360 CAPITAL INVESTMENT TRUST

Financial Report
For the year ended 30 June 2017

Comprising 360 Capital Investment Trust ARSN 104 552 598 and its controlled entities.

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The Directors of 360 Capital FM Limited (CFML) (ABN 15 090 664 396) (AFSL No 221474), the Responsible Entity of 360 Capital Investment Trust (Trust) present their report, together with the financial report of 360 Capital Investment Trust and its controlled entities (consolidated entity) for the year ended 30 June 2017.

The consolidated entity forms part of the stapled entity, 360 Capital Group (Stapled Group or Group) (ASX code: TGP) comprising 360 Capital Group Limited and its controlled entities and 360 Capital Investment Trust and its controlled entities.

On 23 December 2016, securityholders of the Stapled Group passed a resolution to change the Responsible Entity from 360 Capital Investment Management Limited (CIML) to 360 Capital FM Limited. The change in Responsible Entity was effective from 9 January 2017. The Directors of CIML were the same and only Directors as CFML, as listed below, for the period and up to the date of the change of the Responsible Entity, after this date the Directors of CIML changed.

Directors

The following persons were Directors of 360 Capital FM Limited, from its date of appointment as the Responsible Entity of 360 Capital Investment Trust on 9 January 2017 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 principal activities of the consolidated entity during the course of the year were investments in the property funds. On 30 December 2016, 360 Capital Group completed a transaction to sell the majority of its fund management platform and co-investment stakes in its listed and unlisted funds to Centuria Capital Group (ASX code: CNI) (Centuria) and associates. This involved the sale of the consolidated entity's holdings in 360 Capital Industrial Fund (TIX) and 360 Capital Office Fund (TOF), together with entering into a put and call option over the majority of its remaining stakes in the unlisted funds (the Transaction). The Transaction was subsequently settled on 9 January 2017. Post settlement of the Transaction, the name of TIX was subsequently changed to Centuria Industrial REIT (ASX code: CIP) and the name of TOF was changed to Centuria Urban REIT (ASX code: CUA).

There were no other significant changes in the nature of activities of the consolidated entity during the year.

Operating and financial review

The statutory profit to the unitholders of the consolidated entity for the year ended 30 June 2017 was $14.8 million (2016: $21.2 million). The operating profit (profit before specific non-cash items and significant items) was $10.3 million (2016: $11.7 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 consolidated entity.

The following table summarises key reconciling items between statutory profit attributable to the unitholders of the consolidated entity and operating profit. The operating profit information in the table has not been subject to any specific review procedures by the consolidated entity's auditor but has been extracted from Note 3 of the accompanying financial statements for the year ended 30 June 2017, which have been subject to audit; refer to page 50 for the auditor's report on the financial statements.

Operating and financial review (continued)

	Total core 30 June 2017 $'000	Total core 30 June 2016 $'000
Profit attributable to the unitholders of the consolidated entity	**14,752**	**21,248**
Specific non-cash items		
Net loss/(gain) on fair value of financial assets	7,535	(11,277)
Net (gain)/loss on fair value of derivative financial instruments	(229)	1,607
Net loss on sale of investment properties	-	279
Net gain on disposal of financial assets	(6,287)	(1,500)
Reversal of impairment related party loan	(8,096)	-
Share of equity accounted profit, net of distributions received	411	-
Other items	87	19
Significant items		
Transaction costs	977	-
Write-off deferred borrowing costs	1,195	-
Rent receivable adjustment	-	1,260
Subsidiary capital raising costs	-	47
Operating profit (before specific non-cash and significant items)	**10,344**	**11,683**

The key financial highlights for the year ended 30 June 2017 include:

- Statutory net profit attributable to unitholders of $14.8 million (2016: $21.2 million)
- Operating profit of $10.3 million (2016: $11.7 million)
- Statutory Earnings per Unit (EPU) of 6.8 cpu (2016: 9.4 cpu)
- Distributions per Unit (DPU) increased to 6.5 cpu (2016: 6.25 cpu)

The key operating achievements for the year ended 30 June 2017 include:

- Sale of Subiaco Square Shopping Centre for $38.4 million, returning to the Trust $9.4 million in cash
- 360 Capital Group completed a transaction to sell the majority of its fund management platform and co-investment stakes in its listed and unlisted funds to Centuria. This included the sale of the consolidated entity's holdings in TIX and TOF, together with entering into a put and call option over the majority of its remaining stakes in the unlisted funds
- Repaid the Trust's $75.0 million fixed rate note issue on 10 January 2017 with the Trust now debt free
- Bought back 25 million 360 Capital Group securities (10.4% of issued capital)
- Acquired 19.9% stake in Asia Pacific Data Centre Group (ASX code: AJD)

Summary of divestment transaction

On 30 December 2016, 360 Capital Group completed a transaction to sell the majority of its funds management platform and co-investment stakes in its listed and unlisted funds to Centuria and associates. This involved the sale of the consolidated entity's holdings in TIX and TOF, together with entering into a put and call option over the majority of its remaining stakes in the unlisted funds (the Transaction). The Transaction was subsequently settled on 9 January 2017, and following settlement, the Trust repaid all outstanding notes under its $75.0 million fixed rate note issue.

Financial results summary

<u>Statutory results</u>
The consolidated entity's statutory net profit attributable to unitholders for the financial year ended 30 June 2017 was $14.8 million. The decrease in the statutory net profit compared to the prior year was primarily due to the sale of the Trust's co-investment stakes in listed funds associated with the Transaction together with the deconsolidation of a previously controlled entity.

The consolidated entity's statutory balance sheet as at 30 June 2017 was impacted by the deconsolidation of the Centuria Retail Fund (formally 360 Capital Retail Fund No.1). The investment properties held by the Centuria Retail Fund of $71.4 million and secured borrowings $34.9 million were derecognised associated with the deconsolidation of the Fund due the loss of control due to the Transaction.

<u>Operating results</u>

Operating profit was $10.3 million, a reduction from $11.7 million in the prior year, reflecting a reduction in net property income from the sale of the Hurstville property in September 2015 together with a reduction in co-investment revenue related to the sale of the Trust's listed co-investments.

Interest expense reduced to $3.0 million from $5.9 million in the previous year due to the repayment of the Trust's $75 million corporate bond issue following the settlement of the Transaction in January 2017.

<u>Capital management</u>

As at 30 June 2017, the consolidated entity had approximately of $27.0 million in cash, its investment stakes in the Centuria unlisted trusts and funds, subject to a call option, of $53.7 million and $64.0 million in listed investments including a 23.7% co-investment stake in 360 Capital Total Return Fund valued at $16.3 million, 19.9% stake in Asia Pacific Data Centre Group of $40.2 million and 1.3% stake in Industria REIT of $4.7 million. Post balance date the consolidated entity sold its stake in Industria REIT for $4.8 million.

Centuria exercised a total of $5.3 million in call option units during the year. The balance of these unlisted investments under put and call options, totalling $53.7 million, and are expected to be exercised over the next 18 months.

The consolidated entity has also fully repaid and redeemed its $75.0 million unsecured note issue in January 2017 and is now debt free.

On 2 February 2017, the Stapled Group purchased 25.0 million securities via an on-market buyback at an average price of $0.90 per security, funded from existing cash reserves. Post the buyback, the number of securities on issue was reduced to approximately 214.6 million. Post balance date, on 2 August 2017, the Group issued 11.3 million securities at $0.98 per security as part of the Employee Share Plan (ESP), increasing the number of securities on issue to approximately 225.9 million.

Summary and Outlook

The 360 Capital Group will continue its strategy of being a real estate fund manager and investor, however, given the significant level of cash post the Centuria transaction, the Group will also look to sponsor transactions with 360 Capital Total Return Fund (ASX code: TOT) and institutional partners as opportunities arise.

Distributions

Distributions declared by 360 Capital Investment Trust directly to unitholders during the year were as follows:

	30 June 2017 $'000	30 June 2016 $'000
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
1.625 cents per unit paid on 28 October 2016	3,893	-
1.625 cents per unit paid on 25 January 2017	3,894	-
1.625 cents per stapled security paid on 27 April 2017	3,487	-
1.625 cents per stapled security paid on 27 July 2017	3,488	-
Total	**14,762**	15,308

Significant changes in state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the consolidated entity 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

Post the completion of the Transaction, as disclosed above, the Group will continue to focus on growing its remaining listed investment and redeploying capital from the sale of its fund management platform and co-investments investments, together with investigating new partnering and private equity opportunities.

Events subsequent to balance date

Subsequent to balance date, the consolidated entity exited its investment in Industria REIT for $4.8 million.

In July 2017, the Stapled Group announced an indicative, non-binding proposal to purchase the remaining securities it did not own in AJD. The Group is currently undertaking due diligence.

Post balance date, on 2 August 2017, the Group issued 11.3 million securities at $0.98 per security as part of the Employee Share Plan (ESP), increasing the number of securities on issue to approximately 225.9 million.

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

Environmental Issues

The consolidated entity complied with all applicable environmental regulations during the course of the financial year.

Options

No options over issued units or interests in the consolidated entity 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 Responsible Entity hold no options over interests in the consolidated entity.

Indemnification and insurance of Officers and Directors

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

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

Indemnification of auditors

To the extent permitted by law, the Responsible Entity 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 9 were the non-audit services provided by the consolidated entity'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 7 and forms part of the Directors' report for the year ended 30 June 2017.

Rounding of amounts

The Trust 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
Director

Graham Ephraim Lenzner
Director

Sydney
17 August 2017

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Auditor’s Independence Declaration to the Directors of 360 Capital Investment Trust

As lead auditor for the audit of 360 Capital Investment Trust for the financial year ended 30 June 2017, 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 Investment Trust and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

Mark Conroy

Mark Conroy
Partner
17 August 2017

360 Capital Investment Trust

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2017

	Note	30 June 2017 $'000	30 June 2016 $'000
Revenue from continuing operations			
Rental from investment properties	5	3,940	8,132
Distributions from property funds	5	10,234	14,011
Finance revenue		1,356	92
Total revenue from continuing operations		**15,530**	22,235
Other income			
Net gain on fair value of financial assets	6	-	15,202
Net gain on disposal of financial assets		-	1,500
Share of equity accounted profits		339	-
Net gain on fair value of derivative financial instruments		1,127	-
Reversal of impairment related party loan		8,096	-
Total other income		**9,562**	16,702
Total revenue and other income from continuing operations		**25,092**	38,937
Investment property expenses	7	1,558	3,338
Administration expenses		511	508
Finance expenses	8	4,893	7,318
Transaction costs		977	-
Net loss on fair value of financial assets	6	1,596	-
Net loss on sales of investment properties		-	279
Net loss on fair value of investment properties		50	4,085
Net loss on fair value of derivative financial instruments		-	3,005
Profit for the year		**15,507**	20,404
Other comprehensive income for the year		-	-
Total comprehensive income for the year		**15,507**	20,404
Total comprehensive income attributable to:			
Profit attributable to unitholders		14,752	21,248
Profit/(loss) attributable to external non-controlling interests		755	(844)
Total comprehensive income for the year		**15,507**	20,404
Earnings per unit for profit attributable to unitholders of the consolidated entity		**Cents**	**Cents**
Basic earnings per unit	10	**6.8**	9.4
Diluted earnings per unit	10	**6.4**	8.6

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

360 Capital Investment Trust

Consolidated statement of financial position

As at 30 June 2017

	Note	30 June 2017 $'000	30 June 2016 $'000
Current assets			
Cash and cash equivalents	11	27,043	1,084
Receivables	12	1,939	2,817
Financial assets - held for sale	13	4,743	-
Due from related entities	26	-	2,268
Other current assets		-	352
Total current assets		**33,725**	6,521
Non-current assets			
Financial assets at fair value through profit or loss	13	98,559	181,647
Investment properties	15	-	71,400
Investments equity accounted	14	16,259	-
Total non-current assets		**114,818**	253,047
Total assets		**148,543**	259,568
Current liabilities			
Trade and other payables	16	97	2,048
Provisions	19	3,487	3,744
Due to related entities	26	23,251	-
Other current liabilities	20	-	171
Total current liabilities		**26,835**	5,963
Non-current liabilities			
Borrowings	17	-	111,537
Derivative financial instruments	18	-	1,535
Total non-current liabilities		**-**	113,072
Total liabilities		**26,835**	119,035
Net assets		**121,708**	140,533
Equity			
Issued capital - trust units		140,392	147,234
Accumulated losses		(18,684)	(18,586)
Total equity attributable to unitholders		**121,708**	128,648
External non-controlling interest		**-**	11,885
Total equity		**121,708**	140,533

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

360 Capital Investment Trust

Consolidated statement of changes in equity

For the year ended 30 June 2017

	Note	Issued capital-trust units $'000	Accumulated losses $'000	Total equity attributable to unitholders $'000	External non-controlling interest $'000	Total equity $'000
Balance at 1 July 2016		147,234	(18,586)	128,648	11,885	140,533
Total comprehensive income for the year		-	14,752	14,752	755	15,507
Transactions with non-controlling interests		-	(88)	(88)	(12,062)	(12,150)
Transactions with Unitholders in their capacity as Unitholders						
Issued shares/units-Redeemed		(12,473)	-	(12,473)	-	(12,473)
Security based payment transaction		5,631	-	5,631	-	5,631
Distributions	4	-	(14,762)	(14,762)	(578)	(15,340)
		(6,842)	(14,762)	(21,604)	(578)	(22,182)
Balance at 30 June 2017		**140,392**	**(18,684)**	**121,708**	**-**	**121,708**

	Note	Issued capital-trust units $'000	Accumulated losses $'000	Total equity attributable to unitholders $'000	External non-controlling interest $'000	Total equity $'000
Balance at 1 July 2015		152,453	(25,200)	127,253	9,207	136,460
Total comprehensive income for the year		-	21,248	21,248	(844)	20,404
Recognition of external non-controlling interest		-	406	406	4,477	4,883
Transactions with Unitholders in their capacity as Unitholders						
Issued shares/units-Redeemed		(5,219)	268	(4,951)	-	(4,951)
Security based payment transaction		-	-	-	-	-
Equity raising transaction costs		-	-	-	(16)	(16)
Distributions	4	-	(15,308)	(15,308)	(939)	(16,247)
		(5,219)	(15,040)	(20,259)	(955)	(21,214)
Balance at 30 June 2016		147,234	(18,586)	128,648	11,885	140,533

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

360 Capital Investment Trust
Consolidated statement of cash flows
For the year ended 30 June 2017

	Note	30 June 2017 $'000	30 June 2016 $'000
Cash flows from operating activities			
Cash receipts from customers		4,403	8,923
Cash payments to suppliers		(2,609)	(5,954)
Distributions received		11,592	13,839
Finance revenue		1,356	92
Finance expenses		(4,920)	(6,808)
Net cash inflows from operating activities	23	**9,822**	10,092
Cash flows from investing activities			
Payments for investment properties and additions		(99)	(112)
Proceeds from disposal of investment properties		-	38,901
Payments for financial assets		(42,448)	(17,170)
Proceeds from disposal of financial assets		16,655	2,402
Proceeds from disposal of listed co-investments		124,888	-
Payments for equity accounted investments		(15,057)	-
Payments for loans receivable		(66,026)	-
Proceeds from loans receivable		66,026	-
Payment of transaction costs		(977)	-
Net cash inflows from investing activities		**82,962**	24,021
Cash flows from financing activities			
Proceeds from borrowings		400	800
Repayment of borrowings		(78,000)	(11,000)
Loans to related parties		39,246	(8,786)
Payment for redemption of capital		(12,473)	(6,949)
Proceeds from disposal of units in subsidiary		-	4,883
Distributions paid to unitholders		(15,018)	(15,244)
Distributions paid to external non-controlling interests		(387)	(939)
Net cash outflows from financing activities		**(66,232)**	(37,235)
Net decrease in cash and cash equivalents		26,552	(3,122)
Net decrease in cash on deconsolidation		(593)	-
Cash and cash equivalents at the beginning of the year		1,084	4,206
Cash and cash equivalents at the end of the year	11	**27,043**	1,084

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 Investment Trust comprises the consolidated financial statements of 360 Capital Investment Trust and its controlled entities. The consolidated entity forms part of the stapled entity, 360 Capital Group (Stapled Group) (ASX Code: TGP) comprising 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.

On 23 December 2016, securityholders of the Stapled Group passed a resolution to change the Responsible Entity from 360 Capital Investment Management Limited (CIML) to 360 Capital FM Limited (CFML). The change in Responsible Entity was effective from 9 January 2017. The Directors of CIML were the same and only Directors as CFML for the period and up to the date of the change of the Responsible Entity, after this date the Directors of CIML changed.

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 consolidated entity are disclosed in the Directors' report.

The principal accounting policies adopted in the preparation of the financial report are set out below.

b) Statement of compliance

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

International Financial Reporting Standards (IFRS) form the basis of Australian Accounting Standards (including Australian Interpretations) adopted by the AASB, being Australian equivalents to IFRS (AIFRS). The financial report complies with IFRS and interpretations adopted by the International Accounting Standards Board.

c) Basis of preparation

Basis of preparation
360 Capital Investment Trust and its controlled entities are for-profit entities for the purpose of preparing the financial report.

The financial report has been prepared on accruals basis and on the historical cost basis except for investment properties, financial assets and financial liabilities, which are stated at their fair value.

The financial report is presented in Australian dollars.

The consolidated entity 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 financial report and Directors' report have been rounded 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

d) Critical judgements and significant accounting estimates (continued)

judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future years.

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:

<u>Valuation of investment properties</u>
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 30(l).

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

<u>Financial assets at fair value through profit or loss</u>
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 consolidated entity 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 30.

<u>Control of entities</u>
The Fund has consolidated the financial results of entities it is deemed to control under AASB10 *Consolidated Financial Statements*. Critical judgements are made by the Fund to determine whether control exists, principally around the three criteria which must be met (refer to Note 30(b)). Further information on Controlled Entities is included in Note 27.

Judgements made by management in the application of Australian Accounting Standards that have a significant effect on the financial report and estimates with a significant risk of material adjustment in the next year are disclosed in Note 30(s).

The accounting policies set out in Note 30 have been applied consistently to all periods presented in this financial report. The accounting policies have been applied consistently by all entities in the consolidated entity.

Certain new or amended Australian Accounting Standards have been published that are not mandatory for this reporting period. Based on management's assessment, the recently issued or amended Accounting Standards are not expected to have a significant impact on the amounts recognised or disclosures made in this financial report when restated for the application of the new or amended Accounting Standards.

d) Critical judgements and significant accounting estimates (continued)

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 28.

Note 2: Capital management

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

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends and distributions paid to unitholders, return capital to unitholders, issue new units or sell assets to reduce debt.

For information on issued units refer to Note 21 and on borrowings refer to Note 17.

Note 3: Segment reporting

Segment information is presented in respect of the consolidated entity'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 consolidated entity's management and internal reporting structure and include:

1) Investment - investment in real estate including debt and equity positions, together with co-investment in managed funds, providing income through distributions and finance revenue and potential capital growth in equity values
2) Direct asset investment - delivering rental cash flows, until the divestment of the consolidated entity's last remaining direct property asset in September 2015

The consolidated entity'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 of the consolidated entity. The information provided is net of specific non-cash items including fair value adjustments, straight-lining of lease revenues and incentives and impairment adjustments. Significant one-off items are also excluded.

Consolidation and eliminations
Included in this segment are the elimination of inter-group transactions and conversion of the consolidated results from the managed fund deemed to be controlled under AASB 10, being material non-controlling interests (refer to Note 26 and Note 27). The performance of this managed fund, is considered to be non-core and is reviewed separately to that of the performance of the business segments.

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

Note 3: Segment reporting (continued)

The operating segments provided to the Board for the reportable segments for the year ended 30 June 2017 are as follows:

Year ended 30 June 2017	Investment	Direct asset investment	Total core	Consolidation & eliminations	Total
	$'000	$'000	$'000	$'000	$'000
Net property income	-	-	-	2,425	2,425
Co-investment revenue	12,125	-	12,125	(1,142)	10,983
Finance revenue	1,351	-	1,351	5	1,356
Total revenue and other income	**13,476**	**-**	**13,476**	**1,288**	**14,764**
Operating expenses	146	-	146	278	424
Earnings before interest and tax (EBIT)	**13,330**	**-**	**13,330**	**1,010**	**14,340**
Interest expense	2,986	-	2,986	712	3,698
Operating profit (before specific non-cash and significant items)	**10,344**	**-**	**10,344**	**298**	**10,642**

Weighted average number of units - basic ('000)			215,796		
Operating profit per unit (before specific non-cash and significant items) (EPS) - cents			**4.8**		

Reconciliation of total segment revenue to total revenue in the statement of profit or loss is on page 16.

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	Investment	Direct asset investment	Total core	Consolidation & eliminations	Total
	$'000	$'000	$'000	$'000	$'000
Net property income	-	1,198	1,198	4,904	6,102
Co-investment revenue	16,512	-	16,512	(2,501)	14,011
Total revenue and other income	16,512	1,198	17,710	2,403	20,113
Operating expenses	146	5	151	146	297
Earnings before interest and tax (EBIT)	16,366	1,193	17,559	2,257	19,816
Net interest expense	5,666	210	5,876	1,350	7,226
Operating profit (before specific non-cash and significant items)	10,700	983	11,683	907	12,590

Weighted average number of units - basic ('000)			226,492		
Operating profit per unit (before specific non-cash and significant items) (EPS) - cents			**5.2**		

Reconciliation of total segment revenue to total revenue in the statement of profit or loss is on page 16.

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 2017 $'000	30 June 2016 $'000
Total revenue per segment report	**14,764**	20,175
Investment property expenses reported in net property income	1,558	3,338
Straight-lining of lease revenue and incentives [1]	(42)	(110)
Distributions form equity accounted investments	(750)	-
Interest income	-	92
Rent receivable adjustment [2]	-	(1,260)
Total revenue in the statement of profit or loss	**15,530**	22,235
Net gain on fair value of financial assets	-	15,202
Net gain on disposal of financial assets	-	1,500
Net gain on fair value of derivative financial instruments	1,127	-
Share of equity accounted profits, net of distributions received	339	-
Reversal of impairment of related party loan	8,096	-
Total revenue and other income in the statement of profit or loss	**25,092**	38,937

1) Straight-lining of lease revenue and incentives of is excluded from revenue in the segment report in order to disclose lease revenue on a cash basis.
2) Rent receivable adjustment in FY16 of $1.3 million relates to rent received on the Hurstville investment property from the purchaser. The purchaser leased the entire building, 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.

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

	Total core 30 June 2017 $'000	Total core 30 June 2016 $'000	Total 30 June 2017 $'000	Total 30 June 2016 $'000
Profit after tax attributable to unitholders	**14,752**	21,248		
Profit for the year			**15,507**	20,404
Specific non-cash items				
Net (gain)/ loss on fair value of derivative financial instruments	(229)	1,607	(1,127)	3,005
Net loss/(gain) on fair value of financial assets	1,247	(11,277)	1,596	(15,119)
Net loss on fair value of investment properties	-	-	50	4,085
Net loss on sale of investment properties	-	279	-	279
Net gain on disposal of financial assets	-	(1,500)	-	(1,500)
Share of equity accounted profits, net of distribution received	411	-	411	-
Reversal of impairment of related party loan	(8,096)	-	(8,096)	-
Straight-lining of lease revenue and incentives	-	-	42	110
Other items	87	19	87	19
Significant items				
Transaction costs	977	-	977	-
Write-off of deferred borrowing costs	1,195	-	1,195	-
Subsidiary capital raising costs	-	47	-	47
Rent receivable adjustment	-	1,260	-	1,260
Operating profit (before specific non-cash items and significant items)	**10,344**	11,683	**10,642**	12,590

Note 3: Segment reporting (continued)

As at 30 June 2017	Investment $'000	Direct asset investment $'000	Total core $'000	Consolidation& eliminations $'000	Total $'000
Assets					
Cash and cash equivalents	27,043	-	27,043	-	27,043
Investment properties	-	-	-	-	-
Financial and equity accounted assets	119,561	-	119,561	-	119,561
Other assets	1,939	-	1,939	-	1,939
Total assets	148,543	-	**148,543**	-	**148,543**
Liabilities					
Borrowings	-	-	-	-	-
Other liabilities	26,835	-	26,835	-	26,835
Total liabilities	**26,835**	**-**	**26,835**	**-**	**26,835**
Net assets	**121,708**	**-**	**121708**	**-**	**121,708**

As at 30 June 2016					
Assets					
Cash and cash equivalents	492	-	492	592	1,084
Investment properties	-	-	-	71,400	71,400
Financial and equity accounted assets	210,191	-	210,191	(28,544)	181,647
Other assets	5,117	-	5,117	320	5,437
Total assets	215,800	-	215,800	43,768	259,568
Liabilities					
Borrowings	76,812	-	76,812	34,725	111,537
Other liabilities	5,356	-	5,356	2,142	7,498
Total liabilities	82,168	-	82,168	36,867	119,035
Net assets	133,632	**-**	133,632	6,901	140,533

Note 4: Distributions and dividends

Distributions declared by 360 Capital Investment Trust directly to unitholders during the year were as follows:

	30 June 2017 $'000	30 June 2016 $'000
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
1.625 cents per unit paid on 28 October 2016	3,893	-
1.625 cents per unit paid on 25 January 2017	3,894	-
1.625 cents per stapled security paid on 27 April 2017	3,487	-
1.625 cents per stapled security paid on 27 July 2017	3,488	-
Total	**14,762**	15,308

Note 5: Revenue

Rental from investment properties include:

	30 June 2017 $'000	30 June 2016 $'000
Windsor Marketplace, Sydney NSW	1,086	2,090
City Centre Plaza, Rockhampton QLD	2,854	6,042
	3,940	8,132

Windsor Marketplace, Sydney NSW and City Centre Plaza, Rockhampton QLD were held within the Trust's managed funds which historically have been consolidated for financial reporting purposes. As a result of the Transaction detailed in Note 24 the Centuria Retail Fund (formerly 360 Capital Retail Fund No.1) has been deconsolidated from the Trust's financial results from January 2017. Refer to Note 27 for more information.

Distributions from property funds include:

	30 June 2017 $'000	30 June 2016 $'000
Centuria Industrial REIT	3,739	6,884
Centuria Urban REIT	1,649	3,157
Asia Pacific Data Centre Group	557	-
Industria REIT	166	-
Centuria 111 St Georges Terrace Fund	2,642	2,613
Centuria 441 Murray Street Fund	-	612
Centuria Havelock House Fund	471	289
360 Capital Subiaco Square Shopping Centre Property Trust	197	438
Centuria Retail Fund	813	-
360 Capital AREIT Fund	-	18
	10,234	14,011

Note 6: Net gain on fair value of financial assets

	30 June 2017 $'000	30 June 2016 $'000
Investments in property funds	(1,596)	15,202
	(1,596)	15,202

Refer to Note 13 for information on the fair value adjustments on Investments in property funds.

Note 7: Investment property expenses

	30 June 2017 $'000	30 June 2016 $'000
12 - 22 Woniora Road, Hurstville NSW	-	55
158 Hume Street, Goulburn NSW	-	7
Windsor marketplace, Sydney NSW	342	691
City Centre Plaza, Rockhampton QLD	1,216	2,585
	1,558	3,338

Windsor Marketplace, Sydney NSW and City Centre Plaza, Rockhampton QLD were held within the Trust's managed funds which historically have been consolidated for financial reporting purposes. As a result of the Transaction detailed in Note 24 the Centuria Retail Fund (formerly 360 Capital Retail Fund No.1) has been deconsolidated from the Trust's financial results from January 2017. Refer to Note 27 for more information.

Note 8: Finance expenses

	30 June 2017 $'000	30 June 2016 $'000
Interest and finance charges paid and payable	3,436	6,690
Borrowing cost amortisation	262	628
Write-off deferred borrowing costs	1,195	-
	4,893	7,318

Note 9: Auditor's remuneration

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

	30 June 2017 $	30 June 2016 $
<u>Audit services – Ernst & Young</u>		
Audit and review of financial reports	15,000	41,500
Other assurance services - compliance	7,250	6,760
	22,250	48,260
<u>Other services – Ernst & Young</u>		
Taxation compliance services	44,850	61,050
Total auditor's remuneration	**67,100**	109,310

Note 10: Earnings per unit

	30 June 2017 ¢	30 June 2016 ¢
Basic earnings per unit	6.8	9.4
Diluted earnings per unit	6.4	8.6

	$'000	$'000
Basic and diluted earnings		
Profit attributable to unitholders of the consolidated entity used in calculating earnings per unit	14,752	21,248

	000's	000's
Weighted average number of units used as a denominator		
Weighted average number of units - basic	215,796	226,492
Weighted average number of units - diluted	229,671	246,760

Dilution

On 2 October 2013, 21,970,000 stapled securities were granted to employees of the Stapled Group under the 360 Capital Group Employee Security Plan (ESP), of these securities 3,600,000 were bought back and cancelled during the year ended 30 June 2016. The remaining 18,370,000 ESP securities vested on 1 October 2016. Except for 10,970,000 ESP securities for which the related ESP loan was repaid during the period, the remaining ESP securities are not included in the calculation of basic securities on issue due to the non-recourse nature of the associated ESP loans.

Further information on the ESP is provided in Note 21.

Note 11: Cash and cash equivalents

	30 June 2017 $'000	30 June 2016 $'000
Cash at bank	27,043	1,084
Cash and cash equivalents in the statement of cash flows	**27,043**	1,084

Note 12: Receivables

	30 June 2017 $'000	30 June 2016 $'000
Current		
Trade receivables	94	229
Distributions receivable	1,845	2,588
	1,939	2,817

Note 12: Receivables (continued)

a) Bad and doubtful trade receivables
During the year, the consolidated entity incurred Nil (2016: $6,068) in respect of provisioning for bad and doubtful trade receivables in relation to lease income on investment properties.

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 22 for more information on the risk management policy of the consolidated entity.

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

	30 June 2017 $'000	**30 June 2016 $'000**
Current	1,939	1,041
1 to 3 months	-	1,746
More than 3 months	-	30
	1,939	2,817

As at 30 June 2017, trade receivables of Nil (2016: $35,971) were past due but not impaired.

Note 13: Financial assets at fair value through profit or loss

	30 June 2017 $'000	30 June 2016 $'000
Current – held for sale		
Units in listed funds managed externally	4,743	-
	4,743	-
Non-current		
Units in unlisted funds managed externally	58,317	-
Units in listed funds managed externally	40,242	-
Units in unlisted funds managed by 360 Capital Group	-	49,033
Units in listed funds managed by 360 Capital Group	-	132,614
	98,559	181,647
Total	**103,302**	181,647

The consolidated entity holds investments in the following managed investment schemes:

	30 June 2017 %	30 June 2016 %	30 June 2017 $'000	30 June 2016 $'000
Current				
Industria REIT	1.3	-	4,743	-
			4,743	-
Non-current				
Centuria Industrial REIT	-	15.6	-	90,828
Centuria Urban REIT	-	25.3	-	41,786
Asia Pacific Data Centre Group	19.9	-	40,242	-
Unlisted investments subject to put and call option				
Centuria 111 St Georges Terrace Fund	42.3	44.4	30,545	30,575
Centuria 441 Murray Street Fund	-	35.7	-	3,793
Centuria Havelock House Fund	28.0	39.3	3,630	5,086
360 Capital Subiaco Square Shopping Centre Property Trust	-	39.8	-	9,579
Centuria Retail Fund	50.0	-	19,563	-
Other				
Centuria Retail Fund	16.4	-	4,579	-
			98,559	181,647
Total			**103,302**	181,647

During the year, the 360 Capital Subiaco Square Shopping Centre Property Trust disposed of its investment property after unitholder approval, and subsequently the trust distributed its remaining net assets and redeemed all units and has been wound up.

As a result of the Transaction, the unlisted investments subject to the put and call option are classified as non-current and are carried at their respective exercise price under the option. The consolidated entity will retain approximately 7.0 million units in Centuria Retail Fund (formerly 360 Capital Retail Fund No. 1) and will work together with Centuria to sell this stake down over the option period.

Note 13: Financial assets at fair value through profit or loss (continued)

Following the completion of the Transaction, the Centuria Retail Fund is no longer consolidated into results of the consolidated entity and at balance date is classified as financial assets at fair value through the profit or loss. For further information refer Note 24 and Note 27.

Refer to Note 22 for fair value valuation techniques.

The consolidated entity 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*.

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

	30 June 2017 $'000	**30 June 2016 $'000**
Balance at 1 July	181,647	150,177
Financial assets recognised through deconsolidation	23,815	-
Financial assets acquired - other	42,361	17,170
Financial assets disposed	(141,312)	(943)
Fair value adjustment of financial assets	(3,209)	15,243
Closing balance	**103,302**	181,647

Note 14: Investments accounted for using the equity method

	30 June 2017 %	**30 June 2016 %**	**30 June 2017 $'000**	**30 June 2016 $'000**
Co-investment interest				
360 Capital Total Return Passive Fund	23.7	-	16,259	-

Co-investment interest
The Group holds a 23.7% interest in the stapled entity 360 Capital Total Return Fund. During the year, the beneficial interest of 360 Capital Total Return Passive Fund units were sold to 360 Capital Diversified Property Fund from 360 Capital Property Limited.

Reconciliation of movements in equity accounted investments for the year are as follows:

	30 June 2017 $'000
360 Capital Total Return Fund	
Acquisition of interest – 21 June 2017	16,670
Equity accounted profit for the year	339
Distributions	(750)
Closing Balance	**16,259**

Note 14: Investments accounted for using the equity method (continued)

	30 June 2017 $'000
360 Capital Total Return Fund	
Current assets	85,153
Non-current Assets	-
Current liabilities	(3,252)
Non-current liabilities	-
Equity	81,901
Trust's carrying amount of investment	**16,259**

	$'000
Revenue from continuing operations	3,718
Other income	3,643
Expenses	(661)
Total comprehensive income for the year	6,700
Trust's share of profit	**339**

Note 15: Investment properties

		Book value		Capitalisation rate		Discount rate			
	Date of acquisition	30 June 2017 $'000	30 June 2016 $'000	30 June 2017 %	30 June 2016 %	30 June 2017 %	30 June 2016 %	Last external valuation	Valuation $'000
City Centre Plaza, Rockhampton QLD	26-Jun-15	-	50,000	-	7.00	-	8.00	Jun-16	50,000
Windsor Marketplace, Windsor, Sydney NSW	11-Jun-15	-	21,400	-	6.75	-	7.50	Jun-16	21,400
Investment properties		-	71,400						
Less: lease income receivable & incentives		-	(62)						
		-	71,338						

As a consequence of the Transaction that occurred on 30 December 2016, which included entering a put and call option over the majority of the consolidated entity's unlisted investments, the Centuria Retail Fund (formerly 360 Capital Retail Fund No.1) is no longer consolidated into results of the consolidated entity as at 30 June 2017 and therefore no investment properties are held on the balance sheet. For further information refer Note 24 and Note 27.

Note 15: Investment properties (continued)

	30 June 2017 $'000	30 June 2016 $'000
Balance at 1 July	71,400	75,300
Capitalised subsequent expenditures	115	75
Straight-lining of lease revenue and incentives	(65)	110
Fair value adjustment of investment properties	(50)	(4,085)
Investment properties disposed through deconsolidation	(71,400)	-
Closing balance	-	71,400

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.

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 relative 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.

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

Note 15: Investment properties (continued)

Capitalisation and discount rates are considered significant Level 3 inputs. Refer to Note 22 for further information.

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 2017 $'000	**30 June 2016 $'000**
No later than 12 months	-	5,547
Between 12 months and five years	-	15,982
Greater than five years	-	20,308
	-	41,837

Note 16: Trade and other payables

	30 June 2017 $'000	**30 June 2016 $'000**
Trade & GST payables	-	57
Accruals	87	1,980
Other payables	10	11
	97	2,048

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

Note 17: Borrowings

	30 June 2017 $'000	30 June 2016 $'000
Current		
Borrowings - secured	-	-
	-	**-**
Non-current		
Borrowings - secured	-	34,877
Borrowings - unsecured	-	78,229
Capitalised borrowing costs	-	(1,569)
	-	111,537
Borrowings - secured		
Total facility limit	-	112,400
Used at end of reporting date	-	109,877
Unused at end of reporting date	-	2,523

a) Loan facilities summary

Secured borrowings
As a consequence of the Transaction, the 360 Capital Retail Fund No.1 (now known as Centuria Retail Fund) is no longer consolidated into results of the consolidated entity therefore the fund's secured borrowings are no longer included as a loan held by the consolidated entity at balance date.

Unsecured note issue
In September 2014, the consolidated entity raised $75.0 million through the issue of five year 6.9% per annum fixed rate unsecured notes. On 15 December 2016, the noteholders voted to allow the consolidated entity the option to repay early all the notes on issue as part of the Transaction. On 10 January 2017, the unsecured notes were repaid at a redemption price of 104.0% on the outstanding principal amount of each note.

Note 18: Derivative financial instruments

	30 June 2017 $'000	30 June 2016 $'000
Non - Current		
Interest rate swap contracts - fair value	-	1,535
Total	**-**	1,535

As a consequence of the Transaction that occurred on 30 December 2016, the 360 Capital Retail Fund No.1 (now known as Centuria Retail Fund) is no longer consolidated into results of the consolidated entity as at 30 June 2017 and therefore no derivatives are held on the balance sheet. For further information refer to Note 24 and Note 27.

Note 19: Provisions

	30 June 2017 $'000	30 June 2016 $'000
Current		
Distributions payable to unitholders	3,487	3,744
	3,487	3,744

Note 20: Other current liabilities

	30 June 2017 $'000	30 June 2016 $'000
Rental income invoiced in advance	-	171
	-	171

Note 21: Equity

(a) Issued capital

	30 June 2017 000's	30 June 2016 000's
360 Capital Investment Trust - Ordinary units issued	207,203	226,733
	$'000	**$'000**
360 Capital Investment Trust - Ordinary units issued	**140,392**	147,234

(b) Movements in issued capital

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

	000's	'000
Opening balance at 1 July	221,233	226,733
Securities bought back on-market and cancelled	(25,000)	(5,500)
ESP securities with non-recourse loans repaid during the year	10,970	-
Closing balance at 30 June	207,203	221,233

	$'000	$'000
Opening balance at 1 July	147,234	152,453
ESP securities with non-recourse loans repaid during the year	5,631	-
Securities bought back on-market and cancelled	(12,473)	(5,219)
Closing balance	140,392	147,234

Under Australian Accounting Standards, securities issued under the 360 Capital Group 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:

Note 21: Equity (continued)

	30 June 2017 000's	30 June 2016 $'000
Total ordinary units disclosed	207,203	221,233
Balance of ESP securities issued in October 2013	7,400	18,370
Total units issued on the ASX	214,603	239,603

(c) Employee Security Plan

On 2 October 2013, 21,970,000 stapled securities were granted to employees of the Stapled Group under the 360 Capital Group Employee Security Plan (ESP), of these securities 3,600,000 were bought back and cancelled during the year ended 30 June 2016. The remaining 18,370,000 ESP securities vested on 1 October 2016. Except for 10,970,000 ESP securities for which the related ESP loan was repaid during the year, the remaining ESP securities are not included in the calculation of basic securities on issue due to the non-recourse nature of the associated ESP loans.

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.

(d) Security buy-back

On 2 February 2017, the 360 Capital Group activated its on-market buyback, as approved by securityholders on 28 November 2016, acquiring and subsequently cancelling 25.0 million securities at an average price of 90 cents per security.

Note 22: Other financial assets and liabilities

Overview

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

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

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

a) Credit risk

Credit risk is the risk of financial loss to the consolidated entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The consolidated entity 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.

Note 22: Other financial assets and liabilities (continued)

	Note	30 June 2017 $'000	30 June 2016 $'000
Cash and cash equivalents	11	27,043	1,084
Receivables	12	1,939	2,817
Financial assets at fair value through profit or loss	13	103,302	181,647
Total		**132,284**	185,548

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

b) 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 consolidated entity'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 consolidated entity's interest rate risk arises from borrowings and cash balances. Borrowings are at variable interest rates and expose the consolidated entity to cash flow interest rate risk. The consolidated entity utilises derivative financial instruments to hedge exposure to fluctuations in interest rates.

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

	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 2017						
Financial assets						
Cash and cash equivalents	27,043		-	-	-	27,043
Receivables	-	-	-	-	1,939	1,939
Financial assets at fair value through profit or loss	-	-	-	-	103,302	103,302
Total financial assets	27,043	-	-	-	105,241	132,284
Financial liabilities						
Trade and other payables	-	-	-	-	97	97
Due to related entities	-	-	-	-	23,251	23,251
Total financial liabilities	-	-	-	-	23,348	23,348
Net financial assets	**27,043**	**-**	**-**	**-**	**81,893**	**108,936**

Note 22: 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	1,084	-	-	-	-	1,084
Receivables	-	-	-	-	2,817	2,817
Financial assets at fair value through profit or loss	-	-	-	-	181,647	181,647
Total financial assets	1,084	-	-	-	184,464	185,548
Financial liabilities						
Trade and other payables	-	-	-	-	2,048	2,048
Borrowings	-	-	75,000	36,537	-	111,537
Due to related entities	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	1,535	1,535
Total financial liabilities	-	-	75,000	36,537	3,583	115,120
Weighted average interest rate			6.90%	3.84%		
Net financial assets/(liabilities)	1,084	-	(75,000)	(36,537)	180,881	70,428

Summarised interest rate sensitivity analysis

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

			Change in interest rate	
			-1%	1%
	Note	Carrying amount $'000	Profit $'000	Profit $'000
30 June 2017				
Financial assets				
Cash and cash equivalents	11	27,043	(270)	270
Total increase/(decrease)			**(270)**	**270**
30 June 2016				
Financial assets				
Cash and cash equivalents	11	1,084	(11)	11
Financial assets at fair value through profit or loss (Level 3)	13	49,033	(490)	490
Total increase/(decrease)			501	(501)

Note 22: Other financial assets and liabilities (continued)

Liquidity risk

Liquidity risk is the risk that the consolidated entity 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 consolidated entity's reputation.

The consolidated entity 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.

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 2017					
Trade and other payables	97	97	97	-	-
	97	**97**	**97**	**-**	**-**
30 June 2016					
Trade and other payables	2,048	2,048	2,048	-	-
Borrowings	111,537	123,683	6,329	117,354	-
	113,585	125,731	8,377	117,354	-

Price risk

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

The investments within the consolidated entity 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 consolidated entity is in line with consolidated entity 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 consolidated entity, with all other variables held constant, by an increase/(decrease) of $0.8 million (2016: $0.01 million).

Note 22: 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 2017:

	Carrying amount		Fair value	
	30 June 2017 $'000	**30 June 2016 $'000**	**30 June 2017 $'000**	**30 June 2016 $'000**
Financial liabilities				
Borrowings	-	111,537	-	113,106
Total non-current financial liabilities	-	111,537	-	113,106

The fair value of receivables and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair values quoted in the above table in relation to borrowings 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 consolidated entity 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.

As at 30 June 2017, the consolidated entity held the following classes of financial instruments measured at fair value:

	Total $'000	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**
As at 30 June 2017:				
Financial assets				
Financial assets at fair value through profit or loss	103,302	98,723	-	4,579
As at 30 June 2016:				
Financial assets				
Financial assets at fair value through profit or loss	181,647	132,614	-	49,033
Financial liabilities				
Derivative financial instruments	1,535	-	1,535	-

Note 22: Other financial assets and liabilities (continued)

During the period, the unlisted investments subject to the put and call agreement under the Transaction have been transferred from level 3 to level 1 as their carrying value is based on an agreed price under a contract, except for the portion of units held in 360 Capital Retail Fund No.1 (now known as Centuria Retail Fund) which are not subject to the put and call option. There were no transfers between Level 1 and Level 2 fair value measurements, and no other transfers into or out of Level 3 fair value measurements. Fair value hierarchy levels are reviewed on an annual basis unless there is a significant change in circumstances indicating that the classification may have changed.

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

	30 June 2017 $'000	**30 June 2016 $'000**
Balance at 1 July	49,033	47,114
Financial assets deconsolidated	4,579	-
Financial assets transferred to Level 1	(49,033)	-
Financial assets acquired - other	-	1,617
Financial assets disposed	-	(942)
Fair value adjustment of financial assets	-	1,244
Closing balance	**4,579**	49,033

Valuation techniques

Fair value profit or loss financial assets

For fair value profit or loss financial assets, the consolidated entity 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 15). 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 7.0% and discount rates estimated to be between 7.5% and 8.0% during the prior financial year. The consolidated entity 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 consolidated entity 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 23: Reconciliation of net profit to net cash inflows from operating activities

	30 June 2017 $'000	30 June 2016 $'000
Net profit for the year	15,507	20,404
Adjustment for:		
Borrowing cost amortisation	1,457	510
Reversal of impairment related party loan	(8,096)	-
Net loss/(gain) on fair value of financial assets	1,596	(15,202)
Net loss on fair value of investment properties	50	4,085
Net (gain)/loss on fair value of derivative financial instruments	(1,127)	3,005
Net loss on sale of investment property	-	279
Straight-lining of lease revenue and incentives	42	110
Transaction costs	977	-
Share of equity accounted profits, net of distributions received	411	-
Change in assets and liabilities		
Decrease/(Increase) in receivables and prepayments	985	(901)
Decrease in creditors and accruals	(1,980)	(2,198)
Net cash inflows from operating activities	**9,822**	10,092

Note 24: Divestment of investments

Summary of divestment transaction

On the Disposal date of 30 December 2016, 360 Capital Group completed a transaction to sell the majority of its funds management platform and co-investment stakes in its listed and unlisted funds to Centuria Capital Group (Centuria)(ASX code: CNI) and associates. This involved the sale of the consolidated entity's holdings in TIX and TOF, together with entering into a put and call option over the majority of its remaining stakes in the unlisted funds (the Transaction). The Transaction was subsequently settled on 9 January 2017, and following settlement the Trust repaid all outstanding notes under its $75.0 million fixed rate note issue.

By the Disposal date, substantially all material conditions to the Transaction had been satisfied with the only actions to occur between 30 December 2016 and settlement on 9 January 2017 being procedural in nature. Conditions precedent to the transaction which had been completed at the Disposal date included; 360 Capital Group securityholder approval of a change in the Trust's responsible entity, which was approved at a meeting on 23 December 2016, TOF unitholder approval of the sale of the Group's 28.8% co-investment in TOF to Centuria entities which was approved at a meeting to be held on 30 December 2016 and 360 Capital Group noteholder approval to the change or responsible entity of the Trust and early redemption of the Notes with approval received at a meeting of noteholders on 15 December 2016.

Details of the consideration received and impact on the balance sheet are outlined below:

The settlement of the Transaction occurred on 9 January 2017 and was satisfied by receipt of cash consideration together with a $50.0 million vendor loan advanced to Centuria, which was subsequently repaid on 21 April 2017.

	30 June 2017 $'000
Cash consideration	124,888
Vendor loan advanced to Centuria	(50,000)
Transaction proceeds	74,888

Note 24: Divestment of investments (continued)

Vendor loan

At settlement, the consolidated entity provided a $50.0 million vendor loan to Centuria for a term of up to 18 months at an interest rate of 5.0% p.a. paid monthly in arrears. This loan is secured by first (and only) ranking security over Centuria's co-investment in TIX. The loan was subsequently repaid on 21 April 2017.

Put and call agreement unlisted investments

The Transaction included a put and call agreement over the majority of the co-investment stakes in the unlisted funds. The table below details the investments that are now classified as current and subject to the put and call option, and are carried at their respective exercise price under the option. Under the put and call agreement, Centuria can call the unlisted co-investments on settlement of the units at any time over the next two years and the Group can put the unlisted co-investments to Centuria after two years. Centuria has guaranteed a 7.50% p.a. income return (paid monthly) to the Group on these unlisted trust and fund co-investments until such time as the option is exercised and settled.

The consolidated entity will retain approximately 7.0 million units in Centuria Retail Fund and will work together with Centuria to sell this stake down over the option period.

	30 June 2017 $'000
Current	
Centuria 111 St Georges Terrace Fund	30,544
Centuria Havelock House Fund	3,630
Centuria Retail Fund	19,564
	53,738

Reconciliation of movement since settlement of Transaction:

	Opening Balance $'000	Call Option Exercised $'000	Closing Balance $'000
Non-current			
Centuria 111 St Georges Terrace Fund	30,544	-	30,544
Centuria Havelock House Fund	5,040	(1,410)	3,630
Centuria 441 Murray Street Fund	3,784	(3,784)	-
Centuria Retail Fund	19,564	-	19,564
	58,932	(5,194)	53,738

Repayment of notes

At a meeting of noteholder held on 15 December 2016, noteholders voted to approve an early redemption option to allow the Trust to repay all of the outstanding $75.0 million 6.90% fixed rate note issue due 19 September 2019 (Notes). The approval was granted on the basis that the Trust would pay noteholders a redemption price of 104.0% on the outstanding principal amount of each note. On 10 January 2017, subsequent to settlement of the Transaction, Notes were repaid and redeemed for a total amount $78.0 million together with accrual interest up to the date of redemption.

Note 25: Capital commitments and contingencies

Capital commitments
As at 30 June 2017, the consolidated entity had no capital commitments (2016: Nil).

Contingencies

There are no other contingent liabilities as at 30 June 2017 (2016: Nil).

Note 26: Related party transactions

Parent entity
The legal parent entity is 360 Capital Investment Trust (ARSN 104 552 598).

Controlled entities
Interests in controlled entities are set out in Note 27.

Responsible Entity
The Responsible Entity of the Trust is 360 Capital FM Limited. The immediate parent entity of the Responsible Entity is Trafalgar Corporate Pty Limited (ABN 11 080 518 243), and its ultimate parent entity is 360 Capital Group Limited (ABN 18 113 569 136).

On 23 December 2016, securityholders of the Stapled Group passed a resolution to change the Responsible Entity from 360 Capital Investment Management Limited to 360 Capital FM Limited. The change in Responsible Entity was effective from 9 January 2017. The Directors as listed in this report are the same and only Directors of both entities for the period under review.

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

Sale of Responsible Entity
On 30 December 2016, 360 Capital Group Limited completed the sale of 360 Capital Investment Management Limited, the previous Responsible Entity of the Trust, to Centuria as part of the Transaction under a share sale agreement for $103.8 million.

Transfer of investment
In May 2017, a controlled entity of the consolidated entity sold 909,900 IDR units to a related party, 360 Capital 2017 Private Equity Real Estate Fund, a controlled entity of 360 Capital Total Return Fund. The transaction occurred on-market with consideration of $2.0 million.

Interest in managed fund
In June 2017, 360 Capital Diversified Property Fund acquired the beneficial interest in 360 Capital Total Return Passive Fund units from 360 Capital Property Limited at market value of $15.1 million.

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

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

Note 26: Related party transactions (continued)

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

KMP
Tony Pitt, Managing Director
Ben James, Chief Investment Officer
Glenn Butterworth, Chief Financial Officer
Alan Sutton, Company Secretary, resigned 1 March 2017

Securities held in 360 Capital Group by Directors

NEDS	Held at 1 July 2016	Granted as remuneration	Acquisition	Disposal	Held at 30 June 2017
David van Aanholt	264,000	-	-	-	264,000
William Ballhausen	400,000	-	-	-	400,000
Graham Lenzner	240,000	-	-	-	240,000
Andrew Moffat	550,000	-	360,000	-	910,000
	1,454,000	-	360,000	-	1,814,000

Securities held in 360 Capital Group by key management personnel

KMP	Held at 1 July 2016	Granted as remuneration	Acquisition	Disposal/removal on termination	Held at 30 June 2017
Tony Pitt	53,250,000	-	4,500,000	-	57,750,000
Ben James	6,000,000	-	-	(6,000,000)	-
Glenn Butterworth	1,750,000	-	-	(1,500,000)	250,000
Alan Sutton[1]	1,020,000	-	-	(1,020,000)	-
	62,020,000	-	4,500,000	(8,520,000)	58,000,000

[1] Alan Sutton resigned in March 2017, securities removed on the basis he was no longer a KMP.

The following loans have been provided to KMP through their participation in the 360 Capital 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	390,000	(390,000)	3,540,000	3,540,000
Ben James	3,540,000	195,000	(3,735,000)	-	3,540,000
Glenn Butterworth	1,032,500	56,875	(1,089,375)	-	1,032,500
Alan Sutton	601,800	16,575	(618,375)	-	601,800
	8,714,300	658,450	(5,832,750)	3,540,000	8,714,300

Note 26: 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. During the period, all KMP except for Tony Pitt repaid their loans to the Group after the securities in the ESP fully vested on 1 October 2016.

Due from/to related entities

The following amounts are outstanding with related parties at balance date:

	30 June 2017 $	30 June 2016 $
Current Assets		
Due from 360 Capital Group Limited	-	2,268,484
	-	2,268,484
Current liabilities		
Due to 360 Capital Group Limited	23,251,179	-
	23,251,179	**-**

Related entity loans are unsecured, non-interest bearing and payable on demand.

Responsible Entity's fees

There are no amounts payable to related parties for management fees as at 30 June 2017 (2016: $Nil).

Note 27: Controlled entities

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

a) Interest in controlled entities of 360 Capital Investment Trust

			Equity Holding	
Name of entity	Country of domicile	Equity Class	30 June 2017 %	30 June 2016 %
Trafalgar Opportunity Fund No.4	Australia	Ordinary units	100	100
360 Capital Trust	Australia	Ordinary units	100	100
360 Capital Retail Fund	Australia	Ordinary units	100	100
360 Capital Diversified Property Fund	Australia	Ordinary units	100	100
360 Capital Finance Trust	Australia	Ordinary units	100	-

b) Interest in controlled entities with material non-controlling interests

Centuria Retail Fund (formally 360 Capital Retail Fund No.1) [1]	Australia	Underwrite units	-	77.6

[1] For further information of on controlled entities with material non-controlling interests refer to following details below.

Deconsolidation

On 9 January 2017, 360 Capital Group completed a transaction to sell the majority of its fund management platform and co-investment stakes in its listed and unlisted funds. Refer to Note 24 for more information. As a result of this transaction, the majority of the consolidated entity's co-investment stake in Centuria Retail Fund is held under a put and call agreement and does not meet the requirements for control at the balance date. Accordingly, the fund has been deconsolidated from the consolidated entity's results as at 30 June 2017.

The impact of the deconsolidation is detailed in the table below:

	30 June 2017 $'000
Carrying value of investment	24,143
Net assets disposed through deconsolidation	23,815
Gain on deconsolidation	**328**
Assets	
Cash and cash equivalents	593
Receivables	530
Investment properties	71,400
Liabilities	
Trade and other payables	(846)
Borrowings	(35,163)
Derivative financial instruments	(636)
Net identifiable assets disposed including NCI	**35,877**
Less: External non-controlling interest	(12,062)
Net identifiable assets disposed excluding NCI	**23,815**
Add: Gain on deconsolidation	328
Carrying value	**24,143**

Note 28: Parent entity disclosures

The following details information relating to the parent entity 360 Capital Investment Trust.

	30 June 2017 $'000	30 June 2016 $'000
Current assets	26,873	923
Non-current assets	83,152	184,683
Total assets	110,025	185,606
Current liabilities	3,465	5,284
Non-current liabilities	38,411	98,608
Total liabilities	41,876	103,892
Issued capital	140,392	147,233
Accumulated losses	(72,243)	(65,519)
Total equity	**68,149**	81,174
Net profit/(loss) for the year	5,128	(2,763)
Total comprehensive income/(loss) for the year	**5,128**	(2,763)

Parent entity contingencies

The parent entity does not have any contingencies as at 30 June 2017 (2016: Nil).

Note 29: Events subsequent to balance date

Subsequent to balance date, the consolidated entity exited its investment in Industria REIT for $4.8 million.

In July 2017, the Stapled Group announced an indicative, non-binding proposal to purchase the remaining securities it did not own in AJD. The Group is currently undertaking due diligence and continues to discuss this opportunity with a number of possible partners.

Post balance date, on 2 August 2017, the Group issued 11.3 million securities at $0.98 per security as part of the Employee Share Plan (ESP), increasing the number of securities on issue to approximately 225.9 million.

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

Note 30: Statement of significant accounting policies

a) Changes in accounting policy

There were no changes to the Trust's accounting policies for the financial reporting year commencing 1 July 2016. The policies of the Trust are consistent with the prior year.

b) Basis of consolidation

Stapling

On 2 October 2013, 360 Capital Group was formed by stapling together the shares of the 360 Capital Group Limited (Company) and the units of 360 Capital Investment Trust (Trust). Equity holders of the Stapled Group are entitled to an equal interest in each stapled entity.

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

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

Business combination

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 consolidated entity 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 consolidated entity 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 consolidated entity re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the statement of profit or loss.

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Fund as at 30 June 2016 and the results of all subsidiaries for the period then ended.

Subsidiaries are entities controlled by the 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 consolidated entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

b) Basis of consolidation (continued)

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

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

c) Segment reporting

Segment information is presented in respect of the consolidated entity'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 consolidated entity'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 consolidated entity.

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>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.

<u>Other income</u>
Other income is recognised when the right to receive the revenue has been established.

e) Finance expenses

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

f) Income tax

Under current Australian income tax legislation, the consolidated entity is not liable for income tax provided its taxable income and taxable capital gains are fully distributed to unitholders each year.

g) 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.

h) 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.

i) 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.

j) Financial instruments

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

financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets are classified into the following specified categories: "Receivables" and "Financial assets at fair value through profit or loss". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

<u>Financial assets at fair value through profit or loss</u>
Financial assets designated at fair value through profit or loss comprises investments in unlisted and listed funds. Upon initial recognition, the investments are designated at fair value through profit or loss in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*. The consolidated entity 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 consolidated entity's documented investment strategy. The consolidated entity'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.

j) Financial instruments (continued)

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 consolidated entity 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 consolidated entity's right to receive payments is established.

Receivables
Refer to Note 30(i).

Financial liabilities and equity
Financial liabilities and equity instruments issued by the consolidated entity 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 30 (o) and Note 30(q) below.

Related party loans
Loans from and to related parties are unsecured, non-interest bearing and payable on demand unless otherwise specified.

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

k) 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.

l) 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.

m) Derivative financial instruments

The consolidated entity uses derivative financial instruments to hedge its risks associated with interest rate fluctuations. The significant interest rate risk arises from bank borrowings. The consolidated entity 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 consolidated entity would receive or pay to terminate the swap at the statement of financial position date, taking into account current and future interest rates.

n) Trade and other payables

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

o) 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 consolidated entity 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.

p) Provisions

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

<u>Distributions</u>
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.

q) Issued units

Issued units represent the amount of consideration received for units issued by the consolidated entity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

r) 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.

s) Accounting standards issued but not yet effective

The following new accounting standards have been issued, but are not mandatory as at 30 June 2017. They are available for early adoption, but have not been applied in preparing these financial statements. The consolidated entity 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 consolidated entity'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 This is not expected to materially impact the consolidated entity's financial statements
- AASB 16 – *Leases (Effective January 1, 2019).* This standard establishes the enhanced reporting requirements of the Lessee and lessor when entering into Leases. This is not expected to materially impact the consolidated entity's financial statements

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

- AASB 2016-2 *Disclosure Initiative: Amendments to AASB 107 (Effective January 1, 2017)*
- AASB 2017-2 *Further Annual Improvements 2014-2016 Cycle (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.

360 Capital Investment Trust
Directors' declaration
For the year ended 30 June 2017

In the opinion of the Directors of 360 Capital FM Limited, the Responsible Entity:

1) The consolidated financial statements and notes that are set out on pages 8 to 48 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 2017 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) 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 2017.

4) 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
17 August 2017

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working world

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Independent Auditor's Report to the unitholders of 360 Capital Investment Trust

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of 360 Capital Investment Trust and its controlled entities (the consolidated entity), which comprises the consolidated statement of financial position as at 30 June 2017, 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 to the consolidated financial statements, including a summary of significant accounting policies, and the declaration of directors of 360 Capital FM Limited, the Responsible Entity of the consolidated entity.

In our opinion, the accompanying financial report of the consolidated entity is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the consolidated entity as at 30 June 2017 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the consolidated entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Divestment of investments

Why significant	How our audit addressed the key audit matter
On 30 December 2016, 360 Capital Group Limited ('TGP') completed a transaction to sell the majority of its fund management platform and co-investment stakes in its listed and unlisted funds to Centuria Capital Group ('CNI'). This included the sale of the consolidated entity's (360 Capital Investment Trust and it's controlled entities) holdings in 360 Capital Industrial Fund (TIX) and 360 Capital Office Fund (TOF), together with entering into a two year put and call option over the majority of its remaining stakes in the unlisted funds at a pre-agreed price. At the end of the two-year period, TGP is able to put the units to CNI at the same pre-agreed price. Under the put and call option, the consolidated entity will receive a minimum fixed dividend with reduced variability to the extent of any sub optimal performance by the funds. The Transaction was settled on 9 January 2017. This was considered to be a key audit matter due to the significance of the transactions and judgments involved in determining the effective transaction date and treatment of the co-investment stakes in funds subject to the put and call option, in accordance with Australian Accounting Standard – AASB 10 *Consolidated Financial Statements* and AASB 139 *Financial Instruments Recognition and Measurement*. Disclosure of the disposal is included in note 24 to the financial report.	Our procedures included the following: ▶ Considered whether the consolidated entity's treatment of the transaction in the financial report reflected our understanding of the transaction based on our reading of the underlying agreements. ▶ Considered the impact of the transaction on how the residual investments are recognised and measured. ▶ Assessed the adequacy of the consolidated entity's disclosure with respect to the transaction.

2. Investment in Asia Pacific Data Centre Group

Why significant	How our audit addressed the key audit matter
The consolidated entity holds a 19.9% equity investment in Asia Pacific Data Centre Group. The consolidated entity does not have significant influence nor control over this entity. The investment is measured at fair value, with movements recorded through the consolidated statement of comprehensive income. Given the judgment involved in assessing whether the consolidated entity has significant influence over the entity in accordance with the principles under Australian Accounting Standards - *AASB 128 Investments in Associates and Joint Ventures* we considered this to be a key audit matter. Disclosure of investments not controlled by the Group is included in note 13 to the financial report.	Our procedures included the following: ▸ Considered the consolidated entity's assessment of its influence and/or control with respect to the investment and the consequent application of the relevant accounting standards. ▸ Agreed the total number of units held at balance date to unitholding certificates. ▸ Assessed the unit price of the entity against the Australian Securities Exchange listed price as at 30 June 2017. ▸ Recalculated the fair value by multiplying the number of units held by the unit price. ▸ Evaluated the financial report classification and disclosure of the investment in the fair value hierarchy for financial instruments.

Information Other than the Financial Report and Auditor's Report

The directors of the Responsible Entity are responsible for the other information. The other information comprises the information included in the consolidated entity's 2017 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors of the Responsible Entity are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors of the Responsible Entity either intend to liquidate the Trust and the entities it controlled during the year or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Responsible Entity.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the consolidated audit. We remain solely responsible for our audit opinion.

We communicate with the directors of the Responsible Entity regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors of the Responsible Entity with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors of the Responsible Entity, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst & Young

Ernst & Young

Mark Conroy

Mark Conroy
Partner
Sydney
17 August 2017