2 October 2013

Compensation of key management personnel during the year was as follows:

	30 June 2015 $'000	**30 June 2014 $'000**
Short-term benefits	1,401	1,303
Post-employment benefits	72	59
Other long-term benefits	-	2
Termination benefits	-	21
Security based payments	491	369
Total compensation	1,978	1,754

Further disclosures relating to key management personnel are set out in the Remuneration report.

Note 34: Related party transactions (continued)

The following loans have been provided to KMP through their participation in the Group employee security plan:

KMP	Balance at start of ESP grant $	Interest charged in the year $	Payments made during the year $	Balance at end of the year $	Highest indebtness during the year $
Tony Pitt	3,540,000	345,000	(345,000)	3,540,000	3,540,000
Ben James	3,540,000	345,000	(345,000)	3,540,000	3,540,000
Glenn Butterworth	1,032,500	100,625	(100,625)	1,032,500	1,032,500
Alan Sutton	601,800	58,650	(58,650)	601,800	601,800
	8,714,300	849,275	(849,275)	8,714,300	8,714,300

The loan provided on the grant date was equivalent to the face value of the securities. All loans were granted on 2 October 2013. Interest on the loan is equal to any distributions or dividends paid on the securities over the 3 year period, and should performance hurdles not be met, or participants elect not to repay the loan, then the Board, at its discretion, will either sell or cancel the securities.

For further information on these loans refer to Note 29.

The following significant transactions occurred with related parties during the year:

Acquisition of 360 Capital Property Group
On 2 October 2013, the Group acquired 100% of 360 Capital Property Group through a scrip-for-scrip offer to 360 Capital Property Group Securityholders (with a cash election). 360 Capital Property Group was a diversified real estate investment and funds management business. At the time of the acquisition, Mr Tony Robert Pitt was a substantial Securityholder and Non-Executive Director of the Group, and owned (through TT Investments Pty Limited) 21.1% of 360 Capital Property Group.

Refer to Note 32 for further information.

Acquisition of 360 Capital Diversified Property Fund
On 19 September 2014 the Group acquired 100% of 360 Capital Diversified Property Fund through a $21.2 million cash offer to non 360 Capital Group unitholders. At the time of the acquisition the Group held 58.9% of 360 Capital Diversified Property Fund and was the Responsible Entity.

The acquisition was approved by unitholders at an extraordinary general meeting held on 8 September 2014 following Independent Expert, BDO Corporate Finance, concluding that the acquisition was fair and reasonable and in the best interest of unitholders not associated with the Group.

Exit Fee Conversion - 360 Capital 111 St Georges Terrace Property Trust
On 17 November 2014 a Notice of Meeting was sent to unitholders by the Responsible Entity containing a resolution to be considered by unitholders to extend the term of the Trust to January 2022 and to crystallise and reset the exit fee through the issue of additional units in the Trust to the Group. On 10 December 2014 the unitholders voted for the resolution. Accordingly the Trust paid out the exit fee payable of $3,425,000 through the issue of 910,904 units to the Group.

Note 34: Related party transactions (continued)

Exit Fees Conversion - 360 Capital Subiaco Square Shopping Centre Property Trust

On 11 August 2014 a Notice of Meeting was sent to unitholders by the Responsible Entity containing a resolution to be considered by unitholders to extend the term of the Trust to December 2020 and to crystallise and reset the exit fee through the issue of additional units in the Trust to the Group. On 2 October 2014 the unitholders voted for the resolution. Accordingly the Trust paid out the exit fee payable of $725,000 through issue of 414,286 units to the Group.

Investment in Australian Industrial REIT and conversion into TIX units

During the year the Group made a $27.1 million investment in the Australian Industrial REIT. In April 2015 the Group accepted into the 360 Capital Industrial Fund an offer for ANI converting its holding in ANI into additional units in TIX at the ratio of 1:0.90 resulting in the Group acquiring an additional 11,171,483 units in TIX.

Acquisition of 360 Capital Retail Fund No.1

In June 2015 the Group sold down 22.4% of the 360 Capital Retail Fund No.1. The fund is a controlled entity of the Group, which acquired two retail investment properties in June 2015. The Group hold underwriting units in the fund which it intends to sell down. The Group charged $1.3 million in underwriting fees and $1.7 million of acquisition fees to the fund, associated with the capital raise and property acquisitions, these fees are eliminated on the consolidation of the fund within the financial statements.

Acquisition of 360 Capital Total Return Fund

In April 2015 the Group acquired a $5.0 million stake, representing 52.1%, in CVC Property Fund (ASX code CJT) and was subsequently diluted down to 10.1% through a $40 million capital raise undertaken by the fund. 360 Capital Investment Management Limited was also appointed as responsible entity of the Fund in April 2015. During the year the Group made a loan to the 360 Capital Active Fund of $1,583,282 which was subsequently repaid on 30 April 2015. There was no interest charged on the loan.

Responsible Entity fees

360 Capital Investment Management Limited and 360 Capital RE Limited, wholly owned subsidiaries of the Group, acted as Responsible Entity and/or Custodian for a number of managed investment schemes in which the Group also held an investment.

A summary of fee income earned during the year from these managed investment schemes is provided below:

	30 June 2015 $'000	30 June 2014 $'000
360 Capital Canberra Trust	55	86
360 Capital Industrial Fund (ASX: TIX)	3,298	1,683
360 Capital Office Fund (ASX: TOF)	1,420	1,277
360 Capital Total Return Fund (ASX: TOT)	62	-
360 Capital Havelock House Property Trust	228	121
360 Capital Subiaco Square Property Trust	62	425
360 Capital Developments Income Fund	-	2,318
360 Capital AREIT Fund	5	-
	5,130	5,910

Note 34: Related party transactions (continued)

Fee income includes Responsible Entity fees, Custodian fees, Performance fees, leasing fees and other recoveries. Amounts previously provided for as doubtful totalling $2.0 million were received from 360 Capital Developments Income Fund during the prior year.

The Responsible Entity is entitled to a management fee calculated in accordance with the Fund's constitution, which is either a percentage per annum of the gross asset value of the Fund or a percentage of the gross rental income of the Fund.

The performance fee relate to amounts payable to the Responsible Entity upon the sale of the investment property. The amount payable is based on a percentage of the property sale price and an additional performance fee calculated in accordance with the constitution.

Custodian fees are paid and calculated in accordance with the constitution at a rate of 0.05% of the gross assets.

A summary of performance fees receivable from these managed investment schemes is provided below:

	30 June 2015 $'000	30 June 2014 $'000
360 Capital Havelock House Property Trust	297	231
360 Capital Subiaco Square Property Trust	-	725
	297	956

A summary of distribution income earned during the year from these managed investment schemes is provided below:

	30 June 2015 $'000	30 June 2014 $'000
360 Capital Industrial Fund (ASX: TIX)	3,808	2,011
360 Capital Office Fund (ASX: TOF)	3,572	827
360 Capital Total Return Fund (ASX: TOT)	112	-
360 Capital Havelock House Property Trust	246	175
360 Capital Subiaco Square Property Trust	71	121
360 Capital AREIT Fund	37	-
	7,846	3,134

For details of the Group's investment in the management investment schemes refer to Note 16.

Note 35: Subsidiaries and controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

a) Interest in subsidiaries of 360 Capital Group Limited

Name of entity	Country of domicile	Equity Class	Equity Holding 30 June 2015 %	Equity Holding 30 June 2014 %
Trafalgar Corporate Pty Limited (TCL)	Australia	Ordinary	100	100
TC Group Developments Pty Limited	Australia	Ordinary	100	100
TC Rhodes Pty Limited	Australia	Ordinary	100	100
TC RHB Stage 2 Lessor Holdings Pty Limited	Australia	Ordinary	100	100
TC RHB Stage 2 Lessor Pty Limited	Australia	Ordinary	100	100
TC RHB Stage 2 Contractor Holdings Pty Limited [1]	Australia	Ordinary	-	100
TC RHB Stage 2 Contractor Pty Limited [1]	Australia	Ordinary	-	100
TC RHB Stage 4 Lessor Holdings Pty Limited	Australia	Ordinary	100	100
TC RHB Stage 4 Lessor Pty Limited	Australia	Ordinary	100	100
TC RHB Stage 4 Contractor Holdings Pty Limited [1]	Australia	Ordinary	-	100
TC RHB Stage 4 Contractor Pty Limited [1]	Australia	Ordinary	-	100
TC RHB Stage 6 Lessor Holdings Pty Limited	Australia	Ordinary	100	100
TC RHB Stage 6 Lessor Pty Limited	Australia	Ordinary	100	100
TC RHB Stage 6 Contractor Holdings Pty Limited	Australia	Ordinary	100	100
TC RHB Stage 6 Contractor Pty Limited	Australia	Ordinary	100	100
TC RHB Stage 7 Lessor Holdings Pty Limited	Australia	Ordinary	100	100
TC RHB Stage 7 Lessor Pty Limited	Australia	Ordinary	100	100
TC RHB Stage 7 Contractor Holdings Pty Limited	Australia	Ordinary	100	100
TC RHB Stage 7 Contractor Pty Limited	Australia	Ordinary	100	100
TC RHB Stage 8 Lessor Holdings Pty Limited	Australia	Ordinary	100	100
TC RHB Stage 8 Lessor Pty Limited	Australia	Ordinary	100	100
TC RHB Stage 8 Contractor Holdings Pty Limited	Australia	Ordinary	100	100
TC RHB Stage 8 Contractor Pty Limited	Australia	Ordinary	100	100
TC Frances Park Pty Limited	Australia	Ordinary	-	100
TC (TOF No. 5) Pty Limited	Australia	Ordinary	-	100
TC Renewing Homebush Bay Pty Limited	Australia	Ordinary	100	100
TC (RHB) Pty Limited	Australia	Ordinary	100	100
Trafalgar Managed Investments Limited	Australia	Ordinary	100	100
Trafalgar Twelve Four Finance Pty Limited	Australia	Ordinary	100	100
Trafalgar Twelve Four Note Issuer Pty Limited	Australia	Ordinary	100	100
360 Capital Property Limited	Australia	Ordinary	100	100
360 Capital Financial Services Pty Limited	Australia	Ordinary	100	100
360 Capital RE Limited	Australia	Ordinary	100	100
360 Capital Investment Management Limited	Australia	Ordinary	100	100
BOPT Finance Pty Limited	Australia	Ordinary	100	100
360 Capital Custodian No.2 Pty Limited	Australia	Ordinary	100	100

[1] Companies were wound up during the year.

Note 35: Subsidiaries and controlled entities (continued)

Following the acquisition of 360 Capital Property Group (refer to Note 32), the Group acquired a 100% ownership interest in the following entities:

Name of entity	Country of domicile	Equity Class	Equity Holding 30 June 2015 %	Equity Holding 30 June 2014 %
360 Capital PS Management Pty Limited	Australia	Ordinary	100	100
360 Capital Properties No.1 Pty Limited	Australia	Ordinary	100	100
360 Capital Properties No.2 Pty Limited	Australia	Ordinary	100	100
360 Capital Canberra Pty Limited	Australia	Ordinary	100	100
BDIF Nominees Pty Limited	Australia	Ordinary	100	100
ACN 062 671 872 Pty Limited	Australia	Ordinary	100	100
360 Capital Institutional Investment Limited	Australia	Ordinary	100	100
360 Capital CMBS Pty Limited	Australia	Ordinary	100	100
BRPTS Portfolio No.1 Pty Limited	Australia	Ordinary	100	100
BRPT Finance Pty Limited	Australia	Ordinary	100	100

b) **Interest in controlled entities of 360 Capital Investment Trust**

360 Capital Investment Trust (stapled entity)	Australia	Ordinary	100	100
Trafalgar Opportunity Fund No. 4	Australia	Ordinary	100	100
360 Capital Trust	Australia	Ordinary	100	100
360 Capital Retail Fund [1]	Australia	Ordinary	100	100
360 Capital Diversified Property Fund [2]	Australia	Ordinary	100	58.9

c) **Interest in controlled entities with material non-controlling interests**

360 Capital 111 St George's Terrace Property Trust [3]	Australia	Ordinary	44.4	41.2
360 Capital Subiaco Shopping Centre Property Trust [3]	Australia	Ordinary	39.8	-
360 Capital 441 Murray Street Property Trust [3]	Australia	Ordinary	35.6	35.6
360 Capital Retail Fund No.1 [3]	Australia	Underwrite	77.6	-

[1] A 37% indirect interest in the fund was acquired following the acquisition of 360 Capital Property Group. In February 2014, the Group increased its holding to a direct 100% interest in the fund.
[2] In September 2014 the Group acquired the remaining non-controlling interest and now holds 100% interest in the fund.
[3] For further information of controlled entities with material non-controlling interests refer to following details below.

Details of entities with material non-controlling interests

The Group also acquired through the acquisition of 360 Capital Property Group, controlling interests in four other entities. The consolidated financial report includes the financial statements of the following subsidiaries controlled by the Group with a material non-controlling interest:

Note 35: Subsidiaries and controlled entities (continued)

360 Capital 111 St George's Terrace Property Trust: The Group is deemed under AASB10 *Consolidated Financial Statements* to have control of the trust based upon the impact of a) the Group's role as Responsible Entity of the trust and b) the Group's 44% interest in the trust and the absolute dispersion of the remaining interests not held by the Group.
Summarised financial information for the trust is as follows:

	30 June 2015 $'000	**30 June 2014 $'000**
Current assets	1,454	1,948
Total assets	140,454	138,948
Current liabilities	2,185	2,139
Total liabilities	72,244	73,228
Total revenue	13,078	13,177
Total comprehensive income for the year	4,826	10,658
Net cash inflow from operating activities	6,374	4,076
Distributions paid to non-controlling interests	3,275	2,464

360 Capital Diversified Property Fund: On 19 September 2014 the Group acquired an additional 41.1% of 360 Capital Diversified Property Fund through a $21.2 million cash offer to external unitholders.

At the time of the acquisition the Group held 58.9% of 360 Capital Diversified Property Fund.

Prior to acquiring the Fund, the consolidated financial report included the financial statements of the Fund based on the Group's Material non-controlling interest. The acquisition increased the consolidated entity's ownership to 100%.

	$'000
Cash consideration paid to non-controlling interests	21,200
Carrying value of the additional interest	26,678
Value uplift recognised in retained earnings	5,478

In the prior year the Group consolidated the fund as it was deem to have control of the fund based upon the impact of a) the Group's role as Responsible Entity of the fund and b) the Group's 59% direct interest in the fund. In September 2014 the Group acquired the remaining non-controlling interest and now holds 100% interest in the fund.

Summarised financial information for the fund is as follows:

	30 June 2015 $'000	**30 June 2014 $'000**
Current assets	-	4,815
Total assets	-	62,858
Current liabilities	-	1,931
Total liabilities	-	60,927
Total revenue	-	9,803
Total comprehensive income for the year	-	2,149
Net cash inflow from operating activities	-	4,121
Distributions paid to non-controlling interests	-	537

Note 35: Subsidiaries and controlled entities (continued)

360 Capital Subiaco Shopping Centre Property Trust: The Group is deemed under AASB10 *Consolidated Financial Statements* to have control of the trust based upon the impact of a) the Group's role as Responsible Entity of the trust and b) the Group's 40% indirect interest in the trust and the absolute dispersion of the remaining interests not held by the Group.

Summarised financial information for the trust is as follows:

	30 June 2015 $'000	30 June 2014 $'000
Current assets	854	-
Total assets	32,854	-
Current liabilities	551	-
Total liabilities	14,536	-
Total revenue	3,758	-
Total comprehensive income for the year	3,749	-
Net cash inflow from operating activities	1,327	-
Distributions paid to non-controlling interests	588	-

360 Capital 441 Murray Street Property Trust: The Group is deemed under AASB10 *Consolidated Financial Statements* to have control of the trust based upon the impact of a) the Group's role as Responsible Entity of the trust and b) the Group's 36% indirect interest in the trust and the absolute dispersion of the remaining interests not held by the Group.

Summarised financial information for the trust is as follows:

	30 June 2015 $'000	30 June 2014 $'000
Current assets	773	386
Total assets	26,273	27,886
Current liabilities	11,209	10,710
Total liabilities	11,925	11,447
Total revenue	2,914	2,812
Total comprehensive income for the year	(499)	2,212
Net cash inflow from operating activities	782	1,128
Distributions paid to non-controlling interests	1,025	745

360 Capital Retail Fund No.1: On 22 December 2015 the Group acquired 100% of the issued units in 360 Capital Retail Fund No.1 an unlisted property fund. The fund subsequently acquired two retail investment properties in June 2015 and issued additional units to fund the acquisitions. Units were issued to the consolidated entity and to external investors with the consolidated entity holding 77.6% of the issued equity in the fund at 30 June 2015. The Group holds underwrite units which may be redeemed at the issue price from the proceeds from the issue of ordinary units.

At the time of the acquisition the Group held 100% of 360 Capital Retail Fund No.1, and subsequently diluted its holding to 77.6% at 30 June 2015.

	$'000
Cash consideration received from non-controlling interests	9,681
Carrying value of the additional interest	9,079
Value uplift recognised in retained earnings	602

Note 35: Subsidiaries and controlled entities (continued)

The Group is deemed under AASB10 *Consolidated Financial Statements* to have control of the fund based upon the impact of a) the Group's role as Responsible Entity of the trust and b) the Group's 78% indirect interest in the fund and the absolute dispersion of the remaining interests not held by the Group.
Summarised financial information for the trust is as follows:

	30 June 2015 $'000	30 June 2014 $'000
Current assets	1,565	-
Total assets	76,865	-
Current liabilities	1,717	-
Total liabilities	35,761	-
Total revenue	225	-
Total comprehensive income for the year	913	-
Net cash inflow from operating activities	(52)	-
Distributions paid to non-controlling interests	76	-

Note 36: Deed of cross guarantee

360 Capital Group Limited and its wholly owned subsidiary, 360 Capital Property Limited ("360CPL"), are parties to a deed of cross guarantee under which each company guarantees the debts of the other. By entering into the deed, 360CPL has been relieved from the requirement to prepare financial statements and a directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission. The effect of the feed is that the Group has guaranteed to pay any deficiency in the event of winding up of a subsidiary if they do not meet their obligations under the terms of overdrafts, loans, leases, or other liabilities subject to the guarantee. The subsidiaries have also given a similar guarantee in that in the event that the Group is wound up or does not meet its obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee.

Consolidated balance sheet for the closed group:

	30 June 2015 $'000	30 June 2014 $'000
Current assets	5,174	409
Non-current assets	73,553	67,896
Total assets	78,727	68,305
Current liabilities	50	403
Non-current liabilities	73,758	72,203
Total liabilities	73,808	72,606
Net Assets	4,919	(4,301)
Issued capital	5,720	5,721
Security based payments reserve	458	67
Accumulated losses	(1,259)	(10,089)
Total equity	4,419	(4,301)

Note 36: Deed of cross guarantee (continued)

Consolidated income statement for the closed group:

	30 June 2015 $'000	30 June 2014 $'000
Profit from Continuing operations before income tax	1,053	1,938
Income tax	(316)	(276)
Profit after tax from continuing operations	737	1,662
Loss after tax from discontinued operation	-	-
Net profit for the period	737	1,662
Retained earnings at the beginning of the period	5,592	3,930
Dividends provided for or paid	-	-
Aggregate amounts transferred to reserves	-	-
Retained earnings at the end of the period	6,329	5,592

Note 37: Parent entity disclosures

The following details information relating to the parent entity 360 Capital Group Limited.

	30 June 2015 $'000	30 June 2014 $'000
Current assets	379	407
Non-current assets	55,851	51,700
Total assets	56,230	52,107
Current liabilities	47	397
Non-current liabilities	55,323	60,282
Total liabilities	55,370	60,679
Issued capital	3,961	3,961
Security based payments reserve	458	67
Accumulated losses	(3,558)	(12,600)
Total equity	861	(8,572)
Net profit/(loss) for the year	945	1,956
Total comprehensive income for the year	945	1,956

Parent entity contingencies

360 Capital Group Limited and its wholly owned subsidiary, 360 Capital Property Limited ("360CPL"), are parties to a deed of cross guarantee, refer to Note 36 for further information. There are no other contingencies at 30 June 2015 (2014: Nil).

Note 38: Events subsequent to balance date

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

In the opinion of the Directors of 360 Capital Group:

1) The consolidated financial statements and notes that are set out on pages 30 to 98, and the Remuneration report contained in the Directors' report on pages 13 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 30 June 2015 and of its performance for the financial year ended on that date; and

   (ii) complying with Australian Accounting Standards 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.

3) There are reasonable grounds to believe that the members of the closed group identified in Note 36 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 36.

4) The Directors have given the declarations required by Section 295A of the *Corporations Act 2001* from the Managing Director and Chief Financial Officer for the financial year ended 30 June 2015.

5) The Directors draw attention to Note 1 (b) to the consolidated financial statements, which include 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

Graham Ephraim Lenzner
Director

Sydney
26 August 2015

Building a better working world

Ernst & Young
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Independent auditor's report to the shareholders of 360 Capital Group Limited

Report on the Financial Report

We have audited the accompanying financial report of 360 Capital Group Limited ('the company'), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the entity and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company 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 company 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 Group Limited is in accordance with the Corporations Act 2001, including:

   i giving a true and fair view of the consolidated entity's financial position at 30 June 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.

Report on the remuneration report

We have audited the Remuneration Report of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of 360 Capital Group Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Mark Conroy

Mark Conroy
Partner
Sydney
26 August 2015

Information below was prepared as at 20 August 2015

a) Top 20 registered securityholders:

Holder Name	Balance at 20-08-2015	%
J P MORGAN NOMINEES AUSTRALIA LIMITED	25,043,797	10.07
TT INVESTMENTS PTY LTD	24,991,159	10.05
NATIONAL NOMINEES LIMITED	23,593,468	9.49
UBS NOMINEES PTY LTD	17,003,267	6.84
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	16,664,932	6.70
PENTAGON FINANCIAL SERVICES PTY LIMITED	13,579,009	5.46
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	12,664,561	5.09
WYLLIE GROUP PTY LTD	12,474,576	5.02
CITICORP NOMINEES PTY LIMITED	8,767,871	3.53
180 CAPITAL INVESTMENTS PTY LIMITED	7,900,000	3.18
AUST EXECUTOR TRUSTEES LTD	7,497,763	3.02
BNP PARIBAS NOMS PTY LTD	6,172,109	2.48
MR BEN JAMES	6,000,000	2.41
MR TONY PITT	6,000,000	2.41
SMALLCO INVESTMENT MANAGER LTD	2,987,807	1.20
NETWORK INVESTMENT HOLDINGS PTY LTD	2,000,000	0.80
MR GLENN BUTTERWORTH	1,750,000	0.70
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	1,739,621	0.70
PRUDENTIAL NOMINEES PTY LTD	1,500,000	0.60
MR LEON BOYATZIS	1,200,000	0.48
Total securities held by Top 20 securityholders	199,529,940	80.23
Total securities on issue	**248,702,516**	**100.00**

b) Distribution of securityholders:

The total number of securityholders with less than a marketable parcel was 49 and they hold 8,535 securities.

Holdings Ranges	Holders	Total Units	%
1-1,000	139	65,444	0.03
1,001-5,000	309	928,756	0.37
5,001-10,000	213	1,757,405	0.71
10,001-100,000	577	20,238,274	8.12
100,001-9,999,999,999	99	225,712,637	90.76
Totals	**1,337**	**248,702,516**	**100.00**

c) Substantial securityholder notices:

Name of securityholder	Date of notice	Securities held	% of issued securities
Mr Tony R Pitt	27/02/2014	51,998,502	20.91
First Samuel Ltd	29/07/2015	16,493,746	6.63
LHC Capital Partners Pty Ltd	25/11/2013	16,154,908	6.496
Investors Mutual Ltd	3/10/2013	12,474,576	5.012
Wylie Group Pty Ltd	2/10/2013	12,474,576	5.012

360 Capital Group

Glossary

For the year ended 30 June 2015

Term	Definition
$ orA$ or cents	Australian currency
360 Capital Investment Trust	The managed investment trust (ARSN 104 872 844) that represents part of the stapled entity, 360 Capital Group
360 Capital Group Limited	The company (ACN 113 569 136) that represents part of the stapled entity, 360 Capital Group
360 Capital, 360 Capital Group	360 Capital Group, the stapled entity comprising 360 Capital Investment Trust and 360 Capital Group Limited
AASB	Australian Accounting Standards Board
AFSL	Australian Financial Services Licence
A-REIT	Australian Real Estate Investment Trust
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited or the market operated by it as the context requires
ASX Guidelines	The ASX Principles of Good Corporate Governance and Best Practice Guidelines
Board	Board of Directors of the Company/Group
CGT	Capital gains tax
Constitution	The constitution of the Fund, as amended
Corporations Act	Corporations Act 2001 (Cth) as amended from time to time
CPI	Consumer price index
Cpu	Cents per Unit
Director/s	A director of the Group
Distribution yield	Rate of return derived by dividing distribution per Unit by the price
Earnings yield	Rate of return derived by dividing earnings per Unit by the price
FOS	Financial Ombudsman Service
Fund Investment Committee	The committee established to oversee the Fund's investments, key recruitment and policies
FY	Financial year (1 July to 30 June)
Gross Passing Income	The actual income being paid for a property by existing tenants
Gross Proceeds	The aggregate of all moneys (including all rent, licence fees, outgoings and all other amounts) received from tenants and other occupants and users of the real property assets (held directly or indirectly) of the Fund
Group	360 Capital Group, the stapled entity comprising 360 Capital Investment Trust and 360 Capital Group Limited
GST	Goods and services tax (Australia)
HY	Half Year (half year from 1 July to 31 December or 1 January to 30 June)
ICR	Interest Cover Ratio meaning net rent received divided by interest expense incurred on the facility
IFRS	International Financial Reporting Standards
Lender(s)	NAB and Bankwest
LVR	Loan to value ratio meaning interest bearing liabilities (excluding 360 Notes) divided by total property values
NLA	Net lettable area
NPI	Net property income
NTA	Net tangible assets as per the balance sheet
NTA per Unit	Net tangible assets divided by the number of Units on issue
Operating earnings	Operating earnings is statutory net profit adjusted for non-cash and significant items
p.a.	Per annum
Property/ies	A property or properties owned or to be owned by the Group
Responsible Entity	360 Capital Investment Management Limited (ACN 133 363 185, AFSL 340 304)
Sqm	Square metres
WACR	Weighted average capitalisation rate
WALE	Weighted average lease expiry
YTD	Year to date

Parent Entity
360 Capital Group Limited
ACN 113 569 136
Level 8, 56 Pitt Street Sydney NSW 2000
Telephone (02) 8405 8860 Email: investor.relations@360capital.com.au

Directors & Officers
Non-Executive Directors
David van Aanholt (Chairman)
William John Ballhausen
Graham Ephraim Lenzner
Andrew Graeme Moffat

Executive Director
Tony Robert Pitt (Managing Director)

Officers
Ben James - Chief Investment Officer
Glenn Butterworth - Chief Financial Officer
Alan Sutton - Company Secretary

Custodians
The Trust Company Limited
ACN 050 294 052
Level 15, 20 Bond Street Sydney NSW 2000

Share & Unit Registry
Boardroom Pty Limited
ACN 003 209 836
Grosvenor Place, Level 12, 255 George Street Sydney NSW 2000
Telephone 1800 182 257 Email: enquiries@boardroomlimited.com.au

Bankers
National Australia Bank
Level 28, 500 Bourke Street Melbourne VIC 3000

Bankwest
Bankwest Place, 300 Murray Street
Perth WA 6000

Auditor
Ernst & Young
680 George Street Sydney NSW 2000

Website
www.360capital.com.au