

360 Capital Total Return Fund

For the half year ended 31 December 2015

Comprises the stapling of 360 Capital Total Return Passive Fund (ARSN 602 304 432) and 360 Capital Total Return Active Fund (ARSN 602 303 613)

This preliminary financial report is given to the ASX in accordance with Listing Rule 4.2.A. This report should be read in conjunction with the Interim Financial Report for the half year ended 31 December 2015. It is also recommended that the Interim Financial Report be considered together with any public announcements made by the Fund. Reference should also be made to the statement of significant accounting policies as outlined in the 30 June 2015 Annual Report. The Interim Financial Report for the half year ended 31 December 2015 is attached and forms part of this Appendix 4D.

Details of reporting period:

Current reporting period: 1 July 2015 – 31 December 2015

Prior corresponding period: 1 July 2014 – 31 December 2014

Results announcement to the market:

	31 Dec 2015 \$'000	31 Dec 2014 \$'000	Movement \$'000	Movement %
Revenue and other income from ordinary activities	6,125	2,004	4,121	205.6
Profit attributable to stapled securityholders for the half year	4,568	1,066	3,502	328.5
Operating profit ¹	1,942	1,066	876	82.2

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 Fund. 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 Fund's statutory profit to operating earnings is provided in Note 4 of the Financial Report.

	31 Dec 2015 Cents per security	31 Dec 2014 Cents per security	Movement Cents per security	Movement %
Earnings per security – Basic and diluted	11.7	13.9 ¹	(2.2)	(15.8)
Operating profit per security	5.0	13.9 ¹	(8.9)	(64.0)

¹ Earnings per stapled security and Operating profit per stapled security for the half year ended 31 December 2014 was 0.14 cents before adjusting for the scrip for scrip offer which occurred as part of the Fund's capital restructure in April 2015. This resulted in reducing units on issue at 21 April 2015 in the ratio of 1:100 for the comparative year.

360 Capital Total Return Fund



For the half year ended 31 December 2015

Comprises the stapling of 360 Capital Total Return Passive Fund (ARSN 602 304 432) and 360 Capital Total Return Active Fund (ARSN 602 303 613)

Distributions:

	Cents per security	Total amount paid \$'000	Date of payment
September quarter distribution	2.81	1,115	23 October 2015
Special distribution	1.20	476	23 October 2015
December quarter distribution	1.50	571	27 January 2016
Total distribution for the period ended 31 December 2015	5.51	2,162	
Total distribution for the period ended 31 December 2014	Nil	Nil	

Net tangible asset per security:

	31 Dec 2015 \$	31 Dec 2014 \$
NTA per security	1.29	1.73 ¹

¹ 31 December 2014 NTA was \$0.02 per unit. The comparative has been adjusted to \$1.73 per unit to reflect the 100:1 consolidation of CVC Property Fund units which occurred in April 2015 as part of the restructure of the Fund.



360 CAPITAL TOTAL RETURN FUND

Interim Financial Report

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

360 Capital Total Return Fund comprises 360 Capital Total Return Passive Fund (ARSN 602 304 432) and 360 Capital Total Return Active Fund (ARSN 602 303 613)

360 CAPITAL TOTAL RETURN FUND

Interim Financial Report For the half year ended 31 December 2015

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

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for 360 Capital Total Return Fund for the year ended 30 June 2015 and any public announcements made by 360 Capital Total Return Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

360 Capital Total Return Fund

Responsible Entity report

For the half year ended 31 December 2015

The Directors of 360 Capital Investment Management Limited (“CIML”), the Responsible Entity, present their report together with the interim financial report of 360 Capital Total Return Fund (“the Fund” or “consolidated entity”) (ASX: TOT) for the half year ended 31 December 2015. 360 Capital Total Return Fund comprises 360 Capital Total Return Passive Fund (“Passive Fund”) (“Parent Entity”) and its controlled entities and 360 Capital Total Return Active Fund (“Active Fund”).

Directors

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

David van Aanholt (Chairman)

Tony Robert Pitt

William John Ballhausen

Graham Ephraim Lenzner

Andrew Graeme Moffat

Principal activities

The Fund listed on the ASX in April 2015 as a unique, opportunistic fund investing in various forms of Australian real estate assets. The Fund’s objective is to deliver a total return of 12.0% plus per annum through disciplined investment in a broad range of real estate opportunities including:

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

Reporting period

The Passive Fund and Active Fund were registered on 27 October 2014 with the purpose of undertaking the restructure of existing listed fund CVC Property Fund (“CJT”) (ASX: CJT). The restructure was completed and the Fund listed on the ASX on 22 April 2015. The Fund is considered to be a continuance of the previous CJT entity as the restructure associated with the creation of the Active and Passive Funds had no economic substance and simply facilitates a broad investment mandate providing flexibility in relation to how the ownership of investments is to be structured. The comparative reporting period for the Fund therefore reflects the historic financial results and position of CJT for the half year ended 31 December 2014.

360 Capital Total Return Fund
Responsible Entity report
For the half year ended 31 December 2015

Operating and financial review

Financial results

The Fund's statutory net profit attributable to stapled securityholders for the half year ended 31 December 2015 was \$4.6 million (December 2014: \$1.1 million).

Since listing in April 2015, the Fund has distributed 8.32 cents per security ("cps") and delivered a 4.0 cps gain in Net Tangible Assets ("NTA"). Based on the issue price of \$1.25 per Security, the Fund has achieved an annualised total return of 14.4% after costs.

The Fund's operating profit (profit before specific non-cash and significant items) for the half year ended 31 December 2015 was \$1.9 million (December 2014: \$1.1 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 Responsible Entity considers operating profit to reflect the core earnings of the Fund and it is used as a guide to assess the Fund's ability to pay distributions to unitholders.

The following table summarises key reconciling items between statutory profit attributable to the unitholders of the Fund and operating profit. The operating profit information in the table has not been subject to any specific review procedures by the Fund's auditor but has been extracted from Note 4: Segment reporting of the financial statements for the half year ended 31 December 2015, which have been subject to audit; refer to page 20 for the auditor's report on the financial statements.

	31 December 2015 \$'000	31 December 2014 \$'000
Profit attributable to stapled securityholders of the Fund	4,568	1,066
Specific non-cash items		
Net loss on disposal of investment properties	345	-
Net gain on fair value of financial assets	(3,411)	-
Significant items		
Payment to "A" Class unitholders	410	-
Makegood income	(225)	-
Acquisition and transaction costs	255	-
Operating profit (profit before specific non-cash and significant items)	1,942	1,066

Properties

On 30 September 2015 the Fund settled the disposal of two properties located at 8 Rodborough Road and 357-373 Warringah Road, Frenchs Forest NSW for a combined sale price of \$26.0 million.

On 20 April 2015, in accordance with resolutions passed by CJT unitholders on 21 January 2015, existing unitholders became entitled to "A" Class units in the CJT fund entitling those unitholders to any proceeds above \$26.0 million from the sale of these properties under the existing conditional sales contracts. Upon completion of the sale, the "A" Class unitholders entitlement was satisfied with the payment of a capital distribution of \$0.4 million funded from settlement adjustments and the "A" Class units were subsequently redeemed, simplifying the Fund's capital structure.

360 Capital Total Return Fund
Responsible Entity report
For the half year ended 31 December 2015

Strategic fund investment

At the balance date the Fund held a \$36.6 million investment in Industria REIT (ASX Code: IDR), a listed property fund (June 2015: \$11.2 million) which management believe to be undervalued. The Fund has identified multiple exit strategies for this investment based around a short to medium term investment period.

Distributions

Total distributions paid or payable to unitholders by the Fund for the half year ended 31 December 2015:

	31 December 2015 \$'000	31 December 2014 \$'000
September 2015 quarterly distribution 2.81 cps paid on 23 October 2015	1,115	-
Special distribution 1.20 cps paid on 23 October 2015	476	-
December 2015 quarterly distribution 1.50 cps paid on 27 January 2016	571	-
	2,162	-

On 26 October 2015 a 0.0545 cents per "A" Class unit capital distribution totalling \$0.4 million was paid from CVC Property Fund, a wholly owned controlled entity of the Fund, in relation to "A" Class unitholders entitlements associated with the sale of the Frenchs Forest properties. The "A" Class units have been classified as a financial liability and accordingly this distribution has been expensed through the statement of profit or loss.

Buy back arrangements

As detailed in the Fund constitution, the Responsible Entity is not under any obligation to buy back, purchase or redeem units from securityholders. On 7 October 2015, securityholders approved a resolution for an on-market buy-back of up to 15% of the current securities on issue. During the half year ended 31 December 2015, the Fund bought back 1.6 million units (4.1% of total units on issue) for a total consideration of \$1.8 million at the applicable daily market rate per unit. Subsequent to balance date the Fund has completed the security buy back, purchasing a further 4.3 million units for \$5.0 million in January 2016.

Number of interests on issue

At 31 December 2015 the number of securities on issue in the Fund was 38,063,231 (30 June 2015: 39,678,456).

Significant changes in state of affairs

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

Likely developments and expected results of operations

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

360 Capital Total Return Fund
Responsible Entity report
For the half year ended 31 December 2015

Events subsequent to balance date

Subsequent to balance date the Fund has completed the security buy back as detailed above, purchasing a further 4.3 million units for \$5.0 million in January 2016.

On 18 February 2016 the Responsible Entity announced it is intending to hold a securityholder meeting over the next 3 months to seek approval to purchase back up to a further 15% of the Fund's stapled securities.

Other than those disclosed above, no circumstances have arisen since the end of the period which have significantly affected or may significantly affect the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years.

Auditor's independence declaration

The auditor's independence declaration required under Section 307C of the Corporations Act 2001 is set out on page 6 and forms part of the Responsible Entity's report for the half year ended 31 December 2015.

Rounding of amounts

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

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



Tony Robert Pitt
Director



Graham Ephraim Lenzner
Director

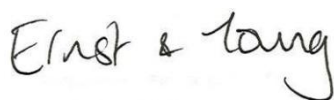
Sydney
18 February 2016

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

As lead auditor for the review of 360 Capital Total Return Passive for the half-year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of 360 Capital Total Return Passive and the entities it controlled during the financial period.



Ernst & Young



Mark Conroy
Partner
18 February 2016

360 Capital Total Return Fund

Consolidated interim statement of profit or loss and other comprehensive income

For the half year ended 31 December 2015

		31 December 2015 \$'000	31 December 2014 \$'000
	Note		
Revenue from continuing operations			
Rental from investment properties		1,045	2,004
Distributions from property funds		1,284	-
Finance revenue		159	-
Total revenue from continuing operations		2,488	2,004
Other income			
Net gain on fair value of financial assets	5	3,411	-
Other income		226	-
Total other income		3,637	-
Total revenue from continuing operations and other income		6,125	2,004
Investment property expenses		179	314
Administration expenses		210	40
Management fees	10	413	93
Finance expenses		-	491
Net loss on disposal of investment properties		345	-
Payment to "A" Class unitholders		410	-
Profit from continuing operations		4,568	1,066
Profit for the period		4,568	1,066
Total comprehensive income for the period		4,568	1,066
Total comprehensive income attributable to:			
Unitholders of 360 Capital Total Return Passive Fund		4,597	1,066
Unitholders of 360 Capital Total Return Active Fund		(29)	-
Profit attributable to the stapled securityholders		4,568	1,066
Profit for the period		4,568	1,066
Earnings per stapled security for profit after tax attributable to the stapled securityholders of 360 Capital Total Return Fund		Cents	Cents
Basic and diluted earnings per security	3	11.7	13.9

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

360 Capital Total Return Fund
Consolidated interim statement of financial position
As at 31 December 2015

		31 December	30 June
		2015	2015
	Note	\$'000	\$'000
Current assets			
Cash and cash equivalents		11,632	12,024
Receivables		1,340	621
Assets held for sale	6	-	26,000
Total current assets		12,972	38,645
Non-current assets			
Financial assets at fair value through profit or loss	5	36,622	11,227
Total non-current assets		36,622	11,227
Total assets		49,594	49,872
Current liabilities			
Trade and other payables		56	413
Distribution payable		571	1,115
Total current liabilities		627	1,528
Total liabilities		627	1,528
Net assets		48,967	48,344
Equity			
Issued capital – Passive Fund units		61,952	63,453
Issued capital – Active Fund units		7,465	7,747
Accumulated losses		(20,450)	(22,856)
Total equity attributable to stapled securityholders		48,967	48,344
Total equity		48,967	48,344

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

360 Capital Total Return Fund

Consolidated interim statement of changes in equity

For the half year ended 31 December 2015

		Issued capital - Passive Fund units \$'000	Issued capital - Active Fund units \$'000	Accumulated losses \$'000	Total equity attributable to stapled Securityholders \$'000	Total equity \$'000
	Note					
Balance at 1 July 2015		63,453	7,747	(22,856)	48,344	48,344
Total comprehensive income for the period		-	-	4,568	4,568	4,568
Transactions with Securityholders in their capacity as Securityholders						
Issued units - Buy back	7	(1,496)	(278)	-	(1,774)	(1,774)
Equity raising transaction costs	7	(5)	(4)	-	(9)	(9)
Distributions	2	-	-	(2,162)	(2,162)	(2,162)
		(1,501)	(282)	(2,162)	(3,945)	(3,945)
Balance at 31 December 2015		61,952	7,465	(20,450)	48,967	48,967
Balance at 1 July 2014						
		32,468	-	(20,274)	12,194	12,194
Total comprehensive income for the period		-	-	1,066	1,066	1,066
Transactions with Securityholders in their capacity as Securityholders						
Issued units - Buy back	7	-	-	-	-	-
Equity raising transaction costs	7	-	-	-	-	-
Distributions	2	-	-	-	-	-
		-	-	-	-	-
Balance at 31 December 2014		32,468	-	(19,208)	13,260	13,260

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

360 Capital Total Return Fund
Consolidated interim statement of cash flows
For the half year ended 31 December 2015

		31 December 2015 \$'000	31 December 2014 \$'000
	Note		
Cash flows from operating activities			
Cash receipts from customers (inclusive of GST)		1,396	2,244
Cash payments to suppliers (inclusive of GST)		(976)	(550)
Distributions received		476	-
Finance revenue		159	-
Finance expenses		-	(491)
Net cash inflows from operating activities	9	1,055	1,203
Cash flows from investing activities			
Proceeds from disposal of investment properties		25,656	-
Payments for financial assets		(22,204)	-
Net cash inflows from investing activities		3,452	-
Cash flows from financing activities			
Repayment of borrowings		-	(1,200)
Payments for security buy backs	7	(1,774)	-
Payment of transaction costs to issue capital	7	(9)	-
Distributions paid to stapled securityholders		(2,706)	-
Payment to "A" Class unitholders		(410)	-
Net cash outflows from financing activities		(4,899)	(1,200)
Net (decrease)/increase in cash and cash equivalents		(392)	3
Cash and cash equivalents at the beginning of the period		12,024	293
Cash and cash equivalents at the end of the period	9	11,632	295

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

360 Capital Total Return Fund
Condensed notes to the interim financial report
For the half year ended 31 December 2015

Note 1: Statement of significant accounting policies

a) Reporting entity

The interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*. The interim financial report of 360 Capital Total Return Fund ("the Fund") comprises the consolidated financial statements of 360 Capital Total Return Passive Fund ("Passive Fund") and its controlled entities and 360 Capital Total Return Active Fund ("Active Fund"). A 360 Capital Total Return Fund stapled security comprises one 360 Capital Total Return Passive Fund unit stapled to one 360 Capital Total Return Active Fund unit to create a single listed entity traded on the ASX. The Passive Fund or the Active Fund cannot be traded or dealt with separately.

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

The interim financial report does not include all of the notes and information required for a full annual financial report and should be read in conjunction with the annual financial report for the year ended 30 June 2015 and any public announcements made by 360 Capital Total Return Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The annual financial report of the 360 Capital Total Return Fund for the year ended 30 June 2015 is available upon request from the registered office at Level 8, 56 Pitt Street, Sydney NSW 2000 Australia.

The accounting policies adopted in this interim financial report are consistent with those of the previous financial year and corresponding interim reporting period.

b) Basis of consolidation

Stapling

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

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

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

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

The stapling arrangement will cease upon the earlier of the winding up of any of the stapled entities, or any of the entities terminating the stapling arrangement.

360 Capital Total Return Fund
Condensed notes to the interim financial report
For the half year ended 31 December 2015

Note 2: Distributions

The Active Fund did not declare any distributions during the half year or up to the date of this report (31 December 2014: Nil). Distributions declared by the Passive Fund directly to securityholders during the half year were as follows:

	31 December 2015 \$'000	31 December 2014 \$'000
September 2015 quarterly distribution 2.81 cps paid on 23 October 2015	1,115	-
Special distribution 1.20 cps paid on 23 October 2015	476	-
December 2015 quarterly distribution 1.50 cps paid on 27 January 2016	571	-
	2,162	-

On 26 October 2015 a 0.0545 cents per "A" Class unit capital distribution totalling \$0.4 million was paid from CVC Property Fund, a wholly owned controlled entity of the Fund, in relation to "A" Class unitholders entitlements associated with the sale of the Frenchs Forest properties. The "A" Class units have been classified as a financial liability and accordingly this distribution has been expensed through the statement of profit or loss.

Note 3: Earnings per stapled security

	31 December 2015 ¢	31 December 2014 ¢
Basic and diluted earnings per stapled security	11.7	13.9
	\$'000	\$'000
Basic and diluted earnings		
Profit attributable to stapled securityholders of 360 Capital Total Return Fund used in calculating earnings per stapled security	4,568	1,066
	000's	000's
Weighted average number of stapled securities used as a denominator		
Weighted average number of stapled securities – basic and diluted	39,114	7,679

Earnings per stapled security for the half year ended 31 December 2014 was 0.14 cents before adjusting for the scrip for scrip offer. The comparative has been adjusted for the issue of 1 Passive Fund unit for every 100 CJT units made during the restructure completed in April 2015.

360 Capital Total Return Fund
Condensed notes to the interim financial report
For the half year ended 31 December 2015

Note 4: Segment reporting

The Fund invests solely in the property sector within Australia.

The Chief Operating Decision Maker being, the Managing Director of the Responsible Entity, monitors the performance and results of the Fund at a total Fund level. As a result, the Fund has only one segment. Operating profit is a financial measure which is not prescribed by AAS and represents the profit under AAS adjusted for specific non-cash items and other significant items which management consider to reflect the core earnings of the Fund and is used as a guide to assess the Fund's ability to pay distributions to stapled securityholders.

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

	31 December 2015 \$'000	31 December 2014 \$'000
Profit attributable to stapled securityholders of the Fund	4,568	1,066
Specific non-cash items		
Net loss on disposal of investment properties	345	-
Net gain on fair value of financial assets	(3,411)	-
Significant items		
Payment to "A" Class unitholders	410	-
Makegood income	(225)	-
Acquisition and transaction costs	255	-
Operating profit (profit before specific non-cash and significant items)	1,942	1,066
Weighted average number of units ('000)	39,114	7,679
Operating profit per stapled security (profit before specific non-cash and significant items) (EPS) – cents	5.0	13.9

Note 5: Financial assets at fair value through profit or loss

	31 December 2015 \$'000	30 June 2015 \$'000
Non-current		
Units in listed funds managed externally	36,622	11,227
Total	36,622	11,227

At the balance date the Fund held a \$36.6 million investment in Industria REIT (ASX Code: IDR), a listed property fund (June 2015: \$11.2 million) which management believe to be undervalued. The Fund has identified multiple exit strategies for this investment based around a short to medium term investment period.

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

	31 December 2015 \$'000	30 June 2015 \$'000
Balance at 1 July	11,227	-
Financial assets acquired – on market	21,984	12,484
Fair value adjustment of financial assets	3,411	(1,257)
Closing balance	36,622	11,227

360 Capital Total Return Fund
Condensed notes to the interim financial report
For the half year ended 31 December 2015

Note 6: Assets held for sale

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

On 30 September 2015 the Fund settled the disposal of two properties located at 8 Rodborough Road and 357-373 Warringah Road, Frenchs Forest NSW for a combined sale price of \$26.0 million.

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

	31 December	30 June
	2015	2015
	\$'000	\$'000
Balance at 1 July	26,000	-
Reclassification from investment properties	-	26,000
Disposal of properties	(26,000)	-
Closing balance	-	26,000

Note 7: Equity

(a) Issued capital

	31 December	30 June
	2015	2015
	000's	000's
360 Capital Total Return Passive Fund - Ordinary securities issued	38,063	39,678
360 Capital Total Return Active Fund - Ordinary securities issued	38,063	39,678
	\$'000	\$'000
360 Capital Total Return Passive Fund - Ordinary securities issued	61,952	63,453
360 Capital Total Return Active Fund - Ordinary securities issued	7,465	7,747
Total issued capital	69,417	71,200

(b) Movements in issued capital

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

	31 December	30 June
	2015	2015
	000's	000's
Opening balance at 1 July	39,678	767,850
Security buy back	(1,615)	-
Institutional capital raising – 21 April 2015	-	32,000
Scrip for scrip offer (1:100) – 21 April 2015	-	(760,172)
Closing balance	38,063	39,678

360 Capital Total Return Fund
Condensed notes to the interim financial report
For the half year ended 31 December 2015

Note 7: Equity (continued)

During the half year ended 31 December 2015, the Fund bought back 1.6 million units (4.1% of total units on issue) for a total consideration of \$1.8 million at the applicable daily market rate per unit.

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

	31 December 2015 \$'000	30 June 2015 \$'000
Opening balance at 1 July	71,200	32,468
Security buy back	(1,774)	
Institutional capital raising – 21 April 2015	-	40,000
Transaction costs incurred in issuing capital	(9)	(1,268)
Closing balance	69,417	71,200

Note 8: Financial instruments

Fair values

The fair value of the Fund's financial assets and liabilities are approximately equal to that of their carrying values as at 31 December 2015.

The fair values of the Fund's financial assets and liabilities are all categorised within the fair value hierarchy as Level 2 inputs.

Fair value hierarchy

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

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

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

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

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

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

	Total \$'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 as at 31 December 2015	36,622	36,622	-	-
Financial assets at fair value through profit or loss as at 30 June 2015	11,227	11,227	-	-

360 Capital Total Return Fund
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For the half year ended 31 December 2015

Note 8: Financial instruments (continued)

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

Valuation techniques

Fair value profit or loss financial assets

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

Note 9: Cash flow information

(a) Reconciliation of cash and cash equivalents

	31 December 2015 \$'000	30 June 2015 \$'000
Cash at bank	11,632	12,024
Cash and cash equivalents in the statement of cash flows	11,632	12,024

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

	31 December 2015 \$'000	31 December 2014 \$'000
Net profit for the period	4,568	1,066
<u>Adjustment for:</u>		
Net loss on disposal of investment property	345	-
Net change in fair value of financial assets	(3,411)	-
Payment to "A" Class unitholders	410	-
<u>Change in assets and liabilities</u>		
(Increase)/decrease in receivables	(719)	117
(Decrease)/increase in payables	(138)	20
Net cash inflows from operating activities	1,055	1,203

360 Capital Total Return Fund
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Note 10: Related party transactions

Responsible entity

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

Responsible Entity's fees and other transactions

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

	31 December 2015 \$	31 December 2014 \$
Fees for the year paid/payable by the Fund:		
Management fees	170,627	93,390
Acquisition fees	219,834	-
Fund recoveries	22,713	-
	413,174	93,390

Management Fee: The Responsible Entity is entitled to a Management Fee of 0.65% p.a. of the gross value of the assets of the Fund during the relevant year for its role in managing and administering the Fund. Management fees for the half year ended 31 December 2014 were paid to the previous responsible entity, CVC Property Managers Limited.

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

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

Disposal Fee: The Responsible Entity will be entitled to a disposal fee of up to 1.0% of the total sale price of an investment sold by the Fund. The disposal fee is payable upon the completion of the relevant sale. During the period the Fund paid a disposal fee of \$260,000 to the Responsible Entity upon completion of the sale of the Frenchs Forest properties. This is included in the calculation of loss on sale.

Unitholdings

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

	31 December 2015	30 June 2015
360 Capital Property Limited		
Number of stapled securities held	7,449,415	4,000,000
Interest % held	19.6%	10.1%
Distributions paid/payable by the Fund (\$)	448,701	112,400

360 Capital Total Return Fund
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For the half year ended 31 December 2015

Note 11: Events subsequent to balance date

Subsequent to balance date the Fund has completed the security buy back as detailed in the Responsible Entity report, purchasing a further 4.3 million units for \$5.0 million in January 2016.

On 18 February 2016 the Responsible Entity announced it is intending to hold a securityholder meeting over the next 3 months to seek approval to purchase back up to a further 15% of the Fund's stapled securities.

Other than as disclosed above and throughout the interim financial report, no circumstances have arisen since the end of the period which have significantly affected or may significantly affect the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years.

360 Capital Total Return Fund

Directors' declaration

For the half year ended 31 December 2015

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

- 1) The interim consolidated financial statements and notes that are set out on pages 7 to 18 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 31 December 2015 and of its performance for the period ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- 2) There are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

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



Tony Robert Pitt
Director



Graham Ephraim Lenzner
Director

Sydney
18 February 2015

To the unitholders of 360 Capital Total Return Passive Fund

Report on the Interim Financial Report

We have reviewed the accompanying consolidated interim financial report of 360 Capital Total Return Passive Fund (the "Fund") which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the Fund and the entities it controlled at the period end or from time to time during the period.

Directors' Responsibility for the Interim Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the consolidated interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the consolidated interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Fund's financial position as at 31 December 2015 and its performance for the period ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of 360 Capital Total Return Passive Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

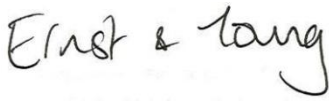
Independence

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

Conclusion

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

- a) giving a true and fair view of the consolidated Fund's financial position as at 31 December 2015 and of its performance for the period ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



Mark Conroy
Partner
Sydney
18 February 2016