ASX Release | Appendix 4E

360 Capital Group

For the year ended 30 June 2016

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 2016 is attached and forms part of this Appendix 4E.

Details of reporting period:

Current reporting period: 1 July 2015 – 30 June 2016

Prior corresponding period: 1 July 2014– 30 June 2015

Results announcement to the market:

	30 Jun 2016 $'000	30 Jun 2015 $'000	Movement $'000	Movement %
Revenue and other income from ordinary activities	64,450	59,031	5,419	9.2
Profit attributable to stapled securityholders for the year	24,074	24,138	(64)	(0.3)
Operating profit [1]	15,963	14,627	1,336	9.1

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 2016 Cents per security	30 Jun 2015 Cents per security	Movement Cents per security	Movement %
Earnings per security – Basic	10.6	10.6	-	-
Earnings per security – Diluted	9.8	9.7	0.1	0.5
Operating profit per security	7.0	6.4	0.6	9.4

For the year ended 30 June 2016
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	1.5625	3,867	26 Oct 2015
December quarter distribution	1.5625	3,867	28 Jan 2016
March quarter distribution	1.5625	3,830	29 Apr 2016
June quarter distribution	1.5625	3,744	27 Jul 2016
Total distribution for the year ended 30 June 2016	**6.2500**	**15,308**	
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**	

Net tangible asset per security:

	30 Jun 2016 $	30 Jun 2015 $
NTA per security [2]	0.75	0.71

2 The number of securities on issue at 30 June 2016 is $239.6 million (2015: $248.7 million). For calculation of NTA per security, the number of securities is reduced to $221.2 million (2015: $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:

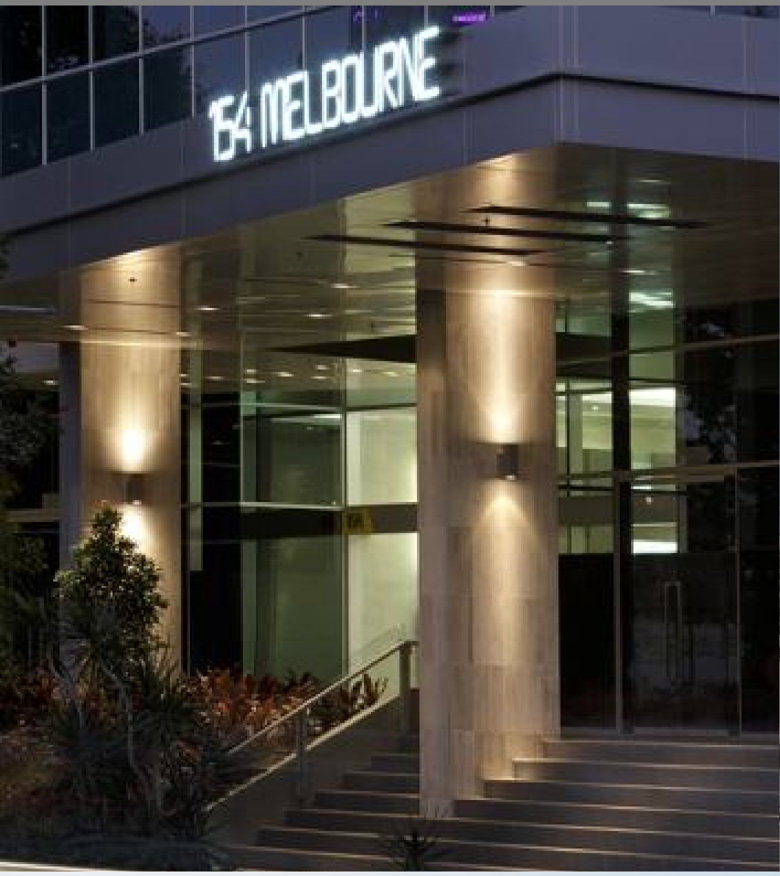
Refer to Note 34 of the Financial Report.

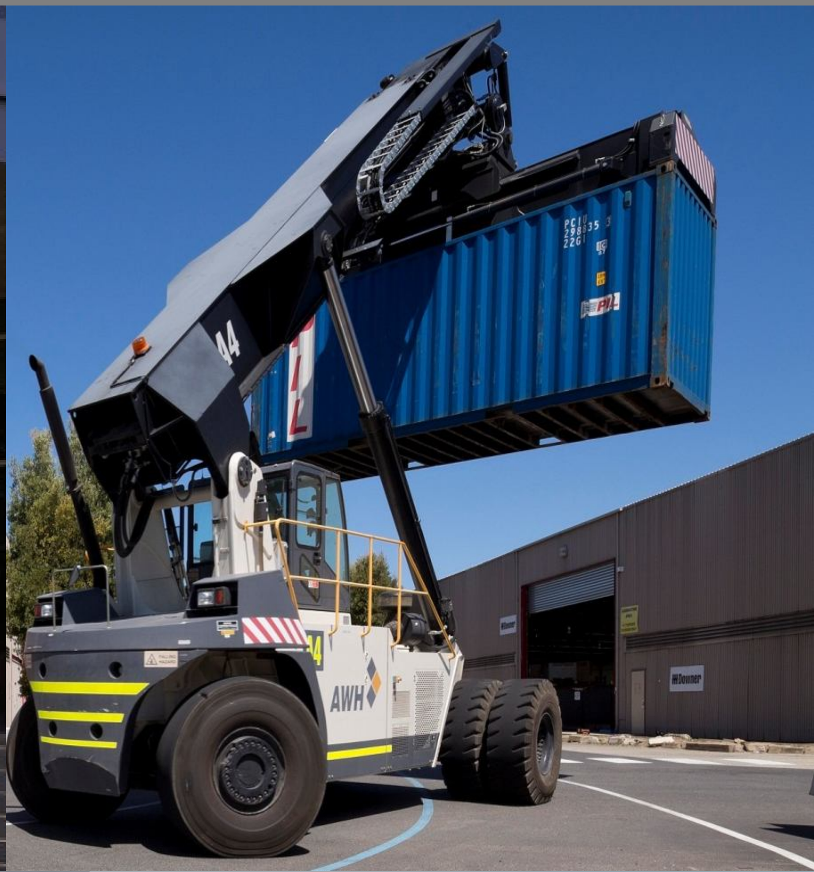
360 Capital
Group

360 CAPITAL GROUP

Annual Report

FOR THE YEAR ENDED 30 JUNE 2016





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

Contents **Page**

The Directors of 360 Capital Group Limited (Company) present their report, together with the annual financial report of 360 Capital Group (Group) (ASX code: TGP) for the year ended 30 June 2016. 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. Following the settlement of the Group's last remaining direct property asset during the year, the Group's principal activities were focused on the following two 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

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 the 360 Capital Group for the year ended 30 June 2016 was $24.1 million (2015: $24.1 million). The operating profit (profit before specific non-cash and significant items) was $16.0 million (2015: $14.6 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.

Operating and financial review (continued)

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 3 of the accompanying financial statements for the year ended 30 June 2016, which have been subject to audit, refer to page 91 for the auditor's report on the financial statements.

	Total core 30 June 2016 $'000	Total core 30 June 2015 $'000
Profit after tax attributable to stapled securityholders of 360 Capital Group	**24,074**	**24,138**
Specific non-cash items		
Net gain on fair value of financial assets	(11,588)	(6,506)
Net gain on disposal of financial assets	(750)	-
Net gain on fair value of investment properties	-	(9,110)
Net loss on fair value of derivative financial instruments	1,607	1,608
Net loss on disposal of investment properties	279	-
Security based payment expense	624	691
Reversal of impairment of equity accounted investments	(162)	(100)
Straight-lining of lease revenue and incentives	-	474
Other Items	301	545
Significant items		
Rent receivable adjustment	1,260	1,859
Gain on bargain purchase	-	(287)
Acquisition and underwrite fees	283	645
Tax effect		
Tax effect of non-cash and significant item adjustments	35	670
Operating profit (profit before specific non-cash and significant items)	**15,963**	**14,627**

Operating and financial review (continued)

The key financial highlights for the year ended 30 June 2016 include:

- Statutory net profit attributable to stapled securityholders of $24.1 million (2015: $24.1 million)
- Operating profit of $16.0 million up 9.1% (2015: $14.6 million)
- Statutory Earnings per Security (EPS) of 10.6 cps (2015: 10.6 cps)
- Operating diluted EPS of 7.0 cps up 9.4% (2015: 6.4 cps)
- Distributions per Security (DPS) increased 8.7% to 6.25 cps (2015: 5.75 cps)
- Net Asset Value (NAV) per Security of 74.8 cps up 5.9% (2015:70.6 cps)

The key operating achievements for the year ended 30 June 2016 include:

- 95% of operating revenue from recurring sources (base management fees and co-investment income)
- Settlement of disposal of direct asset for $47.0 million repaying all bank debt at Group level
- 15.0% total return on $224.4 million of co-investments driven by redeployment of $15.5 million into TIX, $1.6 million into Havelock House, $3.9 million into TOT
- Increased FUM by 22.6% to $1.48 billion after TIX's acquisition of the $330.0 million Australian Industrial REIT (ANI)
- Generated efficiencies from reduced operating costs following business simplification
- Excess cash deployed to buy-back $9.1 million (3.7%) of TGP securities
- Lengthened terms on unlisted trusts and agreed terms to sell Subiaco Square Shopping Centre property
- Progressed discussions on potential JV/Partnering opportunities with institutions and overseas capital partners

Financial results summary

Statutory results

The Group's statutory net profit attributable to securityholders for the financial year ended 30 June 2016 was $24.1 million, equating to 10.6 cps, which was consistent with the prior year result. The Group's statutory income and financial position for the year ended 30 June 2016 includes the results of five managed funds including one additional fund consolidated into the Group for financial reporting purposes during the year, (refer to Note 34 of the financial statements for further information).

The statutory profit for the year ended 30 June 2016 was driven by an increase in revenue of $9.5 million reflecting increased property rental income from the consolidated managed funds and increased management fees generated from Funds Under Management (FUM) and distribution growth both of these associated with listed co-investments. The Group also recognised $15.4 million of other income which was mainly due to $14.4 million of net gains on fair value of financial assets relating to increases in the values of the listed investments.

The Group's statutory balance sheet as at 30 June 2016 contained gross assets of $476.3 million reflecting an increase of $13.1 million from 30 June 2015 with net assets increasing by $17.2 million to $244.7 million. Significant movements in the balance sheet include the settlement from the sale of the Hurstville property for $47.0 million previously held for sale, reclassification of the managed funds property Subiaco Shopping Centre $38.4 million as held for sale at 30 June 2016 and the repayment of the Groups $11.0 million bank debt facility. Also during the year, a managed fund of the Group, 360 Capital Havelock House Property Trust (Havelock House), with net assets of $13.2 million was consolidated after the Group increased it's holding to 39.3%.

Operating and financial review (continued)

Operating and segment results

Operating profit[1] was $16.0 million up 9.1% on the prior year, reflecting operating diluted EPS equating to 7.0 cps at the upper end of market guidance. The result reflects the growth in co-investment revenue up 45.0% to $17.5 million driven by additional investment across the managed funds platform combined with a 41.0% increase in funds management income to $10.2 million following and increase in FUM resulting from the 360 Capital Industrial Fund (ASX code: TIX) takeover of ANI. Contributions from direct asset investment segment ceased during the period following the completion of the sale of the Group's Hurstville property in September 2015.

Operating expenses were $6.1 million an increase of 8.4% on the prior year. Although FUM grew by 22.6% to $1.48 billion during the year, simplification of the business has enabled a reduction in full time staff to 15 people. The operating expenses for the year include residual costs relating to the property securities business which was wound up during the year which, combined with a reduction in head count will see operating costs significantly reduced going forward. Net interest expense, including interest on the Group's $75 million corporate bond issue, was $5.6 million, an increase on the prior year, reflecting a full 12 months' of interest on the bonds and interest from the bank debt facility repaid in September 2015.

In addition to operating earnings, the Group monitors the "Active Earnings" contribution (representing the return from capital deployed into repositioning and trading opportunities). Operating earnings (including Active Earnings) contribution of $16.0 million[2] for the year (2015: $25.4 million) was in line with operating earnings for the year.

The Group's segment net assets increased by $6.2 million to $168.5 million reflecting the reinvestment of proceeds from the Hurstville property into co-investments, acquisition of management rights and repayment of the Group's bank debt facility. The increase in co-investments to $224.4 million included $11.6 million in fair value gains during the year.

Capital management

As at 30 June 2016, the Group's total borrowing were $76.8 million reflecting the carrying value of the 5 year unsecured notes, expiring in September 2019. As at 30 June 2016, the Group's balance sheet was geared to 32.6%[3] (2015: 34.0%). The Group utilised surplus cash from recycling capital to buy-back 9.1 million or 3.6% of Group securities.

Funds Management

During the year to 30 June 2016, the Group increased FUM by $272.2 million or 22.6% to $1.48 billion. The growth in FUM was mainly as a result of TIX's acquisition of ANI and is also contributed to by property revaluations across of the majority of platform assets. This growth was partly offset by non-core disposals as part of the Fund's asset recycling strategies.

Total fund management fees were $10.2 million, up 41.0% from prior year (2015: $7.2 million) with recurring funds management revenue of $8.6 million, up 38.7% from the previous year. This was supplemented with a further $1.5 million in acquisition, exit, underwriting, performance and other fees taking total funds management fees to $10.2 million (2015: $7.2 million).

[1] Excludes consolidated results relating to five 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. Refer to Note 3 Segment reporting for further information.

[2] Operating earnings including active earnings of $16.0 million for the year ended 30 June 2016 represents operating earnings plus value gain on acceptance into the TIX Offer $0.8 million less employee security based payments and restructure costs net of applicable tax. 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] Group gearing for covenant purposes represents core segment total borrowings divided by tangible assets.

Operating and financial review (continued)

Listed Funds

FUM in 360 Capital's listed platform grew 30.1% over the year to $1.18 billion driven by TIX's acquisition of ANI in December 2015 which increased the Fund's total assets to $923.3 million.

The Group paid $8.9 million to ANI investors as part of the cash component of the TIX takeover offer which, along with the $5.0 million previously recognised for the existing funds management platform, has been classified as an intangible in the Group's balance sheet.

360 Capital Office Trust (ASX code: TOF) sold 33 Allara Street in Canberra reducing its total assets by 8.5% to $211.0 million as part of its non-core asset disposal and recycling strategy reducing gearing to 17.8%, and is therefore well positioned for growth.

The 360 Capital Total Return Fund (ASX code: TOT) reduced its total assets from $50.0 million to $41.3 million as a result of the sale of its direct assets and cash was deployed into one strategic investment and two security buybacks.

The Group remains focused on growing its listed funds in a responsible manner, however, it is prepared to stand still in market conditions that are not conducive to earnings accretive FUM growth.

Recurring listed funds management revenue over the 12 months to 30 June 2016 was $7.1 million up 47.7% on the prior year.

Unlisted Funds

360 Capital currently has five unlisted trusts totalling $301.1 million in FUM. The Group has continued its strategy of rationalising its unlisted funds with the closure of the its property securities business in May 2016 as it unable to reach sufficient scale to warrant the operating costs of the business. The Group has agreed terms to dispose of Subiaco Square Shopping Centre to take advantage of the current position of the centre following approval from 360 Capital Subiaco Square Shopping Centre Property Trust unitholders. The Group owns 39.8% of the Trust and expects to make a significate profit on its investment.

The Group is focused on continuing to sell down its underwriting units in Retail Fund No.1 and will issue a fresh product disclosure statement (PDS) in September 2016. A successful sell down of the outstanding $28.5 million will enable the Group to recognise the remaining underwriting and acquisition fees of $2.0 million in associated with Retail Fund No.1 next financial year.

Post period, 360 Capital 111 St Georges Terrace Property Trust issued a PDS to raise a maximum of $9.8 million following the successful leasing of over 5,000 square metres at 111 St Georges Terrace during the year. The Group currently has a 44.4% stake in this Trust and will not participate in the capital raising in line with its strategy of reducing its exposure to unlisted funds.

During the year, unitholders in the 360 Capital 441 Murray Street and 360 Capital Havelock House Property Trusts each extended their terms for a further three years. The Group also increased its holding in Havelock House to 39.3% to take advantage of potential capital appreciation in this healthcare facility.

Recurring unlisted funds management revenue over the 12 months to 30 June 2016 was $1.6 million, in line with the prior year.

Co-investments

Over the past 12 months, the Group increased its co-investment capital to $224.4 million, up 15.6% on 30 June 2015. The majority of the increase was a further investment in TIX to maintain a 15.6% ownership post the compulsory acquisition of ANI. The Group's total co-investment in listed funds increased by 29.9% to $146.8 million across TIX, TOF and TOT over the period.

In line with the Group's strategy of decreasing its exposure to unlisted trusts, the Group reduced its co-investment from $81.1 million to $77.6 million and is expected to fall further with the sale of Subiaco Square Shopping Centre with the Group's 39.8% ownership of the Trust equating to $9.6 million and the further sell down of the Group's holding in the Retail Fund No.1 of $28.5 million.

The Group received total distribution income of $17.5 million during FY16, up 45.0% on the prior year.

Operating and financial review (continued)

Direct property asset

In September 2015, the Group settled the disposal of its last direct asset being 20 Woniora Road, Hurstville, NSW for a gross sale price of $47.0 million. The Group received $1.2 million in rent for the three months to 30 September 2015.

The Group utilised sale proceeds to repay all of its bank debt of $11.0 million, increase its co-investment in TIX by $15.5 million and paid $8.9 million in cash to ANI investors as part of the takeover, with the balance used as general working capital and the buyback of Group securities.

Institutional Capital Partnership Strategy

Over the period, the Group continued its discussions with institutional capital partner investors looking to increase their exposure to Australian real estate with a likeminded manager. These overseas institutional investors, with a lower cost of capital than domestic investors, are expected to continue to increase their presence in Australia going forward and the Group views these partners as a growth part of the business. We are going to be selective on who we partner with in this regard, we are going to be patient on building these long term relationships and will continue to explore the approaches we have to date.

Summary and Outlook

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 including where appropriate, capital management initiatives to enhance returns to securityholders.

The Group will continue to focuses on building high quality, recurring earnings from its funds management activities and its co-investments. The Group remains focused on growing its existing listed funds in a disciplined manner and will continue to progress institutional partnership opportunities whilst remaining patient and highly selective in choosing the right partner(s).

In terms of broader market drivers, the Group expects interest rates in Australia to continue to fall, offset in part by increasing interest margins amongst the banks. The continued fall in interest rates is likely to increase the demand further for higher yielding investments such as real estate assets which should benefit the Group given the nature of its managed funds platform.

Looking at underlying fundamentals of property investment where limited growth in rents and businesses taking longer to make occupancy decisions, is expected to generate high occupancy within our portfolios albeit with lower levels of rental growth than historically experienced.

As capital continues to flow into Australia and smaller AREITs look to become more relevant, the Group expects continued AREIT sector consolidation.

Taking all of these factors into account, the pricing of Australian commercial real estate is now at or higher than the levels experiences before the last GFC. As such, the Group will remain selective in its growth plans and opportunistic in its approach.

Dividends and distributions

The Company did not declare any dividends during the year or up to the date of this report (2015: Nil). Distributions declared by 360 Capital Investment Trust directly to Securityholders during the year were as follows:

	30 June 2016 $'000	30 June 2015 $'000
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
1.5625 cents per stapled security paid on 26 October 2015	3,867	-
1.5625 cents per stapled security paid on 28 January 2016	3,867	-
1.5625 cents per stapled security paid on 29 April 2016	3,830	-
1.5625 cents per stapled security paid on 27 July 2016	3,744	-
	15,308	14,300

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

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 maximize investor returns and continues to recycle capital into higher return activities to drive Group earnings.

Information on Directors and Key Management Personnel

Directors

David van Aanholt - Independent Chairman
David has over 28 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) and a Post Graduate Diploma in Management and a Masters in Business Administration. He is Independent Chairman of the Kennards Self Storage Group and is a Fellow of the Australian Property Institute.

Tony Robert Pitt – Managing Director
Tony Pitt, Managing Director Tony is a founding Director of 360 Capital and has worked in the property and property funds management industries for over 19 years.

As Managing Director, Tony is responsible for the Group's investments and overall Group strategy. He is also responsible for 360 Capital's $1.4 billion in managed funds, including fund strategy, acquisitions, disposal and overall fund performance. He has overseen the IPO on the ASX of three AREITs since 2012 as well as the creation of various unlisted funds, undertaken corporate acquisitions and the ASX listing of 360 Capital Group.

Tony has formerly held numerous senior roles and directorships at Mirvac Group, James Fielding Group and Paladin Australia. He also held positions at Paladin Australia Limited, Jones Lang LaSalle and CB Richard Ellis. Tony 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 is a financial services professional with over 35 years' experience. He provides services to a number of organisations and is a Responsible Manager for several Australian Financial Services Licencees.

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, is a Fellow of the Financial Services Institute of Australasia and a Graduate of the Australian Institute of Company Directors.

Graham Ephraim Lenzner - Non-Executive Independent Director
Graham 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.

Directors (continued)

Andrew Graeme Moffat - Non-Executive Independent Director
Andrew has in excess of 23 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[1] and a Director of Rubik Financial Limited[1]. His past public company directorships include Keybridge Capital Limited[2], CCK Financial Solutions Limited, itX Group Limited and Infomedia Limited[2].

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 11 years, most recently as Financial Controller of the Mirvac's Investment Division 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.

[1] Current directorship in other listed companies.

[2] Former directorship in other listed companies in last three years.

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	-	-	-	-
Tony Robert Pitt	7	7	-	-	2	2
William John Ballhausen	7	7	5	5	-	-
Graham Ephraim Lenzner	7	7	5	5	2	2
Andrew Graeme Moffat	7	7	5	5	2	2

Remuneration report (audited)

The Remuneration Report for the year ended 30 June 2016 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).

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

<u>(ii) Executive director</u>
Tony Robert Pitt, Managing Director

<u>(iii) Other KMP</u>
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

<u>Remuneration Committee</u>
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. No remuneration recommendation was provided by any external advisors during the 2016 financial year.

Remuneration report approval at 2015 Annual General Meeting ("AGM")
The remuneration report for the year ended 30 June 2015 received positive securityholder support at the AGM with a vote of 99.2% 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 2016, 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	**2016**	67.2%	11.0%	21.9%
	2015	75.5%	0.0%	24.5%
Ben James - Chief Investment Officer	**2016**	56.9%	14.4%	28.7%
	2015	66.7%	0.0%	33.3%
Glenn Butterworth - Chief Financial Officer	**2016**	72.4%	14.0%	13.6%
	2015	83.4%	0.0%	16.6%
Alan Sutton - Company Secretary	**2016**	70.0%	14.1%	15.9%
	2015	84.1%	0.0%	15.9%

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 2016 or 2015 given the STI pool and individual STIs granted represent a relatively minor component of total remuneration. 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 three years 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.

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 was appropriate given the Group was in a transitional phase with the acquisition of the 360 Capital Property Group in October 2013. The alternate use of relative TSR is challenging due to identifying 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 2016

Fixed remuneration
For the year ended 30 June 2016 the fixed remuneration reviews were as follows:

Managing Director - no change
Other executives - the Chief Financial Officer's fixed remuneration increased by 5.0% with 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 2016 was (3.4%) compared to ASX Small cap Industrials Accumulation Index of 11.5% and the S&P/ ASX 300 A-REIT Accumulation Index 23.0% for the same period.

	2012	2013	2014	2015	2016
Profit attributable to securityholders of the Group ('000)	1,468	(6,320)	22,973	24,138	24,074
Basic EPS (cents)	1.7	(7.4)	12.1	10.6	10.6
Operating diluted EPS (cents)	n/a	5.2	6.4	6.4	7.0
Distributions per security (cents)	-	6.68	5.00	5.75	6.25
Distributions (capital return) per security (cents)	52.00	0.82	-	-	-
Security price ($)	0.50	0.49	0.79	1.07	0.96
Increase/(decrease in security price)	19.1%	(2.7%)	61.9%	36.3%	-10.7%
Total KMP incentives as a percentage of profit for the year (%)	-	-	2.2%	2.0%	2.0%

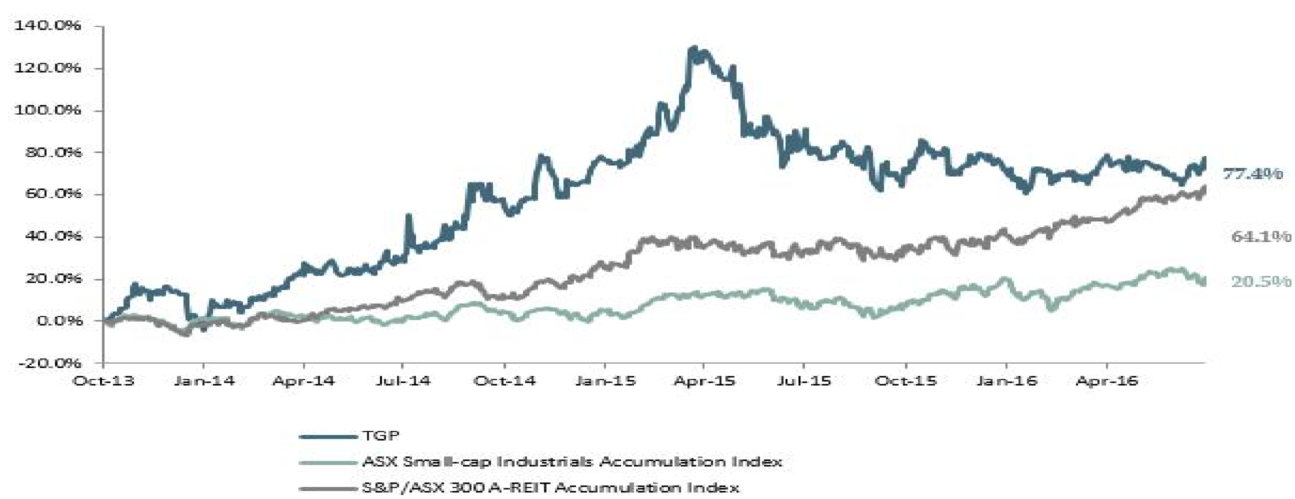
Remuneration report (continued)

As detailed below the 2016 STI financial gateway together with the majority of key performance measures for the year were satisfied, including a strategic initiative outstanding from the previous financial year, where no STI's were awarded. The only KPI not met during the year was the Total Return for the Group which was less than the benchmark returns. The Remuneration Committee recommended that $290,000 STI awards be paid for the Managing director and executives for the 2016 year (2015: Nil).

Performance measure	Weighting	Outcome	Action
Financial gateway	90% of Operating EPS target	Achieved	STI available subject to below performance measures
Operating EPS	50%	Achieved high end 2016 market guidance of 7.0 cps	STI measure satisfied
TSR for 2016		Total return less than S&P/ ASX 300 A-REIT and ASX Small cap Industrials Indexes for the year	STI measure not satisfied
Implementation of key strategic initiatives	50%	Acquired management of ANI and delivered operational efficiencies across business amongst other initiatives	STI measure satisfied
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 how 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 2016 no LTI securities vested (2015: 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[1]**	**Super-annuation**	**Securities under ESP[2]**	**Long service leave**	**Termination benefits**	**Total**	**Performance related**
		$	$	$	$	$	$	$	$	%
Executive Director										
Tony Pitt - Managing Director	**2016**	580,692	100,000	13,109	19,308	199,600	-	-	912,709	32.8%
	2015	581,217	-	13,920	18,783	199,600	-	-	813,520	24.5%
KMP										
Ben James - Chief Investment Officer	**2016**	375,453	100,000	-	19,308	199,600	-	-	694,361	43.1%
	2015	381,217	-	-	18,783	199,600	-	-	599,600	33.3%
Glenn Butterworth - Chief Financial Officer	**2016**	290,692	60,000	-	19,308	58,217	-	-	428,217	27.6%
	2015	274,595	-	-	18,783	58,217	-	-	351,595	16.6%
Alan Sutton - Company Secretary	**2016**	135,978	30,000		13,014	33,932	-	-	212,924	30.0%
	2015	164,287	-	-	15,608	33,932	-	-	213,827	15.9%
Total	**2016**	**1,382,815**	**290,000**	**13,109**	**70,938**	**491,349**	**-**	**-**	**2,248,211**	**34.8%**
	2015	1,401,316	-	13,920	71,957	491,349	-	-	1,978,542	24.8%

1. Car parking including associated Fringe Benefits Tax.

2. 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 28 (c).

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

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 caliber, 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 2016 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, no committee fees were paid during the year (2015: $9,133). The table below summarises the NED fee entitlements for the year:

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 2016 is detailed below:

	Year	Salary & Fees $	Superannuation $	Securities under ESP[1] $	Total $	Performance related %
NED						
David van Aanholt	**2016**	130,000	12,350	3,327	145,677	2.3%
	2015	139,133	13,218	3,327	155,678	2.1%
William Ballhausen	**2016**	85,000	8,075	3,327	96,402	3.5%
	2015	85,000	8,075	3,327	96,402	3.5%
Graham Lenzner	**2016**	85,000	8,075	3,327	96,402	3.5%
	2015	85,000	8,075	3,327	96,402	3.5%
Andrew Moffat	**2016**	85,000	8,075	3,327	96,402	3.5%
	2015	85,000	8,075	3,327	96,402	3.5%
Total	**2016**	**385,000**	**36,575**	**13,308**	**434,883**	**3.1%**
	2015	394,133	37,443	13,308	444,884	3.0%

1. 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 28.

Remuneration report (continued)

g. Additional disclosures relating to options and securities

Securities awarded, vested and lapsed during the year
There were no securities granted to KMP and NEDs as remuneration and no securities that vested or lapsed during the year (2015: Nil).

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

For details on the valuation of securities, including models and assumptions used, please refer to Note 28(c) and Note 33. 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 2015	Granted as remuneration	Acquisition	Disposal	Held at 30 June 2016
Tony Pitt	52,750,000	-	500,000	-	53,250,000
Ben James	6,000,000	-	-	-	6,000,000
Glenn Butterworth	1,750,000	-	-	-	1,750,000
Alan Sutton	1,020,000	-	-	-	1,020,000
	61,520,000	-	500,000	-	62,020,000

Securities held in 360 Capital Group by non-executive directors

NEDS	Held at 1 July 2015	Granted as remuneration	Acquisition	Disposal	Held at 30 June 2016
David van Aanholt	249,000	-	-	-	249,000
William Ballhausen	400,000	-	-	-	400,000
Graham Lenzner	240,000	-	-	-	240,000
Andrew Moffat	500,000	-	50,000	-	550,000
	1,389,000	-	50,000	-	1,439,000

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.

Remuneration report (continued)

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	375,000	(375,000)	3,540,000	3,540,000
Ben James	3,540,000	375,000	(375,000)	3,540,000	3,540,000
Glenn Butterworth	1,032,500	109,375	(109,375)	1,032,500	1,032,500
Alan Sutton	601,800	63,750	(63,750)	601,800	601,800
	8,714,300	923,125	(923,125)	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 28.

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

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

Events subsequent to balance date

On 27 June 2016 the unitholders of 360 Capital Subiaco Square Shopping Centre Property Trust approved a resolution for the sale of the Subiaco Square Shopping Centre and accordingly, the Trust commenced a marketing campaign for the sale of the property. The sale campaign closed on 28 July 2016 and the Trust selected the highest bidder to enter into an exclusive due diligence process. On completion of the due diligence the Trust agreed terms for the sale with the party at a price of $38.4 million with a 90 day settlement period.

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.

Buy back arrangement

On 9 September 2015 the Group announced a proposed buyback of up to 10% of securities on issue. During the year the Group bought back and cancelled 9,100,000 (2015: Nil) securities. Total securities issued on the ASX reduced from 248,702,516 to 239,602,516. For further information refer to Note 28.

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 Directors
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 wilful 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.

Indemnification of auditors
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 24 and forms part of the Directors' report for the year ended 30 June 2016.

Rounding of amounts

360 Capital Group is an entity of the kind referred to in Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission ("ASIC"). In accordance with that Instrument, 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	**Graham Ephraim Lenzner**
Director	Director

Sydney
24 August 2016

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

As lead auditor for the audit of 360 Capital Group Limited for the financial year ended 30 June 2016, 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 audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of 360 Capital Group Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

Mark Conroy

Mark Conroy
Partner
24 August 2016

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360 Capital Group
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2016

	Note	30 June 2016 $'000	30 June 2015 $'000
Revenue from continuing operations			
Rental from investment properties	5	29,352	24,454
Funds management fees	5	8,069	5,259
Distributions from property funds	5	11,273	9,183
Finance revenue		384	651
Total revenue from continuing operations		**49,078**	39,547
Other income			
Gain on bargain purchase		-	287
Net gain on fair value of financial assets	6	14,417	7,654
Net gain on disposal of financial assets		750	-
Net gain on fair value of investment properties	19	-	11,410
Other income		205	133
Total other income		**15,372**	19,484
Total revenue from continuing operations and other income		**64,450**	59,031
Investment property expenses	7	10,552	7,585
Employee benefit expenses	8	5,708	5,457
Administration expenses		1,828	1,843
Depreciation expenses		15	15
Finance expenses	9	11,935	9,437
Net loss on fair value of investment properties	19	860	-
Net loss on fair value of derivative financial instruments		2,433	2,551
Net loss on sale of investment properties		279	-
Profit from continuing operations before income tax		**30,840**	32,143
Income tax expense	10	1,196	1,294
Profit for the year		**29,644**	30,849

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 profit or loss and other comprehensive income
For the year ended 30 June 2016

	Note	30 June 2016 $'000	30 June 2015 $'000
Profit for the year		**29,644**	30,849
Other comprehensive income for the year		-	-
Total comprehensive income for the year		**29,644**	30,849
Total comprehensive income attributable to:			
Shareholders of 360 Capital Group Limited		3,580	823
Unitholders of 360 Capital Investment Trust		20,494	23,315
Profit after tax attributable to the stapled securityholders		**24,074**	24,138
External non-controlling interests		5,570	6,711
Profit for the year		**29,644**	30,849

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**	10.6
Diluted earnings per security	12	**9.8**	9.7

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 2016

	Note	30 June 2016 $'000	30 June 2015 $'000
Current assets			
Cash and cash equivalents	13	13,732	14,967
Receivables	14	3,993	5,242
Assets held for sale	16	38,350	47,000
Other current assets	17	654	897
Total current assets		**56,729**	68,106
Non-current assets			
Receivables	14	-	297
Financial assets at fair value through profit or loss	15	146,806	117,421
Investment properties	19	258,700	271,800
Intangible assets	20	13,879	5,000
Property, plant and equipment	21	54	69
Deferred tax assets	22	144	486
Total non-current assets		**419,583**	395,073
Total assets		**476,312**	463,179
Current liabilities			
Trade and other payables	23	4,814	6,896
Borrowings	24	10,841	21,525
Distribution payable		3,744	3,680
Provisions	26	984	1,569
Other current liabilities	27	1,676	9,093
Total current liabilities		**22,059**	42,763
Non-current liabilities			
Borrowings	24	207,258	191,401
Derivative financial instruments	25	2,190	1,347
Deferred tax liabilities	22	-	127
Provisions	26	66	-
Total non-current liabilities		**209,514**	192,875
Total liabilities		**231,573**	235,638
Net assets		**244,739**	227,541

360 Capital Group

Consolidated statement of financial position

As at 30 June 2016

	Note	30 June 2016 $'000	30 June 2015 $'000
Equity			
Issued capital - ordinary shares	28	6,488	7,386
Issued capital - trust units	28	162,595	167,815
Security based payments reserve		5,119	3,233
Accumulated losses		(8,765)	(18,266)
Total equity attributable to stapled Securityholders		**165,437**	160,168
External non-controlling interest		79,302	67,373
Total equity		**244,739**	227,541

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 2016

	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 2015	7,386	167,815	3,233	(18,266)	160,168	67,373	227,541
Total comprehensive income for the year	-	-	-	24,074	24,074	5,570	29,644
Transactions with non-controlling interest	-	-	-	408	408	12,454	12,862
Transactions with Securityholders in their capacity as Securityholders							
Issued shares/units - Redeemed	(898)	(5,220)	-	327	(5,791)	-	(5,791)
Security based payment transactions	-	-	1,886	-	1,886	-	1,886
Equity raising transaction costs	-	-	-	-	-	(24)	(24)
Dividends/distributions	-	-	-	(15,308)	(15,308)	(6,071)	(21,379)
	(898)	(5,220)	1,886	(14,981)	(19,213)	(6,095)	(25,308)
Balance at 30 June 16	**6,488**	**162,595**	**5,119**	**(8,765)**	**165,437**	**79,302**	**244,739**
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
Transactions with non-controlling interest	-	-	-	6,080	6,080	(7,877)	(1,797)
Transactions with Securityholders in their capacity as Securityholders							
Issued shares/units - Redeemed	-	-	-	-	-	(6)	(6)
Security based payment transactions	-	-	1,629	-	1,629	-	1,629
Equity raising transaction costs	-	-	-	-	-	(602)	(602)
Dividends/distributions	-	-	-	(14,300)	(14,300)	(5,085)	(19,385)
	-	-	1,629	(14,300)	(12,671)	(5,693)	(18,364)
Balance at 30 June 2015	7,386	167,815	3,233	(18,266)	160,168	67,373	227,541

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

360 Capital Group

Consolidated statement of cash flows

For the year ended 30 June 2016

	Note	30 June 2016 $'000	30 June 2015 $'000
Cash flows from operating activities			
Cash receipts from customers		42,924	36,436
Cash payments to suppliers and employees		(20,888)	(17,541)
Dividends and distributions received		11,161	5,517
Finance revenue		387	646
Finance expenses		(11,187)	(7,739)
Income tax paid		(1,488)	-
Net cash inflows from operating activities	30	**20,909**	17,319
Cash flows from investing activities			
Payments for investment properties and additions		(1,821)	(74,140)
Proceeds from disposal of investment properties		38,901	8,821
Payments for property, plant and equipment		-	(51)
Payments for financial assets		(19,882)	(37,713)
Payments for intangible assets		(8,879)	-
Proceeds from disposal of financial assets		1,647	19,417
Proceeds from disposal of other financial assets		-	1,500
Payments for subsidiaries - net of cash acquired	31	(990)	(1,750)
Payments for external non-controlling interest		-	(21,200)
Net cash inflows/(outflows) from investing activities		**8,976**	(105,116)
Cash flows from financing activities			
Proceeds from borrowings		2,171	111,127
Repayment of borrowings		(11,000)	(14,000)
Payments of borrowing costs		-	(2,201)
Distributions paid to stapled securityholders		(15,244)	(14,069)
Distributions paid to external non-controlling interests		(6,071)	(4,655)
Proceeds from issue of capital to non-controlling interest		4,815	9,681
Payment for redemption of securities		(5,791)	-
Net cash (outflows)/inflows from financing activities		**(31,120)**	85,883
Net decrease in cash and cash equivalents		(1,235)	(1,914)
Cash and cash equivalents at the beginning of the year		14,967	16,881
Cash and cash equivalents at the end of the year	13	**13,732**	14,967

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

Note 1: Basis of preparation

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 and in Note 38.

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 an 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 Instrument 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 Instrument, amounts in the financial report and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

d) Critical judgements and significant 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 year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

d) Critical judgements and significant accounting estimates (continued)

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 38 (m).

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.

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 38.

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 20 for further information.

Business combinations – Gain on bargain purchase/Goodwill

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 31 for further information.

d) Critical judgements and significant accounting estimates (continued)

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 38 (b)). Further information on Controlled Entities is included in Note 34.

Critical accounting estimates

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 above.

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 36.

Note 2: 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 28 and on borrowings refer to Note 24.

Note 3: 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.

<u>Core operations</u>
The Group reports on the following core business segments, with the direct asset investment segment ceasing activities during the year;

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 Group's remaining direct property asset in September 2015

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 as they are considered non-recurring.

<u>Corporate</u>
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.

<u>Consolidation and eliminations</u>
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 34). 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.

<u>Geographical segments</u>
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 3: Segment reporting (continued)

The operating segments provided to the Board for the reportable segments for the year ended 30 June 2016 are as follows:

Year ended 30 June 2016	Co-investment funds	Direct asset investment	Funds management	Corporate	Total core	Consolidation & eliminations	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Management fee revenue	-	-	10,120	-	10,120	(1,768)	8,352
Net property income	-	1,198	-	-	1,198	18,887	20,085
Co-investment revenue	17,496	-	-	-	17,496	(6,223)	11,273
Other income	-	-	43	-	43	0	43
Total revenue and other income	**17,496**	**1,198**	**10,163**	**-**	**28,857**	10,896	39,753
Operating expenses	134	5	(144)	6,120	6,115	512	6,627
Earnings before interest and tax (EBIT)	**17,362**	**1,193**	**10,307**	**(6,120)**	**22,742**	10,384	33,126
Net interest expense	-	210	(245)	5,653	5,618	5,933	11,551
Operating profit before tax	**17,362**	**983**	**10,552**	**(11,773)**	**17,124**	4,451	21,575
Income tax expense	-	-	-	1,161	1,161	-	1,161
Operating profit (before specific non-cash and significant items)	**17,362**	**983**	**10,552**	**(12,934)**	**15,963**	4,451	20,414
Interest on Group ESP					1,339		
Operating earnings used in calculating - diluted operating EPS					**17,302**		
Weighted average number of securities - diluted ('000)					246,760		
Operating profit per security (EPS) - cents - diluted					**7.0**		

Reconciliation of total segment revenue to total revenue in the statement of profit or loss is on page 38.

Note 3: 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)**	**15,250**	4,247	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)**	**14,626**	3,577	18,203
Interest on Group ESP					1,263		
Operating earnings used in calculating - diluted operating EPS					**15,889**		
Weighted average number of securities - diluted ('000)					248,703		
Operating profit per security (EPS) - cents - diluted					**6.4**		

Reconciliation of total segment revenue to total revenue in the statement of profit or loss is on page 38.

Note 3: Segment reporting (continued)

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

	30 June 2016 $'000	30 June 2015 $'000
Total revenue per segment report	**39,753**	34,322
Investment property expenses reported in net property income	10,552	7,585
Write back of provision of management fee income from property funds	-	-
Acquistion and underwrite fees 3	(283)	(645)
Straight-lining of lease revenue and incentives 2	(25)	(474)
Interest income	384	651
Rent receivable adjustment 1	(1,260)	(1,859)
Other income	(43)	(33)
Total revenue in the statement of profit or loss	49,078	39,547
Gain on bargain purchase	-	287
Net gain on fair value of financial assets	14,417	7,654
Reversal of impairment of investments accounted for using the equity method	162	100
Net gain on disposal of financial assets	750	-
Net gain on fair value of investment properties	-	11,410
Other income	43	33
Total revenue and other income in the statement of profit or loss	**64,450**	59,031

1) Rent receivable adjustment of $1.3 million relates to rent received on the Hurtsville investment property from the purchaser. The purchaser 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 equity sold down in the 360 Capital Retail Fund No.1. These fees are eliminated on consolidation for statutory reporting purposes.

Note 3: Segment reporting (continued)

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

	Total core 30 June 2016 $'000	Total core 30 June 2015 $'000	Total 30 June 2016 $'000	Total 30 June 2015 $'000
Profit after tax attributable to stapled securityholders	**24,074**	24,138		
Profit for the year			**29,644**	30,849
Specific non-cash items				
Net gain on fair value of financial assets	(11,588)	(6,506)	(14,417)	(8,284)
Net gain on disposal of financial asset	(750)	-	(750)	-
Net (gain)/loss on fair value of investment properties	-	(9,110)	860	(11,410)
Net loss on fair value of derivative financial instruments	1,607	1,608	2,433	2,551
Net loss on disposal of investment properties	279	-	279	-
Security based payments expense	624	691	624	691
Reversal of impairment of equity accounted investment	(162)	(100)	(162)	(100)
Straight-lining of lease revenue and incentives	-	474	25	474
Other items	301	545	300	545
Significant items				
Rent receivable adjustment	1,260	1,859	1,260	1,859
Gain on bargain purchase	-	(287)	-	(287)
Acquistion and underwrite fees	283	645	283	645
Tax effect				
Tax effect of specific non-cash and significant items	35	670	35	670
Operating profit (before specific non-cash and significant items)	**15,963**	14,627	**20,414**	18,203

Note 3: Segment reporting (continued)

As at 30 June 2016	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	292	-	10,774	200	**11,266**	2,466	13,732
Assets held for sale	-	-	-	-	**-**	38,350	38,350
Investment properties	-	-	-	-	**-**	258,700	258,700
Financial assets at fair value through the profit or loss	224,383	-	-	-	**224,383**	(77,577)	146,806
Other assets and intangibles	3,012	-	15,494	204	**18,710**	14	18,724
Total assets	227,687	-	26,268	404	**254,359**	221,953	476,312
Liabilities							
Borrowings	-	-	-	76,812	**76,812**	141,286	218,098
Other liabilities	75	-	2,737	6,263	**9,075**	4,400	13,475
Total liabilities	75	-	2,737	83,075	**85,887**	145,686	231,573
Net assets	**227,612**	**-**	**23,531**	**(82,671)**	**168,472**	**76,267**	**244,739**

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

Note 4: Distributions and dividends

The Company did not declare any dividends during the year or up to the date of this report (30 June 2015: Nil). Distributions declared by 360 Capital Investment Trust directly to Securityholders during the year were as follows:

	30 June 2016 $'000	30 June 2015 $'000
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
1.5625 cents per stapled security paid on 26 October 2015	3,867	-
1.5625 cents per stapled security paid on 28 January 2016	3,867	-
1.5625 cents per stapled security paid on 29 April 2016	3,830	-
1.5625 cents per stapled security paid on 27 July 2016	3,744	-
	15,308	14,300

Note 5: Revenue

Rental from investment properties include:

	30 June 2016 $'000	30 June 2015 $'000
12 - 22 Woniora Road, Hurstville NSW	-	4,757
111 St George's Terrace, Perth WA	14,052	13,867
Windsor Marketplace, NSW	2,090	113
City Centre Plaza, Rockhampton, QLD	6,042	56
441 Murray Street, Perth WA	3,179	3,083
Subiaco Square Shopping Centre	3,558	2,578
Havelock House, West Perth WA	431	-
	29,352	24,454

The sale of 12-22 Woniora Road, Hurstville NSW settled on 25 September 2015, this was the last direct property asset held by the Group.

All other properties are held within the Group’s managed funds which are consolidated for financial reporting purposes.

111 St George’s Terrace, Perth and 441 Murray Street, Perth were acquired through the acquisition of 360 Capital Property Group in October 2013, refer to Note 19 and Note 31 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 19 and Note 31 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 19 and Note 31 for further information. Havelock House, West Perth was acquired through the consolidation of 360 Capital Havelock House Property Trust into the 360 Capital Group in May 2016, refer to Note 19 and Note 31 for further information.

Note 5: Revenue (continued)

Funds management fees include:

	30 June 2016 $'000	30 June 2015 $'000
Management fees	6,717	4,681
Custodian fees	488	387
Performance fees	(48)	66
Leasing fees	412	-
Other fees	500	125
	8,069	5,259

Distributions from property funds include:

	30 June 2016 $'000	30 June 2015 $'000
360 Capital Industrial Fund (ASX: TIX)	6,884	3,808
360 Capital Office Fund (ASX: TOF)	3,582	3,572
360 Capital Total Return Fund (ASX: TOT)	560	112
Australian Industrial REIT (ASX: ANI)	-	1,067
360 Capital Havelock House Property Trust	230	246
360 Capital Subiaco Square Property Trust	-	71
Centuria Diversified Direct Property Fund	-	268
Centuria Office Fund No.2	-	2
360 Capital AREIT Fund	17	37
	11,273	9,183

Note 6: Net gain on fair value of financial assets

	30 June 2016 $'000	30 June 2015 $'000
Investments in property funds	**14,417**	7,654

Refer to Note 15 for information on the fair value adjustments on Investments in property funds.

Note 7: Investment property expenses

	30 June 2016 $'000	30 June 2015 $'000
12 - 22 Woniora Road, Hurstville NSW	62	987
158 Hume Street, Goulburn NSW	-	43
111 St George's Terrace, Perth WA	4,599	4,674
Windsor Marketplace, Windsor, Sydney NSW	2,585	47
City Centre Plaza, Rockhampton QLD	691	5
441 Murray Street, Perth WA	855	745
Subiaco Square Shopping Centre	1,661	1,084
Havelock House, West Perth WA	99	-
	10,552	7,585

Note 8: Employee benefit expenses

	30 June 2016 $'000	30 June 2015 $'000
Wages and salaries	4,551	4,220
Employer superannuation contributions	307	332
Security based payments expense	624	691
Payroll tax	226	214
	5,708	5,457

In October 2013 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 $0.6 million (2015: $0.7 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 28.

Note 9: Finance expenses

	30 June 2016 $'000	30 June 2015 $'000
Interest and finance charges paid and payable	11,179	8,625
Borrowing cost amortisation	756	812
	11,935	9,437

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 2016 **$'000**	**30 June** 2015 **$'000**
Profit before tax attributable to stapled securityholders	25,270	32,143
Income tax expense at the effective corporate rate of 30%	7,581	9,643
Increase/(decrease) in income tax expense due to:		
Gain on bargain purchase exempt from income tax	(6,148)	(9,008)
Exit fees income realised from controlled entity	-	1,002
Acquisition and underwrite fees realised from controlled entity	-	865
Reversal of impairment in equity investment	(48)	(30)
Employee Security Plan interest income taxable	367	378
Security based payments expense non tax deductible	187	207
Tax deferred distribution income	(161)	(100)
Other tax adjustments	(306)	(166)
Income tax expense	1,472	2,791
Adjustment for current tax of prior periods	(276)	-
Utilisation of prior year losses previously not brought to account	-	(1,497)
Income tax expense recognised in the statement of profit or loss	**1,196**	1,294

The Group has carried forward capital tax losses of $15.4 million (2015: $15.4 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.

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 2016 $	30 June 2015 $
Audit services		
Audit and review of financial reports	185,000	177,038
Other assurance services	19,080	11,950
	204,080	188,988
Other services		
Taxation compliance services	176,550	120,340
Total auditors' remuneration	380,630	309,328

Note 12: Earnings per stapled security

	30 June 2016 ¢	30 June 2015 ¢
Basic earnings per stapled security	**10.6**	10.6
Diluted earnings per stapled security	**9.8**	9.7

	$'000	$'000
Basic and diluted earnings		
Profit attributable to stapled securityholders of 360 Capital Group used in calculating earnings per stapled security	**24,074**	24,138

	000's	000's
Weighted average number of stapled securities used as a denominator		
Weighted average number of stapled securities - basic	**226,492**	226,732
Weighted average number of stapled securities - diluted	**246,760**	248,702

Dilution

During the year ended 30 June 2014, 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. These ESP securities are not included in the calculation of the basic number of stapled securities on issue. During the year, the Group bought back and cancelled 3,600,000 of these securities. Total securities on issue under the ESP is 18,370,000.

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 28.

Note 13: Cash and cash equivalents

	30 June 2016 $'000	30 June 2015 $'000
Cash at bank	8,482	9,467
Cash at bank – Restricted	5,250	5,500
Cash and cash equivalents in the statement of cash flows	**13,732**	14,967

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

Note 14: Receivables

	30 June 2016 $'000	30 June 2015 $'000
Current		
Trade receivables	645	2,075
Distributions receivables	2,806	2,627
Other receivables	542	540
	3,993	5,242
Non-current		
Trade receivables	-	297
	-	297

a) Bad and doubtful trade receivables
During the year, the Group incurred $156,976 (2015: $99,031) 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 29 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 2016 $'000	30 June 2015 $'000
Current	561	1,400
1 to 3 months	64	657
More than 3 months	20	18
	645	2,075

As at 30 June 2016, trade receivables of $84,243 (2015: $675,000) were past due but not impaired.

Note 15: Financial assets at fair value through the profit or loss

	30 June 2016 $'000	30 June 2015 $'000
Non-current		
Units in unlisted funds managed by Group subsidiaries	-	4,038
Units in listed funds managed by Group subsidiaries	146,806	113,018
Units in unlisted funds managed externally	-	365
Total	**146,806**	117,421

The Group holds investments in the following managed investment schemes:

	30 June 2016 %	30 June 2015 %	30 June 2016 $'000	30 June 2015 $'000
Non-current				
360 Capital Industrial Fund (ASX code: TIX)	15.6	17.4	90,828	63,876
360 Capital Office Fund (ASX code: TOF)	28.8	28.8	47,411	44,461
360 Capital Total Return Fund (ASX code: TOT)	24.29	10.1	8,567	4,680
360 Capital Havelock House Property Trust	39.3	26.9	-	3,486
Centuria Diversified Direct Property Fund	-	19.3	-	360
Centuria Office Fund No.2	-	1.2	-	5
Other	-	-	-	553
Total			**146,806**	117,421

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.

In December 2015, TIX completed the acquisition of Australian Industrial REIT (ANI). As part of the acquisition TIX issued an additional 86,659,518 units in total thereby diluting the Group's interest. The Group also acquired an additional 6,644,231 units during the year. At balance date the Group's holding in TIX was 15.6%. In October 2015 the Group received an additional $1.5 million of consideration representing 20 cents per ANI unit associated with it accepting into the TIX offer in April 2015. An amount of $750,000 was recognised as a gain in the income statement and $750,000 representing 10 cents per ANI unit, funded by the Group as part of the TIX Offer consideration, was offset against the payment for ANI management rights during the period.

During the year the group increased its investment in TOT from 10.1% to 24.29%.

The Group also increased its investment in the 360 Capital Havelock House Property Trust from 26.9% to 39.3%. As a result of the increased investment, the 360 Capital Havelock House Property Trust has been consolidated into the financial statements of the Group. Refer to Note 31 for further information.

Refer to Note 29 for fair value valuation techniques.

Note 15: Financial assets at fair value through the profit or loss (continued)

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 2016 $'000	30 June 2015 $'000
Balance at 1 July	117,421	92,825
Financial assets acquired through dividend reinvestment	-	2,215
Financial assets acquired - other	19,879	67,727
Financial assets disposed	(899)	(47,131)
Financial assets consolidated into financial statements	(4,012)	(5,869)
Fair value adjustment of financial assets	14,417	7,654
Closing balance	146,806	117,421

Note 16: Assets held for sale

	30 June 2016 $'000	30 June 2015 $'000
Investment property		
12-22 Woniora Road, Hurstville NSW	-	47,000
Subiaco Square Shopping Centre, Perth WA	38,350	-
	38,350	47,000
Less: Deferred rent receivable	(1,260)	(3,150)
Deferred rent received	1,260	1,859
	38,350	45,709

On 25 September 2015 the Group settled 12-22 Woniora Road, Hurstville NSW for a gross sale price of $47.0 million. An amount of $1.3 million was received during the period associated with rent receivable under the contract of sale.

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

	30 June 2016 $'000	30 June 2015 $'000
Balance at 1 July	47,000	4,300
Reclassification from investment properties	38,350	47,000
Sale of asset held for sale	(47,000)	(4,300)
Closing balance	38,350	47,000

a) Valuation basis
Assets held for sale are carried at fair value, refer to Note 38(l) for further information.

Note 17: Other current assets

	30 June 2016 $'000	30 June 2015 $'000
Prepayments	654	897
	654	897

Note 18: Investments accounted for using the equity method

	30 June 2016 %	30 June 2015 %	30 June 2016 $'000	30 June 2015 $'000
Partnership interest				
Renewing Homebush Bay Partnership	50.0	50.0	-	-

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. At June 2015 the carrying value of the partnership had been written down to nil, however during the year $0.02 million (2015: $0.01 million) had been received from the joint venture. At 30 June 2016, the partnership was in the process of being wound up.

Note 19: Investment properties

	Date of acquisition	Book value 30 June 2016 $'000	Book value 30 June 2015 $'000	Capitalisation rate 30 June 2016 %	Capitalisation rate 30 June 2015 %	Discount rate 30 June 2016 %	Discount rate 30 June 2015 %	Last external valuation	Valuation $'000
111 St George's Terrace, Perth WA	2-Oct-13	140,100	139,000	8.00	8.00	8.75	8.75	Dec-15	139,000
441 Murray Street, Perth WA	2-Oct-13	22,000	25,500	8.25	8.25	9.25	9.25	Oct-15	22,000
City Centre Plaza, Rockhampton QLD	26-Jun-15	50,000	55,000	7.00	7.25	8.00	8.75	Jun-16	50,000
Windsor Marketplace, Windsor NSW	11-Jun-15	21,400	20,300	6.75	7.00	7.50	8.00	Jun-16	21,400
Subiaco Square Shopping Centre, Perth WA	1-Nov-14	-	32,000	-	6.75	-	8.00	Jun-15	32,000
Havelock House, West Perth WA	4-May-16	25,200	-	7.50	-	8.80	-	Jun-15	24,800
Investment properties		**258,700**	271,800						
Less: lease income receivable and incentives		(8,008)	(8,383)						
		250,692	263,417						

Note 19: 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 34) 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 (refer to Note 34) 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 34) 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 34) 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 34) which is located in Rockhampton QLD. The property is a sub-regional shopping centre comprising 14,063sqm and 491 car spaces.

Havelock House, West Perth WA – 360 Capital Havelock House Property Trust
A controlled entity of the Group (refer to Note 34) which is located in West Perth WA. The property is a healthcare clinic with ancillary office accommodation comprising 4,856sqm of net lettable area.

Note 19: Investment properties (continued)

	30 June 2016 $'000	30 June 2015 $'000
Balance at 1 July	271,800	203,000
Capitalised subsequent expenditures	1,325	3,747
Investment properties acquired through a business acquisition	-	72,878
Investment properties consolidated into financial statements	24,900	29,000
Reclassification to assets held for sale	(38,350)	(47,000)
Straight-lining of lease revenue and incentives	(115)	(1,235)
Fair value adjustment of investment properties	(860)	8,260
Fair value adjustment of investment properties – Deferred rent receivable	-	3,150
Closing balance	258,700	271,800

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 19: 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 29 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 2016 $'000	30 June 2015 $'000
No later than 12 months	18,331	18,650
Between 12 months and five years	52,538	44,190
Greater than five years	48,158	36,737
	119,027	99,577

Note 20: Intangible assets

Cost	30 June 2016 $'000	30 June 2015 $'000
Opening balance at 1 July	5,000	5,000
Management right - indefinite useful life	8,879	-
Closing balance at 30 June	13,879	5,000
Net book value	**13,879**	5,000

Existing management rights of $5.0 million at the commencement of the year are held in relation to property funds and were acquired following the acquisition of 360 Capital Property Group in the 2014 financial year. The movement in the current period of $8.9 million relates to the acquisition of management rights relating to ANI, and represents the 10 cpu consideration the Group paid to ANI investors. The value of management rights are reviewed annually for impairment. Management's internal valuation for indefinite-life management rights as at 30 June 2016 have been undertaken on 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. The recoverable amount of the cash generating unit (CGU), is determined based on value-in-use calculations which require the use of assumptions.

Key assumption and sensitivity analysis used for indefinite life intangible calculations:

- 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 rate used is 13.0% (2015: 12.0%-15.0%). A rise in in the pre-tax discount rate to 19.0% would result in impairment;
- Growth over the next 5 years of 2.0% (2015: 2.0% to 3.0%). A reduction to negative 11.0% in the growth rates would result in impairment.

Impairment is tested at the CGU level, with the CGU representing the fund management agreement which generates management fee income.

Impairment of intangible assets
There was no impairment of management rights during the year (2015: Nil).

Note 21: Property, plant and equipment

	30 June 2016 $'000	30 June 2015 $'000
Opening net book amount at 1 July	69	33
Additions	-	51
Depreciation charge	(15)	(15)
Closing net book amount	54	69
Balance as at 30 June		
Cost	154	120
Accumulated depreciation	(100)	(51)
Closing net book amount	**54**	69

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

Note 22: Deferred tax assets and liabilities

	30 June 2016 $'000	30 June 2015 $'000
Deferred tax assets comprises temporary differences attributable to:		
Accrued expenses	131	217
Provision for doubtful debts	1	75
Business acquisition costs	12	19
Tax losses	-	175
	144	486
Deferred tax liabilities comprises temporary differences attributable to:		
Accrued revenue	-	127
	-	127
Net deferred tax assets	**144**	359

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

	30 June 2016 $'000	30 June 2015 $'000
Balance at 1 July	359	267
Recognition of prior year tax losses not brought to account	-	1497
Adjustments for current tax of prior periods	(117)	-
Prior year carried forward tax losses utilised	-	(1363)
Recognition and reversal of timing differences	(98)	(42)
Closing balance	144	359
Net deferred tax assets expected to reverse within 12 months	144	479
Net deferred tax assets expected to reverse after more than 12 months	-	(120)
	144	359

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

Tax consolidation

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 23: Trade and other payables

	30 June 2016 $'000	30 June 2015 $'000
Trade & GST payables	1,225	2,999
Employee benefits	71	141
Accruals	3,497	3,735
Other payables	21	21
	4,814	6,896

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

Note 24: Borrowings

	30 June 2016 $'000	30 June 2015 $'000
Current		
Borrowings - secured	10,841	21,525
	10,841	21,525
Non-current		
Borrowings - secured	130,922	117,389
Borrowings - unsecured	78,229	76,622
Capitalised borrowing costs	(1,893)	(2,610)
	207,258	191,401
Borrowings - secured		
Total facility limit	229,629	239,400
Used at end of reporting date	(219,992)	(215,536)
Unused at end of reporting date	9,637	23,864

Note 24: Borrowings (continued)

a) Loan facilities summary

Unsecured note issue - (360 Capital Investment Trust)
In September 2014 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 carrying value of loan balance at 30 June 2016 was $78.3 million (2015: $76.6 million).

National Australia Bank facility - (360 Capital Investment Trust)
The Group had a loan facility with National Australia Bank ("NAB") which at 30 June 2015 was drawn to $11.0 million. During the period the loan was repaid in full upon the settlement of the Hurstville asset which was held as security against the facility. At reporting date the facility has been terminated.

Bank of Western Australia facility - (360 Capital 111 St George's Terrace Property Trust)
A controlled entity of the Group has a loan facility with Bank of Western Australia ("Bankwest"). The $74.0 million facility is drawn to $70.7 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 19).

Bank of Western Australia facility - (441 Murray Street Property Trust)
A controlled entity of the Group has a loan facility with Bankwest. The $12.0 million facility is drawn to $10.8 million and has been extended to June 2017. 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 expired in May 2016. The facility is secured by a mortgage in favour of Bankwest over 441 Murray Street, Perth WA (refer to Note 19).

Bank of Western Australia facility - (360 Capital Subiaco Square Shopping Centre Property Trust)
A controlled entity of the Group 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 19).

St George Bank facility – (360 Capital Retail Fund No.1)
A controlled entity of the Group has a loan facility with St George. The $37.4 million facility is drawn to $34.9 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 19).

National Australia Bank facility - (360 Capital Havelock House Property Trust)
A controlled entity of the Group has a loan facility with National Australia Bank. The $13.0 million facility is drawn to $11.7 million and expires in May 2018. The Group has an interest rate commercial hedge covering $10.7 million of the facility at a rate of 3.1% (exclusive of the underlying margin). The interest rate hedge expires in June 2016. The facility is secured by a mortgage in favour of Bankwest over 29 Havelock Street and 2 Ord Street, West Perth WA (refer to Note 19).

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 complied with all debt covenants and did at all times during the year.

Note 25: Derivative financial instruments

	30 June 2016 $'000	30 June 2015 $'000
Non-current		
Interest rate swap contracts - fair value	2,190	1,347
Total	**2,190**	1,347

The Group utilises derivative financial instruments to hedge exposure to fluctuations in interest rates. Refer to Note 29 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 3.84% (2015: 4.54%). 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 4.43% (2015: 2.87%).

Swaps currently in place cover approximately 84.5% (2015: 88.4%) 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 38, 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 26: Provisions

	30 June 2016 $'000	30 June 2015 $'000
Current		
Employee benefits	106	184
Income tax payable	878	1,385
	984	1,569
Non-current		
Employee benefits	66	-
	66	-

Note 27: Other current liabilities

	30 June 2016 $'000	30 June 2015 $'000
Rental income invoiced in advance	1,676	2,342
Deposits on investment properties - Hurstville	-	4,700
Deferred rent received	-	1,859
Other	-	192
	1,676	9,093

Note 28: Equity

(a) Issued capital

	30 June 2016 000's	30 June 2015 000's
360 Capital Group Limited - Ordinary shares issued	221,233	226,733
360 Capital Investment Trust - Ordinary units issued	221,233	226,733

	$'000	$'000
360 Capital Group Limited - Ordinary shares issued	6,488	7,386
360 Capital Investment Trust - Ordinary units issued	162,595	167,815
Total issued capital	**169,083**	175,201

(b) Movements in issued capital

There were no movements in issued capital of the Group for the year.

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 at 1 July	226,733	226,733
Issued capital - Employee security plan in October 2013, at 1 July	21,970	21,970
Employee securities bought back on-market and cancelled during the year	(3,600)	-
Securities bought back on-market and cancelled during the year	(5,500)	-
Total securities issued on the ASX	**239,603**	248,703

(c) Employee Security Plan

During the year ended 30 June 2014, 21,970,000 securities were granted to employees under the 360 Capital Group ESP. During the year, the Group bought back and cancelled 3,600,000 of these securities. 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 three years 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 28: Equity (continued)

The securities vest if the Group's Total Securityholder Return (TSR) over a three years 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 31), 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 2016, the Group has recognised $0.62 million (2015: $0.69 million) of security based payment expense in the statement of profit or loss.

Note 29: Other financial assets and liabilities

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.

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 2016 $'000	30 June 2015 $'000
Cash and cash equivalents	13,732	14,967
Receivables	3,993	5,539
Financial assets at fair value through profit or loss	146,806	117,421
Total	164,531	137,927

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.

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.

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

Note 29: Other financial assets and liabilities (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 2016						
Financial assets						
Cash and cash equivalents	8,538	5,194				13,732
Receivables					3,993	3,993
Financial assets at fair value through profit or loss					146,806	146,806
Total financial assets	8,538	5,194	-	-	150,799	164,531
Weighted average interest rate	2.00%	2.97%				
Financial liabilities						
Trade and other payables					4,814	4,814
Borrowings	21,962	65,000	95,200	34,600		216,762
Derivative financial instruments					2,190	2,190
Total financial liabilities	21,962	65,000	95,200	34,600	7,004	223,766
Weighted average interest rate	3.84%	4.26%	6.31%	3.84%		
Net financial assets/(liabilities)	(13,424)	(59,806)	(95,200)	(34,600)	143,795	(59,235)
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)

Note 29: Other financial assets and liabilities (continued)

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 2016			
Financial assets			
Cash and cash equivalents	13,732	(85)	85
Financial liabilities			
Borrowings	216,762	220	(220)
Derivative financial instruments	2,190	(2,731)	2,600
Total (decrease) increase		2,596	2,465
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	(2,932)	2,836
Total (decrease) increase		(2,869)	2,773

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 below. 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.

Note 29: Other financial assets and liabilities (continued)

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 2016					
Trade and other payables	4,815	4,815	4,815	-	-
Borrowings	216,762	240,629	21,059	219,570	-
	221,577	245,444	25,874	219,570	-
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	-

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.

Price risk – sensitivity analysis

A fluctuation of 1% in the market price of the underlying equity securities/units would impact the net profit of the Group, with all other variables held constant, by an increase/(decrease) of $3.65 million (2015: $2.59 million).

Note 29: Other financial assets and liabilities (continued)

Fair values
Set out below is a comparison of the carrying amounts and fair values of financial instruments as at 30 June 2016:

	Carrying amount		Fair value	
	30 June 2016 $'000	30 June 2015 $'000	30 June 2016 $'000	30 June 2015 $'000
Non-Current Financial liabilities				
Borrowings	207,258	191,401	209,151	194,011
Derivative financial instruments	2,190	1,347	2,190	1,347
Total non-current financial liabilities	209,448	192,748	211,341	195,358

The fair value of receivables, trade and other payables and distributions payable approximate their carrying amounts largely due to short-term maturities of these instruments. The fair values quoted in the above table in relation to non-current 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 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.

The Group held the following classes of financial instruments measured at fair value:

30 June 2016	$'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Financial assets measured at fair value				
Fair value profit or loss financial assets	146,806	146,806	-	-
Derivatives	2,190	-	2,190	-

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

Note 29: Other financial assets and liabilities (continued)

During the year, the Group's investment in the 360 Capital Diversified Property Fund (refer to Note 15) moved out of Level 3 following the consolidation of the 360 Capital Havelock House Property Trust. There were no transfers between Level 1 and Level 2 fair value measurements, and no 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.

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

	30 June 2016 $'000	30 June 2015 $'000
Balance at 1 July	4,403	22,185
Financial assets acquired - other	-	3,289
Financial assets consolidated into financial statements	(4,012)	(5,869)
Financial assets disposed	(391)	(17,997)
Fair value adjustment of financial assets	-	2,795
Closing balance	-	4,403

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).

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 19). 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 6.75% to 8.25% and discount rates estimated to be between 7.5% and 9.25%. 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 30: Reconciliation of net profit/(loss) to net cash inflows from operating activities

	30 June 2016 $'000	30 June 2015 $'000
Net profit for the year	**29,644**	30,849
Adjustment for:		
Borrowing cost amortisation	748	2,610
Depreciation	15	15
Gain on bargain purchase of 360 Capital Property Group	-	(287)
Net gain on disposal of financial assets	(750)	-
Impairment reversal of equity accounted investments	-	(100)
Net gain on fair value of financial assets	(14,417)	(7,654)
Net (gain)/ loss on fair value of investment properties	860	(11,410)
Net loss on fair value of derivative financial instruments	2,433	2,551
Net loss on disposal of investment properties	279	-
Security based payments expense	624	691
Straight-lining of lease revenue and incentives	-	474
Change in assets and liabilities		
Decrease in receivables and prepayments	5,683	(1,336)
Increase/(decrease) in creditors and accruals	(5,405)	380
Net increase in income tax liabilities	1,195	536
Net cash inflows from operating activities	**20,909**	17,319

Note 31: Business combinations

Acquisition of 360 Capital Havelock House Property Trust

Summary of acquisition

In May 2016 the Group increased its investment in the 360 Capital Havelock House Property Trust from 26.7% to 39.3%. 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 Havelock House Property Trust from 4 May 2016.

	30 June 2016 $'000
Fair value of existing investment	3,651
Cash paid - Acquisitions made in May 2016	358
Total purchase consideration	4,009

Note 31: Business combinations (continued)

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

	$'000
Assets	
Cash and cash equivalents	175
Receivables	128
Investment properties	24,900
Liabilities	
Trade and other payables	(129)
Borrowings	(11,647)
Derivative financial instruments	(17)
Exit Fee	(249)
Net identifiable assets acquired including external non-controlling interest	13,161
Less: External non-controlling interest	(9,152)
Net identifiable assets acquired excluding external non-controlling interest	4,009
Add: Goodwill	-
Total purchase consideration	4,009

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.

No goodwill nor bargain on purchase of 360 Capital Havelock House Property Trust has been recognised as the additional units purchased by the Group were done so at the current NTA at 4 May 2016.

Revenue and profit contribution

The acquired business contributed revenues of $0.43 million and net gain after tax of $0.06 million to the Group from 1 May 2016 to 30 June 2016.

If the acquisition had occurred on 1 July 2015, consolidated total revenue from continuing operations and the consolidated net profit after tax of the acquired business for the year ended 30 June 2016 would have been $2.52 million and $0.91 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 2016 $'000
Cash consideration paid	1,165
Less: Cash and cash equivalents acquired	(175)
Outflow of cash to acquire subsidiary - including external non-controlling interest cash	990
Add: Direct costs relating to the acquisition	-
Total cash outflow to acquire subsidiary	990

Note 31: Business combinations (continued)

Acquisition related costs
No acquisition related costs were incurred.

Acquisition of 360 Capital Subiaco Square Shopping Centre Property Trust

Summary of acquisition
In 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 2015 $'000
Fair value of existing investment	3,544
Cash paid - Acquisitions made in October 2014	2,325
Total purchase consideration	5,869

The 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 31: 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 was no contingent consideration as part of this transaction.

Purchase consideration - cash outflow on acquisition

	30 June 2015 $'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 15 for further information on the Groups investment in the fund.

Note 32: Capital commitments and contingencies

Capital commitments
At 30 June 2016, the Group had no capital commitments (30 June 2015: no capital commitments) relating to the purchase of property, plant and equipment.

Contingencies
There are no other contingent liabilities as at 30 June 2016.

Note 33: 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 34.

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 2016 $'000	30 June 2015 $'000
Short-term benefits	1,686	1,401
Post-employment benefits	71	72
Security based payments	491	491
Total compensation	2,248	1,964

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

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	375,000	(375,000)	3,540,000	3,540,000
Ben James	3,540,000	375,000	(375,000)	3,540,000	3,540,000
Glenn Butterworth	1,032,500	109,375	(109,375)	1,032,500	1,032,500
Alan Sutton	601,800	63,750	(63,750)	601,800	601,800
	8,714,300	923,125	(923,125)	8,714,300	8,714,300

Note 33: Related party transactions (continued)

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 28.

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

<u>Investment in Australian Industrial REIT and conversion into TIX units</u>
During the year TIX completed the acquisition of Australian Industrial REIT (ASX: ANI). As part of the acquisition TIX issued an additional 86,659,518 units in total thereby diluting the Group's interest, the Group also acquired an additional 6,644,231 units during the period. At the end of period the Group's holding in TIX is 15.6%. In October 2015 the Group received an additional $1.5 million of consideration representing 20 cents per ANI unit associated with it accepting into the TIX offer in April 2015. An amount of $750,000 was recognised as a gain in the income statement and $750,000 representing 10 cents per ANI unit funded by the Group as part of the TIX offer consideration was offset against the payment for ANI management rights during the period.

The following significant transactions occurred with related parties during prior years:

<u>Acquisition of 360 Capital Diversified Property Fund</u>
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.

<u>Exit Fee Conversion - 360 Capital 111 St Georges Terrace Property Trust</u>
On 10 December 2014 the unitholders of 360 Capital 111 St Georges Terrace Property Trust voted in favour of a resolution 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. Accordingly the Trust paid out the exit fee payable of $3,425,000 through the issue of 910,904 units to the Group.

<u>Exit Fees Conversion - 360 Capital Subiaco Square Shopping Centre Property Trust</u>
On 2 October 2014 the unitholders of 360 Capital Subiaco Square Shopping Centre Property Trust voted in favour of a resolution 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. Accordingly the Trust paid out the exit fee payable of $725,000 through issue of 414,286 units to the Group.

<u>Acquisition of 360 Capital Retail Fund No.1</u>
The 360 Capital Retail Fund No.1 is a controlled entity of the Group, which acquired two retail investment properties in June 2015. During the current year the Group continued to sell down underwrite units and at balance date held a 66.4% (2015: 77.6%) interest in the Fund.

Note 33: Related party transactions (continued)

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 increased its holding in the Fund to 24.29%.

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 2016 $'000	30 June 2015 $'000
360 Capital Canberra Trust	-	55
360 Capital Industrial Fund	5,366	3,298
360 Capital Office Fund	1,375	1,420
360 Capital Total Return Fund	820	62
360 Capital Havelock House Property Trust	88	228
360 Capital Subiaco Square Property Trust	-	62
360 Capital 111 St George's Terrace Property Trust	395	-
360 Capital Retail Fund No.1	17	-
360 Capital AREIT Fund	8	5
	8,069	5,130

Fee income includes Responsible Entity fees, Custodian fees, Performance fees, leasing fees and other recoveries.

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 2016 $'000	30 June 2015 $'000
360 Capital Havelock House Property Trust	(48)	297
	(48)	297

Note 33: Related party transactions (continued)

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

	30 June 2016 $'000	30 June 2015 $'000
360 Capital Industrial Fund	6,884	3,808
360 Capital Office Fund	3,582	3,572
360 Capital Total Return Fund	560	112
360 Capital Havelock House Property Trust	230	246
360 Capital Subiaco Square Property Trust	-	71
360 Capital AREIT Fund	17	37
	11,273	7,846

For details of the Group’s investment in the management investment schemes refer to Note 15.

Note 34: 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 2016 %	Equity Holding 30 June 2015 %
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 4 Lessor Holdings Pty Limited	Australia	Ordinary	100	100
TC RHB Stage 4 Lessor Pty Limited	Australia	Ordinary	100	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[1]	Australia	Ordinary	-	100
TC RHB Stage 7 Contractor Pty Limited[1]	Australia	Ordinary	-	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[1]	Australia	Ordinary	-	100
TC RHB Stage 8 Contractor Pty Limited[1]	Australia	Ordinary	-	100
TCG Frances Park Pty Limited	Australia	Ordinary	100	100
TC Renewing Homebush Bay Pty Limited	Australia	Ordinary	100	100
TC (RHB) Pty Limited	Australia	Ordinary	100	100
360 Capital FM Limited [2]	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.
[2] Changed name from 360 Capital ANI Management Limited during the year.

Note 34: Subsidiaries and controlled entities (continued)

Following the acquisition of 360 Capital Property Group (refer to Note 31), the Group acquired a 100% ownership interest in the following entities:

Name of entity	Country of domicile	Equity Class	Equity Holding 30 June 2016 %	Equity Holding 30 June 2015 %
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

Name of entity	Country of domicile	Equity Class	30 June 2016 %	30 June 2015 %
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	Australia	Ordinary	100	100
360 Capital Diversified Property Fund [1]	Australia	Ordinary	100	100

c) Interest in controlled entities with material non-controlling interest

Name of entity	Country of domicile	Equity Class	30 June 2016 %	30 June 2015 %
360 Capital 111 St George's Terrace Property Trust [2]	Australia	Ordinary	44.4	44.4
360 Capital Subiaco Shopping Centre Property Trust [2]	Australia	Ordinary	39.8	39.8
360 Capital 441 Murray Street Property Trust [2]	Australia	Ordinary	35.6	35.6
360 Capital Retail Fund No.1 [2]	Australia	Underwrite	66.4	77.6
360 Capital Havelock House Property Trust [2]	Australia	Ordinary	39.5	-

[1] In September 2014 the Group acquired the remaining non-controlling interest and now holds 100% interest in the fund.
[2] 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 consolidated financial report includes the financial statements of the following subsidiaries controlled by the Group with a material non-controlling interest:

Note 34: 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 44.4% 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 2016 $'000	30 June 2015 $'000
Current assets	1,884	1,454
Total assets	141,984	140,454
Current liabilities	2,303	2,185
Total liabilities	73,175	72,244
Total revenue	13,298	13,078
Total comprehensive income for the year	6,492	4,826
Net cash inflow from operating activities	6,263	6,374
Distributions paid to non-controlling interests	3,268	3,275

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 58.9% direct interest in the fund. In September 2014 the Group acquired the remaining non-controlling interest and now holds 100% interest in the fund.

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 39.8% 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 2016 $'000	30 June 2015 $'000
Current assets	38,878	854
Total assets	38,878	32,854
Current liabilities	675	551
Total liabilities	14,807	14,536
Total revenue	24,071	3,758
Total comprehensive income for the year	6,855	3,749
Net cash inflow from operating activities	1,260	1,327
Distributions paid to non-controlling interests	663	588

Note 34: Subsidiaries and controlled entities (continued)

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 35.6% 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 2016 $'000	30 June 2015 $'000
Current assets	419	773
Total assets	22,419	26,273
Current liabilities	11,232	11,209
Total liabilities	11,782	11,925
Total revenue	3,009	2,914
Total comprehensive income for the year	(1,994)	(499)
Net cash inflow from operating activities	1,696	782
Distributions paid to non-controlling interests	1,105	1,025

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, it has subsequently diluted its holding to 66.4% at 30 June 2016.

	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

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 68% 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 2016 $'000	30 June 2015 $'000
Current assets	1,080	1,565
Total assets	72,480	76,865
Current liabilities	871	1,717
Total liabilities	37,130	35,761
Total revenue	7,994	225
Total comprehensive income for the year	(2,267)	913
Net cash inflow from operating activities	3,888	(52)
Distributions paid to non-controlling interests	1,025	76

Note 34: Subsidiaries and controlled entities (continued)

360 Capital Havelock House 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 39.3% 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 2016 $'000	30 June 2015 $'000
Current assets	127	-
Total assets	25,327	-
Current liabilities	194	-
Total liabilities	12,398	-
Total revenue	2,534	-
Total comprehensive income for the year	912	-
Net cash inflow from operating activities	1,413	-
Distributions paid to non-controlling interests	102	-

Note 35: 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 2016 $'000	30 June 2015 $'000
Current assets	9,142	5,174
Non-current assets	73,733	73,553
Total assets	82,875	78,727
Current liabilities	76	50
Non-current liabilities	77,326	73,758
Total liabilities	77,402	73,808
Net Assets	5,473	4,919
Issued capital	4,526	5,720
Security based payments reserve	1,082	458
Accumulated losses	(135)	(1,259)
Total equity	5,473	4,919

Note 35: Deed of cross guarantee (continued)

Consolidated income statement for the closed group:

	30 June 2016 $'000	30 June 2015 $'000
Profit from Continuing operations before income tax	1,054	1,053
Income tax	(316)	(316)
Profit after tax from continuing operations	738	737
Loss after tax from discontinued operation	-	-
Net profit for the period	738	737
Retained earnings at the beginning of the period	6,329	5,592
Dividends provided for or paid	-	-
Aggregate amounts transferred to reserves	-	-
Retained earnings at the end of the period	7,067	6,329

Note 36: Parent entity disclosures

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

	30 June 2016 $'000	30 June 2015 $'000
Current assets	461	379
Non-current assets	57,888	55,851
Total assets	58,349	56,230
Current liabilities	76	47
Non-current liabilities	57,424	55,323
Total liabilities	57,500	55,370
Issued capital	2,766	3,961
Security based payments reserve	1,082	458
Accumulated losses	(2,999)	(3,558)
Total equity	849	861
Net profit/(loss) for the year	500	945
Total comprehensive income for the year	500	945

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 35 for further information. There are no other contingencies at 30 June 2016 (2015: Nil).

Note 37: Events subsequent to balance date

On 27 June 2016 the unitholders of 360 Capital Subiaco Square Shopping Centre Property Trust approved a resolution for the sale of the Subiaco Square Shopping Centre and accordingly, the Trust commenced a marketing campaign for the sale of the property. The sale campaign closed on 28 July 2016 and the Trust selected the highest bidder to enter into an exclusive due diligence process. On completion of the due diligence the Trust agreed terms for the sale with the party at a price of $38.4 million with a 90 day settlement period.

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.

Note 38: Statement of significant accounting policies

a) Changes in accounting policy

As a result of new or revised accounting standards which became effective for the annual reporting period commencing 1 July 2015, the Group has changed some of its accounting policies. The affected policies and standards that are applicable to the Group are:

- AASB 2014-4 Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138) ;
- AASB 2014-9 Amendments to Australian Accounting Standards - Equity Method in Separate Financial Statements ;
- AASB 2015-1 Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards – 2012-2014 Cycle ;
- AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative : Amendments to AASB 101; and
- AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 – Materiality
- ASSB 1057 Application of Australian Accounting Standards

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

b) Basis of consolidation

Stapling
In 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.

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.

b) Basis of consolidation (continued)

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 a gain on bargain purchase is recognised in the statement of profit or loss within the year of the acquisition.

Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company and Trust as at 30 June 2016 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

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.

c) 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.

d) 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:

<u>Rental from investment properties</u>
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.

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

<u>Distributions from property funds</u>
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.

<u>Interest income</u>
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.

e) Employee benefits

<u>Wages and salaries and annual leave</u>
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.

<u>Long service leave</u>
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.

e) Employee benefits (continued)

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 28(c) for further detail.

f) Finance expenses

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

g) 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.

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.

h) 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.

i) 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.

j) 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.

k) 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.

k) Financial instruments (continued)

Financial assets at fair value through profit or loss

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

Receivables

Refer to Note 38(j).

Financial liabilities and equity

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(n) and Note 1(q) below.

Impairment

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

l) 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.

m) 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.

n) 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.

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.

o) 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% - 33.3%

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.

p) 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.

q) 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.

r) 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.

s) 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.

t) 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.

u) Accounting standards issued but not yet effective

The following new accounting standards have been issued, but are not mandatory as at 30 June 2016. 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 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
- AASB 16 *Leases (Effective January 1, 2019).* This standard establishes the enhanced reporting requirements of the Lessee and lessor when entering into Leases. 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:

- AASB 2016-2 *Disclosure Initiative : Amendments to AASB 107 (Effective January 1, 2017)*

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

In the opinion of the Directors of 360 Capital Group:

1) The consolidated financial statements and notes that are set out on pages 25 to 89, and the Remuneration report contained in the Directors' report on pages 11 to 22, 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 2016 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 35 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 35.

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 2016.

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
24 August 2016

Building a better
working world

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Independent auditor's report to the members 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 2016, 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 2016 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 2016. 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 2016, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Mark Conroy

Mark Conroy
Partner
Sydney
24 August 2016

Information below was prepared as at 21 August 2016

a) Top 20 registered securityholders:

Holder Name	Security held	%
J P MORGAN NOMINEES AUSTRALIA LIMITED	27,117,002	11.32
TT INVESTMENTS PTY LTD	26,141,159	10.91
UBS NOMINEES PTY LTD	18,000,000	7.51
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	16,364,932	6.83
NATIONAL NOMINEES LIMITED	16,125,223	6.73
CITICORP NOMINEES PTY LIMITED	13,687,133	5.71
PENTAGON FINANCIAL SERVICES PTY LIMITED	13,579,009	5.67
WYLLIE GROUP PTY LTD	12,474,576	5.21
180 CAPITAL INVESTMENTS PTY LIMITED	7,000,000	2.92
MR BEN JAMES	6,000,000	2.5
MR TONY PITT	6,000,000	2.5
BNP PARIBAS NOMINEES PTY LTD	5,010,507	2.09
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,468,313	1.86
AUST EXECUTOR TRUSTEES LTD	3,679,030	1.54
BNP PARIBAS NOMS PTY LTD	3,402,600	1.42
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	2,153,042	0.9
CITICORP NOMINEES PTY LIMITED	1,892,301	0.79
NETWORK INVESTMENT HOLDINGS PTY LTD	1,835,083	0.77
MR GLENN BUTTERWORTH	1,750,000	0.73
DR DAVID JOHN RITCHIE & DR GILLIAN JOAN RITCHIE	1,500,000	0.63
Total securities held by top 20 securityholders	188,179,910	78.54
Total securities on issue	**239,602,516**	**100**

b) Distribution of securityholders:

The total number of securityholders with less than a marketable parcel was 128 and they hold 10,896 securities.

Holdings Ranges	Holders	Total Units	%
1-1,000	185	62,768	0.03
1,001-5,000	280	868,748	0.36
5,001-10,000	241	1,974,110	0.82
10,001-100,000	810	26,525,939	11.07
100,001-9,999,999,999	96	210,170,951	87.72
Totals	**1,612**	**239,602,516**	**100.00**

c) Substantial securityholder notices:

Name of securityholder	Date of notice	Securities held	% of issued securities
Mr Tony R Pitt	27/02/2014	53,250,000	22.22
First Samuel Ltd	10/06/2016	19,021,851	7.94
LHC Capital Partners Pty Ltd	25/11/2013	16,154,908	6.74
Investors Mutual Ltd	8/06/2016	14,884,633	6.21
Wylie Group Pty Ltd	2/10/2013	12,474,576	5.21

360 Capital Group

Glossary

For the year ended 30 June 2016

Term	Definition
$ or A$ 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