

360 Capital



# 360 CAPITAL PRIVATE CREDIT FUND

Information Memorandum





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Important Information

This Information Memorandum (IM) is dated 4 November 2021 and relates to an offer of Units in the 360 Capital Private Credit Fund (Fund). The offer of Units under this IM is made by 360 Capital FM Limited ACN 090 664 396, AFSL 221 474 (We or Trustee) as trustee for the Fund.

The Trustee has appointed 360 Capital Credit Management Pty Limited ACN 637 706 060 as the investment manager of the Fund (Investment Manager). The Investment Manager is an authorised representative (no. 001281688) of the Trustee.

Qualifying Investors only

This Offer is only available to Investors who meet the definition of a Wholesale Client under the Corporations Act or Wholesale Investor under the FMCA (NZ) (collectively, “Qualifying Investors”). The Trustee reserves the right to accept or reject any Application at its discretion.

Not investment advice. Seek your own financial advice

We have prepared this IM without taking account of your investment objectives, financial situation or needs. This IM does not contain investment, legal, tax or immigration advice, nor is it a recommendation or opinion on the merits of investing in the Fund. You should seek professional advice and conduct your own investigation and analysis regarding the information contained in this IM. Investment in the Fund is speculative and may not be appropriate for you. You should consider the appropriateness of investing in the Fund having regard to your objectives, financial situation and needs.

Not a product disclosure statement (PDS) or prospectus

The Fund is an unregistered managed investment scheme and the regulated fundraising requirements of the Corporations Act do not apply to the Offer. This IM is not a PDS within the meaning of the Corporations Act. Accordingly, this IM does not contain the same level of disclosure required for registered managed investment schemes that issue PDSs. We have prepared this IM on the express basis it does not purport to contain all of the information you may require to make an informed decision about whether or not to invest in the Fund.

You should read this IM carefully in full before investing. This IM must be read in conjunction with the Fund’s Constitution for further information about your rights and obligations as a Unitholder in the Fund and our rights and obligations as the trustee of the Fund. If there are inconsistencies between this IM and the Constitution, the Constitution will prevail.

Statements made in this IM are made at the date of this IM. Under no circumstance does the delivery of this IM at any time or the issue of any Units in the Fund create an implication the information contained in this IM is correct at any other time subsequent to such date.

Disclaimer

Neither the Trustee, nor its associates or directors, guarantee the performance of the Fund, the repayment of capital or an income return. Past performance is not indicative of future performance.

To the extent permitted by law, neither we nor our directors,

associates and advisors represent or warrant (expressly or impliedly) the information in this IM is complete, true and correct and not misleading or likely to be misleading, or are responsible or in any circumstance liable for any statement made in this IM. You should make your own enquiries to ascertain the accuracy of any information upon which you intend to rely.

There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as forecast and these differences may be material. The actual outcomes are dependent on future events which may be radically different from those predicted for reasons outside our or the Trustee’s control. It is particularly important you carefully consider the risk factors that could affect the performance of the Fund in light of your personal circumstances before making an investment decision.

Confidentiality

This IM is provided on a strictly confidential basis solely for your information and exclusive use to assess an investment in the Fund and may not be used for any other purpose. This IM may not be copied, reproduced, republished, posted, transmitted, distributed, disseminated or disclosed, in whole or in part, to any other person in any way without our prior written consent, which we may withhold in our absolute discretion. By accepting this IM, you agree you will comply with these confidentiality restrictions and acknowledge your compliance is a material inducement to us providing this IM to you.

Glossary

Capitalised terms are defined in the Glossary.

Applications

If you wish to apply for Units you must use the Application Form that accompanies this IM.

Certain information in this IM is subject to change from time to time. Any updated information will be placed on the Trustee’s website at www.360capital.com.au, including details about the Fund’s investment performance. The Trustee strongly recommends that Investors review any updated material before making a decision to acquire Units.

Unless otherwise specified, currency amounts are stated in Australian dollars.

Foreign Offers

This Offer is only available to Australian and, New Zealand Investors. This IM does not constitute an Offer in any jurisdiction in which, or to any person to whom, it would be unlawful to offer the Units under this IM. The distribution of this IM in jurisdictions outside Australia and New Zealand may be restricted by law and any person into whose possession the IM comes (including nominees, trustees or custodians) should seek advice on and observe those restrictions. It is the responsibility of any overseas applicant to ensure compliance with all laws of any country relevant to their application.

Important Information—New Zealand Investors

WARNING (please read the following important information): The Offer of Units in the Fund is not being, and will not be, offered or

sold in New Zealand to persons other than “wholesale investors” within the meaning of:

- (a) Clause 3(2) of Schedule 1 of the Financial Markets Conduct Act 2013 (“FMCA Schedule 1”) which covers “investment businesses”, persons meeting the “investment activity criteria”, “large” persons and “government agencies” as defined in each case in FMCA Schedule 1 (“Institutional Wholesale Investor”);
- (b) Clauses 3(3)(a) and 41 of the FMCA Schedule 1 which covers “eligible investors” (“Eligible Investor”); and
- (c) Clause 3(3)(b)(i) or (ii) of FMCA Schedule 1 which covers investors meeting the NZ\$750,000 minimum investment amount criteria (“Minimum Investment Exclusion”).

The information referred to on the pages that follow is restricted in New Zealand to persons in these “Wholesale Investor” categories.

Applications or any requests for information from persons in New Zealand who do not meet the above criteria will not be accepted.

If you are a New Zealand investor, and apply for Units in the Fund, you warrant that you meet the above eligibility criteria and agree that you will not sell your interest in the Fund to any person who is not a “Wholesale Investor” or to any person within 12 months after they are issued, in circumstances where disclosure would be required under Part 3 of the FMCA in circumstances which may result in the Trustee or any of its directors or related bodies corporate incurring any liability whatsoever.

If you are an Institutional Wholesale Investor, you agree to provide a certificate to the Trustee in the form attached as Appendix 2B together with this document prior to investing in the Fund.

If you are an Eligible Investor you agree to provide a certificate to the Trustee (which includes details of your experience with financial products) in the form attached as Appendix 2C and arrange for confirmation of the certificate by a lawyer, qualified statutory accountant or financial advisor prior to investing in the Fund.

If you are investing in the Fund in reliance on the Minimum Investment Exclusion, the following warning statement is important in relation to your investment in the Fund.

WARNING

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This requires those offering financial products to have disclosed information that is important for investors to make an informed decision.

The usual rules do not apply to this Offer because there is an exclusion for offers where the amount invested upfront by the investor (plus any other investments the investor has already made in the financial products) is NZ\$750,000 or more. As a result of this exclusion, you may not receive a complete and balanced set of information. You will also have fewer other legal

protections for these investments.

Investments of this kind are not suitable for retail investors.

Ask questions, read all documents carefully, and seek independent financial advice before committing yourself to an investment in the Fund.

Offence

It is an offence to give a certificate knowing that it is false or misleading in a material particular. The offence has a penalty or a fine not exceeding NZ\$50,000.

4 November 2021

Dear Investor,

We are very pleased to bring this new investment opportunity to market and invite you to become a Unitholder in the 360 Capital Private Credit Fund (Fund), managed by 360 Capital FM Limited (Trustee).

Continued regulatory constraints placed on banks is driving the natural maturity and evolution of the Australian and New Zealand private credit markets, which presents an opportunity for alternative financiers to continue to grow their foothold and market share in the corporate lending sector.

The Fund is seeking to raise funds through the issue of Units. The 360 Capital Group intends to make a co-investment of capital in the Fund via Acquisition Units, as described below.

The Fund offers Unitholders:

- Target Return<sup>1</sup> of 6.00% p.a. (after fees and costs, but before taxes);
- expected distributions paid monthly;
- anticipated annual liquidity, with the opportunity to redeem each year subject to certain conditions and obligations at law;
- diversified exposure to a portfolio of well secured corporate loans, agnostic to industry and made to long established, predominantly mid-tier Australian and New Zealand businesses;
- defensive investment through the Investment Manager's selection process, policies and risk protocols to seek to minimise capital volatility;
- proven leadership team with an average of more than 20 years' operating experience in funds management, banking and risk management; and

The Trustee is a wholly owned subsidiary of the 360 Capital Group, an ASX-listed alternative asset investment and funds management group concentrating on strategic and active investment management of alternative assets. As at the date of this Information Memorandum, the 360 Capital Group has a market capitalisation of approximately \$204<sup>2</sup> million and manages listed and unlisted funds on behalf of investors.

The Fund will be managed by 360 Capital Credit Management Pty Limited (Investment Manager) which is wholly owned by the 360 Capital Group.

The Investment Manager is led by Chris Chase who brings more than 15 years' experience in banking and corporate finance across Australia and Asia. Chris has significant experience originating and executing transactions in the mid-market lending space. Chris has a track record across a well-diversified range of industries and borrowers funding corporate M&A and business expansion. Prior to joining the 360 Capital Group, Chris spent time at Macquarie Bank, CBA and ANZ within their corporate finance, corporate banking and institutional businesses.

This Information Memorandum contains detailed information about the Offer and the Fund's investment strategy, its operations, financial performance and prospects. You should read this Information Memorandum carefully and in its entirety, including Section 7, which sets out fees and other costs associated with investing in the Fund, and Section 6, which sets out potential risks associated with investing in the Fund. In addition, you should consider seeking relevant professional advice before making a decision to apply for Units in the Fund.

Thank you for your consideration of this opportunity to invest in the Fund. We look forward to welcoming you as a Unitholder of the Fund.

Yours sincerely,



Mr David van Aanholt  
Independent Chairman  
**360 Capital FM Limited**



Mr Chris Chase  
Head of Private Credit  
**360 Capital Credit Management Pty Limited**

<sup>1</sup> The Target Return is an example only and may not be achieved. Future returns are not guaranteed and a loss of principal may occur.

<sup>2</sup> As at 30 June 2021.



# KEY FEATURES

1.



Section 1 : Key features

The key features, benefits and risks set out in this section are a summary only. You should read this entire IM before completing an Application Form as the IM contains important information about an investment in the Fund. You should also consider seeking independent legal, taxation and financial advice before investing under the Offer.

The key feature		Further details
Investment Objective	The investment objective of the Fund is to generate regular distributions of income that exceed the Target Return, by investing in a portfolio of corporate loans in the Australian and New Zealand private credit markets.	3.1
Fund structure	The Fund is an unregistered, unlisted, open-ended, pooled credit fund structured as an Australian unit trust.	2.1
Trustee	360 Capital FM Limited	4.1
Investment Manager	360 Capital Credit Management Pty Limited	4.2
Target Return	6.00% per annum (after fees and costs, but before taxes).  Please note the Target Return is not a forecast and is not guaranteed.	
What is the Fund's investment strategy?	The Fund is a pooled credit fund that will invest in the corporate loan market through the following loan strategies:  1. Senior secured loans; and  2. Subordinated and mezzanine loans	3.2
Co-investment	360 Capital intends to invest in or alongside the Fund, in accordance with 360 Capital Group's philosophy of long-term co-investment. It is intended this will occur via the issue of Acquisition Units to 360 Capital. See 2.7 for information on Acquisition Units.	3.11
Who can invest?	The Offer is only available to Qualifying Investors, being persons who meet the definition of a Wholesale Client under the Corporations Act or Wholesale Investor under the FMCA (NZ). Please see section 2.2.	2.2
Classes of Units	As of the date of this IM, it is intended there will be two classes of units in the Fund, being:  1. Ordinary Units (referred to as Units in this IM) which are issued to Qualifying Investors under this IM; and  2. Acquisition Units, which may be issued to entities within the 360 Capital Group or third parties who are Qualifying Investors, in the Trustee's absolute discretion.	2.6 & 2.7
Minimum initial investment amount from a Qualifying Investor	\$25,000.  The Trustee may accept lesser amounts in its absolute discretion.	2.3

The key feature		Further details
Unit pricing	The Unit price is the price at which Units in the Fund are issued and redeemed (and before the application of the Buy Spread or Sell Spread (as applicable)).  The Unit price is calculated in accordance with the Constitution and is based on the net value of the underlying assets of the Fund (NAV).  The price applicable to acquire Units is the Application Price (including the Buy Spread), and the price to withdraw Units is the Withdrawal Price (including the Sell Spread). Please see Section 2.4 for further information.  The current Unit price, Application Price and Withdrawal Price are available by contacting the Registry.	2.4
Distributions	The Trustee intends to pay distributions monthly, in line with the Target Return.  However, income distributions are not guaranteed and are at the discretion of the Trustee.	2.8
Gearing	The Fund has a target gearing level of between 10% to 20% and a target maximum gearing level of 50%.  See section 3.12 for further information.	3.12
Liquidity and withdrawals	The Trustee intends to provide Unitholders with a limited opportunity to withdraw their Units on an annual basis. As at the date of this IM this is expected to be 30 September of each year.  The amount available for withdrawal will be subject to available liquidity and is not expected to exceed 10% of the Fund's GAV each year <sup>3</sup> .	2.9
Risks	Like any investment, there are risks associated with investing in the Fund. Distributions are not guaranteed, nor are any capital returns. See Section 6 for information on the risks associated with an investment in the Fund.	Section 6
Fees and costs	The Fund charges investors an aggregate fee equal to 0.85% per annum of the gross asset value (GAV) of the Fund for the management and operation of the Fund. This fee comprises the Trustee Fee and the Investment Manager Fee, as further described in section 7.  All the costs and expenses of operating the Fund are payable from the assets of the Fund.	Section 7 below
Tax	Please obtain your own independent tax advice before investing in the Fund.	Section 8 below

<sup>3</sup> The Trustee has the discretion to vary the amount available for withdrawals from time to time.





# ABOUT THE FUND

# 2.



Section 2 : About the Fund

2.1 Fund structure

The Fund is an unregistered managed investment scheme structured as an Australian unit trust. There is no present intention to register the Fund with ASIC or to list the Fund on a secondary market such as the ASX.

360 Capital FM Limited (**Trustee**) is the trustee of the Fund, while 360 Capital Credit Management Pty Limited is its investment manager (**Investment Manager**).

It is currently envisaged that the Fund will invest in loans through a sub-trust structure (whether wholly owned or partially owned, and alongside 360 Capital Group entities or third parties). Potentially, the Fund may also source investments through other managed investment schemes and/or make syndicated loans.

2.2 Qualifying Investors only

This Offer is only available to Qualifying Investors.

For Australian investors, under the Corporations Act, a person may qualify as a Qualifying Investor in several ways including by:

- investing at least \$500,000 into the Fund
- providing a certificate from an accountant that show that you have:
  - net assets of \$2.5 million of net assets;
  - earned gross income of \$250,000 in the last two financial years;
- are a 'professional investor' within the meaning of the Corporations Act.

For New Zealand investors, please see Important Information – New Zealand Investors on page 4 for details as to who may qualify as a Wholesale Investor.

2.3 Minimum investment amounts from Qualifying Investors

Provided you qualify to invest in the Fund, you must make a minimum initial investment of \$25,000 (or such lower amount as we accept at our discretion). Subsequent investments must be in increments of \$5,000 provided that the Trustee may accept lesser amounts from a Qualifying Investor in its absolute discretion.

2.4 Unit pricing

The Unit price is the price at which Units in the Fund are issued and redeemed (and before the application of the Buy Spread or Sell Spread (as applicable)). The Unit price is calculated in accordance with the Constitution and is based on the net value of the underlying assets of the Fund (**NAV**).

As the Fund invests in underlying credit instruments, from time to time the carrying value of an investment may change. Accordingly, the Unit price may be affected by the any change in the underlying value of the Fund's assets.

The price applicable to acquire Units is calculated as the Unit price plus any Buy Spread (Application Price). As at the date of this IM there is a 0.20% Buy Spread for Units. This Buy Spread may change from time to time.

The price applicable to withdraw Units (i.e. Withdrawal Price) is calculated as at the date of the withdrawal as the Unit price less any Sell Spread to reflect the costs and expenses anticipated with selling the investments of the Fund. As at the date of this IM, there is a 0.20% Sell Spread for Units. This Sell Spread may change from time to time.

The current Unit price, Application Price and Withdrawal Price are available by contacting the Registry.

2.5 Issue of Units

The Trustee intends to issue Units monthly, after both the Application Form and Application Money have been received from each Applicant and accepted by the Registry on behalf of the Trustee, but may issue more or less frequently at its discretion.

The Trustee may refuse to accept an Application in its absolute discretion, including where the Application Money is not received in cleared funds or the Trustee is not satisfied that it has received all relevant information required to process the Application.

2.6 Classes of Units

The units offered under this IM are ordinary Units in the Fund, referred to as Units in this IM.

The Trustee may issue further new classes of units in the Fund (including Acquisition Units) at any time and these different classes may have different terms and rights attached to them, such as different fees, investment amounts, returns and withdrawal rights.

2.7 Acquisition Units

The Trustee may issue Acquisition Units to entities within the 360 Capital Group or third parties who are Qualifying Investors, in its absolute discretion. Acquisition Units may be issued for a variety of purposes, including (but not limited to) funding the acquisition of assets for the Fund and managing and supporting Fund liquidity.

Acquisition Units will be issued at the prevailing Application Price, and will rank equally amongst themselves in all respects and equally with Units, except that the proceeds from the issue of Units may be used to redeem Acquisition Units in priority to the redemption of Units. The withdrawal price of Acquisition Units will be the prevailing Application Price.

2.8 Distributions

Unitholders are entitled to participate in income generated by the Fund's assets.

The Trustee intends to calculate and pay distributions monthly, within 10 Business Days of the end of each calendar month.

If a distribution is paid, you will receive a proportion of the Fund's income based on the number of Units you hold in relation to the total number of Units on issue and the number of days you have held the Units for during the month.

If payable, distributions will be paid to your nominated account. The Trustee has not offered a distribution reinvestment plan at



the date of this IM, though may make this feature available to Unitholders in the future.

There is no guarantee distributions will be paid and distributions are at the discretion of the Trustee.

2.9 Liquidity and withdrawals

The Trustee intends to provide Unitholders with a limited opportunity to withdraw their Units on an annual basis. As at the date of this IM this is expected to be 30 September of each year. The amount available for withdrawal will be subject to available liquidity and is not expected to exceed 10% of the Fund's GAV each year<sup>4</sup>.

If withdrawal requests exceed the amount the Trustee determines is available for withdrawal:

- withdrawal requests will be satisfied on a pro-rata basis, which means Unitholders who have made a withdrawal request for this period will continue to hold some Units in the Fund;
- unsatisfied withdrawal requests automatically roll over to the following withdrawal window, unless the Unitholder requests, or the Trustee determines otherwise.

Any withdrawal requests rolled over to the next withdrawal window will not have priority to later withdrawal requests but will form part of the pool of withdrawal requests for that window.

Withdrawal requests must be provided to the Registry before 5.00pm AEST/AEDT<sup>5</sup> one month before the date of the applicable withdrawal window. For example, if, as anticipated, a withdrawal window for a given year occurs on 30 September, then withdrawal requests must be provided to the Registry before 5.00pm AEST/AEDT on 31 August of that year.

The Trustee may change the timing of any withdrawal opportunities or withdrawal request notice periods at its absolute discretion.

Investors should note that liquidity for Acquisition Units will be made available in priority to liquidity for Units (i.e., ordinary units).

Please note neither the Trustee nor the Investment Manager guarantee there will be sufficient liquidity available at any particular time to meet all withdrawal requests, and you may be

unable to withdraw some or all of your investment. The Fund will invest in corporate loans in the Australian and New Zealand private credit markets, which is an illiquid asset class. The Fund will therefore primarily be illiquid, and the ability to withdraw from the Fund will be entirely dependent on whether there is surplus cash available.

**2.10 Transfer of Units**

There will not be any established secondary market for the sale of Units. If you want to sell your Units, we may endeavour to assist you; however, we are not required to do so. We may, at our discretion, refuse to register any transfer of Units.

2.11 Related Party transactions

360 Capital Group intends to invest in the Fund alongside Unitholders in line with the 360 Capital Group's philosophy of intended long-term co-investment. See section 3.11 for further details on the co-investment and section 4.3 for details on 360 Capital Group.

The Fund may invest in loans via a sub-trusts or via alternative structures (including, but not limited to, other managed investment schemes). These investment structures may have other investors which may include entities within the 360 Capital Group or third parties.

<sup>4</sup> The Trustee has discretion to vary the amount available for withdrawals from time to time.  
<sup>5</sup> As applicable



# INVESTMENT OVERVIEW

3.





3.1 Investment Objective

The investment objective of the Fund is to generate regular distributions of income that exceed the Target Return, by investing in a portfolio of corporate loans in the Australian and New Zealand private credit markets.

3.2 Investment Strategy

Through active origination and management, the Fund's investment strategy is to invest in the full product scope of private credit loan transactions including senior secured floating rate notes, fixed rate securities, subordinated securities and unlisted private debt with diversification by issuer, sector, geography and maturity.

The Fund intends to access the corporate loan market through the following loan strategies:

- 1. Senior secured loans; and
- 2. Subordinated and mezzanine loans

It is currently envisaged that the Fund will invest in loans through a sub-trust structure (whether wholly owned or partially owned, and alongside 360 Capital Group entities or third parties). Potentially, the Fund may also invest through other structures, such as other managed investment schemes, and may participate in syndicated loans.

The Trustee and the Investment Manager reserve the right to change the investment strategy from time to time should it be (in the opinion of the Trustee and the Investment Manager) in the best interests of Unitholders.

- (a) Senior secured loans

Senior secured loans rank first in security over cash flow, assets and payments. Loans may be made directly to borrowers on a bi-lateral basis or syndicated basis, and indirectly via wholly owned SPV sub trusts to manage risk. Senior secured loans will be agnostic to industry and may include rated and un-rated borrowers. It is expected that the majority of senior secured loans will be to sub-investment grade borrowers.

- (b) Subordinated and mezzanine loans

Subordinated loan and mezzanine loans are junior or subordinated in priority to assets, security and cash flows to senior secured loans. Subordinated loans will be agnostic to industry and will often have exposure to industries that contain cyclicity. In some cases, subordinated loans will receive cash interest payments however may also include payment in kind interest.

3.3 Target portfolio construction

The Fund invests in a portfolio of loans to Australian and New Zealand corporate borrowers, in line with the Fund's investment strategy, with diversification across borrower, industry, geography and loan types.

The investment strategy is diversified with exposure to a single borrower limited to no more than 10% of the GAV of the Fund (upon the Fund reaching a maturity size of approx \$300m).

Assets have diversification by industry, geography and credit profile. The portfolio will comprise primarily Australian and New

Zealand small and mid-market enterprises. The Fund will not have investment exposures in any other offshore markets, nor does it intend to invest in other funds.

The Investment Manager expects that, given the relative size of the Australian corporate loan market, portfolio weighting will be concentrated towards Australian corporate loans, with up to 100% of the Fund's GAV invested in Australia.

The Investment Manager intends to diversify loans across industry with a target maximum of 20% of the Fund's GAV allocated to any given sector.

Please note the Investment Manager has discretion to determine levels of diversification within the Fund from time to time, subject to market dynamics and/or other factors the Investment Manager deems relevant.

3.4 Investment process

Implementation of the Fund's strategy, investment origination, portfolio construction, policies and risk protocols, will be consistent with that of established processes of the 360 Capital Group.

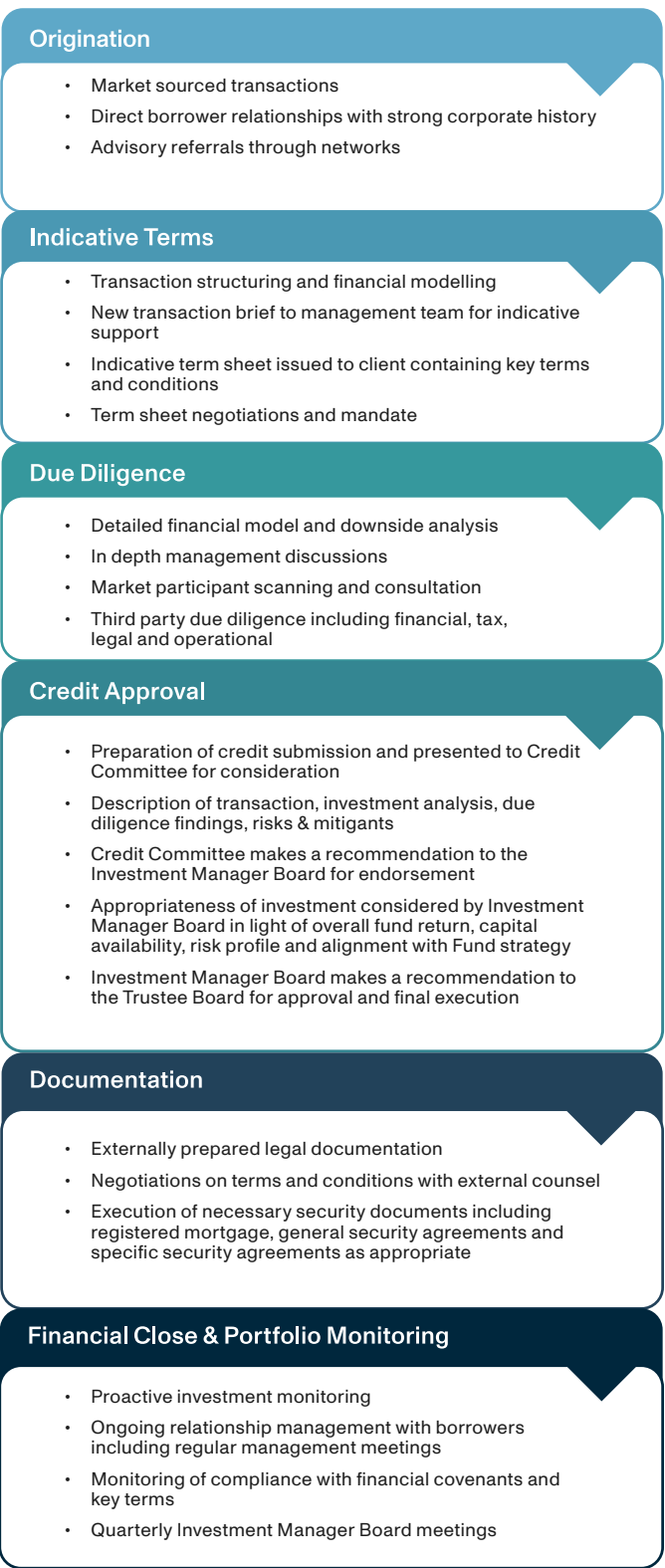
The 360 Capital Group maintains a disciplined approach to capital management and risk-adjusted investment determinations, leveraging the skills of investment professionals across broad divisional capabilities in real assets, private equity and credit. The 360 Capital Group ultimately maintains a philosophy of high-conviction investing, providing a competitive advantage in speed of execution and value creation.

In investing in mid-market corporate loans, the Fund maintains focus on the following governing principles.

**Diversification:** Loans diversified by industry, geography, borrower, loan type, credit profile and maturity.

**Risk Management:** Ensuring appropriate return for risk, coupled with a robust due diligence process.

**Capital Preservation:** Focus on ongoing loan monitoring and servicing, minimising risk of capital loss.



3.5 Credit Committee

The Credit Committee is comprised of independent professionals with financing and banking experience, who will opine on the credit-worthiness of transactions into which it is proposed the Fund may enter. Its role is to report to the Investment Manager Board, including providing a relevant recommendation as to whether or not the Fund should proceed with a proposed loan. The Credit Committee meets on an “as required” basis.

3.6 Investment Manager Board

The Investment Manager Board has responsibility (following a recommendation from the Credit Committee) for reviewing a transaction's suitability for the Fund, its consistency with the Fund's investment strategy and the impact of the transaction on the portfolio holistically. It will then make a recommendation to the Trustee as to whether or not the Fund should proceed with a particular loan for the Trustees final approval and execution.

3.7 Investment origination

The Fund's origination processes are an extension of the 360 Capital Group's existing and proven proprietary investment origination and management process. The Fund will leverage the 360 Capital Group's broad divisional capabilities in real assets, private equity and credit.

Origination activity includes direct relationships held with corporate borrowers, 360 Capital Group's investments in proprietary origination platforms, access to a network of over 7,500 brokers and strong working relationships with leading advisory firms, accountants, law firms and financial institutions.

The Fund's investment focus will be primarily directed towards well-established, small and mid-market private enterprises across Australia and New Zealand. The Fund will principally target borrowers with strong operating models, stable cashflows and experienced management teams.

Further to direct private enterprise lending, the Fund may enter into loan arrangements with private equity sponsors, to assist with their investment refinancing, acquisition funding and growth capital.

3.8 Due diligence and investment selection

The Investment Manager has a selective investment approach, with a bias towards companies with well-established and proven business models in industries with limited cyclicity, experienced management teams, stable earnings margins and sound operating cashflow.

Given the nature of private enterprise in the mid-market sector, emphasis is placed on robust credit analysis and due diligence across financial and non-financial factors. The Fund utilises a variety of proprietary and third-party platforms to support credit assessment and risk rating and requires strong management engagement as part of its diligence process.

The credit selection process includes preliminary transaction screening, loan term and transaction negotiation, detailed credit



assessment and structuring. Analysis of a borrower is based on a variety of factors including a review of historic and forecast financial performance underpinned by management financial forecasts and business plans, meetings with management, third party diligence and legal diligence.

For those transactions that pass preliminary screening, due diligence materials and conclusions (both internal and external) are compiled into a formal investment paper and referred to the Fund's Credit Committee for review. The Credit Committee comprises independent professionals with financing and banking experience. The Investment Committee's primary role requires detailed assessment of the investment paper and associated diligence material to confirm the suitability of the investment opportunity and its alignment to the Fund's strategy.

The Investment Manager Board subsequently reviews and approves the loan and opines on its suitability with a focus on the Fund's alignment to the investment strategy.

3.9 Ongoing portfolio management

The Investment Manager will undertake regular portfolio and loan position monitoring. Each loan investment will be subject to a bespoke set of terms, conditions and covenants, with specific reference to the borrower's risk profile, industry and financial performance.

The Investment Manager uses third party risk analytics platforms and data sources to augment internal qualitative and quantitative analysis, ensuring regular risk profiling and benchmarking of a loan against an industry peer group. The Investment Manager intends to engage on a regular basis with all borrowers in the Fund, who will provide ongoing quantitative and qualitative information regarding current and future operating and financial performance.

The Investment Manager will undertake quarterly Investment Manager Board meetings, to monitor the portfolio of loans.

3.10 Sector exposure

The Fund intends to deploy capital to achieve a well-diversified (by sector) credit portfolio with 100% of the Fund's GAV allocated to investments in Australia and New Zealand.

The Fund's sector focus, includes but is not limited to, the detail below:

Primary Sectors		
Consumer & Services	Health and aged care	Technology
Agriculture	Infrastructure	Education
Hospitality	Telecommunications & Media	Property
Transport & Logistics	Business Services	Industrials
Financial Services	Defence	Renewables
Secondary Sectors		
Natural resources	Mining	Gaming

3.11 Co-Investment by 360 Capital

Entities within the 360 Capital Group may co-invest alongside the Fund in some or all of the loans. Co-investments may be performed directly into the Fund or indirectly through other investment structures. 360 Capital Group intends to support the growth and diversification of the Fund through its investment in Acquisition Units as described in section 2.7 of this IM.

3.12 Borrowing by the Fund

The Fund intends to obtain debt financing to support the Fund's investment strategy.

The Fund has a target gearing level of between 10% to 20% of GAV and a target maximum gearing level of 50% of GAV<sup>6</sup>. The specific terms applicable to debt facilities vary, however, it is likely that the following will be applicable to the Fund's debt facility:

- the financier will take security over the assets of the Fund;
- certain information, undertakings and financial covenants will be required by the financier, including in relation to the financial performance of the Fund; and
- a failure to pay amounts due or the breach of a financial covenant is likely to result in an event default.

If an event of default occurs, the financier may take enforcement action against the Fund, including requiring that the payment of distributions be suspended and requiring that all outstanding monies be immediately repaid. The financier will have recourse to the assets of the Fund in priority to the claims of Unitholders' however will not have recourse to the assets of individual Unitholders.

The terms applicable to any debt facility entered into by the Fund are set out in the Fund's regular updates.

The Trustee may consider gearing the Fund's investment portfolio further at any time and outside of the above parameters.

3.13 Managing non-performing assets

Non-performing loans may arise where the borrower has failed to meet some or all of its contractual obligations with the lender, including financial and non-financial metrics or where there is evidence that full repayment based on original or contractual terms is unlikely without the lender's realisation of collateral.

As a specialist manager of alternative assets, the Trustee has the experience and team capability to implement a wide number of strategies it deems optimal to seek to protect its position and which may include:

- disposing the loan in the secondary market;
- amending the contractual obligations contained in the loan agreement;
- repricing or restructuring a loan; and
- seeking additional capital from a borrower in the form of equity.

<sup>6</sup> Please note these are target gearing levels only and the Investment Manager has discretion to determine levels of gearing within the Fund from time to time, subject to Fund requirements and other factors the Investment Manager deems relevant.





# MANAGEMENT OF THE FUND

4.



## Section 4 : Management of the Fund

### 4.1 The Trustee

The Trustee of the Fund is 360 Capital FM Limited, a member of the 360 Capital Group.

The Trustee holds an AFSL (AFSL 221 474) issued by ASIC which, amongst other things, authorises it to act as the trustee of the Fund.

### 4.2 The Investment Manager

The Trustee will delegate the investment management of the Fund to the Investment Manager pursuant to the IMA.

The Investment Manager is 360 Capital Credit Management Pty Limited. The board of directors of the Investment Manager, along with their biographies, are set out below in Section 4.4 (Investment Manager Board).

The Investment Manager Board is responsible for all investment decisions, including to the development and implementation of investment policies and procedures and final approval of all investment decisions related to the Fund.

The Investment Manager Board meets on a quarterly basis with the members of the senior management team to review all loan investments, individually and at a portfolio level. The Investment Manager Board also has oversight of the strategic initiatives of the Fund. The Investment Manager is an authorised representative (no. 001281688) of the Trustee.

### 4.3 360 Capital Group

#### (a) Overview

360 Capital Group is an ASX-listed (ASX:TGP) investment and funds management group with a market capitalisation of approximately \$204 million<sup>7</sup>. The 360 Capital Group senior management team has an average of over 20 years' experience across the Australian real estate and funds management sectors.

360 Capital Group is approximately 33% owned by staff and Directors.

#### (b) Background

360 Capital Group manages four listed investment vehicles and a number of both registered and unregistered investment vehicles. 360 Capital Group has funds under management across real estate, private equity and credit. Funds under management total in excess of \$569m on behalf of over 9,500 investors.

### 4.4 Overview of Board of Directors and senior management

The Board of the Trustee comprises four Directors, three of whom are independent non-executive Directors, including the Chairman. The Board of 360 Capital is the same as the Board of the Trustee.



<sup>7</sup> As at 30 June 2021

Board of Directors of the Trustee



**David van Aanholt**  
Non-executive Chairman

David has over 30 years' experience in the property and funds management industry. Prior to establishing his own property group in 2007, David worked for the ASX listed Goodman Group where he was the chief executive officer (Asia Pacific) and was responsible for Goodman's operations in Australia, New Zealand, Hong Kong and Singapore. Prior to working for Goodman David held senior roles at Paladin Australia and CDH Properties (acquired by KPMG). David holds a Bachelor of Business (Land Economy), a Post Graduate Diploma in Management, a Master's in Business Administration and he is a Fellow of the Australian Property Institute. David is a non-executive director and chair of Kennard's Self Storage Group and a councillor at the University of New England where he sits on the audit and risk, finance and infrastructure, innovation and remuneration Committees.



**Tony Pitt**  
Managing Director

Tony is a founding Director of 360 Capital Group and has worked in the property and property funds management industries for over 20 years. As managing director, Tony is responsible for the Group's investments, strategic direction and overall Group strategy. Tony has overseen the IPO on the ASX of three AREITs since 2012 as well as the creation of various unlisted funds, undertaken various corporate acquisitions and disposals, mergers and acquisitions and the ASX listing of 360 Capital Group. Tony is currently a director of Dealt holdings Limited and is a Non-Executive Director of PMG Funds (New Zealand). Tony formerly held numerous senior roles and directorships at Mirvac Group, James Fielding Group and Paladin Australia. He also held positions at Jones Lang LaSalle and CB Richard Ellis. He graduated from Curtin University with a Bachelor of Commerce (Property), has a Graduate Diploma in Applied Finance and Investment from the Financial Services Institute of Australasia.



**Andrew Moffat**  
Non-executive Director

Andrew has in excess of 23 years of corporate and investment banking experience, including serving as a director of equity capital markets and advisory for BNP Paribas Equities (Australia) Limited. Andrew is the sole principal of Cowoso Capital Pty Ltd, a company providing corporate advisory services. Andrew is also a director of Sports Entertainment Group Limited (previously called Pacific Star Network Limited), ICP Funding Pty Ltd and IPD Group Limited. His past public company directorships include Rubik Financial Limited, Keybridge Capital Limited, CCK Financial Solutions Limited, itX Group Limited and Infomedia Limited.



**John Ballhausen**  
Non-executive Director

John is a financial services professional with over 35 years' experience. He is a founder of Quay Fund Services Limited providing trustee and responsible entity services to fund managers. He is also a non-executive director of Arctic Intelligence. John founded Rimcorp Property Limited and became its Managing Director. In 2008, Rimcorp was successfully sold with approximately \$100 million in funds under management spread over four registered property schemes. Before 2002 John held the position of chief investment officer with HIH Insurance, with responsibility for more than \$3 billion of funds across fixed interest, equities and property asset classes. John has a Bachelor of Commerce from the University of NSW, is a Fellow of the Financial Services Institute of Australasia and a Graduate of the Australian Institute of Company Directors.

Senior Management



**Glenn Butterworth**  
Chief Financial Officer

Glenn Butterworth is a key executive within the business and is responsible for all 360 Capital's financial management activities. Glenn has over 25 years' experience and joined 360 Capital from Mirvac where he spent 11 years, most recently as financial controller of the Mirvac's investment division where he was responsible for the Mirvac Property Trust, listed and wholesale managed funds and partnership structures and has a wealth of transactional and financial management experience. Glenn is a Chartered Accountant and holds a Bachelor of Commerce and commenced his career at Deloitte.



**Chris Chase**  
Head of Private Credit

Chris joined 360 Capital in 2019 and is responsible for the strategy and execution of the groups diversified credit strategy. Chris has over 15 years' experience in banking and corporate finance across Australia and Asia with significant experience in origination, structuring and portfolio management of diversified loan portfolios for mid-market and institutional borrowers. Chris has experience structuring and executing complex corporate lending transactions, including growth capital and leverage and acquisition finance across a range of industries including healthcare, telecommunications, retail, transport & logistics, business services, technology and diversified industrials. Prior to joining 360 Capital, Chris spent time at Macquarie Bank, CBA and ANZ within their corporate finance, corporate banking and institutional businesses. Chris holds a Bachelor of Business (Finance & Accounting) from the University of Technology.



**James Storey**  
Head of Real Assets

James has over 15 years' experience in real estate funds management with significant experience investing across debt, equity and corporate transactions. James was the Fund Manager of the 360 Capital Office Fund (ASX: TOF) and 360 Capital Industrial Fund (ASX: TIX) with a combined gross assets of over A\$1.1b and is currently the Head of Real Assets and Fund Manager of 360 Capital REIT (ASX:TOT). Prior to his tenure at 360 Capital, James held the role of Investment Manager at Brookfield Office Properties, Senior Analyst at Valad Property Group and worked for Ernst & Young within its Transaction Advisory Services team. James has a Bachelor of Business (Property Economics) from the University of Western Sydney and a graduate certificate of applied finance and investment. He is also a licensed real estate agent and qualified valuer.



Investment Manager Board



**Andrew Moffat**  
Non-executive Director

As previous.



**Tony McGrath**  
Managing Director

Tony McGrath has over 33 years of experience in corporate markets specialising in restructuring and insolvency. Tony began his career at KPMG before founding McGrathNicol in 2004, leading the firm to become a prominent national restructuring, insolvency and advisory business. Throughout his career, Tony has undertaken some of Australia's largest and most complex insolvencies including HIH Group of Companies, Great Southern Limited and Pan Pharmaceuticals. Tony has been the Chairman of McGrathNicol since 2004 and is currently a director of Servcorp Limited and a Commissioner of the National Rugby League. Tony also serves on a number of Not-for-Profit boards.



**Glenn Butterworth**  
Chief Financial Officer

As previous.

Credit Committee



**Philip McEwen**

Philip is a highly experienced structured financier with over 20 years of banking experience at Citibank, Westpac and AIDC Ltd. Philip has expertise in structuring complex debt transactions that have been funded in both the capital, bank and non-bank markets across numerous asset classes, including commercial and residential mortgages, auto and equipment loans and personal loans. Philip holds bachelor degrees in Commerce and Applied Science as well as a Graduate Diploma of Applied Finance and Investment. Philip is a Graduate of the Australian Institute of Company Directors.



**Andrew Moffat**

As previous.



**Brett Palmer**

Brett has a 40 year career in Banking, Insurance, Risk Management, and Professional Services, and has held senior roles with various ASX entities in the Banking / Financial Services, Infrastructure / Energy, Retail, Telecommunications, and Agribusiness sectors. In 2017 Brett established ABM Risk Partnership, a specialist consultancy working with Government, ASX listed, and privately owned organisations to help them improve their Risk Management competency and maturity. He holds various qualifications, is a graduate of the Australian Institute of Company Directors, and a Fellow of the Governance Institute of Australia.



# MARKET / INDUSTRY OVERVIEW

5.



5.1 What is private credit?

Private credit is the investment of funds to companies requiring debt capital. It is commonly provided to public and private companies in the form of a loan and can sit across the capital structure (i.e. senior secured or mezzanine). Private credit is generally for unrated or sub-investment grade companies and often augments other lending provided by traditional financial institutions. Private credit instruments are typically not issued or traded on public markets.

Funds are borrowed to meet a variety of capital requirements for companies including acquisition, capital expenditure and business investment and general working capital. The borrower enters into a legally binding contractual arrangement with the lender (in this case the Fund) to pay interest, principal and fees in relation to the loan. The borrower is obligated to repay the loan at a future date and in most cases is required to provide collateral (security) to support the loan. Collateral for loan obligations is provided in various forms and can include real property, other physical assets, company charge, shares of a company and guarantees.

Private credit funds can provide several advantages for investors, particularly higher yields than traditional investment-grade debt securities. Additionally, the breadth of offerings from their underlying loans offers investors a diverse spectrum of industry exposures and risk/return profiles.

There are a number of private credit investments which include direct lending to a borrower on a bilateral basis, or lending to a borrower by a group of different lenders with shared security (generally referred to as a syndicate).

Corporate borrowers are generally categorised as those borrowers that are not individuals or government (corporates and financial institutions) and can be both rated and unrated.

5.2 Credit market overview

The private credit market globally is a developed and mature source of capital for borrowers. The demand for private credit has been driven by several factors including macroeconomic changes since the global financial crisis (GFC) and increased global regulation of traditional banks and financial institutions. In addition to tighter lending standards being implemented globally, prudential requirements have forced traditional lenders to hold increasing levels of regulatory capital against risk weighted assets and reduced risk appetite.

As at December 2020 assets under management had passed US \$800 billion and it is estimated that private credit as an investment strategy will cross the us \$1 trillion threshold in 2021.

(a) Credit markets – Australia & New Zealand

The private credit market in Australia continues to develop and mature with assets under management passing \$100bn in 2020. According to research by EY, the Australian private credit market is expected to reach \$200bn by 2025.

The Australian loan market typically contains lending terms and conditions that are more favourable compared to US and European markets and typically attract higher risk premiums than US and European loans of similar quality. For example,

Australian and New Zealand large cap corporate loans are more likely to have senior ranking and contain undertakings that provide lender protections around debt repayment and restrictions on use of surplus free cash flow. This compares favourably to US and European loan documentation that often contain “cov-lite” or “no-cov” loan structures offering limited opportunities for lenders to enforce, in the event of a default or material deterioration in financial performance of the borrower. These structural protections provide a greater risk adjusted return in domestic loan markets, which has contributed to the significant capital inflows into the asset class over time. This has been coupled with the growing investor appetite for alternatives more broadly as markets have adopted the ‘lower for longer’ interest rate view.

Corporate liquidity and private equity dry powder globally is at historic highs of USD \$1.9 trillion, driving increased mergers and acquisition (M&A) activity and as a result, fuelling increases in corporate valuation multiples. These higher valuation multiples have created a widening funding gap and traditional lenders have diminishing appetite for leveraged buyout transactions. Private credit providers, with less regulated frameworks, are continuing to play a significant part in M&A financing as lending structures are increasingly moving to cov-lite frameworks and higher loan leverage multiples. Domestically, the financial services sector has followed the trends of US and European markets with regulatory change, falling interest rates and the remediation for financial misconduct, impacting the ability to meet corporate demand for credit.

Furthermore, proposed changes to capital adequacy requirements by APRA in late 2018, and the RBNZ in December 2019 has created an opportunity for alternative lenders to meet the demand left by major financial institutions, and it is anticipated the volume of private credit loans issued by both Australian and New Zealand NBFIs will significantly increase in the coming years to meet the credit requirements of corporates.

5.3 Characteristics of private credit

Private credit as an asset class is defined by non-bank lending where the loan is not issued or traded on a public exchange. Debt securities issued for long-term business financing (with maturities over 5 years) are commonly known as bonds. The key distinction between loans and debt securities is the ready tradability of the latter amongst investors.

The table below provides a comparison between the typical features of corporate loans and bonds:

Feature	Corporate loans	Corporate bonds
Secondary trading	Restricted	OTC / exchanges
No. investors	Single lender or syndicate	Broad division of ownership
Drawdown	Often have drawn and undrawn facility amount	Fully drawn upon issue
Credit rating	Available to rated and unrated	Typically rated
Typical tenure	1, 3 and 5 years	5, 7 and 10 years
Typical interest	Floating	Fixed
Typical seniority	Senior	Junior
Covenants	Yes	No
Typical investor	Banks and other deposit taking institutions	Institutional investors
Loan terms	Individually negotiable	Relatively standardised

(a) Seniority

Seniority is a critical form of capital protection for private lending as it provides a priority of payment of principal and interest in the event of a borrower default and enforcement scenario. As cash flows are distributed by borrowers to lenders, seniority governs the order and priority of these payments. Senior secured lenders are the first creditors to receive cash flows, with remaining cash flows then directed to junior/ mezzanine financiers and finally equity holders.

Seniority is critical during enforcement events where cash flow may be limited and may be insufficient to meet all lender payments and other obligations of the borrower (i.e. a senior

lender may continue to receive periodic interest payments in full at the expense of other subordinated lenders). To compensate for a lack of security and lower priority of cash flows, junior creditors and equity holders generally require higher returns to compensate for the increased risk of default. Seniority is the primary differentiator to traditional fixed income products such as corporate bonds, where bonds often have limited to no collateral and rank behind most senior and subordinated lenders.

(b) Security

Security or collateral as it is also commonly referred to, is the mechanism that provides a lender the legal right of enforcement over a borrower’s assets should a borrower not meet its contractual obligations to the lender. In the event a borrower does not meet its obligations (either monetary or non-monetary) the lender has the right under its loan documentation to take control of the assets that are the subject of the loan’s security and sell those assets and apply the proceeds to the payment of outstanding interest, principal and other costs.

(c) Covenants

Covenants, terms and conditions are non-monetary benchmarks designed to protect the lender’s interests by monitoring the financial and risk profile of the borrower. Terms and conditions contained within the loan documentation also prevent a borrower from undertaking certain activity that may change or effect the risk profile of the borrower, such as paying dividends to shareholders, making an acquisition or pledging encumbered security to other parties.

These non-monetary controls if breached, provide the lender the ability to review the contractual arrangements of the loan and in some cases provide the right to seek early repayment, amend interest rates or terms and conditions. Covenants, terms and conditions provide a timely reporting regime to monitor the credit profile of a borrower.

(d) Risk and return profiles

Private credit is generally more opportunistic in its nature, looking to capitalise on changes and dislocations in momentum across sectors where the supply and demand of capital is unbalanced. Private credit, while a debt instrument, can deliver a range of returns based on the underlying risk profile of the borrower. Returns vary based on the credit worthiness of a borrower which are benchmarked into categories of either investment grade or sub-investment grade.

A borrower’s risk profile is a function of several qualitative and quantitative factors that are a representation of a borrower’s credit quality and likelihood of default. There are several considerations that determine return requirements in private credit including:

- industry of the borrower;
- management expertise and track record;
- position in the capital structure;
- amount of financial leverage;
- access to alternate capital sources; and
- payment default risk.



Dependent on thorough due diligence conclusions, generally, higher risk borrowers (those that exhibit higher levels of potential payment default) attract risk premiums in excess of those that are considered at lower risk of default. In some cases, to generate enhanced returns, borrowers can grant lenders equity-style instruments such as preferred equity, options and warrants.

Although past returns do not predict future performance, based on their track record we believe that corporate debt investments (such as Australian corporate bonds and US private debt) offer a compelling risk-return proposition given their materially lower return volatility compared to equities, and anticipate these characteristics will apply to both Australian and New Zealand private credit investments.

A conservatively-managed private credit portfolio presents the following attractive characteristics for investors:

- Portfolio diversification.
- Low correlation to public markets.
- Attractive risk-adjusted returns in a low interest rate environment.
- Predictable and contractual returns based on interest rate charged.
- Lower risk than private equity, since debt sits higher than equity in the capital structure.
- Good alternative to fixed income investments.







RISKS

6.

6.1 Overview

This section describes the major risks that the Trustee believes are associated with an investment in the Fund. It does not purport to be an exhaustive list of every risk that may be associated with an investment in the Fund now or in the future.

The consequences associated with each risk are partially or completely outside the control of the Trustee and, if they were to eventuate, may adversely affect the future operating performance of, and the value of an investment in the Fund.

Before applying for Units, you should satisfy yourself that you have a sufficient understanding of the risks described in this section having regard to your own investment objectives, financial circumstances and taxation position. If you do not understand any part of this IM you should seek advice from your broker, solicitor, accountant, tax adviser or other independent and qualified professional adviser before deciding whether to invest in the Fund.

6.2 Risks Specific to the investment strategy

(a) Credit default risk

There are various factors which could adversely impact the ability of credit counterparties that have borrowed funds, to fulfil their payment obligations or which may cause other events of default.

These include but are not limited to changes in financial and other market conditions, interest rates, government regulations or other policies, the macro-economic environment, changes in law and taxation, natural disasters, terrorism, social unrest and civil disturbances.

As a result, borrowers may not fulfil their payment or other obligations in full, or at all, or may cause, or fail to rectify, other events of default under the loan. The Fund may, in these circumstances, suffer from reduced income and therefore have a reduced ability to pay distributions, as well as be required to exercise any contractual rights of enforcement that it has against the borrower, in order to recover its investment. As such, there is no guarantee that the Fund will be able to recover its investment, which may adversely impact an investment in the Fund.

(b) Interest rate risk

As a lender of debt facilities, the Fund may be exposed to fluctuations in interest rates. Central bank interest rates (RBA cash rate and RBNZ cash rate) are correlated to base rates, which are used as a basis to price corporate loans. Accordingly, any movement in interest rates may have an adverse effect on the Fund’s financial performance and position.

(c) Early repayment risk

The Fund will have exposure to private credit investments with a range of maturities, and it is possible that any of these facilities may be repaid earlier than anticipated. The extent of borrowers prepaying or refinancing their debt facilities, whether contractual or at their election, may be subject to general market conditions, borrower financial capacity amongst other factors, which may result in early repayment of principal, resulting in a lower return to the Fund than originally forecast.

(d) Risk of non-performing loans (NPLs)

Loan investments made by the Fund may become nonperforming for a variety of reasons, including non-payment of principal or interest, as well as non-financial breaches by the borrower. Such NPLs may require a substantial amount of workout negotiations or restructuring which may entail, among other things, substantial irrecoverable costs, a substantial reduction in the interest paid, a substantial write-down of the principal of the loan or a substantial change in the terms, conditions and covenants. However, even if a restructure of the NPL were to be successfully accomplished, there is potential risk that, upon maturity replacement “take-out” financing will not be available.

It is possible that the Fund may find it necessary or desirable to pursue (either itself of or through the appropriate counterparty) enforcement of an underlying security. Any enforcement process can be lengthy and expensive, which could have a material negative impact on the Fund’s anticipated return.

(e) Subordination risk

Certain subordinate or mezzanine investments to which the Fund may have exposure to, could typically be subordinated to or rank behind other senior credit providers. The ability of the Fund as a provider of such loans, to influence the borrower especially during periods of financial distress or following insolvency, is likely to be substantially less than that of senior creditors. In many cases, the remedies available in relation to breach of loan terms, including the ability to foreclose on any collateral securing such loan investments, will be subject to the rights of any senior lenders and contractual inter-creditor provisions.

In addition, certain subordinated loans which the Fund may have exposure to, may not be protected by financial covenants. As a result, the Fund may not be able to take the steps necessary to protect its investments in a timely manner or at all, which could reduce Unitholder distribution payments or the return of capital.

If the Fund is wound-up, Unitholders will rank behind secured and unsecured creditors of the Fund. If there is a shortfall of funds on winding-up, there may be a risk that Unitholders will receive less than the Unit Price they paid per Unit.

(f) Borrowing risk

The Trustee intends to borrow to finance its investment strategy. Depending on the arrangements with the financier, security may be pledged or granted over part or all of the assets of the Fund. A default under the terms of a facility agreement may result in the financier enforcing its security.

While the terms of any debt facility are unknown as at the date of the IM, it is very common for a financier to have the power under

a facility agreement to require the borrower to cease paying any distributions and instead to apply all income generated from the security asset towards the repayment of the loan facility and other operating costs. If a financier were to exercise this power, then an entity in which the Fund has invested may be prevented from making distributions to the Fund, which in turn would impact the Fund’s ability to make distributions to Unitholders.

In addition, providers of the borrowed funds could withdraw their funding and alternative funding sources may not be available, which may have a material impact on potential returns of the Fund from its investment in another entity.

If the Fund is wound-up, Unitholders will rank behind secured and unsecured creditors of the Fund. If there is a shortfall of funds on winding-up, there may be a risk that Unitholders will receive less than the NAV per Unit.

(g) Covenant risk

Covenants are often put in place by lenders to protect themselves from borrowers defaulting on their obligations due to financial underperformance. Where lending markets become competitive between credit providers, the level of covenant reporting in loan documents may be significantly reduced or not provided at all. Such loans are referred to as “covenant lite”.

The private credit investments to which the Fund could have exposure, may be made on such terms, which can carry more risk to the lender than traditional loans. As a result, the Fund may be exposed to a greater level of risk, which could adversely impact investment performance.

(h) Implementation of investment strategy

There is no guarantee that the implementation of the investment strategy will yield the Target Return. In addition, if the Fund is not fully invested, the Fund may not achieve the Target Return and the portfolio may not resemble the indicative investment strategy contemplated in this IM.

6.3 Risks Specific to the Fund

(a) Liquidity risk

Generally, Unitholders may only make a withdrawal request during the withdrawal window as determined by the Trustee. The Trustee will use reasonable endeavours to provide liquidity for withdrawals but there is no guarantee that Unitholders will be able to withdraw their investment at that time. A lack of liquidity may result in Unitholders being unable to withdraw any or all of your investment for a period of time.

(b) Dependence on key personnel

The Trustee depends on the skills and experience of its staff and employees. With only a small number of employees, it is essential that appropriately skilled staff be available in sufficient numbers to support the Trustee’s business. The Trustee requires staff to have a variety of skills and expertise, some of which may be considered niche specialties in which there are limited practitioners available for recruitment. While the Trustee has initiatives to mitigate this risk, the loss of key staff may have a negative impact on the Trustee. The loss of key staff to a competitor may amplify this impact.

(c) Dilution

Potential capital raisings undertaken in future by the Fund, may dilute the holdings of Unitholders. In the normal course of managing the Fund, the Trustee seeks to distribute income to Unitholders.

(d) Distributions may vary

The ability of the Fund to pay distributions is dependent upon the Fund having sufficient cash resources and distributable income. Amongst other matters, variances in the costs of operating the Fund may affect the level of income available for distribution, as well as the timing of distributions. As the Fund’s investment mandate is opportunistic and not definitive, it is not possible to quantify income and capital returns of any new investments.

(e) General fundamental exposures

Underlying risks in investments may include changes in Australian and international economic conditions, inflation, changes in interest rates, changes in equity market conditions, environmental concerns, regulatory/compliance issues, geopolitical instability or changes in investor sentiment.

(f) No operating performance history

The Fund is a newly formed entity with no financial, operating or performance history. The information in this IM about the investment objective of the Fund is not a projection nor the result of any simulated future performance. There is a risk the Fund’s investment objective will not be achieved.

(g) Availability of suitable investment opportunities

The performance of the Fund is to a large extent dependent on the ability of the senior management team within the Trustee to identify and source suitable investment opportunities. Such opportunities are subject to market conditions and other factors outside the control of the senior management team. Failure of the Trustee to identify, source and enter into suitable investments will adversely affect returns available to the Fund.

(h) Competitive landscape and action of others

The Fund will operate in a competitive landscape alongside other private credit funds with competing product offerings and geographic presence. In addition, the Fund may face competition from new entrants into the private debt market from competitors that may have significant advantages including greater name recognition, longer operating history, lower operating costs, pre-existing relationships with current or potential customers and greater financial, marketing and other resources. If competitor product offerings are perceived to be superior to the Fund’s, or competitors are able to offer more competitive offers, the Fund may lose existing or potential customers, which may materially adverse the performance of the Fund.

(i) Due diligence on investments

Some investments by the Fund may be made based on limited due diligence conducted only in respect of publicly available information. This may increase the risk of individual investments and could lead to material adverse effects on the performance of the Fund.





**(j) Currency and exchange rate risk**

The Fund may invest an amount of capital in foreign currency denominated assets. Investing in foreign currency denominated assets poses additional risks. The performance of foreign currency denominated assets can be adversely affected by the different political, regulatory and economic environments in countries where the investments are made, and fluctuations in foreign currency exchange rates may also adversely affect the value of foreign currency denominated assets. Furthermore, adverse political, economic, legal and tax, or social conditions in international markets may affect the value of the Fund's investments. Deriving income in overseas jurisdictions and returning that income to Australia may also give rise to tax inefficiencies and tax charges.

For New Zealand Wholesale Investors, the offer may involve additional currency exchange risk because the currency for the units is Australian dollars. Accordingly, the unit value will fluctuate according to NZD/AUD exchange rate changes and you will incur currency conversion costs.

**(k) Leverage and cash management risk**

The Fund has a target gearing level of between 10% to 20% of GAV and a maximum gearing level of 50% of GAV<sup>8</sup>. While the Fund's use of borrowing's will be predominantly for short term working capital and liquidity purposes, including the support of investment activity, this creates certain additional risks which can increase the potential loss to Unitholders. Where the Fund borrows money to support its investment activity, and in the event the Fund is not able to repay its finance provider, the Fund may be required to forfeit its assets in order to repay the debt owed. Further, where the Fund offers draw down facilities, and it does not have the cash available to meet its obligations, the Fund may be required to fund such shortfall by either borrowing or selling the loan in the secondary market (which may be at a loss to the market value of the loan). This situation may arise where the Fund experiences defaults in the portfolio or fails to manage its cash management appropriately.

**(l) Regulatory environment**

The Fund may be exposed to changes in regulations and legislation in domestic and foreign markets which it participates including but not limited to accounting, investments and taxation.

Any of these changes may adversely impact either the Fund, the Fund's investments or an investment in the Fund.

**(m) Valuation risk**

The value of the portfolio may be determined based on valuations determined by the Trustee in addition to third-party administrators. Given the Fund's investment strategy, the Fund may have exposure to debt investments and securities where publicly accessible market values may not be available, and the Trustee will have to rely on internal policies and procedures and their reasonable judgement to determine the fair value of such investments. No assurance can be given to the value determined by the Trustee and its affiliates or third party administrators, will represent the value that will be realised by the Fund.

**(n) Conflicts of interest risk**

The Trustee is also the responsible entity of other funds and clients not described in this IM. The Trustee and the Investment Manager are also both members of the 360 Capital Group. While the Trustee and the Investment Manager have implemented policies and procedures to identify and mitigate conflicts of interest, it is possible that the Trustee and/ or the Investment Manager may, in the course of its business, have potential conflicts of interest which may not be managed effectively and may be detrimental to the Fund and its Unitholders.

These conflicts could include the Trustee and/ or the Investment Manager having to decide which clients and funds it allocates investment opportunities to. In order to manage this conflict, the 360 Capital Group has a policy of allocating opportunities between those funds and clients for which the opportunity is considered appropriate and among such clients and funds proportional to their available capital for that opportunity.

Although the 360 Capital Group has implemented policies (which both the Trustee and the Investment Manager comply with), and the arrangements described in this IM are structured

in such a way to best manage conflicts, there can be no assurance that these systems and procedures will mitigate all conflict risks.

Please refer to section 9.3 for further information regarding the Conflicts of Interest and Related Parties Policy.

**(o) Concentration risk**

There is an increased risk associated with loans that are highly concentrated in terms of particular types of loans, or the location and activities of borrowers. It is likely that the Fund will initially lend to a single or small number of Borrowers.

## 6.4 General Investment Risks

**(a) Pandemic**

COVID-19 and other pandemics may impact the ability of borrows to meet their obligations in respect of loan arrangements.

While the impact of COVID-19 is not able to be forecast, there is a risk that the broad economic conditions caused by the pandemic may adversely affect the Fund, including the ability of borrowers to meet their obligations in respect of loan arrangements and the ability of the Fund to meet its own borrowing obligations (if it has borrowings), the Fund's distributions, the liquidity of the Fund (if there is an increase in withdrawal requests) or changes to legislation, regulations and government policies.

**(b) Bribery, corruption, or other improper acts**

The Trustee may incur fines or penalties, damage to its reputation or suffer other adverse consequences, if its Directors, officers, employees, consultants, agents, service providers or business partners (as applicable) violate, or are alleged to have violated, anti-bribery and corruption laws in any of the jurisdictions in which it operates.

The Trustee cannot guarantee that its internal policies and controls will be effective in each case, to ensure that it is protected from reckless or criminal acts committed by its Directors, officers, employees, consultants, agents, service providers or business partners (as applicable) that would violate Australian laws or the laws of any other country in which the Trustee operates.

Any such improper actions could subject the Trustee to civil or criminal investigations in Australia or overseas, could lead to substantial civil or criminal monetary and non-monetary penalties, and could damage the reputation of the Trustee. Even the allegation or appearance of improper or illegal actions could damage the reputation of the Trustee and result in significant expenditures in investigating and responding to such actions and may in turn have an adverse effect on future financial performance and position.

**(c) Litigation**

In the ordinary course of operations, the Trustee may be involved in disputes and possible litigation. These may include but are not limited to, disputes in relation to contractual

obligations and any legal claims or third-party losses. It is possible that a material or costly dispute, or litigation could affect the value of the assets or expected income of the Fund, which may have an adverse effect on an investment in the Fund.

**(d) Legal and regulatory matters**

There is the risk that changes in any law, regulation or government policy affecting the Fund's operations (which may have a retrospective effect) will have an effect on the asset portfolio or the Fund's performance. This may include changes to taxation regimes.

**(e) Forward-looking statements**

There can be no guarantee that the assumptions and contingencies on which the forward-looking statements, opinions and estimates are based will ultimately prove to be valid or accurate. The forward-looking statements, opinions and estimates depend on various factors, many of which are outside the control of the Trustee.

**(f) Tax rules**

There may be tax implications for Unitholders arising from investing in the Fund, the receipt of distributions (if any) and capital returns from the Fund, and on any disposal of Units. In addition, an investment in the Units involves tax considerations that may differ for each Unitholder.

Tax law is complex and is subject to regular change. Changes in tax law, including various proposed but as yet not enacted changes in tax law may adversely impact the Fund's future financial performance and position. Resulting changes in tax arrangements in addition, future changes to other laws and regulations or accounting standards, which apply to the Fund from time to time, could materially adversely affect the Fund's future financial performance and position.

For New Zealand Wholesale Investors, the offer may involve additional tax risks because of the different tax rules between Australia and New Zealand.

**(g) No guarantee in respect of investment**

The above list of risk factors should not be taken as an exhaustive list of the risks faced by the Fund or by Unitholders in the Fund. The above factors, and others not specifically referred to above, may materially affect the financial performance or position of the Fund and the value of the Units under the Offer. The Units issued under the Offer carry no guarantee in respect of profitability, distributions or return of capital.

**You should consult your professional adviser before deciding whether to apply for Units under the Offer.**

<sup>8</sup> Please note these are target gearing levels only and the Investment Manager has discretion to determine levels of gearing within the Fund from time to time, subject to Fund requirements and other factors the Investment Manager deems relevant.





# FEE S AND OTHER COSTS OF THE FUND

7.



## Section 7 : Fees and Other Costs of the Fund

### 7.1 Management Fee (see 7.2 and 7.3)

The aggregate fee charged to investors for the ongoing management and operation of the Fund is 0.85% p.a. of the GAV of the Fund. This is comprised of the Trustee Fee and the Investment Manager Fee as described below.

### 7.2 Trustee Fee

The maximum Trustee Fee payable to the Trustee under the Constitution is 0.85% p.a. of the GAV of the Fund. Despite this, the Trustee only intends to charge a Trustee Fee of 0.05% p.a. of the GAV of the Fund for its role in relation to the Fund (for so long as the Investment Manager is appointed). The Trustee Fee may be paid out of income or capital and is calculated and accrued daily, and is paid monthly in arrears for the life of the Fund.

If the Manager is removed and for the duration for which no replacement Investment Manager is appointed, then the Trustee may take the full Trustee Fee it is entitled to be paid under the Constitution.

### 7.3 Investment Manager Fee

The Investment Manager is entitled to be paid an Investment Manager Fee for its role in relation to the Fund under the investment management agreement (IMA), equivalent to 0.80% p.a. of the GAV of the Fund. This fee may be paid out of income or capital and will be calculated and accrued daily, and is paid monthly in arrears in accordance with the IMA.

### 7.4 Investment Manager Removal Fee

If the Investment Manager is removed as investment manager of the Fund by termination of the IMA or otherwise then it will be entitled to an Investment Manager Removal Fee calculated as follows:

- (a) If the Investment Manager is removed other than for a cause event within the meaning of the IMA (Cause Event), then an amount equal to 18 months of the Investment Manager Fee to which it is entitled (as described in section 7.3).
- (b) If the Investment Manager is removed for a Cause Event, then an amount equal to 6 months of the Investment Manager Fee to which it is entitled (as described in section 7.3).

This is in addition to all outstanding fees owed to the Investment Manager as at the time of its removal, all Fund related costs and expenses incurred by but not reimbursed to the Investment Manager, and charges and expenses incurred in enacting the handover to a replacement investment manager.

This fee is calculated as at the time of the Investment Manager's removal, and if payable must be paid for out of the assets of the Fund.

### 7.5 Costs and expenses

The Trustee and the Investment Manager are entitled to be paid or reimbursed for operating costs and expenses associated with the operation of the Fund, such as the costs associated with the administration or distribution of income, fund administration fees, fund registry fees, fees to service providers and other expenses properly incurred in connection with performing their duties and obligations in the day-to-day operation of the Fund.

The Trustee and/or the Investment Manager have incurred costs and expenses associated with establishing the Fund and preparing the IM, including (but not limited to) legal, tax, accounting, consultancy and advisory fees. The Trustee and/or the Investment Manager have paid these costs, but reserve the right to recoup them when they form the view the GAV of the Fund is such that it is in a position to pay them. If so then these costs and expenses will be paid for out of the assets of the Fund.

### 7.6 Professional services fees

If the Trustee, the Investment Manager or any of their associates provides additional services to the Fund in a professional capacity, then they will also be entitled to receive fees for providing these services in accordance with the terms of the Constitution. These fees will be charged on an arms' length basis in accordance with the market rates for those services at the relevant time.

### 7.7 Borrower Fees

From time to time, the Trustee or the Investment Manager may charge other fees in relation to loans made by the Fund. These fees are charged to the borrower and are not a cost of the Fund. These fees may include loan establishment fees, line fees and origination fees. The Trustee or the Investment Manager may receive these fees from the relevant borrowers, and in certain circumstances these fees may be retained within the Fund or paid to other entities within the 360 Capital Group.

### 7.8 Sub-trusts

The Fund may make investments via one or more sub-trusts, (whether wholly or partially owned) .

For the avoidance of doubt, the GAV of the Fund, for the purposes of calculating fees due to the Trustee and the Investment Manager, will include the value of such sub-trusts, adjusted, if relevant, to reflect the value of the Fund's investment in these entities.

### 7.9 Interposed vehicles

Any interposed entity into which the Fund has invested (such as a sub-trust or managed investment scheme) will not result in additional fees and costs to Unitholders in addition to those set out in this IM.

### 7.10 Waiver, deferral or rebate of fees

The Trustee and the Investment Manager may, in their absolute discretion, accept lower fees and expenses than they are entitled to receive, or may defer payment of those fees and

expenses for any time. If payment is deferred, then the fee will accrue until paid. They may also waive, negotiate or rebate our fees in respect of certain Unitholders, for example, in the case of a large investment amount.

If the Fund invests in another investment vehicle managed by 360 Capital, the Trustee and the Investment Manager will waive their fees so that the total look-through fee does not exceed 0.85p.a. of the Fund's GAV.

### 7.11 Fees to related parties

Members of the 360 Capital Group may also earn additional fees in relation to services with the Fund engages them to undertake from time to time on an arm's-length basis. Currently no such service arrangements exist other than as disclosed in this IM.

### 7.12 Buy/Sell Spread

The Buy Spread and Sell Spread is a fee to recover transaction costs incurred by the Fund and its underlying investments when acquiring and selling investments. The Buy Spread and Sell Spread are an additional cost to Unitholders but are held in the Fund and are not passed through to the Trustee or the Investment Manager.

As at the date of this IM, the Buy Spread is 0.20% and the Sell Spread is 0.20%. This amount may change from time to time as buy/sell spreads vary depending on the nature of the charges and the volume and types of assets being bought and sold.

The prevailing Buy Spread and Sell Spread are available by contacting the Registry.

The transaction costs for the Fund are not able to be accurately estimated at this point in time as they will be determined by, among other factors, the amount of capital raised and the types of loans entered into. Details of any future changes to transaction costs (including the Buy Spread and Sell Spread) will be available by contacting the Registry.

### 7.13 Goods and services tax

All fees quoted in this IM are quoted exclusive of GST.





# TAXATION INFORMATION

8.



# Section 8 : Taxation Information

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Neither the Trustee nor the Investment Manager provides financial or taxation advice. The Trustee and the Investment Manager have not obtained taxation advice specific to the Offer. As such, this IM does not address taxation issues which may be relevant to you. You must take full and sole responsibility for your investment in the Fund, the associated taxation implications arising from your investment and any changes in those taxation implications during the course of your investment.

**Before investing in the Fund, you should obtain your own independent tax advice, which takes into account your own circumstances. In particular, you should seek advice on income tax and interest withholding tax liabilities arising out of the investment.**





# ADDITIONAL INFORMATION

9.



Section 9 : Additional Information

9.1 Cooling Off Rights

No cooling off rights apply to an investment in the Fund.

9.2 Summary of material documents

The following is a summary of material documents relevant to the Fund. You should consider whether it is necessary to obtain independent advice on any of the documents.

(a) Constitution

The Constitution is the primary document governing the relationship between the Unitholders and the Trustee. It contains extensive provisions about the legal obligations of the parties and the rights and powers of each. Those rights are, in certain circumstances, also regulated by the Corporations Act and the general law.

Subject to the Constitution, Unitholders have the following rights:

- (a) The right to share in any distributions.
- (b) The right to attend and vote at meetings of Unit Holders.
- (c) The right to participate in the proceeds of winding up of the Fund.

The Constitution contains provisions about convening and conducting meetings of Unitholders.

The Trustee can amend the Constitution with approval by Special Resolution of Unitholders, or without approval if, the Trustee reasonably considers the change will not adversely affect Unitholders' rights.

The Trustee can be removed by Extraordinary Resolution of the Unitholders in certain circumstances, provided the Unitholders have, by Extraordinary Resolution, appointed a replacement trustee. These circumstances include where the Trustee is in material breach of its provisions which has had a material adverse effect on the Fund) engaged in negligence which has had a material adverse effect on the Fund or wilful misconduct or fraud or bad faith in connection with its obligations, or is insolvent. The Constitution is available for inspection at the offices of the Trustee, or you can request a copy free of charge. The Constitution includes provisions relating to the Trustee's right to fees, reimbursement and indemnity. Under the Constitution, Unitholders have a beneficial interest in the assets of the Fund but have no rights in relation to the management or operation of the Fund.

(b) Investment Management Agreement

The Trustee has appointed the Investment Manager to provide investment management services to the Fund pursuant to an investment management agreement (IMA).

The IMA contains provisions dealing with matters such as the Investment Manager's obligations to report to the Trustee, and the fees payable to the Investment Manager for its services.

The initial term of the IMA will be for a period of 10 years and will remain in force until the Fund is wound up, unless the IMA is terminated earlier in accordance with its provisions.

The Investment Manager's appointment can be terminated by

Special Resolution of the Unitholders in certain circumstances, provided the Unitholders have, by Special Resolution, appointed a replacement investment manager. These circumstances include where the Investment Manager is in material breach of its provisions, and, after a certain time that breach has not been remedied (if capable of being remedied) or the Investment Manager does not provide adequate compensation to the Trustee for any loss or damage resulting from the breach (if the breach is not capable of being remedied). The Investment Manager's appointment may also be terminated if it becomes insolvent.

If the Investment Manager's appointment is terminated then it will be entitled to a Manager Removal Fee, as described in section 7.4.

9.3 Conflicts of Interest and Related Party Policy

Actual or potential conflicts and related party matters will be considered by the Board in accordance with the Trustee's Conflicts Policy. The Conflicts Policy governs the way conflicts are managed, including:

- dealings with related parties;
- any proposal to acquire investments for the Fund or dispose of investments of the Fund, where any counterparty having a direct or indirect interest in the applicable property is:
  - o a related body corporate of any 360 Capital entity or any director of a 360 Capital entity or their associates; or
  - o any fund or account managed by a related body corporate of a 360 Capital entity; and
- any agreements between the Fund and a 360 Capital entity.

In addition, as 360 Capital manages a number of funds and investment vehicles, once 360 Capital has sourced a particular investment opportunity, it follows formal procedures to ensure that the asset or investment opportunity is offered to the most appropriate 360 Capital entity or fund based on the relevant fund's or entity's investment mandate. This means that assets or investment opportunities sourced by 360 Capital may not be exclusively offered to the Fund.

9.4 Interest on Application Monies

Application Monies held by the Trustee prior to the issue of Units may earn interest. Any interest earned on Application Monies, regardless of whether Application Monies are refunded to Applicants, will become an asset of the Fund and be paid to the Fund. No interest earned on Application Monies will be paid to individual Applicants.

9.5 Customer service and complaints

The Trustee is committed to striving for excellence in relation to its products and services and wants to ensure it responds to customers' concerns as quickly and efficiently as possible. Despite our best endeavours, we realise that complaints will occur from time to time and have in place comprehensive

internal and external complaints resolution processes to ensure they are resolved with minimum inconvenience to all parties. If you have a complaint, please contact us on 1300 082 130 (free call from within Australia) or +61 2 8016 2884 (from outside Australia) or email investor.relations@360capital.com.au.

We will either try to resolve your complaint or put you in contact with someone who is better placed to resolve the complaint. If you are not satisfied with the response you receive or if you wish to submit a written complaint, you may write to us at:

The Complaints Officer

360 Capital FM Limited  
Suite 3701, Level 37,  
1 Macquarie Place,  
Sydney NSW 2000

9.6 Privacy and Personal Information

You do not need to give us any personal information requested in the Application Form or in any other document or communication relating to the products or services we supply you. However, without this information, we may not be able to process your Application or provide you with an appropriate level of service. By completing the Application Form, you agree to 360 Capital Group:

- collecting, holding and using your personal information to process your Application as well as administering and managing the Fund. This includes monitoring, auditing and evaluating the Fund, modelling data, testing data, communicating with you and dealing with any complaints or enquiries;
- providing your personal information to other entities in the 360 Capital Group, as well as to external service providers situated in Australia or offshore, which provide services in connection with the Fund provided they agree to treat your information in accordance with the Privacy Act 1988 (Cth) (Privacy Act). These may include for example, mail houses or professional advisers;
- using your personal information to offer products or services that may be of interest to you, unless you request us not to (including for the purposes of the Spam Act 2003 (Cth), via commercial emails);
- supplying your financial adviser with information about your investment if a financial adviser's stamp appears on an Application Form or there is evidence of their status; and
- disclosing your personal information to other parties if we believe that the law requires or permits us to do so, or to any person proposing to acquire an interest in our business, provided they agree to treat your information in accordance with the Privacy Act.

Other entities in the 360 Capital Group may use your personal information to offer products or services that may be of interest to you unless you request us not to allow this. Should you not wish to receive this information, please email investor.relations@360capital.com.au.

We will not sell your personal information to other organisations to enable them, to offer products or services to you. Information you provide in an Application Form is collated by the Fund's

Registry. The Registry's privacy policy can be viewed on its website [www.boardroomlimited.com.au](http://www.boardroomlimited.com.au).

Under the Privacy Act, you may request access to any of your personal information that we hold. You can contact us to make a request relating to the privacy of your personal information by contacting:

The Compliance Officer

360 Capital FM Limited  
Suite 3701, Level 37,  
1 Macquarie Place, Sydney NSW 2000

A copy of the 360 Capital Groups' Privacy Policy can be found at [www.360capital.com.au/privacypolicy](http://www.360capital.com.au/privacypolicy).

9.7 Anti-Money Laundering and Counter-Terrorism Financing

The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) (AML Law) is aimed at addressing money laundering in Australia and the threat to national security caused by terrorism. This legislation requires us to collect identification information from you and to verify your identity from original or certified copies of specified documents. Further details of the anti-money laundering regime, including what identification information and documentation you are required to provide, are set out in the Application Form of this IM. By applying for Units, you agree to the following:

- (a) you will supply, or procure the supply of, any documentation and other evidence and perform any acts to enable the Trustee to comply with AML Law;
- (b) if we suspect that you are in breach of AML Law applicable in Australia or elsewhere, or we believe it is required to take action under AML Law or any other applicable law in Australia or elsewhere, we may take any action we consider appropriate, including transferring your Units and refusing or ceasing to provide you with services, in order to comply with AML Law or any request of a relevant authority; and
- (c) we may, in our absolute discretion, with or without notice to you, disclose or otherwise report the details of any transaction or activity, or proposed transaction or activity, in relation to the Fund (including any personal information, as defined in the Privacy Act that you may have provided to us) to any reporting body authorised to accept reports under any laws relating to the AML Law applicable in Australia or elsewhere.

9.8 Foreign Tax Compliance Disclosure

The Foreign Account Tax Compliance Act (FATCA) is legislation of the United States of America (US) that enables the US Internal Revenue Service to identify and collect tax from US residents that invest in assets through non-US entities. The Organisation for Economic Co-operation and Development's (OECD) Common Reporting Standards for Automatic Exchange of Financial Account Information (CRS) is a similar global regime aimed at collecting and reporting on an investor's tax status.



If you are a foreign resident for tax purposes, then you should note the Fund will comply with its FATCA and CRS obligations by collecting, retaining and reporting about certain investors to the ATO.

If requested by the Trustee, Unitholders agree, and it is a condition of the issue of Units, to provide certain information required in order to comply with any applicable law, including FATCA and CRS.

9.9 ESG Policy

The Trustee will follow the 360 Capital Group's approach to environmental, social and governance (ESG) issues. 360 Capital Group takes a systematic approach to integrating ESG labour and ethical factors in the selection, retention or realisation of investments relating to the Fund. 360 Capital Group's objective for integrating ESG factors into its investment processes are to:

- ensure the companies and assets into which it invests on behalf of its clients', respect and ideally benefit, their stakeholders, society and the environment; and
- enhance investment returns and protect value for its clients.

With respect to any loans the Fund will provide to New Zealand borrowers only, the Trustee will adopt a responsible investment framework to ensure its investments comply with relevant local and international laws, including adherence to international ethical or reputational risk of a given investment, including in key topic areas such as labour rights, environmental management, bribery and corruption, and excluding investments according to the framework referenced below.

360 Capital Group looks at a range of ESG standards and uses a range of tools and methodologies to assist it with decision making. The 360 Capital Group bases its judgement regarding ESG factors on its own research as well as third party research, respecting that ESG topics are often diverse and vary over time. Further information on 360 Capital Group's ESG policies can be found on our website [www.360capital.com.au](http://www.360capital.com.au).

Glossary

\$ or A\$ or cents	Australian currency.
360 Capital or 360 Capital Group	The stapled entity comprising 360 Capital Group Limited ACN 113 569 136 and 360 Capital Investment Trust ARSN 104 552 598 and each of their subsidiaries.
AEST	Australian eastern standard time being the time applicable in Sydney, New South Wales, Australia.
Acquisition Units	A unit in the Fund issued in the class known as 'acquisition units' as described in Section 2.7.
AFSL	Australian Financial Services Licence.
AML Law	The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) and any other applicable anti-money laundering or counter-terrorism financing laws of any country including, without limitation, any applicable laws imposing "know your customer" or other identification checks or procedures to which the Trustee is subject pursuant to the laws of any country in respect of the Fund.
Applicant	A person who applies for Units under the Offer.
Application	An application to subscribe for Units under the Offer, made by an Applicant using an Application Form.
Application Form	The paper and electronic application form enclosed with, attached to or accompanying this IM.
Application Monies	Monies paid by an Applicant in respect of their subscription for Units in the Fund.
Application Price	The price at which a Unit is issued at a point in time.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited ACN 008 624 691 or the market operated by it as the context requires.
Board or Board of the Trustee	The board of Directors of the Trustee.
Business Day	A day other than a Saturday or Sunday on which trading banks are open for general banking business in Sydney and Melbourne and the ASX is conducting trading in Sydney and Melbourne.
Buy Spread	The estimate of transaction costs associated with buying investments. The Application Price at investment can differ from the Unit price because of the Buy Spread.
Cause Event	Has the meaning ascribed to it in the IMA.
CGT	Capital Gains Tax.
Constitution	The constitution establishing the Fund dated 28 October 2021 as amended from time to time.
Corporations Act	Corporations Act 2001 (Cth) as amended from time to time.
Director	A director of the Trustee.
Extraordinary Resolution	Means a resolution that has been duly passed by at least 50% of the total votes that may be cast by Unitholders entitled to vote on the resolution (including Unitholders who are not present in person or by proxy).
FMCA	Financial Markets Conduct Act 2013 (NZ), as amended from time to time.
Fund	360 Capital Private Credit Fund .
FY	Financial year.

<b>GAV</b>	Gross asset value.
<b>GST</b>	Goods and services tax (Australia).
<b>IM</b>	This document.
<b>IMA</b>	The investment management agreement between the Trustee and the Investment Manager, dated on or about the date of this IM (as may be amended from time to time).
<b>Investor</b>	A person considering an investment in the Fund.
<b>Investment Manager</b>	360 Capital Credit Management Pty Limited ACN 637 706 060.
<b>Investment Manager Board or Board of the Investment Manager</b>	The board of directors of the Investment Manager.
<b>Investment Manager Fee</b>	The fee to which the Investment Manager is entitled for the services it provides to the Fund (as described in Section 7).
<b>Investment Manager Removal Fee</b>	The removal fee to which the Investment Manager may be entitled pursuant to the IMA.
<b>NAV</b>	Net asset value.
<b>NTA</b>	Net tangible assets.
<b>Offer</b>	The offer of Units under this IM.
<b>Qualifying Investors</b>	Means a Wholesale Client or a Wholesale Investor.
<b>Registry</b>	Boardroom Pty Limited ACN 003 209 836.
<b>Sell Spread</b>	The estimate of transaction costs associated with selling investments. The Withdrawal Price at withdrawal can differ from the Unit price because of the Sell Spread.
<b>Special Resolution</b>	Means a resolution that has been duly passed by at least 75% of the votes cast by Unitholders entitled to vote on the resolution.
<b>Target Return</b>	6.00% after fees and costs but before taxes earned by the Fund (this is a target only and may not be achieved. Future returns are not guaranteed and a loss of principal may occur).
<b>TFN</b>	Tax file number.
<b>TGP</b>	The ASX code of 360 Capital.
<b>Trustee</b>	360 Capital FM Limited ACN 090 664 396 AFSL 221 474.
<b>Trustee Fee</b>	The fee to which the Trustee is entitled for the services it provides to the Fund.
<b>Unit</b>	An ordinary unit in the Fund.
<b>Unitholder</b>	A person who holds Units.
<b>Wholesale Client</b>	A wholesale client for the purposes of the Corporations Act.
<b>Wholesale Investor</b>	A wholesale investor for the purposes of the FMCA.
<b>Withdrawal Price</b>	The price at which a Unit is redeemed at a point in time.

## Corporate Directory

### Trustee

#### 360 Capital FM Limited

ACN 090 664 396, AFSL 221 474

### Directors of Trustee

David van Aanholt

Andrew Moffat

John Ballhausen

Tony Pitt

### Company Secretary

Kimberley Child

### Registered Office

Suite 3701, Level 37,

1 Macquarie Place,

Sydney NSW 2000

### Contact Information

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Outside Australia: +61 2 8016 2884

Online: [www.360capital.com.au](http://www.360capital.com.au)

### Legal Adviser

Hamilton Locke

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Sydney NSW 2000

### Registry

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360 Capital



Identifying  
strategic investment  
opportunities.

[360capital.com.au](http://360capital.com.au)