

360 Capital



360 Capital Enhanced Income Fund

PRODUCT DISCLOSURE STATEMENT | OCTOBER 2020

Responsible Entity and Issuer:

360 Capital FM Limited ABN 15 090 664 396 AFSL 221 474
Offer of Units at \$5.94 per Unit to raise a maximum of \$70.0 million

ARSN 115 632 990

RESPONSIBLE ENTITY



AFSL Licence 221474

LEAD ARRANGER AND JOINT LEAD MANAGER



AFSL Licence 221474

JOINT LEAD MANAGER



AFSL Licence 236048

CO-MANAGER



AFSL Licence 243480

Important Notice

Responsible Entity and Issuer

360 Capital FM Limited ABN 15 090 664 396, AFSL 221 474 is the responsible entity (**Responsible Entity**) of the 360 Capital Enhanced Income Fund ARSN 115 632 990 (**Fund**).

The Fund is an Australian registered managed investment scheme and the Responsible Entity is the issuer of this document which is a Product Disclosure Statement (**PDS**) for the purposes of Part 7.9 of the Corporations Act. This PDS has been prepared in respect of a capital raising. The ASX code for the Fund is TCF.

PDS

This PDS is dated 11 November 2020 and a copy of this PDS was lodged with the Australian Securities and Investments Commission (ASIC) on that date.

Neither ASIC nor the ASX (or their respective officers) take any responsibility for the contents of this PDS or the merits of the investment to which this PDS relates. Units issued under this PDS will be issued by the Responsible Entity on the terms and conditions set out in this PDS.

No cooling-off rights

No cooling-off rights apply to a subscription for Units under the Offer. This means that an Applicant cannot withdraw an Application once it has been accepted.

Obtaining a copy of this PDS

A paper copy of this PDS is available free of charge to any person in Australia before the closing date of the Offer by calling the 360 Capital Information Line on 1300 082 130 (within Australia) or +61 2 8016 2884 (from outside Australia) between the hours of 8.15 am and 5.30pm Monday to Friday AEST (excluding public holidays).

An electronic copy of this PDS may be accessed at www.360capital.com.au. If you access the electronic version of this PDS, you should ensure that you download and read the entire PDS.

Note to prospective investors

The information contained in this PDS is not financial product advice. This PDS has been prepared without reference to your investment objectives, financial situation and particular needs. It is important you read this PDS carefully and in its entirety before making a decision whether to invest. In particular, you should consider the risk factors that could affect the performance of the Fund. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues) and seek professional guidance from your broker, solicitor, accountant, financial or other professional adviser before deciding whether to invest. Some of the key risk factors that should be considered by prospective investors are set out in section 6 of this PDS. There may be risk factors in addition to these that should be considered in light of your personal circumstances. You should also consider the risk factors that could affect the Fund's business, financial condition and results of operations.

No performance guarantee

Neither the Responsible Entity, nor its associates or Directors, nor any other person named in this PDS guarantees the performance of the Fund, the repayment of capital or any particular rate of capital or income return. While the Responsible Entity is a subsidiary of 360 Capital, neither 360 Capital nor its other subsidiaries guarantee performance by the Responsible Entity of its obligations as the Responsible Entity and are not responsible for any information in this PDS.

Forward looking statements

This PDS contains forward looking statements. These statements can be identified by the use of words such as 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'predict', 'guidance', 'plan' and other similar expressions. Indications of, and guidance on, future earnings and financial position and performance are also forward looking statements.

Preparation of these forward looking statements was undertaken with due care and attention. However, forward looking statements are subject to known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Fund to be materially different from those expressed or implied in such forward looking statements.

Some of the risk factors that impact on forward looking statements in this PDS are set out in section 6. No assurance can be provided that actual performance will mirror the guidance provided.

Other than as required by law, none of the Responsible Entity, its associates or their respective directors, officers, employees or advisers or any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in this PDS will actually occur. You are cautioned not to place undue reliance on those statements.

No Investment Advice

The information contained in this PDS is not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs.

Before deciding to invest in the Fund, you should read this PDS in its entirety. You should take into account all risk factors referred to in this PDS (including those in section 6) and consider whether acquiring Units represents an appropriate investment in view of your personal circumstances. You should carefully consider your particular investment objectives, financial circumstances and investment needs (including financial and taxation issues) and you should seek advice from your professional adviser before deciding whether to invest. You should consider the risk factors that could affect the financial performance of the Fund. There is no guarantee that the Units offered under this PDS will provide a return on capital, lead to payment of distributions or that there will be any increase in the value of the Units. If you wish to apply for Units you must do so using the Application Form.

Application Form

Applications for the Units under this PDS may only be made on either printed copy of the Application Form attached to or accompanying this PDS or via the electronic Application Form attached to the electronic version of this PDS, available on the Fund Website. The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to a hard copy of the PDS or the complete and unaltered electronic version of the PDS. The Responsible Entity is entitled to refuse Applications for the Units under this PDS if it believes that the Applicant did not receive the Offer in Australia or New Zealand.

Electronic PDS

This PDS will be available and may be viewed online at www.360capital.com.au. The information on the website does not form part of this PDS.

The Offer pursuant to this PDS is available to persons receiving an electronic version of this PDS within Australia and New Zealand. The Offer made under this PDS is only available to persons receiving this PDS in Australia and New Zealand. The Responsible Entity is entitled to refuse an Application if it believes the Applicant did not receive the Offer in Australia or New Zealand.

Any person accessing the electronic version of this PDS for the purpose of making an investment in the Fund must only access the PDS from within Australia and New Zealand. Applications for Units may only be made on either a printed copy of the Application Form attached to or accompanying this PDS or via the electronic Application Form attached to the electronic version of this PDS, available at www.360capital.com.au.

Units to which this PDS relates will only be issued on receipt of an Application Form issued together with the PDS, whether it will be by a printed copy or an electronic Application Form.

Privacy

The Responsible Entity, the Fund, the Registry on its behalf, may collect, hold, use and disclose personal information to process your Application, service your needs as a Unitholder, provide facilities and services that you request and carry out appropriate administration of your investment. This means that the Fund will need to collect your personal information (for example, your name, address and details of the Units that you hold). Under the Corporations Act some of this information must be included in the Fund's unit register, which will be accessible by the public.

The Responsible Entity will only use and/or disclose your personal information for the purposes for which it was collected, other related purposes and as permitted or required by law. If you do not wish to provide this information, the Responsible Entity and the Registry may not be able to process your Application.

The Responsible Entity and the Registry may also share your personal information with agents and service providers of the Fund or others who provide services on the Fund's behalf, some of which may be located outside of Australia where personal information may not receive the same level of protection as that afforded under Australian law.

For more details on how the Responsible Entity collects, stores, uses and discloses your information, please read the Fund's Privacy Policy located at www.360capital.com.au. Alternatively, you can contact the 360 Capital Information Line by telephone on 1300 082 130 (within Australia) or +61 2 8016 2884 (outside Australia) from 8:15am to 5:30pm AEST, Monday to Friday (excluding public holidays) and you will be sent a copy of its Privacy Policy free of charge. It is recommended that you obtain a copy of this Privacy Policy and read it carefully before making an investment decision.

By completing an Application Form or authorising a broker to do so on your behalf, or by providing the Responsible Entity with your personal information, you agree to this information being collected, held, used and disclosed as set out in this PDS and the Fund's Privacy Policy (located at www.360capital.com.au).

The Fund's Privacy Policy also contains information about how you can access and seek correction of your personal information, complain about a breach by the Responsible Entity of the Australian privacy laws, and how the Responsible Entity will deal with your complaint.

The Responsible Entity aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact the Responsible Entity or the Registry if any of the details you have provided change.

Note to Applicants

The Lead Arranger, Joint Lead Managers and the Co-Manager will together manage the Offer on behalf of the Responsible Entity. Cambridge Investment Partners Pty Limited (ABN 74 637 415 402, acting as authorised representative under AFSL 221 474) (Cambridge Investment Partners) is acting as the Lead Arranger and Joint Lead Manager to the Offer. Shaw and Partners Limited (ABN: 24 003 221 583, AFSL 236048) (Shaw and Partners) is acting as a Joint Lead Manager to the Offer.

Bell Potter Securities Limited (ABN 25 006 390 772, AFSL 243480) (Bell Potter) is acting as a Co-Manager. The Lead Arranger, Joint Lead Managers, Co-Manager and other brokers which procure valid applications from Wholesale Investors are entitled to fees from the Responsible Entity, in its personal capacity (as set out in Section 10.2). No fees are payable with respect to valid applications in respect of retail investors.

The Lead Arranger, Joint Lead Managers and Co-Manager do not guarantee the success or performance of the Fund or the returns (if any) to be received by investors. Except to the extent provided by law none of the Lead Arranger, Joint Lead Managers or the Co-Manager is responsible for, or has caused the issue of, this PDS.

No offer where Offer would be illegal

This PDS does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Units in any jurisdiction outside Australia and New Zealand. The distribution of this PDS outside Australia and New Zealand may be restricted by law and persons who come into possession of this PDS outside Australia and New Zealand should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law.

Foreign jurisdictions

This PDS has been prepared to comply with the requirements of Australian law and is only being made to investors resident in Australia and New Zealand. This PDS does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. Distribution of this PDS outside of Australia and New Zealand (whether electronically or otherwise) may be restricted by law. Persons who receive this PDS outside of Australia and New Zealand are required to observe any such restrictions. Failure to comply with such restrictions may mean you are in violation of applicable securities laws. Unless otherwise agreed with the Responsible Entity, any person subscribing for Units under the Offer shall by virtue of such subscription be deemed to represent that they are not in a jurisdiction which does not permit the making of an offer or invitation as detailed in this PDS and are not acting for the account or benefit of a person within such jurisdiction.

None of the Responsible Entity, the Lead Arranger, the Joint Lead Managers, the Co-Manager nor any of their respective directors, officers, employees, consultants, agents, partners or advisers accepts any liability or responsibility to determine whether a person is able to participate in the Offer.

Important Notice (continued)

Updated information

Information in this PDS may need to be updated from time to time. Any updated information that is considered not materially adverse to investors will be made available on the website www.360capital.com.au and the Responsible Entity will provide a copy of the updated information, free of charge to any investor who requests a copy by contacting 360 Capital on Tel: 1300 082 130 (between 8:15am to 5:30pm Sydney time Monday to Friday). Any changes to the Offer timetable including closing the Offer early will be made via the website: www.360capital.com.au and ASX announcement.

In accordance with its obligations under the Corporations Act, the Responsible Entity may issue a supplementary PDS to supplement any relevant information not disclosed in this PDS. You should read any supplementary disclosures made in conjunction with this PDS prior to making any investment decision.

Date of information

If this PDS states or implies a state of affairs, unless stated otherwise, that state of affairs will be in place as at the date of this PDS or prior to completion of the Offer.

Rights and obligations attached to the Units

Units issued under the Offer will be fully paid and rank equally with existing Units from allotment, including in respect of distributions.

Details of the rights and obligations attached to the Units issued under the Offer are summarised in section 7.6 and set out in the Constitution. A copy of the Constitution is available, free of charge, on request from the Responsible Entity.

Miscellaneous

Photographs and diagrams used in this PDS that do not have descriptions are for illustration only and should not be interpreted to mean that any person in them endorses this PDS or its contents or that the assets shown in them are owned by the Fund.

References in this PDS to currency are to Australian dollars unless otherwise indicated. All data contained in charts, graphs and tables within this PDS are based on information available as at the date of this PDS unless otherwise stated.

Certain terms and abbreviations in this PDS have defined meanings that are set out in the Glossary in this PDS.

Defined terms and financial information

Certain terms used in this PDS have been defined in the Glossary of this PDS commencing on page 70. Unless otherwise stated or implied, references to times in this PDS are AEST. Unless otherwise stated or implied, references to dates or years are financial year references.

All financial and operational information contained in this PDS is stated as at the date of this PDS, unless otherwise specified. Currency amounts are in Australian dollars unless otherwise stated.

Any discrepancies between totals and sums and components in tables contained in this PDS are due to rounding.

Questions

If you have any questions about the PDS, please call 1300 082 130 (within Australia) or +61 2 8016 2884 (from outside Australia) between the hours of 8:15am and 5:00pm Monday to Friday AEST (excluding public holidays).

New Zealand Investors

Important Additional Information

If you are a New Zealand Unitholder, 360 Capital FM Limited is required to provide the following additional information to you under New Zealand law.

Warning Statement

1. This Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Cth) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.
2. This Offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Aust) and the regulations made under that Act set out how the offer must be made.
3. There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.
4. The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.
5. Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this Offer. If you need to make a complaint about this Offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.
6. The taxation treatment of Australian financial products is not the same as for New Zealand financial products.
7. If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

Additional Warning Statement: Currency Exchange Risk

1. The Offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.
2. If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

Additional Warning Statement: Trading on a Financial Product Market

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

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Key Offer Information

Key Offer Details¹

	\$70 million Offer size²
ASX Code	TCF
Offer Price per Unit	\$5.94
Number of Units available under the Offer	11,784,512
Maximum proceeds from the Offer ³	\$70,000,000
Existing market capitalisation of the Fund	\$8,120,000
Market capitalisation at completion of the Offer	\$78,120,000
Pro forma NTA per Unit	\$5.94

Key dates⁴

PDS Lodgement Date	11 November 2020
Priority Offer Record Date	9 November 2020
Priority Offer, Broker Firm and General Offer open date	11 November 2020
Priority Offer closes (5.00pm AEST)	7 December 2020
Broker Firm and General Offer closes (5.00pm AEST)	9 December 2020
DvP Settlement	16 December 2020
Allotment of Units under the Offer	17 December 2020
Expected dispatch of holding statements	18 December 2020
Expected commencement of trading in Units (on a normal settlement basis)	21 December 2020

How to invest

Applications for Units can only be made by completing and lodging the Application Form enclosed with, attached to or otherwise accompanying this PDS with the Registry. Instructions on how to apply for Units are set out in section 7 of this PDS.

¹ Refer to section 5 for important information relating to the Fund's pro forma balance sheet, including the relevant assumptions and sensitivities. Section 6 sets out some of the key risks of investing in the Fund.

² The Responsible Entity reserves the right to raise a lesser amount under the Offer.

³ The proceeds of the Offer received by the Responsible Entity will equal the number of Units made available multiplied by the Offer Price per Unit.

⁴ These dates are indicative only and are subject to change. The Responsible Entity reserves the right to close all or part of the Offer early or to extend or cancel all or part of the Offer without notice. If the date the Offer closes is varied, subsequent dates may also be varied accordingly. Investors are encouraged to submit their Application Forms as soon as possible.

Section 1 : Investment Overview

The key features, benefits and risks set out in this section are a summary only. You should read this entire PDS before completing an Application Form as the PDS 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.

Key feature

Fund overview

What is the Fund?	360 Capital Enhanced Income Fund (ASX: TCF) (previously Australian Enhanced Income Fund (ASX code AYF)) is an ASX listed Australian registered managed investment scheme that has, since its inception in 2006, been committed to generating above market returns across various listed and unlisted fixed income products.	Section 2
What is the Fund's objective?	The investment objective of the Fund is to generate secure income to investors of 6.00% ¹ (Target Return) per annum (net of fees, costs and taxes incurred by the Fund) once the Fund is fully invested, paid monthly through the development of a diversified, lowly-correlated portfolio of private credit loan transactions across Australia and New Zealand.	Section 2.2
What is the Fund's investment strategy?	The Fund's investment strategy under the Responsible Entity is to invest in the full product scope of private credit loan instruments including senior secured floating rate notes, fixed rate securities, subordinated securities, and unlisted private debt with diversification by issuer, sector, geography and maturity ² .	Section 2.3
What is the Fund's current portfolio?	<p>The Fund has historically invested in hybrid securities, convertible notes and subordinated securities of large corporates and predominantly financial institutions. The Fund adopted a new investment strategy after the Responsible Entity was approved as responsible entity of the Fund on 9 September 2020.</p> <p>Prior to the Responsible Entity being appointed as responsible entity of the Fund, the Fund's assets were disposed of and the Fund currently holds cash.</p>	
What is the Fund's proposed portfolio?	<p>Under the new investment strategy, the Responsible Entity is targeting investments in private credit loan transactions.</p> <p>The Responsible Entity has a pipeline of non-binding indicative private credit loan transactions in advanced negotiations. Should any of the pipeline transactions, or any other transaction become binding during the Offer Period, the Responsible Entity will provide notice of the relevant transaction by announcement on the ASX and on its website, www.360capital.com.au.</p>	Section 2.4
What is the Fund's valuation policy?	The NAV of the Fund is expected to be calculated monthly (although the Responsible Entity retains the discretion to calculate the NAV of the Fund quarterly or otherwise) by deducting from the total value of the assets of the Fund all liabilities, which includes declared but unpaid distributions, calculated in accordance with the Australian Accounting Standards.	Section 11.6

¹ The Target Return is a target only and may not be achieved. Future returns are not guaranteed and a loss of principal may occur.

² The Fund may invest via sub-trusts.

Key feature		More Information
Liquidity	<p>While the Fund is listed on the ASX Units are not able to be redeemed except under the Corporations Act or a buy-back of Units under the Corporations Act. As the Fund is admitted to the official list of the ASX and Units are quoted on the ASX, Unitholders are able to sell their Units on the ASX, subject to there being sufficient buyers at a price satisfactory to the selling Unitholder, ASX being open for trading and Units not being suspended from trading.</p> <p>As the Fund is listed on the ASX, Units are not able to be redeemed except where stipulated under the Corporations Act.</p> <p>As at the date of this PDS the Responsible Entity does not offer any liquidity to Unitholders, however, the Responsible Entity may offer liquidity alternatives in the future.</p>	
Responsible Entity and 360 Capital		
Who is the responsible entity of the Fund?	<p>The Responsible Entity of the Fund is 360 Capital FM Limited, which is a member of 360 Capital.</p> <p>The Responsible Entity holds an Australian Financial Services Licence (AFSL) which authorises it to, amongst other things, act as the responsible entity of the Fund.</p> <p>The Responsible Entity is responsible for the management and administration of the Fund.</p>	Section 3
Who are the Directors of the Responsible Entity?	<p>The Board of the Responsible Entity comprises five Directors, four of whom are independent non-executive Directors, including the Chairman.</p> <ul style="list-style-type: none"> • The Directors of the Board of the Responsible Entity are: • David van Aanholt – Independent Chairman; • Tony Pitt – Managing Director; • Andrew Moffat – Independent Director; • John Ballhausen – Independent Director; and • Graham Lenzner – Independent Director. 	Section 3.3
What are the key responsibilities of the Responsible Entity?	<p>The key responsibilities of the Responsible Entity in relation to the Fund include:</p> <ul style="list-style-type: none"> • strategic oversight; • financial management and administration; • investment evaluation and implementation; and • governance and regulatory compliance. 	-
What fees will the Responsible Entity receive?	<p>All the costs of operating the Fund are payable out of the assets of the Fund.</p> <p>The Responsible Entity is entitled to a management fee of 0.85% per annum of the gross asset value of the Fund.</p> <p>The Responsible Entity is entitled to reimbursement for all expenses incurred in the operation of the Fund.</p>	Section 8
Who is 360 Capital?	<p>360 Capital is an ASX-listed (ASX: TGP) investment and funds management group that manages eight listed and unlisted investment vehicles and has funds under management in excess of \$400m on behalf of over 9,500 investors. As at the date of this PDS, 360 Capital has a market capitalisation of approximately \$190m and over \$75m of co-investments in the funds it manages.</p> <p>The 360 Capital senior management team has an average of over 20 years' experience across the Australian real estate, corporate finance and funds management sectors.</p>	Section 3

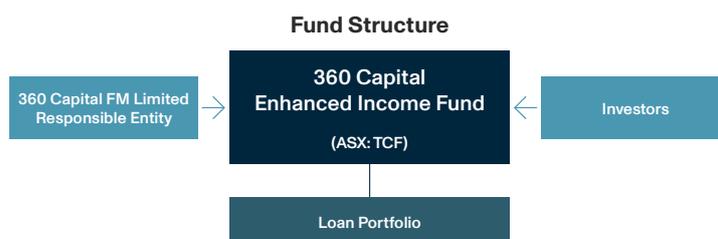
Section 1 : Investment Overview (continued)

Key feature		More Information												
Will any related party have an interest in the Fund or the Offer?	Yes, the 360 Unitholder currently owns 639,958 Units representing 44.8% ownership of the existing Units, which is in line with 360 Capital Group's philosophy of long-term co-investment alongside Unitholders. At completion of the Offer, it is expected that the 360 Unitholder's holding will be diluted to approximately 5% (assuming that \$70.0 million is raised under the Offer). This number may change based on the amount raised under the Offer and any further redemption that occurs.	Section 7.5 and 10.8												
Overview of the Offer														
What is the Offer?	The Offer of Units to raise a maximum of \$70.0 million at \$5.94 per Unit. The Responsible Entity reserves the right to raise a lesser or greater amount under the Offer.	Section 7												
How will the proceeds of the Offer be used?	Based on the \$70.0 million Offer amount, the proceeds of the Offer will be applied to: <table border="1" style="margin-top: 10px;"> <thead> <tr style="background-color: #1a3d4d; color: white;"> <th>Source of funds</th> <th>\$70m Offer size</th> </tr> </thead> <tbody> <tr> <td>Offer</td> <td style="text-align: right;">70.0</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">70.0</td> </tr> </tbody> </table> <table border="1" style="margin-top: 10px;"> <thead> <tr style="background-color: #1a3d4d; color: white;"> <th>Use of funds</th> <th>\$70m Offer size</th> </tr> </thead> <tbody> <tr> <td>Private credit loan transactions</td> <td style="text-align: right;">70.0</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">70.0</td> </tr> </tbody> </table> <p>The Responsible Entity expects for capital to be deployed in loan investments from January 2021, and to be fully invested by 30 June 2021.</p>	Source of funds	\$70m Offer size	Offer	70.0	Total	70.0	Use of funds	\$70m Offer size	Private credit loan transactions	70.0	Total	70.0	Section 7
Source of funds	\$70m Offer size													
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Use of funds	\$70m Offer size													
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Total	70.0													
How is the Offer structured and who can participate?	The Offer will comprise: <ul style="list-style-type: none"> • Priority Offer - \$5.0m, which will be open to Priority Unitholders. Under the Priority Offer, each Priority Unitholder will be entitled to subscribe for new Units in an unlimited amount, as at the Priority Record Date; • 360 Capital Priority Offer - \$5.0m, which will be open to 360 Capital Priority Unitholders. Under the 360 Capital Priority Offer each 360 Capital Priority Unitholder will be entitled to subscribe for new Units, in an unlimited amount, as at the Priority Record Date; • Broker Offer- \$60.0m, which will be open to persons who have received a firm allocation from their stockbroker or financial adviser; and • General Offer, any new Units not applied for under the Priority Offer, 360 Capital Priority Offer or the Broker Offer will form part of the General Offer. The General Offer is open to any new Retail Clients or Wholesale Clients. The Responsible Entity reserves the right to accept applications under the General Offer at its discretion. 	Section 7												
What is the impact of the Offer on the Fund?	The effect of the Offer on the financial position of the Fund is detailed in section 5. The Offer will result in the 360 Unitholder being diluted from approximately 44.8% ownership to approximately 5% ownership of the Fund (assuming that \$70.0 million is raised under the Offer).	Section 5 and 7.5												
Can the Offer be withdrawn?	Yes, the Responsible Entity reserves the right to withdraw all or parts of the Offer or close it early. If the Offer is withdrawn, the Responsible Entity will refund all Application Monies in full, without interest.	Section 7.9.2												
What is the Minimum Application?	The Minimum Application under the Offer is 500 Units and in increments of 100 Units thereafter. The Responsible Entity reserves the right to accept Applications for lesser amounts and to aggregate Applications it believes may have been made by the same Applicant.	Section 7 and 8.5												

Key feature		More Information
What is the allocation policy?	The Responsible Entity has absolute discretion regarding the allocation of Units to Applicants under the Offer and may reject an Application, or allocate fewer Units than applied for, in its absolute discretion.	Section 7.7
When can I sell my Units?	It is expected that Units issued under the Offer will trade on 21 December 2020, on a normal settlement basis. It is the responsibility of Applicants to confirm their allocation of Units prior to trading in Units. A Unitholder who sells their Units before they receive their holding statements does so at their own risk.	–
How can I apply for Units?	Details of how to apply for Units are set out in section 7.	Section 7
When will I know if my Application has been accepted?	Holding statements confirming your allocation of Units under the Offer are expected to be dispatched on or around 18 December 2020.	–
Is there a cooling off period?	No. Cooling-off rights do not apply to an investment in Units pursuant to this Offer. However, you can offer your Units for sale on the ASX once they begin trading (trading of Units on a normal settlement basis is expected to commence on or about 21 December 2020).	Section 7.11
Who is the Lead Arranger to the Offer?	The Responsible Entity has appointed Cambridge Investment Partners Pty Limited as Lead Arranger.	Section 10.2
Who are the Joint Lead Managers to the Offer?	The Responsible Entity has appointed the following firms as Joint Lead Managers: • Cambridge Investment Partners Pty Limited; • Shaw and Partners Limited.	Section 10.2
Who is the Co-Manager to the Offer?	The Responsible Entity has appointed Bell Potter Securities Limited as Co-Manager.	Section 10.2

Structure of the Fund

How is the Fund structured? Section 2.6



Key highlights

Attractive financial metrics³

Financial Metrics	\$70m Offer size
Annualised Target Return	6.00%
Pro-forma NTA per Unit	\$5.94
Gearing	0%

The Fund will offer Unitholders:

- Monthly distributions;
- Expected liquidity through ASX listing;
- Diversified exposure to a portfolio of well secured corporate loans, agnostic to industry; and
- Defensive investment through the Responsible Entity's selection process, policies and risk protocols seeking to preserve capital and minimise loss.

³ Refer to section 5 for important information relating to the Fund's pro forma balance sheet, including the relevant assumptions and sensitivities. Section 6 sets out the risks of investing in the Fund.

Section 1 : Investment Overview (continued)

Key feature		More Information				
What are some of the key risks associated with an investment in the Fund?	<p>By way of summary, key risks include:</p> <ul style="list-style-type: none"> • Credit default risk – the risk that a borrower will default; • Interest rate risk – the risk market interest rates change may reduce the Fund return; • Early repayment risk – the risk of early repayment of a loan reducing the Fund return; • Risk of non-performing loans – the risk that loans do not perform as expected; • Subordination risk – the risk that a Fund loan ranks behind other creditors for payment; • Covenant risk – the risk that a loan may not meet its covenant obligations under any loan agreement; • Implementation of investment strategy – the risk that the Responsible Entity is unable to implement the investment strategy or implement the investment strategy in the optimal manner; • Dependence on key personnel – the risk that key personnel in the Responsible Entity depart; • Dilution risk – the risk that subsequent capital raisings may dilute investors; • Capital raising and scale - the risk that the Fund will not raise the target of \$70m under the Offer; • Pipeline and diversification - the risk that the Fund will not invest in assets in line with the investment strategy;; • Currency and exchange rate risk – the risk that the currency exchange rate movements may adversely affect the performance of the Fund; and • General fundamental exposures – the risk that economic and market conditions adversely affect the Fund and the performance of its assets. 	Section 6				
Financial Information						
What is the pro forma NTA per Unit?	<p>The Fund will have a pro forma NTA of approximately \$78.5m or \$5.94⁴ per Unit upon completion of the Offer.</p>	Section 5				
What will be the gearing and hedging policies of the Fund?	<p>The Fund will have gearing of 0% at the close of the Offer. The Fund may however, from time to time, take on gearing for liquidity and working capital purposes. Gearing in the Fund will not exceed 30% of the GAV of the Fund.</p> <p>The Fund may from time to time incorporate hedging activities as the Responsible Entity deems appropriate depending on the nature of the investments held by the Fund.</p>	Section 8				
Distributions						
What is the Fund's Target Return?	<p>The Fund's Target Return is:</p> <table border="1" data-bbox="437 1675 1214 1749"> <thead> <tr> <th data-bbox="437 1675 831 1704">Annualised earnings and distributions</th> <th data-bbox="1034 1675 1214 1704">\$70m Offer size</th> </tr> </thead> <tbody> <tr> <td data-bbox="437 1715 576 1744">Target Return</td> <td data-bbox="1129 1715 1214 1744">6.00%</td> </tr> </tbody> </table> <p>Distributions are expected to be made monthly at the Responsible Entity's discretion from the month ending 31 March 2021.</p> <p>The Target Return is only an annualised target and may not be achieved. Actual distributions will be monitored against the Target Return. The Target Return will be formally reviewed at least annually (as at the end of each financial year) and any change to the Target Return will be notified by way of ASX announcement.</p>	Annualised earnings and distributions	\$70m Offer size	Target Return	6.00%	Section 5
Annualised earnings and distributions	\$70m Offer size					
Target Return	6.00%					

⁴ Pro forma NTA will be \$5.94 based on a \$70 million Offer size.

Key feature		More Information
What is the Fund's distribution policy?	<p>The Responsible Entity intends to pay distributions monthly commencing from March 2021. Distributions will be paid at the discretion of the Responsible Entity and may depend on a number of factors, including future earnings.</p> <p>Distributions are not guaranteed and are at the discretion of the Responsible Entity.</p>	Section 2.13
Taxation implications		
What are the tax implications from making an investment in the Fund?	<p>Participation in the Offer may have taxation implications for investors. These implications will differ depending on the individual circumstances of each investor who participates in the Offer.</p> <p>An analysis of income tax implications applicable to investors is outlined in section 9. The advice is general in nature and investors should seek and only rely upon their own professional taxation advice in relation to their own position.</p>	Section 9
Corporate Governance		
What are the governance arrangements for the Fund and who will be responsible for them?	<p>The Board of the Responsible Entity has established governance arrangements to ensure that the Fund is effectively managed in a manner that is properly focused on its investment objectives and the interests of Unitholders as well as conforming to regulatory and ethical requirements.</p> <p>The Fund has an independent credit committee which endorses transactions for review by the Investment Committee.</p> <p>The Investment Committee reviews the suitability of transactions, their consistency with the Fund's investment strategy and the impact of the transaction on the portfolio more holistically.</p>	Sections 2.7 and 11
Will the Fund hold annual general meetings?	<p>The Fund is not required to hold annual general meetings. General meetings will be held by the Fund when required.</p>	–
Offer Costs		
What are the fees and costs associated with the Offer?	<p>Total expenses (which include professional advisory fees, printing costs and listing fees) in relation to the Offer are expected to be approximately \$1.15m. The 360 Capital Group will bear all the fees and costs associated with the Offer.</p>	Section 8
Who will pay the fees under the Offer Management Agreement?	<p>The 360 Capital Group will pay fees to the Lead Arranger, Joint Lead Managers, and Co-Manager in respect of applications by Wholesale Clients under the Offer Management Agreement.</p>	Section 10.2
Is there any brokerage commission or stamp duty payable by Applicants?	<p>No brokerage, commission or stamp duty is payable by Applicants who apply for Units using an Application Form.</p> <p>The 360 Capital Group will pay fees to the Joint Lead Managers in respect of applications by Wholesale Clients. If you buy or sell Units on ASX, you may have to pay brokerage and other transaction costs. Under current legislation, there is no stamp duty payable on the sale or purchase of securities on ASX provided that no investor (together with any related or associated persons or other persons in an associated transaction for the purposes of stamp duty law) holds 90% or more of the securities.</p>	Section 7.15 and 8
Other information		
Where can I find out further information about the Offer?	<p>If you have any questions please contact the 360 Capital information line on 1300 082 130 (within Australia) or +61 2 8016 2884 (from outside Australia) or email investor.relations@360capital.com.au.</p>	–
What procedures are in place to deal with complaints?	<p>The Responsible Entity has implemented a Complaints Handling Policy that has been prepared in accordance with Australian Standards. The Responsible Entity has established a complaints resolution procedure and is a member of the Financial Ombudsman Service (FOS). The Board monitors compliance with the Responsible Entity's Complaints Handling Policy.</p>	Section 11.9

Section 2 : About the Fund

2.1 Overview

The Fund is an Australian managed investment scheme, registered with ASIC on 19 August 2005, under Chapter 5C of the Corporations Act. The Fund is listed on the Australian Securities Exchange with the ticker code TCF.

2.2 Investment Objective

The investment objective of the Fund is to generate the Target Return⁵ to investors of 6.00% p.a. (net of fees, costs and taxes incurred by the Fund) once the Fund is fully invested, paid monthly (**Target Return**). The Fund aims to achieve this by the development of a diversified, lowly-correlated portfolio of private credit loan transactions across Australia and New Zealand.

2.3 Investment Strategy

Through active origination and management, the Funds 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;
2. Subordinated and Mezzanine Loans; and
3. Enhanced Return Strategy.

The Fund does not intend to source loans in the secondary market.

The Responsible Entity reserves the right to change the investment strategy from time to time should it be in the best interests of Unitholders.

2.3.1 Senior Secured Loans

Senior Secured Loans rank first in security over cash flow, assets and payments. Loans will be made directly to borrowers on a bi-lateral basis or syndicated basis. 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.

2.3.2 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 (PIK) interest.

2.3.3 Enhanced Return Strategy

The Enhanced Return Strategy (**ERS**) will access a broad range of loan types and will include senior and subordinated loans. In some cases, the Fund will invest in loans where an equity-like instrument is included in the transaction structure (including

convertible notes, options, warrants and preferred equity) and such instruments will comprise the ERS. It is anticipated that the ERS will generate higher yields, but as a result, assume a higher level of risk compared to the Senior Secured Loans and Subordinated and Mezzanine Loans within the portfolio.

The Fund expects to invest in loan assets and does not intend to invest in any equity. Given the nature of the ERS, the Fund may, from time to time, hold equity like investment products it holds. However, the Fund does not intend to hold any controlling equity positions in a borrower. Up to 30% of the GAV of the Fund may be invested in this loan strategy.

Varying weightings ranges will be allocated to each strategy, based on the individual assessment of risk and return outlined further in Section 2.5.

Further detail on each loan instrument is described in Section 4.3.

2.4 Proposed Portfolio

Under the new investment strategy, the Responsible Entity is targeting investments in private credit loan transactions, with an active portfolio currently being negotiated with a number of potential borrowers. The Responsible Entity is mandated on certain of these transactions and is in ongoing negotiations with other borrowers to finalise mandates for proposed financings.

The proposed portfolio comprises a group of borrowers that have extensive operating histories, proven management teams and operating models that can trade through economic cycles. The proposed portfolio comprises senior loans, secured over the assets of each potential borrower which is expected to provide an annual return of 6.00%, net of fees and costs but prior to tax.

The Responsible Entity has a pipeline of non-binding indicative private credit loan transactions in advanced negotiations. Should any of the pipeline transactions, or any other transaction become binding during the Offer Period, the Responsible Entity will provide notice of the relevant transaction by announcement on the ASX and on its website, www.360capital.com.au.

2.5 Target Portfolio Construction

The Fund intends to invest 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.

Target parameters for loan type will be aligned to the loan strategies as follows:

Investment Strategy	Parameter
Senior Secured Loans	50 - 100%
Subordinated and Mezzanine Loans	0 - 30%
Enhanced Return Strategy	0 - 30%

⁵ The Target Return is a target only and may not be achieved. Future returns are not guaranteed and a loss of principal may occur.

The Fund's investment strategy composition depicted above is illustrative only and is based on the Responsible Entity's current expectations but may not reflect the actual allocation of the Fund's investments. As the Fund is not a fund-of-fund strategy, it is anticipated that a Fund deployment period of up to 6 months will be required to fully deploy the capital.

The investment strategies will be diversified with exposure to a single borrower limited to no more than 10% of the GAV of the Fund (on a fully allocated basis). The assets will have further diversification by industry, geography and credit profile. The portfolio will be comprised primarily of Australian and New Zealand small and mid-market enterprises. The Fund does not intend to have investment exposures in any other offshore markets,

nor does it intend to invest in other funds.

The Responsible Entity 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 Fund will have diversification across industry with a maximum of 20% of the Fund's GAV allocated to any given sector; however, subject to market dynamics, this may be exceeded from time to time, at the discretion of the Responsible Entity.

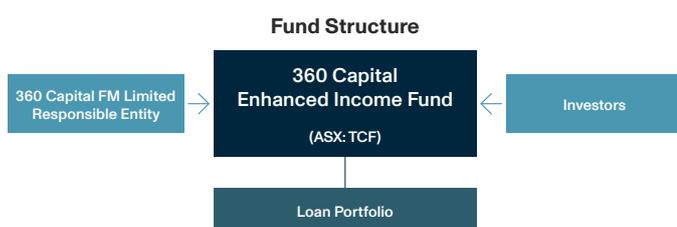
The table below is indicative of the intended characteristics of each investment strategy of the Fund:

	Senior Secured Loans	Subordinated & Mezzanine Loans	Enhanced Return Strategy
Strategy Limit	50-100%	0-30%	0-30%
Target Weighting	85-100%	0-10%	0-5%
Target Loan Returns	4-8%	8-15%	>15%
Risk Profile	Low	Low-Medium	Medium
Typical Loan Size	\$5-30m	\$5-20m	\$2m+
Credit Quality	Investment & Sub-Investment Grade	Sub-Investment Grade	Sub-Investment Grade
Typical Loan Leverage	2-4x	3-5x	Various
Term	3-5 years	1-3 years	6 months +
Security	1st Ranking GSA 1st Mortgage	2nd Ranking GSA Intercreditor Agreements	2nd Ranking GSA Warrants, Options, Preferred Equity
EBITDA \$5-\$50m			
Enterprise Value \$50-\$500m			
M&A, Capex, Growth Capital			

The investment strategy may change from time to time and the investments of the Fund may differ from that set out above.

2.6 Fund structure

A diagram showing how the Fund is structured with the corporate entities that operate and govern the Fund is shown below⁶.



⁶ The Fund may invest via sub-trusts.

2.7 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 Public Equity. 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.

Section 2 : About the Fund

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.

Origination

- Market Sourced Transactions
- Direct Borrower Relationships with strong corporate history
- Advisory Referrals through networks
- Multi platform origination through: AMF Finance, Dealt, other 360 Funds

Indicative Terms

- Transaction Structuring and Financial Modelling
- New Transaction Brief to Management Team for indicative support
- Indicative Term Sheet issued to client containing key terms and conditions
- Term Sheet Negotiations and mandate

Due Diligence

- Detailed Financial Model and downside analysis
- In depth management discussions
- Market Participant scanning and consultation
- Third Party Due Diligence including Financial, Tax, Legal and Operational

Credit Approval

- Preparation of Credit Submission along with Committee endorsement recommended to Investment Committee
- Description of Transaction, Investment Analysis, Due Diligence findings, Risks & Mitigants
- Presented to Credit Committee for Endorsement to Investment Committee

Investment Committee Approval

- Credit Submission along with Committee endorsement recommended to Investment Committee
- Appropriateness of Investment considered in light of overall fund return, capital availability, risk profile and alignment with Fund Strategy

Documentation

- Externally prepared Legal Documentation in the form of Facility Agreement
- Negotiations on terms and conditions with external counsel
- Execution of necessary security documents including Registered Mortgage and Specific Security Agreements

Financial Close & Portfolio Monitoring

- Proactive Investment Monitoring
- Ongoing relationship management with borrowers including regular management meetings
- Monitoring of compliance with financial covenants and key terms
- Quarterly Investment Committee Meetings

2.7.1 Credit Committee

A 3-member independent credit committee, comprised of experienced banking and finance professionals, review each transaction ensuring in depth financial analysis of risks and mitigants. If a transaction is endorsed by the credit committee it is further reviewed by the investment committee.

2.7.2 Investment Committee

The investment committee is comprised of independent and executive members with the primary function of reviewing a transactions suitability for the Fund, its consistency with the Fund's investment strategy and the impact of the transaction on the portfolio more holistically.

2.8 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 (including Real Estate lending), Private Equity and Public Equity.

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 thesis 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.

2.9 Due diligence and investment selection

360 Capital Group 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 Credit Paper and referred to the Fund's credit committee for endorsement. The Fund's credit committee comprises independent members with significant corporate and risk management experience. The credit committee's primary role requires detailed assessment of the Credit Paper and associated diligence material.

Following endorsement of the proposed loan from the Fund's credit committee, investment opportunities are referred to the investment committee for final approval. The investment committee opines on the suitability of the investment opportunity and its alignment to the Fund's strategy, as set out by the Fund.

2.10 Ongoing portfolio management

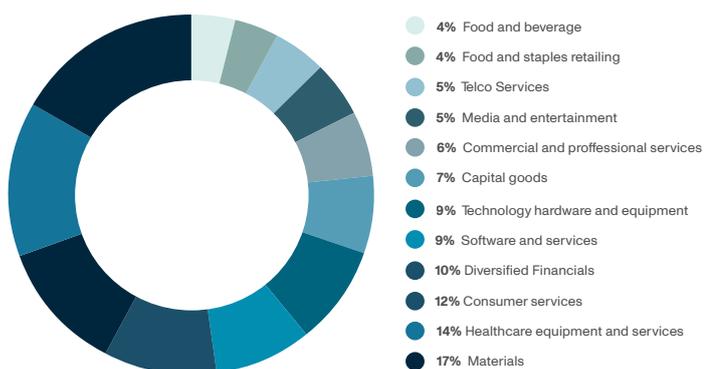
The Responsible Entity will undertake regular portfolio and loan position monitoring. Each loan investment will be subject to a bespoke set of terms, conditions and covenants, with specific reference to the borrower's risk profile, industry and financial performance.

The Responsible Entity 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 Responsible Entity engages 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 Responsible Entity will undertake quarterly investment committee meetings, to monitor the portfolio of loans.

2.11 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 investment portfolio is expected to be diversified by industry and by sector. An example portfolio sector diversification is outlined below. Please note that this example is illustrative only, and may not reflect the Fund portfolio's diversification, following implementation.



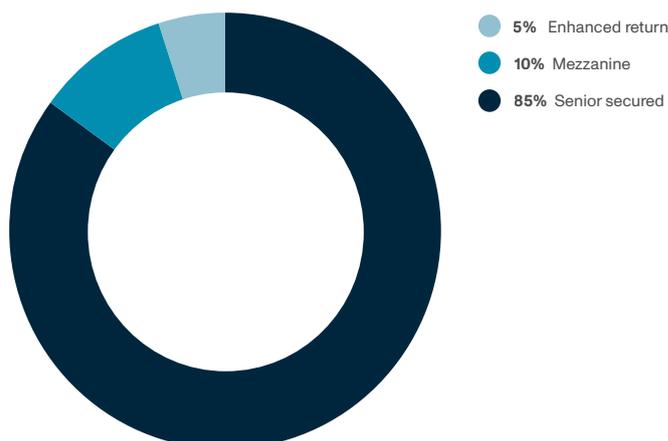
The Fund's sector focus, includes but is not limited to, the detail below:

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

Once capital is fully deployed, the exposure of the Fund to any single industry⁷ is not expected to exceed 20% of the Fund's GAV, however may be exceeded from time to time, at the Responsible Entity's discretion.

2.12 Loan-type exposure

Portfolio diversification by loan type



Note: The Fund does not anticipate positions in equity or distressed debt, however from time to time may hold equity like debt instruments.

2.13 Distribution policy

The Responsible Entity has full discretion with regard to the distribution policy for the Fund and has the objective of paying regular monthly distributions to Unitholders. In some circumstances, the Responsible Entity may also pay distributions at other times. It is also the Responsible Entity's distribution policy to distribute 100% of the distributable income on an annual basis.

It is expected that Unitholders will begin receiving ongoing monthly distributions from 31 March 2021. Distributions are expected to be paid before the end of the following month.

The Responsible Entity can provide no guarantee as to the extent of future distributions, as these will depend on a number of factors including earnings, financial conditions, future prospects and other factors the Responsible Entity deems relevant.

Distributions received by Unitholders are generally regarded as assessable income and calculated based on distributable income attributable to the Units at the end of the distribution period divided by the number of Units on issue. Distributions received by Unitholders will be primarily comprised of ordinary income rather than capital gains for Australian tax purposes. Unitholders should review the Taxation summary set out in Section 9 of this PDS.

⁷ as defined by S&P GICS Level III classification.

2.14 Capital management

The Responsible Entity will periodically review the capital structure of the Fund and, where considered appropriate, undertake capital management initiatives which may involve the issue of other Units (through placements, pro-rata issues, etc.) or the buy-back of Units.

2.15 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 alternative assets manager, the Responsible Entity 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;
- Amend 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.



Section 3 : Management of the Fund

3.1 The Responsible Entity

The Responsible Entity of the Fund is 360 Capital FM Limited. The Responsible Entity is a member of the 360 Capital Group.

The Responsible Entity holds an AFSL (AFSL 221 474) issued by ASIC which, amongst other things, authorises 360 Capital FM Limited to act as the responsible entity of the Fund.

3.2 360 Capital

3.2.1 Overview

360 Capital is an ASX-listed (ASX:TGP) investment and funds management group with a market capitalisation of approximately \$190m. The 360 Capital senior management team has an average of over 20 years' experience across the Australian real estate and funds management sectors.

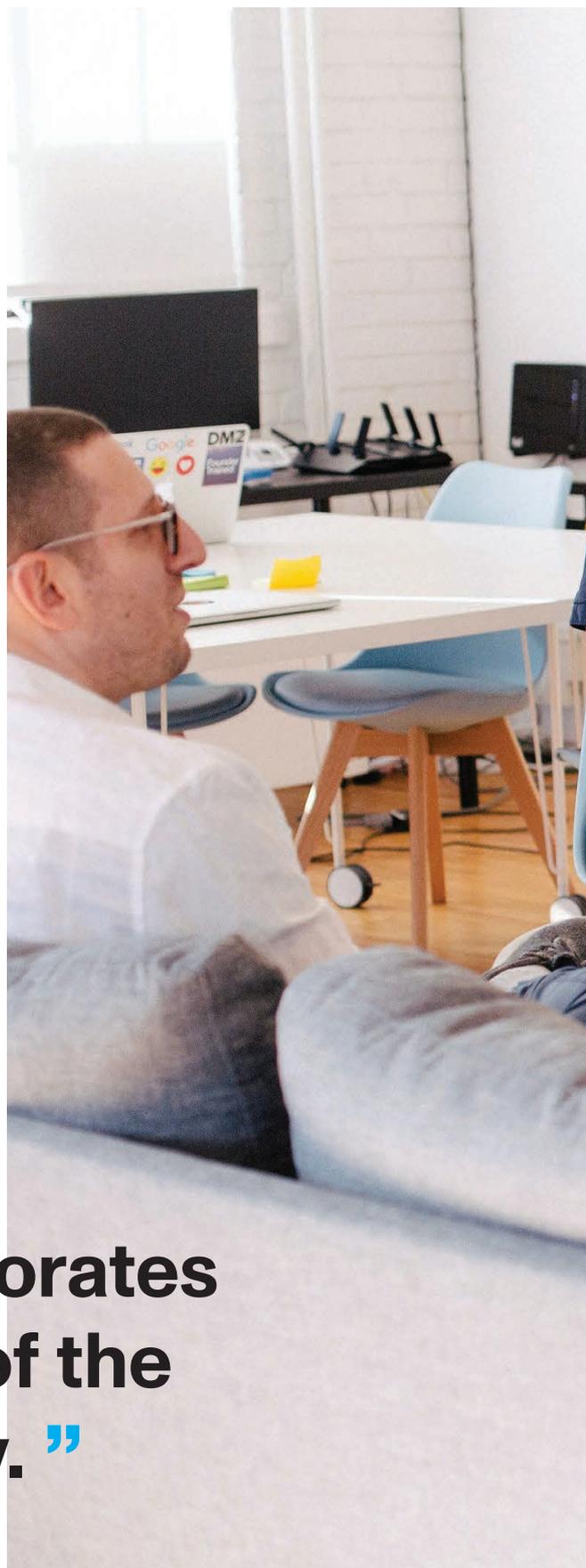
360 Capital is approximately 34% owned by staff and Directors.

3.2.2 Background

360 Capital Group manages eight listed and unlisted investment vehicles and has funds under management across real estate, private equity, public equity and credit. Funds under management total in excess of \$400m on behalf of over 9,500 investors.

3.3 Overview of Board of Directors and senior management

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



“ Middle market corporates are the foundation of the Australian Economy. ”



Board of Directors of the Responsible Entity



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 Masters 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. He 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 has 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 Pacific Star Network Limited and a Director of ICP Funding Pty Ltd. 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



Graham Lenzner
Non-executive Director

Graham has had a career spanning four decades, with particular emphasis on funds management and financial markets. Graham was an Executive Director of the Armstrong Jones Group for 12 years, the last four years as Joint Managing Director. Other previous roles include Finance and Deputy Managing Director of Aquila Steel, General Manager Finance and Investments of MMI Insurance Limited and Director Head of Equities with Schroder Darling Management Limited. Graham has served on the board of a number of public and private companies.



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 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 14 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 and is a CPA.



Mitchell Peasley
Investment Manager

Mitchell joined 360 Capital in January 2020 and has 9 years' experience in financial restructuring, corporate finance and the provision of mid-market corporate credit.

Prior to joining 360, Mitchell was with mid-market distressed lender and investor, Remagen Capital, where he developed extensive experience originating, structuring and executing complex distressed transactions. Mitchell also gained experience in the provision of growth capital to mid-market borrowers across a range of sectors.

Prior to his time at Remagen, Mitchell spent 3 years in London working with financial restructuring consultancy THM Partners, and he commenced his professional career with leading local restructuring and insolvency firm McGrathNicol. Mitchell holds a Bachelor of Business (Finance and Accounting) from the University of Technology, is a CA and is a Level 1 holder of the CAIA program.

3.4 Investment Committee



Andrew Moffat
Non-executive Director

Refer to above.



Tony McGrath
Independent Non-Executive
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

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 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.



Dennison Hambling
Head of Public and Private
Equity

Dennison has over 20 years' experience in the investment and funds management industry. Dennison is responsible for 360 Capital Group's Public and Private Equity Strategies.

Dennison joined 360 in 2019 having been Chief Investment Officer of First Samuel limited, holding this position for 12 years. Prior to this, Dennison was a Portfolio manager at Cooper Investors. Dennison began his career in New Zealand working as an Analyst for NZ Funds Management and Goldman Sachs JBWere covering a range of industries.

Dennison has a Mcom (Hons) in Economics from the University of Auckland and is a CFA Charterholder.



4.1 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.

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.

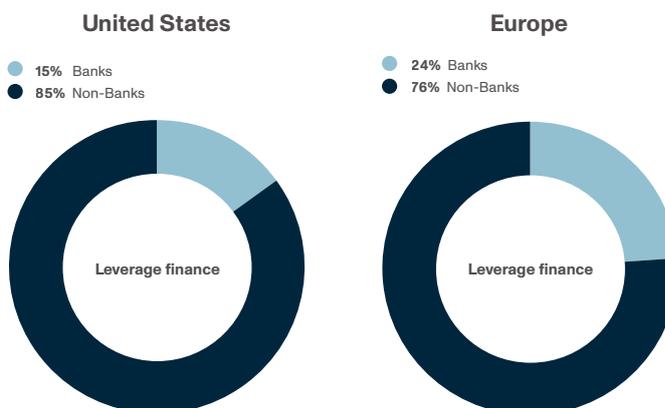
4.2 Credit market overview

The Private Credit market globally (with emphasis on Europe and the United States) 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.

Private Credit has seen increased demand with private credit products accounting for approximately 85%⁸ and 76%⁹ of capital for corporate borrowers in the United States and Europe respectively, as at September 2019. Across the United States and Europe in 2019 there were 120 fund raisings, which raised USD\$98.2 Billion of new capital, further supporting investor appetite for the sector.¹⁰

As at June 2019, it is estimated that Private Credit as an investment strategy comprises USD \$804.6 Billion¹¹ of Assets Under Management (AUM), globally. As at February 2020, deployable Private Credit dry powder currently stands at USD \$271.7 Billion¹².

Chart 1 – U.S. and European leverage finance breakdown



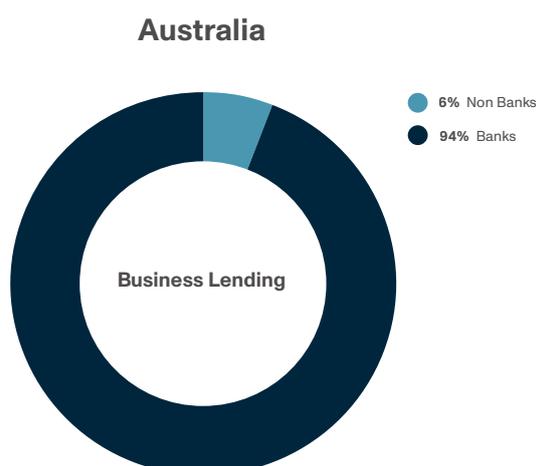
Source: 360 Capital, using data produced by S&P in "LCD Quarterly Leveraged Lending Review, Q3 2019" and "LCD Quarterly European Leveraged Lending Review, Q3 2019."

4.2.1 Credit market - Australia

The Australian corporate loan market has historically been dominated by Australian Deposit Taking Institutions (ADIs) with limited participation by non-bank lenders. ADIs have experienced low default rates over the past 10 years since the GFC - corporate defaults reduced from 1.5% at June 2009 to 0.4% at June 2019.¹³

Of the 128 registered ADIs, there are currently 117 active ADIs in the corporate lending space, which include foreign financial institutions with a domestic license.¹⁴ The value of total business lending in Australia was approximately \$965 Billion¹⁵ as at September 2019, dominated by ADIs, which accounted for over 94%¹⁶ of all business loans issued.

Chart 2 – Australian total business lending breakdown



Source: 360 Capital, using data produced by RBA and APRA.

⁸ 360 Capital, using data produced by S&P in "LCD Quarterly Leveraged Lending Review, Q3 2019"

⁹ 360 Capital, using data produced by S&P in "LCD Quarterly European Leveraged Lending Review, Q3 2019"

¹⁰ Preqin Pro, Historical Fundraising, accessed 17 December 2019, <<https://pro.preqin.com/analysis/historicalFundraising>>

¹¹ Preqin Pro, Historical Fundraising, accessed 17 December 2019, <<https://pro.preqin.com/analysis/historicalFundraising>>

¹² Preqin Pro, Historical Fundraising, accessed 17 December 2019, <<https://pro.preqin.com/analysis/historicalFundraising>>

Corporate lending is dominated by the four Australian major banks, holding approximately \$642.9 Billion or 69.8% of total business loans held by all ADIs, as at October 2019¹⁷. As a result, Australian ADIs have significant market power in the corporate loan market, typically attaining highly favourable terms as compared to their US and European counterparts, and typically attracting 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.

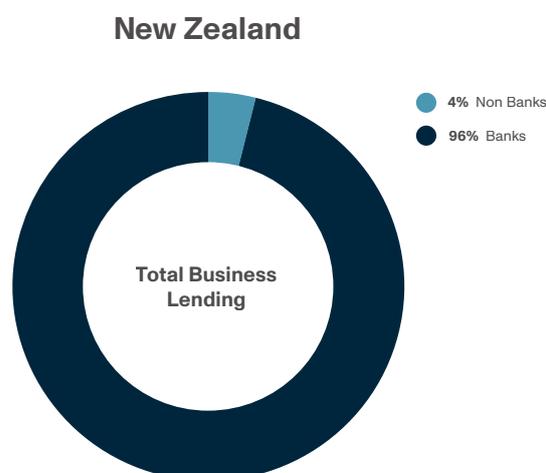
Since the GFC, a shift in tighter banking regulations and more stringent lending standards has resulted in reduced bank appetite for corporate credit. In particular, ongoing capital adequacy requirements are impacting the ability of ADIs to continue to support the corporate loan market and there has been an increase in non-bank financing to fill this shortfall. Business lending growth rates of Non-bank Financial Institutions (NBFIs) corporate loan issuance has outstripped that of ADIs in the last three years. Specifically, business lending by ADIs increased from \$798.3 Billion¹⁸ in September 2016 to \$891.6 Billion¹⁹ in September 2019, reflecting a 11.7% increase. Non-bank business lending increased from \$47.2 Billion²⁰ to \$61.6 Billion²¹ over the respective period, reflecting a 30.0% increase.

4.2.2 Credit market - New Zealand

The value of total business lending in New Zealand was approximately \$118 Billion²² as at September 2019, dominated by registered banks, which account for approximately 96%²³ of all business loans issued. Non-bank lending institutions (NBLIs), which include building societies, credit unions, finance companies and investment funds account for approximately 4% of the business lending market. The proportion of NBLI lending in New Zealand has remained constant over the past 3 years at between 4.1%²⁴ to 4.5%²⁵, as at September 2019.

The RBNZ on 5 December 2019, released its final decision regarding a comprehensive review of its capital adequacy framework for New Zealand deposit-taking institutions, requiring banks to lift minimum levels of tier 1 capital from 10.5% to 18%²⁶ for the four largest banks, and 16%²⁷ for the remaining smaller banks. As a result of these increased capital requirements, it is expected that New Zealand banks will reduce their appetite for corporate loans, creating a growing opportunity for NBLIs.

Chart 3 – New Zealand total business lending breakdown



Source: 360 Capital, using data produced by S&P in “LCD Quarterly Leveraged Lending Review, Q3 2019” and “LCD Quarterly European Leveraged Lending Review, Q3 2019.”

4.2.3 Private Credit market outlook

Globally, the Private Credit industry has tripled in size over the last ten years, increasing AUM from USD \$238 Billion in December 2008, to USD \$761 Billion in December 2019²⁸. Given investors’ increasing appetite for alternative assets, the Private Credit market is forecasted to grow to USD \$1.4 Trillion by 2023²⁹.

Corporate liquidity and private equity dry powder globally is at historic highs of USD \$1.6 Trillion³⁰, 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 will create 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 NBFIs and New Zealand NBLIs will significantly increase in the coming years to meet the credit requirements of corporates.

¹³ APRA Quarterly authorised deposit taking institution statistics, June 2019

¹⁴ APRA Monthly authorised deposit-taking institution statistics, October 2019

¹⁵ APRA Monthly authorised deposit-taking institution statistics, October 2019

¹⁶ 360 Capital, using data produced by APRA

¹⁷ RBA – D5 Bank lending classified by sector

¹⁸ RBA – D5 Bank lending classified by sector

¹⁹ 360 Capital, using data produced by RBA (D2 & D5) and APRA

²⁰ 360 Capital, using data produced by RBA (D2 & D5) and APRA

²¹ RBNZ Sector lending statistics, October 2019.

²² 360 Capital, using data produced by RBNZ.

²⁴ 360 Capital, using data produced by RBNZ Sector lending statistics, October 2019.

²⁵ 360 Capital, using data produced by RBNZ Sector lending statistics, October 2019.

²⁶ RBNZ, Capital Review, December 2019.

²⁷ RBNZ, Capital Review, December 2019.

²⁸ Preqin, Private Equity and Credit Opportunities, October 2019.

²⁹ Preqin, Alternatives in 2019, September 2019.

³⁰ Preqin Pro, Dry Powder, accessed 07 February 2020, <<https://pro.preqin.com/analysis/dryPowder>>

4.3 Types of credit instruments

4.3.1 Corporate loans

Corporate loans are debt instruments issued to businesses to finance M&A, capital expenditure and working capital and may be secured or unsecured. Corporate lending generally attracts a risk premium developed through analysis and benchmarking of a borrower's probability of default and loss given default. Through contractual obligations, borrowers are required to make principal and interest payments to the lender.

Senior secured corporate lending is usually provided on a floating rate basis, with the underlying benchmark rate in Australia the Bank Bill Swap Rate (BBSY). This rate represents the rate at which banks lend money to each other and closely tracks the Reserve Bank Cash Rate.

4.3.2 Project finance

Project finance loans are commonplace amongst infrastructure developers. Loan facilities are typically provided for the construction and operation of projects, with terms individually negotiated to suit the specific underlying project. Facility drawdowns are highly regulated and depend on the achievement of milestones. The principals behind the project typically contribute an equity component before the debt is drawn, and either they or the construction contractor guarantees any cost overruns.

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4.3.3 Leverage Buyout

Leverage Buyout finance facilities are provided to finance acquisitions in target companies or other substantial assets and form a critical component of the Australian (M&A) market.

A common form of transaction finance is leveraged finance, which is provided to a Private Equity firm in support of a (typically highly geared) acquisition of a target company. These loans are provided in various structural forms and include traditional loans however increasing use of other structures such as Unitranche and Term Loan B are becoming more prevalent. Unitranche and Term Loan B structures contain variations to term, repayment profiles, covenants and pricing and often come with enhanced yield and return for risk.

4.3.4 Unitranche

Unitranche is becoming an increasingly prevalent structure for leveraged buyouts given the simplified documentation allowing

an acceleration of the M&A process. The term 'Unitranche' refers to a hybrid structure of senior secured facilities and subordinated debt into one loan with a blended interest rate that reflects senior debt and subordinated debt pricing.

4.3.5 Mezzanine loans

Mezzanine lending is a form of subordinated lending where the lender ranks behind the senior secured lender but ranks ahead of common shareholders (equity). Mezzanine lending is often more expensive than senior lending given the increased risk profile of subordination in the capital structure. Mezzanine lending typically comprises a debt instrument, such as a subordinated note. Interest on Mezzanine loans can be paid in cash or as is most commonly the case capitalising into the loan at periodic intervals, (known as payment in kind, or PIK).

4.3.6 Real estate loans

Real estate loans are commonly used to finance the purchase of or construction of real estate assets. Real Estate loans are typically for either development or investment purposes. Real Estate Loans are secured by an underlying physical asset and can be in the form of either land or buildings.

4.3.7 Asset backed lending

Asset backed lending refers to a loan provided to a borrower with security provided over a specific individual asset or a group of assets. Asset backed lending on an individual basis is often for plant and equipment purposes and includes funding for machinery and vehicles. On a collective basis, loans are also provided for certain balance sheet items including receivables and inventory.

4.3.8 Corporate bonds

Corporate bonds are long-term debt securities issued predominantly by listed Australian corporates and are traded as over-the-counter products on a regulated exchange. In return, the holder receives periodic interest payments (known as "coupons") and principal repayment upon maturity. The instruments are sold across a broad investor base on behalf of issuers by investment banks and other corporate advisors.

4.3.9 Convertible notes

Convertible notes are long-term debt securities (with typically maturities of typically over 12 months) issued by businesses. In return, the holder receives periodic interest payments (known as "coupons") and principal repayment upon maturity. Convertible notes in most cases, contain the ability for the holder to convert or redeem the instrument for equity in the underlying issuer.

4.4 Types of loan structures

4.4.1 Bi-lateral direct lending

This is the most common form of lending between borrowers and lenders in corporate and business lending. Bi-lateral lending refers to individually negotiated loan transactions which are often highly bespoke, containing specific terms and conditions relevant to the borrower's corporate profile and industry.

4.4.2 Syndication

Syndicated debt refers to a group of lenders, sharing common security, terms, pricing and covenants providing finance to a borrower. Commitments are shared on a pro-rata basis upfront and held for the life of the loan. Security is held by a Security Trustee (with lenders ranking parri passu) and all communication with the borrower is managed by an agent on behalf of the lenders. Amendments to facilities generally require majority lender consent.

4.5 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

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

4.5.1 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 1) 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.

4.5.2 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 loans security and sell those assets and apply the proceeds to the payment of outstanding interest, principal and other costs.

4.5.3 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.

4.5.4 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:

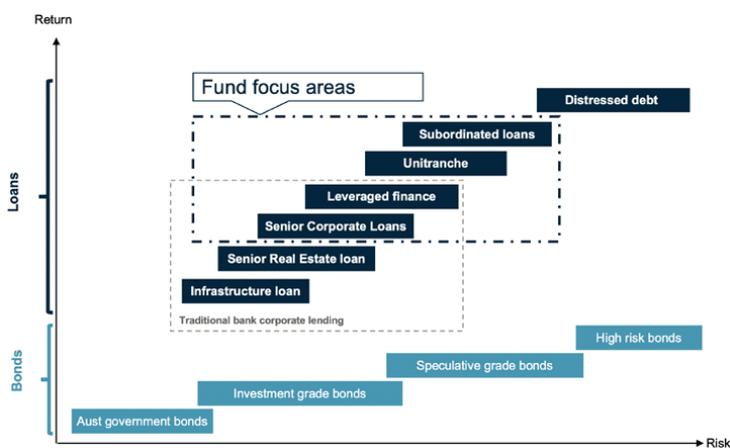
- industry of the borrower;
- management expertise and track record;
- position in the Capital structure;
- amount of financial leverage;
- access to alternate capital sources; and
- payment default risk.

Section 4 : Market / Industry Overview

Dependant 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.

The chart below compares the risk-return profile of common fixed income investments. The Fund intends to invest at risk levels that are typically higher than those assumed by the major banks as per the Fund's Investment Strategy, with the aim to achieve higher risk-adjusted returns over time.

Chart 4 – Fixed income investment risk-return profiles



The chart below illustrates the risk-return profile of various asset classes available to Australian investors over the last ten years. 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 debt investments.

4.6 Credit rating agencies

Other participants in the private credit market include credit rating agencies, who assign ratings to reflect their assessment of debtors' ability to service debts. The three key rating agencies are Standard & Poor's (S&P), Moody's and Fitch – which collectively issue more than 95% of all credit ratings.

Credit ratings are alphanumeric scores that differ slightly between the rating agencies, as set out in the below table:

Moody's	S&P	Fitch	Description
Aaa	AAA	AAA	Prime
Aa1, Aa2, Aa3	AA+, AA, AA-	AA+, AA, AA-	High grade
A1, A2, A3	A+, A, A-	A+, A, A-	Upper-mid grade
Baa1, Baa2, Baa3	BBB+, BBB, BBB-	BBB+, BBB, BBB-	Lower-mid grade
Ba1, Ba2, Ba3, B1, B2, B3	BB+, BB, BB-, B+, B, B-	BB+, BB, BB-, B+, B, B-	Speculative
Caa1, Caa2, Caa3, Ca	CCC+, CCC, CCC-, CC, C	CCC+, CCC, CCC-, CC, C	Substantial risk
C	RD, SD, D	DDD, DD, D	In default
Covenants	Yes	No	
Typical investor	Banks and other deposit taking institutions	Institutional investors	
Loan terms	Individually negotiable	Relatively standardised	

Section 5 : Financial Information

The Fund is a managed investment scheme which was registered on 19 August 2005. The Fund previously invested in listed and unlisted hybrid securities. The Responsible Entity became the responsible entity of the Fund on 24 September 2020. Prior to this date, the former responsible entity liquidated the Fund's portfolio of securities. As such, in addition to the target of \$70.0 million to be raised under the Offer, there are net assets in the Fund of approximately \$8.5 million (comprised of cash).

This section contains a summary of the financial information of the Fund, which includes:

1. The unaudited pro forma statement of financial position as at the date of this PDS (Pro Forma Historical Financial Information);
2. Material assumptions used in the preparation of the Pro Forma Historical Financial Information; and
3. Sources and Uses from the proceeds of the Offer.

The Pro Forma Historical Financial Information has not been reviewed by a third party accountancy firm but has been reviewed and verified by the Responsible Entity's internal finance personnel.

The information in this section should also be read in conjunction with the risk factors set out in section 6 and other information contained in this PDS.

5.1 Pro-Forma Historical Financial Information

The Pro Forma Historical Financial Information set out below is unaudited and has been prepared to illustrate the financial position of the Fund following completion of the Offer as if such events had occurred as at the date of this PDS. The Pro Forma Historical Financial Information is intended to be illustrative only and may not reflect the actual position and balances as at the date of this PDS or at the completion of the Offer.

Pro-Forma Historical Financial Information			
\$'000s	Oct-20 Unaudited Reported	Dec-20 Unaudited Offer	Dec-20 Unaudited Pro Forma
Current Assets			
Cash	8.5	70.0	77.0
Total Current Assets	8.5	70.0	77.0
Non Current Assets			
Loan Portfolio	-	-	1.5
Total Non Current Assets	-	-	1.5
Total Assets	8.5	70.0	78.5
Liabilities			
Net Assets	8.5	70.0	78.5
Equity			
Issued Equity	8.5	70.0	78.5
Retained earnings / (losses)	-	-	-
Total Equity	8.5	70.0	78.5
Number of Units on Issue	1,427,358	11,784,512	13,211,870
NTA Per Unit	\$5.94		\$5.94

5.2 Sources and Uses of the Offer Proceeds

The Responsible Entity is seeking to raise a target of \$70.0 million under the Offer³¹. The proceeds raised from the Offer will be invested in accordance with the investment strategy in order to achieve the Fund's investment objective and the Target Return³²:

Source of funds	\$70m Offer size
Offer	70.0
Total	70.0

Use of funds	\$70m Offer size
Private credit loan transactions	70.0
Total	70.0

³¹ The Responsible Entity reserves the right to raise a lesser amount under the Offer.

³² The Target Return is objective only and may not be achieved. Future returns are not guaranteed and a loss of principal may occur.

6.1 Overview

This section describes what the Responsible Entity believes to be the major risks 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 Responsible Entity 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 PDS 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

6.2.1 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, and/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.

6.2.2 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.

6.2.3 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.

6.2.4 Risk of non-performing loans (NPLs)

Loan investments made by the Fund may become non-performing 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 and/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 and/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 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.

6.2.5 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 Investor distribution payments and/or returns.

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 NTA per Unit.

6.2.6 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.

6.2.7 Implementation of investment strategy

There is no guarantee that the implementation of the investment strategy will yield the Target Return. In addition, until the Fund is fully invested, the Fund may not meet the investment target and the Portfolio may not satisfy the indicative investment strategy, including diversification.

6.3 Risks Specific to the Fund

6.3.1 Dependence on key personnel

The Responsible Entity 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 Responsible Entity’s business. The Responsible Entity 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 Responsible Entity has initiatives to mitigate this risk, the loss of key staff may have a negative impact on the Responsible Entity. The loss of key staff to a competitor may amplify this impact.

6.3.2 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 Responsible Entity seeks to distribute income to Unitholders and to provide the potential for capital growth.

6.3.3 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.

6.3.4 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.

6.3.5 Trading price of Units if the Fund is listed

The Fund is listed on the ASX and trading in Units on a normal settlement basis is expected to commence on or about 21 December 2020. The market price of the Units will fluctuate due to numerous factors including general movements in interest rates, the Australian and international general investment markets, economic conditions, global geo-political events and hostilities, investor perceptions and other factors that may affect the financial performance and position of the Fund. The price of the Units may also fluctuate due to changes in the market rating of the Units relative to other listed and unlisted investments, other investment options such as debentures or interest bearing deposits and investor sentiment towards the Fund. There can be no guarantee that liquidity will be maintained, and the number of potential buyers or sellers of the Units on the ASX at any given time may vary. This may increase the volatility of the market price of the Units and therefore affect the market price at which holders are able to buy or sell Units. Unitholders who wish to sell their Units may be unable to do so at a price acceptable to them. The market price of the Units could trade on the ASX at a discount to NTA per Unit.

6.3.6 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 Responsible Entity 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 Responsible Entity to identify, source and enter into suitable investments will adversely affect returns available to the Fund.

6.3.7 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.

6.3.8 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.

6.3.9 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

Section 6 : Risks (continued)

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.

6.3.10 Leverage and cash management risk

The Fund is targeting a maximum loan to value ratio of 30% of GAV. While the Fund's use of borrowings 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.

6.3.11 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.

6.3.12 Valuation risk

The value of the portfolio may be determined based on valuations provided by the Responsible Entity 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 Responsible Entity 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 Responsible Entity and its affiliates or third-party administrators, will represent the value that will be realised by the Fund.

6.3.13 Conflicts of Interest Risk

The Responsible Entity is also the responsible entity of other funds and clients not described in this PDS. While the Responsible Entity has implemented policies and procedures to identify and mitigate conflicts of interest, it is possible that the Responsible Entity 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 Responsible Entity having to decide which clients and funds it allocates investment opportunities to. In order to manage this conflict, the Responsible Entity 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. Please refer to section 10.5 for further information regarding the Conflicts Policy.

6.3.13 Capital raising and scale

There is a risk that the Fund will not raise the target of \$70m under the Offer. This may result in a reduced scale of the Fund and may also affect the diversification of the Fund's investments. This may also prevent the Fund from reaching the Target Return.

6.3.14 Diversification

There is a risk that the Fund will not invest in assets in line with the investment strategy and this may impede the diversification of the Fund. In particular, during the initial start-up period, the Fund may hold a concentrated portfolio of investments. These matters may also prevent the Fund from reaching the Target Return.

6.3.15 Conflicts of Interest Risk

The Responsible Entity is also the responsible entity of other funds and clients not described in this PDS. While the Responsible Entity has implemented policies and procedures to identify and mitigate conflicts of interest, it is possible that the Responsible Entity 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 Responsible Entity having to decide which clients and funds it allocates investment opportunities to. In order to manage this conflict, the Responsible Entity 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. Please refer to section 11.5 for further information regarding the Conflicts Policy.

6.4 General Investment Risks

6.4.1 Pandemic

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

6.4.2 Unit price

The price at which Units are quoted on the ASX may increase or decrease due to a number of factors. These factors may cause the Units to trade below the Offer Price. There is no assurance that the price of the Units will increase following the quotation on the ASX, even if the Fund's earnings and/or NTA per Unit increases.

The market price of Units will fluctuate due to numerous factors including general movements in interest rates, the Australian and international general investment markets, economic conditions, global geo-political events and hostilities, investor perceptions and other factors that may affect the Fund's financial performance and position. The price of the Units also fluctuates due to changes in the market rating of the Units relative to other listed and unlisted property investments, other investment options such as debentures or interest-bearing deposits and investor sentiment towards the Fund. There can be no guarantee that liquidity will be

maintained and the number of potential buyers or sellers of the Units on the ASX at any given time may vary. This may increase the volatility of the market price of the Units and therefore affect the market price at which Unitholders are able to buy or sell Units. Unitholders who wish to sell their Units may be unable to do so at a price acceptable to them. The market price of Units could trade on the ASX at a discount to NTA per Unit.

6.4.3 Unit trading liquidity

There can be no guarantee that an active market in the Units will develop or that the price of the Units will increase. There may be relatively few potential buyers or sellers of the Units on the ASX at any time. This may increase the volatility of the market price of the Units. It may also affect the prevailing market price at which Unitholders are able to sell their Units. This may result in Unitholders receiving a market price for their Units that is less or more than the price paid.

6.4.4 Bribery, corruption, or other improper acts

The Responsible Entity or the Fund 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.

Each of the Responsible Entity or the Fund 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 Responsible Entity or the Fund operate.

Any such improper actions could subject the Responsible Entity or the Fund 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 Responsible Entity or the Fund. Even the allegation or appearance of improper or illegal actions could damage the reputation of the Responsible Entity or the Fund 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.

6.4.5 Litigation

In the ordinary course of operations, the Fund or the Responsible Entity 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.

6.4.6 Legal and regulatory matters

There is the risk that changes in any law, regulation or government policy affecting the Fund's operations (which may or may not have a retrospective effect) will have an effect on the asset portfolio

and/or the Fund's performance. This may include changes to taxation regimes.

6.4.7 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 Responsible Entity.

6.4.8 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.

6.4.9 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 investors 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, dividends, return of capital or the price at which they may trade on the ASX. Furthermore, there is no guarantee that the Units will remain continuously quoted on the ASX, which could impact the ability of prospective Unitholders to sell their Units.

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

Section 7 : Details of the Offer

The Responsible Entity intends to offer Units to raise a maximum of \$70.0 million by offering 11,784,512 Units at \$5.94 per Unit. The Responsible Entity reserves the right to raise a lesser amount under the Offer and in that case the number of Units issued under the Offer will be less than 11,784,512 Units.

7.1 Purpose of the Offer

The proceeds of the Offer will be applied to investments in private credit loan transactions.

7.2 Sources and Uses

The Fund is seeking to raise new capital to expand its portfolio consistent with its investment strategy (refer to section 2.3) to achieve its investment objective (refer to section 2.2).

The Offer will increase the size of the Fund which is expected to assist the Responsible Entity to deliver greater diversification of the investment portfolio and lower the overall cost for Unitholders.

7.3 Structure of the Offer

The Offer will comprise:

- Priority Offer, which will be open to Unitholders who already hold Units at the Priority Record Date (proposed to be the opening of the Offer) who have a registered address in Australian or New Zealand (**Priority Unitholder**). Under the Priority Offer, each Priority Member will be entitled to subscribe for new Units in an unlimited amount, as at the Priority Record Date;
- the 360 Capital Priority Offer, which will be open to persons who hold securities in 360 Capital Group Limited (ASX:TGP), 360 Capital REIT (ASX:TOT) or 360 Capital Digital Infrastructure Fund (ASX:TDI) as at the Priority Record Date who have a registered address in Australia or New Zealand (**360 Capital Priority Unitholder**). Under the 360 Capital Priority Offer each 360 Capital Priority Member will be entitled to subscribe for new Units, in an unlimited amount, as at the Priority Record Date;
- the Broker Offer, will be open to persons who have received a firm allocation from their stockbroker or financial adviser; and
- the General Offer, any new Units not applied for under the Priority Offer, 360 Capital Priority Offer or the Broker Offer will form part of the General Offer. The General Offer is open to any new Retail Clients or Wholesale Clients. The Responsible Entity reserves the right to accept applications under the General Offer at its discretion.

7.4 Is the Offer Underwritten?

The Offer is not underwritten.

7.5 Impact of Offer – Control

The 360 Unitholder currently owns 639,958 Units in the Fund representing 44.8% ownership of the existing Units, which is in line with 360 Capital Group's philosophy of long-term co-investment alongside Unitholders.

At completion of the Offer, it is expected that 360 Unitholder holding will be diluted to approximately 5% (assuming that \$70.0 million is raised under the Offer). This number may change based on the amount raised under the Offer.

7.6 Rights Attaching to Units

Units issued under the Offer will rank equally with all other Units. A summary of the rights attached to Units is set out in section 10.

7.7 Allocation Policy

The allocation of Units between the Priority Offer, the 360 Capital Priority Offer, Broker Offer and the General Offer will be determined by the Responsible Entity having regard to factors including:

- desire to foster a stable Unit register over the long term;
- desire for a liquid and informed trading market for the Units;
- overall level of demand for Units between each such offer; and
- any other factors that the Responsible Entity considers appropriate.

The Responsible Entity has absolute discretion regarding the allocation of Units to Applicants in the Offer and may reject an Application, or allocate fewer Units than applied for, in its absolute discretion.

7.8 How to Apply for Units

7.8.1 How to apply under the Priority Offer or the 360 Capital Priority Offer

Applicants under the Priority Offer or the 360 Capital Priority Offer can apply online at www.360capital.com.au by using their HIN, SRN or investor ID to log-in and submit an application and pay their Application Monies by cheque or BPAY. Alternatively, Applicants can request a PDS and personalised Fund Investor Priority Offer Application Form to be mailed to them or by calling the Responsible Entity on 1300 082 130 (free call from within Australia) or +61 2 8016 2884 (from outside Australia).

7.8.2 How to apply under the Broker Offer

The Broker Offer is open to Australian and New Zealand resident investors who have a registered address in Australia and New Zealand and have received a firm allocation from their Broker. If you have been offered a firm allocation by a Broker, you will be treated as a Broker Offer Applicant in respect of that allocation.

If you have received an allocation of Units from your Broker and wish to apply for Units under the Broker Offer, you should contact your Broker for information about how to submit your Application Form and for payment instructions. Application Forms must be completed in accordance with the instructions given to you by your Broker.

Your Broker will act as your agent and it is your Broker's responsibility to ensure that your Application Form and Application Monies are received before 5.00pm (AEST) on 9 December 2020 or any earlier closing date as determined by your Broker. Applicants under the Broker Offer must send their Application Forms to their Broker and not to the Registry.

7.8.3 How to apply under the General Offer

To make an investment in Units under the Offer, you must complete and return the Application Form as set out on page 57 with the requisite Application Monies or pay your Application Monies by following the instructions set out on the Application Form.

The Responsible Entity's decision as to the number of Units to be allocated to you will be final.

You should complete the Application Form in accordance with the instructions on the Application Form and return it accompanied by a cheque.

7.8.4 Payment of your Application Monies

Your cheque must be:

- for an amount equal to the full Application Monies (being the Offer Price multiplied by the number of Units that you are applying for); and
- in Australian currency drawn on an Australian branch of a financial institution; and made payable to 360 Capital FM Limited as Responsible Entity for the 360 Capital Enhanced Income Fund and crossed "Not Negotiable".

You should ensure that sufficient funds are held in any relevant account(s) to cover the full amount of the Application Monies. If the amount of your payment for Application Monies is insufficient to pay in full for the number of Units you have applied for in your Application Form, you will be taken to have applied for such lower number of whole Units as your cleared Application Monies will pay for (and to have specified that number of Units on your Application Form). Alternatively, your Application will not be accepted.

To participate in the Offer, your payment must be received no later than the close of the Offer at 5:00pm pm (AEST) on 7 December 2020 (in respect of the Priority offer or the 360 Capital Priority Offer) or 9 December 2020 (in respect of the Broker Offer or General Offer). Unitholders should return their completed Application Form together with Application Monies (as applicable):

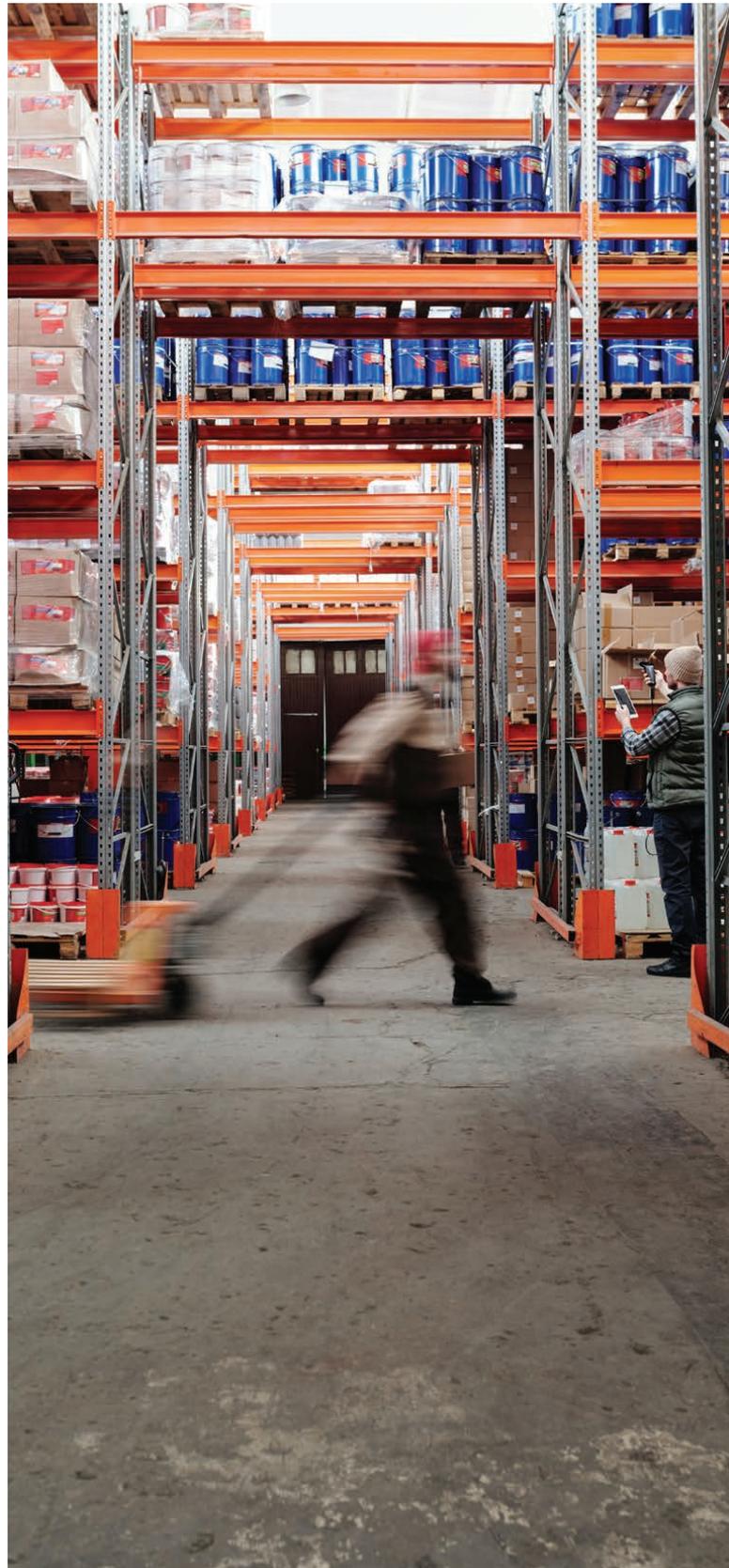
BY MAIL to the following address:

**PO BOX 3993
Sydney, NSW 2001**

Applications will only be accepted by mail. Applications will not be accepted in person.

7.8.5 Minimum and maximum Application

The Minimum Application for the Offer is 500 Units and in increments of at least 100 Units thereafter. There is no maximum number of Units that may be applied for under the Offer although the Responsible Entity may scale back Applications in its absolute discretion.



Section 7 : Details of the Offer (continued)

7.9 General

7.9.1 Foreign persons

The PDS and the accompanying Application Form do not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. By submitting an Application Form and/or paying or transferring Application Monies, you represent and warrant that there has been no breach of such laws.

The distribution of this PDS outside of Australia or New Zealand may be restricted by law and persons who come into possession of it should seek advice and observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws. The Responsible Entity disclaims all liabilities to such a person.

Warranties made on acceptance of the Offer by completing and returning the Application Form and paying the Application Monies, you will be deemed to have acknowledged, agreed, represented and warranted that you, and each person on whose behalf you are acting:

- acknowledge that you have fully read and understood both this PDS and the Application Form in their entirety and you acknowledge the matters and make the warranties and representations and agreements contained in this PDS and the Application Form;
- agree to be bound by the terms of the Offer, the provisions of this PDS and the Constitution;
- authorise the Responsible Entity to register you as the holder(s) of the Units allotted to you;
- declare that all details and statements in the Application Form are complete and accurate;
- declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Application Form;
- acknowledge that once the Responsible Entity receives your Application Form and/or any payment of Application Monies, you may not withdraw your Application or Application Monies except as allowed by law;
- agree to apply for and be issued up to the number of Units specified in the Application Form, or for which you have submitted payment of any Application Monies;
- authorise the Responsible Entity, the Registry and their respective officers or agents to do anything on your behalf necessary for Units to be issued to you, including to act on instructions of the Registry and to use the contact details set out in your Application Form;
- acknowledge that the information contained in this PDS and the Application Form is not investment advice or financial product advice, nor has this information been prepared taking into account your investment objectives, financial circumstances or particular needs or circumstances. You acknowledge that this PDS and the Application Form is not a recommendation that Units are suitable for you given your investment objectives, financial situation or particular needs;

- acknowledge that this PDS may not contain all of the information that you may require in order to assess an investment in the Fund and is given in the context of the Fund's ongoing continuous disclosure announcements to ASX;
- acknowledge the summary of the key risks in section 5 of the PDS and that investments in the Fund are subject to risk;
- acknowledge that none of the Responsible Entity, or their respective related bodies corporate, affiliates or respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantee the performance of the Fund, nor do they guarantee the repayment of capital from the Fund;
- authorise the Responsible Entity to correct any errors in your Application Form or other form provided by you; and
- represent and warrant that the law of any place does not prohibit you from being given this PDS and the Application Form, nor does it prohibit you from making an application for Units and are eligible under all applicable laws to receive this PDS without any lodgement, filing, registration or qualification.

By completing and returning the Application Form and paying the Application Monies, you will also be deemed to have acknowledged, agreed, represented and warranted on your own behalf and on behalf of each person on whose account you are acting that you are eligible to participate in the Offer and:

- you are not in the United States and you are not acting on behalf of a person in the United States and are not otherwise a person to whom it would be illegal to make an offer of or issue of Units under the Offer and under any applicable laws and regulations;
- you understand and acknowledge that the Units have not been, nor will be, registered under the Securities Act or the securities laws of any state or other jurisdiction in the United States, or in any other jurisdiction outside Australia and New Zealand. Accordingly, the Units may not be offered or sold to, persons in the United States or any jurisdiction other than Australia and New Zealand;
- you and each person on whose account you are acting have not and will not send this PDS or Application Form or any other materials relating to the Offer to any person in the United States;
- if in the future you decide to sell or otherwise transfer the Units, you will only do so by transacting on the ASX where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States; and
- if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Application Form is not in the United States, and you have not sent this PDS, the Application Form or any information relating to the Offer to any such person in the United States.

7.9.2 Withdrawals

You cannot withdraw your application once it has been accepted. Cooling-off rights do not apply to an investment in the Units. The Responsible Entity reserves the right to withdraw the Offer at any time before the issue of Units to Unitholders, in which case the Responsible Entity will refund any Application Monies already received in accordance with the Corporations Act and will do so without interest being payable to Applicants.

7.9.3 Confirmation of your application and managing your holding

You may access information on your holding, the issue of Units from this Offer, and manage the standing instructions the Registry records on your holding on the Investor Centre website www.investorserve.com.au.

To access the Investor Centre you will need your Security Reference Number (SRN) or Holder Identification Number (HIN) as shown on your Issuer Sponsored/CHESS statements.

7.10 Offer Discretion

The Responsible Entity reserves the right to:

- close the Offer or any part of it early;
- extend the Offer or any part of it;
- accept late Applications either generally or in particular cases;
- reject any Application; and
- allocate any Applicant fewer Units than applied for in their Application.

7.11 No Cooling Off

Applicants should note there will not be a cooling off period in relation to Applications.

Once an Application has been lodged, it cannot be withdrawn. Should quotation of the Units be granted by ASX, Unitholders will have the opportunity to sell their Units at the prevailing market price, which may be different to the Offer Price.

7.12 Trading of Units on ASX

The Responsible Entity will apply within 7 days of the date of this PDS to the ASX for the grant of official quotation of the Units to be issued under the offer. It is expected that normal trading on the ASX will commence in relation to the Units to be issued under the Offer on 21 December 2020. The Responsible Entity will have no responsibility and disclaims all liability (to the maximum extent permitted by law, including for negligence) to persons who trade Units to be issued under the Offer before they are quoted on the ASX or before they receive their confirmation of issue, whether on the basis of confirmation of the allocation provided by the Responsible Entity, the Unit Registry or otherwise.

Following the issue of Units under the Offer (expected to occur on or about 17 December 2020), the Registry will send successful Applicants a holding statement detailing the number of Units issued to them under the Offer and the total number of Units held.

It is expected that holding statements will be dispatched on or about 18 December 2020. It is the responsibility of Applicants to confirm their allocation of Units prior to trading in Units. Applicants can confirm their allocation of Units by calling 1300 082 130 (within Australia) or +61 2 8016 2884 (from outside Australia) or emailing investor.relations@360capital.com.au. A Unitholder who sells Units before they receive their holding statement does so at their own risk.

7.13 ASX

Neither ASX nor any of its officers takes any responsibility for the content of this PDS or for the investment in the Fund.

7.14 CHESS

The Responsible Entity will apply for the Units to participate in CHESS, in accordance with the ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an automated transfer and settlement system for transactions in units quoted on ASX under which transfers are effected in a paperless form.

The Responsible Entity in accordance with the ASX Listing Rules and the ASX Settlement Operating Rules, maintains an electronic CHESS sub-register (for Unitholders who are participants in CHESS or sponsored by such a participant) and an electronic issuer sponsored sub-register (for all other Unitholders). These two sub-registers together make up the Fund's principal register of Unitholders. Following allocation of the Units to successful Applicants, Unitholders will be sent holding statements that sets out the number of Units that have been allocated and the Unitholders' Holder Identification Number, or in the case of issuer sponsored holders, the Unitholder's Reference Number.

Unitholders will receive statements showing any changes to their holding of Units. Certificates will not be issued for the Units. A Unitholder who wishes to have their Units sponsored by a CHESS participant should forward their initial statement of holding and Reference Number (upon receipt) to their broker who will transfer their holding onto the CHESS sub-register.

Section 7 : Details of the Offer (continued)

7.15 Brokerage, Commission and Stamp Duty

No brokerage, commission or stamp duty is payable by Applicants who apply for Units under the Offer.

Investors who buy or sell Units on ASX may be subject to brokerage and other transaction costs. Under current legislation, there is no stamp duty payable on the sale or purchase of Units quoted on ASX provided that no investor (together with any related or associated persons or any other persons in an associated transaction, for the purposes of stamp duty law) holds 90% or more of the interests in the Fund.

7.16 Taxation Issues

A summary of Australian tax consequences of investing in the Fund is contained in section 9.

However, the summary provides general information only. Applicants should make their own enquiries in relation to the taxation consequences of investing, taking into account their own circumstances. Applicants should obtain and only rely on professional taxation advice if they are in doubt about the consequences of investing in the Fund, from a taxation perspective.

7.17 Enquiries

If you have enquiries or questions about this PDS or the Offer, you should contact 360 Capital Investor Information line on 1300 082 130 (within Australia) or +61 2 8016 2884 (from outside Australia).

If you have any queries or uncertainties relating to aspects of this PDS or the Offer, please consult your broker, accountant or other independent financial adviser before deciding whether to invest.

7.18 Acknowledgements

Each Applicant under the Offer agrees to be bound by the terms of the Constitution and the terms and conditions of the Offer:

(a) acknowledged having personally received a printed or electronic copy of the PDS (and any supplementary or replacement PDS) including or accompanied by the Application Form and having read them all in full;

(b) declared that all details and statements in their Application Form are complete and accurate.

(c) declared that the Applicant(s), if a natural person, is/are over 18 years of age;

(d) acknowledged that, once the Responsible Entity receives an Application Form, it may not be withdrawn and an Application Form is an irrevocable acceptance of the Offer;

(e) applied for the number of Units at the Australian dollar amount shown on the front of the Application Form;

(f) agreed to being allocated the number of Units applied for (or a lower number allocated in a way described in this PDS), or no Units at all;

(g) authorised the Responsible Entity and its respective officers or agents, to do anything on behalf of the Applicant(s) necessary for Units to be allocated to the Applicant(s), including to act on instructions received by the Registry upon using the contact details in the Application Form;

(h) acknowledged that the Fund may not pay distributions, or that any distributions paid may not be franked;

(i) acknowledged that the information contained in this PDS (or any supplementary or replacement PDS) is not financial product advice or a recommendation that Units are suitable for the Applicant(s), given the investment objectives, financial situation or particular needs (including financial and tax issues) of the Applicant(s); and

(j) acknowledged and agreed that the Offer may be withdrawn or suspended by the Responsible Entity or may otherwise not proceed in the circumstances described in this PDS.

Section 8 : Fees and Other Costs of the Fund

Consumer Advisory Warning

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your Fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100 000 to \$80 000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the Fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities & Investments Commission (ASIC) website (www.moneysmart.gov.au) has a managed investment fee calculator to help you check out different fee options.

8.1 Fees and Other Costs

This section 8 shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the managed investment scheme as a whole.

Information regarding tax is set out in section 9.

Unless otherwise stated, the fees and costs set out below are expressed inclusive of GST, less the maximum reduced input tax credits claimable by the Fund.

You should read all the information about fees and costs because it is important to understand their impact on your investment. A further description of the fees and costs outlined in the table below is provided in section 8.3.

Type of fee or cost	Amount	How and when paid
Fees when your money moves in or out of the Fund		
Establishment fee The fee to open your investment	Nil	Not applicable.
Contribution fee The fee on each amount contributed to your investment by you	Nil	Not applicable.
Withdrawal fee The fee on each amount you take out of your investment	Nil	Not applicable.
Exit fee The fee to close your investment	Nil	Not applicable.
Management costs		
The fees and costs for managing your investment ¹	<p>Management Fee equal to 0.85% of the GAV of the Fund (which currently equates to 0.89% per annum of the NAV of the Fund)² during the year: plus</p> <p>Recoverable Expenses estimated to be 0.17% per annum of the NAV of the Fund; plus</p> <p>Indirect Costs³ estimated to be 0.29% per annum of the NAV of the Fund.</p>	<p>The Management Fee is calculated and accrued on a daily basis and paid to the Responsible Entity monthly in arrears from the assets of the Fund.</p> <p>Recoverable Expenses are reimbursable to the Responsible Entity, and generally deducted from the Fund's assets when they are incurred from time to time.</p> <p>Indirect Costs will be recovered from the assets of the Fund once they are incurred. These costs are reflected in the returns generated in an underlying asset and reflected in the NAV of the Fund.</p>
Service fees		
Switching fee The fee changing investment options	Nil	Not applicable.

1 Other fees and costs may be applicable in any particular year. Please refer to section 7.3 for further information in relation to the ongoing management costs and to the additional fees which may apply.

2 This reflects that there is currently no gearing.

3 The Indirect Costs are estimated costs calculated on the basis of the Responsible Entity's reasonable estimate. Actual indirect costs may differ materially from the estimated indirect costs.

Section 8 : Fees and Other Costs of the Fund (continued)

8.2 Example of Annual Fees and Costs

The following table gives an example of how the fees and costs in the Fund can affect your investment over a one year period. You should use this table to compare this product with other managed investment products.

Example	%	Amount attributable to an investment of \$50,000 in the Fund plus contributions of \$5,000 during the year ¹
Contribution fees	Nil	Nil
PLUS Management costs comprised of the Management Fee, Recoverable Expenses and Indirect Costs ²	1.35% p.a. of the NAV of the Fund ³	And, for every \$50,000 you have invested you will be charged \$675 each year ⁴
EQUALS cost of Fund		If you had an investment of \$50,000 at the beginning of the year and you invested an additional \$5,000 at the beginning of the year, you would be charged fees and expenses of \$675-\$742.50 for that year ⁴ What it costs you will depend on the fees you negotiate.

1 This table assumes that a total of \$50,000 is invested under the Offer (i.e. to acquire 8,417 Units at \$5.94 each). If you were to invest \$50,000 in Units subsequent to the Offer, the amount of fees applicable to that investment may differ from the amounts set out in this table if more or less than 8,417 Units are acquired. This table also assumes that the additional \$5,000 contribution is used to acquire Units at \$5.94 each. There is no guarantee that Units will be able to be acquired for \$5.94 subsequent to the Offer.

2 The Indirect Costs are estimated costs calculated on the basis of the Responsible Entity's reasonable estimate. Actual indirect costs may differ materially from the estimated indirect costs. Refer to section 8.3.4 for more information.

3 The Management Fee is 0.85% per annum of the GAV of the Fund plus the net amount of GST of 0.04% (totalling 0.89%), which equates to 0.89% per annum of the NAV of the Fund (as there is currently no gearing), calculated and accrued daily and paid to the Responsible Entity monthly in arrear's out of the Fund's assets).

4 Additional fees and expenses may apply in any given year, for example, where an asset is acquired or disposed of by the Fund. Please refer section 8.3 for additional information in relation to the management fee, Fund costs and expenses and additional fees which may apply.

8.3 Additional Explanation of Fees and Costs

8.3.1 Management costs

The management costs are the fees and costs charged for the management and administration of the Fund, as well as an estimate of all ordinary expenses recoverable by the Responsible Entity in operating the Fund. Management costs also include estimated indirect costs. Management costs reduce the NAV of the Fund and are reflected in the NAV per Unit. Management costs do not include transactional and operational costs. For more information please see Section 8.4 below.

8.3.2 Management Fees

The Responsible Entity is entitled to a Management Fee of 0.85% p.a. of the GAV of the Fund during the relevant year for its role in managing the Fund. This equates to 0.89% of the NAV of the Fund (as there is currently no gearing).

Any increase in the Management Fee charged by the Responsible Entity, will only occur after providing Unitholders with 30 days prior written notice.

8.3.3 Recoverable expenses

The Responsible Entity is entitled to recover all expenses properly incurred in managing and administering the Fund, including in relation to the following:

- costs incurred by the Responsible Entity in accordance with the Constitution;
- compliance committee costs;
- audit fees;
- legal fees;
- independent consultant report preparation fees;
- asset custody expenses; and
- bank fees, government fees and taxes.

The Responsible Entity estimates that the Fund will incur expenses of approximately 0.21% of the NAV of the Fund per annum. This estimate has been included in the tables set out in sections 8.1 and 8.2 above.

8.3.4 Indirect Costs

In general, indirect costs are any amounts that directly or indirectly reduce the returns on the Units that are paid from the Fund (other than the Management Fees, ongoing expenses and transactional and operational costs), or the amount or value of the income or assets of the Fund (including any underlying asset of the Fund).

The Responsible Entity estimates indirect costs for the Fund to be 0.29% p.a. of the NAV of the Fund.

8.3.5 Professional services fees

If the Responsible Entity or any of its associates provides additional services to the Fund in a professional capacity, it 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.

8.3.6 GST

Unless otherwise stated, all fees in this section of the PDS are inclusive of GST and reduced input tax credits. Where the Fund is entitled to input tax credit or reduced input tax credit under the GST legislation for GST paid in respect of the services provided to it, the cost to the Fund of paying GST will be reduced proportionally. For additional information in relation to the taxation implications of an investment in the Fund please see section 9.

8.4 Transactional and Operational Costs

The Fund incurs certain transactional and operational costs associated with the operation of the Fund such as the buying and selling of the Fund's assets, these include: brokerage, settlement costs, clearing costs, stamp duty and other government taxes or charges, as well as costs such as due diligence costs, OTC derivative hedging costs and include the transaction costs incurred by the underlying assets of the Fund.

To the extent these costs are not borne by borrowers, these costs are paid for by the Fund when they are incurred and may vary depending on the number and frequency of Fund transactions.

It is anticipated that the transactional and operational costs will be approximately 0% of the NAV of the Fund (inclusive of GST, less RITC) adjusted to reflect a 12-month period. Actual transactional and operational costs may vary materially from the estimate.

8.5 Fees and Costs Associated with the Offer

Fees and Costs	\$70m Offer size ¹
Offer fees and costs	\$1,000,000
Advisers' and consultants' fees and other costs	\$150,000
Total	\$1,150,000

¹ The Responsible Entity reserves the right to raise a lesser amount under the Offer

Under the Constitution, the Responsible Entity is entitled to pay the fees and costs associated with the Offer out of the Fund's assets. However, the 360 Capital Group has agreed to pay these fees and costs in full of its own pocket.

8.6 Brokerage and Commission

The Fund does not pay any brokerage, commission or stamping fees in respect of the issue of Units in the Fund to Retail Clients. The Fund or the 360 Capital Group may pay brokerage, commission or stamping fees in respect of the issue of Units in Fund to Wholesale Clients.

8.7 Total Fees and Costs

Based on the estimated costs outlined in this section 8, the estimated total of the amounts for management costs and net transactional and operational costs is estimated as 1.35% per annum of the NAV of the Fund. The dollar figure of these estimated total management costs and net transaction costs based on an investment balance of \$50,000 is \$675.

8.8 Borrower Fees

From time to time, the Responsible Entity may charge other fees on loans made by the Fund. These fees are charged to the borrower and are not a cost of the Fund. These fees may include, but are not limited to, establishment fees and origination fees and are typically between 1.00% - 2.00% of the loan amount.

The Responsible Entity 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. These fees will not be paid from the assets of the Fund but will be paid by the borrower.

8.9 Sub-trusts

The Fund may invest in loans via one or more managed investment scheme sub-trusts. Any interposed sub-trust does not result in additional fees and costs to Unitholders in addition to those set out in this PDS.

8.10 Can fees be different for different Unitholders?

The Responsible Entity may, from time to time, negotiate a different fee arrangement (by way of a rebate of fees or reduced fees) with certain Wholesale Clients or otherwise in accordance with ASIC requirements. Any fee rebates will be paid out of the assets of the Responsible Entity and will not be paid from the assets of the Fund. The size of the investment and other relevant factors may be taken into account.

The terms of these arrangements are at the discretion of the Responsible Entity. The contact details of the Responsible Entity are contained in the Corporate Directory (at the back of this PDS).

8.11 Can the fees change

All fees in this PDS can change. Reasons for a change may include changing economic conditions and changes in regulation. Fees may also change due to an increase in GST payable or a change to RITCs entitled to be claimed by the Fund. Any estimates of fees and costs in this PDS are based on information available as at the date of this PDS. As such, the actual fees and costs may differ and are subject to change from time to time. The Constitution sets the maximum amount the Responsible Entity can charge for fees. If the Responsible Entity wishes to raise fees above the amounts allowed for in the Constitution, the Responsible Entity would need to amend the Constitution in accordance with the Corporations Act and the relevant provisions in the Constitution.

The Responsible Entity can change the fees referred to in this PDS without consent, subject to any maximum fee amounts specified in the Constitution, as applicable. The Responsible Entity will give Unitholders at least 30 days' advanced notice of any proposed change to these fees, if applicable.

Section 9 : Taxation Information

9.1 Australia

A summary of the general Australian taxation considerations for the Fund and Unitholders in the Fund is set out below. The taxation information provided below is intended only as a brief guide. The information applies only to current and prospective Unitholders of the Fund who:

- are Australian tax resident individuals;
- are subject to Australian tax (that is, are not exempt from Australian tax); and
- hold their investments on capital account.

This summary does not consider the Australian tax considerations that may be relevant for:

- Unitholders in the Fund who are not Australian tax resident individuals, including financial institutions, insurance/life insurance companies, partnerships, tax exempt organisations or temporary residents;
- Unitholders who hold (or will hold) Units in the Fund as trading stock or on revenue account, or who are exempt from Australian income tax, or are subject to the Taxation of Financial Arrangements (TOFA) rules in Division 230 of the Income Tax Assessment Act 1997;
- dealers in the Units;
- Australian residents who hold their Units as part of an enterprise carried on at or through a permanent establishment in a foreign country;
- Unitholders who change their tax residence while holding Units; or
- Unitholders who invest indirectly into the Fund through directed portfolio services, master funds or other portfolio administration services.

The comments below are based on the relevant taxation laws in the Income Tax Assessment Act 1936, the Income Tax Assessment Act 1997, A New Tax System (Goods & Services Tax) Act 1999, the Income Tax Rates Act 1986 and the Taxation Administration Act 1953 (referred to collectively herein as the **Australian Tax Act**) as at the date of this document and the associated administrative instruments, except where otherwise indicated.

The information below is based on existing tax law and established interpretations as at the date of this PDS. The taxation of unit trusts such as those that make up the Fund can be complex and may change over time. Accordingly, Unitholders are recommended to seek professional taxation advice in relation to their own position.

Australia is in the process of major tax reform. It is possible that future legislation or changes made to the administration interpretation of the existing law will affect the matters considered in this summary.

The information contained in this document does not constitute “financial product advice” within the meaning of the Corporations Act. To the extent that this document contains any information about a “financial product” within the meaning of the Corporations Act, taxation is only one of the matters that must be considered when making a decision about the relevant financial product. This summary has been prepared for general circulation and does not take into account the objectives, financial situation or needs of

any recipient of the PDS. Accordingly, any recipient should before acting on this material, consider taking independent financial advice from a person who is licensed to provide financial product advice under the Corporations Act.

9.2 Taxation of the Fund

9.2.1 General

The income tax treatment of the Fund and its Unitholders depends on whether the Fund qualifies, firstly, as a Managed Investment Trust (MIT) and secondly, as an Attribution Managed Investment Trust (AMIT) and elects for tax treatment under the AMIT tax regime.

The Responsible Entity expects that the Fund will continue to qualify as a MIT. To date, the Fund has not made the irrevocable election for the Fund and Unitholders to be taxed under the AMIT tax regime. On the basis that the Fund has not elected into the AMIT regime, the general taxation rules for trusts should continue to apply to the Fund.

Broadly speaking, assuming it is not a public trading trust, the Fund should be treated as a ‘flow through’ entity for income tax purposes. Accordingly, the Responsible Entity of the Fund should generally not be liable to pay income tax on the net (i.e. taxable) income of the Fund on the basis that the Unitholders will have a present entitlement to all of the income of the Fund. Consequently, the Unitholders will be the persons who will be taxed on the taxable income of the Fund.

9.2.2 Public Trading Trust Rules

The taxation treatment for the Fund will depend on whether the Fund is a “public trading trust” under Division 6C of the Income Tax Assessment Act 1936 during a particular income year. In order to be treated as a public trading trust for a particular income year, the Fund must be both a public unit trust and a trading trust for that income year.

On the basis that the Units in the Fund are listed on the ASX, the Fund will be a public unit trust and this summary has been prepared on this basis.

A unit trust is a trading trust if at any time during the income year, the trustee carried on or was able to control a ‘trading business’. A trading business is any activity other than ‘eligible investment business’. Broadly, eligible investment business includes investing or trading in all or any of a number of categories of debt securities and derivatives, or investing in land for the primary purpose of deriving rental income.

The Responsible Entity expects that the Fund should not derive income other than from an eligible investment business for income tax purposes. Therefore, the Fund should not be regarded as a public trading trust. We note that the requirements for a public trading trust are ongoing so that the tax position of the Fund in any year will depend on the actual operations in that year.

On the basis that Division 6C does not apply to the Fund, the Fund should be a “flow through” entity for tax purposes such that the net income of the Fund will be taxable in the hands of the Unitholders. If the Fund has taxable income, Unitholders will generally be liable for tax on their share of the taxable income and tax offsets of the Fund at their own applicable tax rates. Provided the Fund continues to fall outside the public trading trust rules in Division 6C, the Fund should not be liable to tax in its own right.

9.2.3 Taxation of Financial Arrangements (TOFA)

The TOFA rules may apply to financial arrangements (e.g. loans that are debt interests for tax purposes) held by the Fund when calculating the assessable income of the Fund. Broadly, the TOFA rules may require certain gains and losses (including gains and losses on disposals) on financial arrangements to be recognized on an accruals basis (where the gains/losses are sufficiently certain) or realisation basis, on revenue account; unless a specific TOFA elective methodology is adopted. Given the current Fund net asset value, the TOFA rules should not automatically apply to the Fund but may apply in the future.

9.2.4 Tax Losses

Where a revenue loss or net capital loss is incurred by the Fund, the loss must be quarantined within the trust and cannot be passed to Unitholders for tax purposes. Instead, revenue tax losses should be able to be carried forward and offset against assessable income derived by the Fund in future years subject to satisfying the relevant trust loss recoupment tests.

Any net capital losses should be able to be carried forward and offset against future capital gains derived by the Fund. There are generally no restrictions on utilising carried forward net capital losses incurred by a trust.

9.2.5 MIT and AMIT Aspects

As mentioned above, the Fund is expected to continue to qualify as MIT for Australian tax purposes. For the Fund to qualify as a MIT in relation to an income year, the Fund must satisfy a number of conditions, including conditions relating to being widely held by Unitholders. The Responsible Entity believes that the Fund will continue to satisfy the conditions for the Fund to be a MIT including the widely held conditions.

If eligible, the Responsible Entity of the Fund may elect for the Fund to become an AMIT. The Responsible Entity does not intend to make an election for the Fund to be an AMIT, at this time. However, it may choose to do so in the future. Unitholders will be advised if the AMIT election is to be made.

9.3 Taxation of Australian Tax Resident Unitholders

Australian resident Unitholders are liable to pay tax on the full amount of their share of the taxable income of the Fund in the income year to which it relates. A Unitholder's share of the taxable income of the Fund for the year ended 30 June must therefore be included as assessable income for the financial year ended on that date. This applies irrespective of whether distributions from the Fund relating to an income year are paid in a subsequent year.

Distributions from the Fund may include various components, the taxation treatment of which may differ. For example, a distribution may include an interest component, other income component (that may be MIT fund payments) and a tax deferred component, a foreign income component (including foreign income tax offsets (FITOs)) as well as capital gains. Tax deferred distributions are distributions in excess of the net taxable income of the Fund and are usually attributable to tax timing differences.

Tax deferred distributions should not be assessable when received unless and until the total tax deferred amounts received by a Unitholder exceed the cost base of units held in the Fund.

For CGT purposes, amounts of tax deferred distributions received reduce the cost base of units held and therefore affect a unitholder's capital gain/loss on any disposal of units. A Unitholder will make an immediate capital gain to the extent tax deferred distributions received exceed the unitholder's cost base of units in the Fund. Based on the assets expected to be held by the Fund, the Responsible Entity does not expect material tax deferred distributions to be made by the Fund.

We note for completeness that the ATO has expressed a view that tax deferred amounts should be brought to account as assessable income under the general assessment provisions by a range of beneficiaries and in particular, those beneficiaries who hold their units on revenue account or as trading stock. If you believe this may apply to you, please discuss this with your taxation advisor.

9.3.1 FITOs

Where foreign income tax has been deducted from foreign source income, an Australian resident Unitholder may be entitled to a share of a FITO (subject to the Fund being eligible to distribute the FITO). Australian resident Unitholders will include any FITO attached to a foreign income component as assessable income. Where a FITO is included in a Unitholder's assessable income, the Unitholder will generally be entitled to a corresponding non-refundable tax offset (subject to certain limits).

9.3.2 Disposal of assets by the Fund

On the basis that the assets to be held by the Fund should be debt interests for Australian tax purposes, the CGT rules are expected to have limited application. However, where an asset that is subject to the CGT regime is owned by the Fund for at least 12 months is disposed of, the Fund will receive a 50% CGT discount on the capital gain realized (subject to the 'Proposed Law Changes' outlined below). Where a trust distribution includes a "discounted capital gain" component a CGT discount may be available for certain resident investors, such as individuals and superannuation funds.

9.3.3 Proposed Law Changes

Under proposals announced in the 2018-19 Budget on 8 May 2018 (and the revised commencement date announced in the July 2020 Economic and Fiscal Update), the Government intends to prevent MITs and AMITs from applying discount capital gains treatment at the trust level. This measure is intended to apply on or after three months after the date of Royal Assent of the enabling legislation (although draft legislation to enact this measure has yet to be released). If this measure is enacted and the Fund qualifies as a MIT in respect of a financial year (whether or not it is also an AMIT), the Responsible Entity of the Fund will attribute gross capital gains, with discount capital gains treatment then being applied only at the investor level, if applicable.

9.3.4 Disposal of Units in the Fund

Broadly, an Australian resident Unitholder will derive a capital gain on the disposal of Units to the extent that the capital proceeds received on disposal exceeds the CGT cost base of the Units held. A Unitholder will incur a capital loss on the disposal of Units to the extent that the capital proceeds on disposal are less than the CGT reduced cost base of the Units held. A CGT discount may be available for certain resident investors, such as individuals and superannuation funds who have held their Units for greater than 12 months.

9.4 Tax File Numbers and Australian Business Numbers

A Unitholder need not quote a Tax File Number (TFN) when applying for Units in the Fund. However, if a TFN is not quoted, or no appropriate TFN exemption information is provided, tax is required to be deducted from any income distribution entitlement at the highest marginal tax rate plus Medicare levy (currently 47 per cent). Unitholders that hold their Units as part of their business may quote their Australian Business Number instead of their TFN.

9.5 Goods and Services Tax (GST)

The acquisition and/or disposal of Units is not subject to GST.

Generally, GST incurred on costs relating to the issue, acquisition or disposal of Units should not be recoverable in full. However, Unitholders are recommended to seek professional taxation advice in relation to their own position.

9.6 Stamp Duty

No stamp duty should be payable by Unitholders on their acquisition of Units. Under the current stamp duty legislation, in the ordinary course no stamp duty should be payable on any subsequent transfer of the Units in the Fund. However, Unitholders are recommended to seek professional taxation advice in relation to their own position.

9.7 Foreign Account Tax Compliance Act (FATCA)

In compliance with the US income tax rules commonly referred to as the FATCA and the Intergovernmental Agreement signed with the Australian Government in relation to FATCA, the Fund will be required to provide information to the ATO in relation to:

- Unitholders who are individuals that are US citizens or tax residents (**US persons**);
- Unitholders which are specified US entities or passive non-financial entities controlled by US persons.

The Fund is intending to conduct its appropriate due diligence (as required) to collect information about Unitholders (and their controlling persons as appropriate). The Fund reserves the right not to open an account, where the Unitholders do not provide appropriate information to the Fund.

9.8 Common reporting standards (CRS)

The CRS is the single global standard for the collection of financial account information of Unitholders (and their controlling persons, where applicable) and the reporting and exchange of financial account information of certain Unitholders (and their controlling persons, where applicable) who have tax residency of a foreign jurisdiction. The CRS is similar to FATCA, whereby the Fund will need to collect information, including the tax residency of each Unitholder (subject to limited exceptions at the Responsible Entity's determination), and report to the ATO similar financial

account information of certain Unitholders (and their controlling persons, as applicable) who have tax residency of a foreign jurisdiction. The Fund reserves the right not to open an account, where the Unitholders do not provide appropriate information to the Fund. The ATO may exchange this information with the participating foreign tax authorities of those non-residents.

By making an Application for Units, each prospective Unitholder agrees to provide the required information (related to its and its controlling persons, if applicable, tax residency and related information) requested by the Responsible Entity, on behalf of the Fund, in order to comply with the FATCA and CRS regimes and upon becoming a Unitholder, to update the Responsible Entity promptly if there is any change to this information provided.

9.9 New Zealand

9.9.1 Taxation of New Zealand resident Unitholders

The summary below is based on the relevant New Zealand tax law in force, established interpretations of that law and understanding of the practice of the relevant tax authority at the time of issue of this PDS.

The precise implications of ownership or disposal of the Unitholders will depend upon each Unitholder's specific circumstances. It is recommended that all New Zealand tax resident Unitholders consult their own independent tax advisers regarding the income tax and GST consequences of acquiring, owning and disposing of Units, having regard to their specific circumstances.

9.9.2 New Zealand GST

The issue and redemption of Units in the Fund will not be subject to New Zealand GST.

9.9.3 Income Tax

For New Zealand tax purposes, the Fund, being an Australian unit trust, is deemed to be a company. New Zealand resident investors are treated as holding shares in an Australian resident company.

The summary set out below assumes that you and your associates do not together hold 10% or more of the total Units on issue in the Fund. Unitholders will be taxed on their Units under one of two regimes: the ordinary tax regime or the Foreign Investment Fund (FIF) regime.

9.9.4 De Minimis Threshold

Unitholders that are natural persons (and certain trusts) that hold Units in the Fund as well as other offshore equities (that are not in ASX listed Australian resident companies) that have a total cost of NZ\$50,000 or less have a choice whether to be subject to the ordinary tax regime or the FIF regime.

Tax Treatment under the Ordinary Tax Regime

Under the ordinary tax regime:

- Any distributions will be dividend income for the Unitholder;
- Withdrawal by redemption of Units will give rise to dividend income for the Unitholder equal to the difference between:
 - the redemption proceeds; and
 - the average issue price of all the Units multiplied by the number of the Unitholder's Units which are redeemed; and

In addition to tax on dividends, a Unitholder will be taxed on any gains from the sale or redemption of Units only if the Unitholder acquired the Units either:

- for the purpose of disposal;
- as part of a profit making scheme or undertaking; or
- as part of a business in respect of which the sale of such investments is an ordinary incident.

Amounts taxed as dividends will not also be taxed as gains from sale.

9.9.5 Tax treatment under FIF Regime

Under the FIF regime, a Unitholder will generally be deemed to derive taxable income equal to 5% of the market value of the Units held at the beginning of the income year (fair dividend rate, or **FDR method**).

Any profits from selling or redeeming the Units and any dividends or redemption proceeds received are disregarded (except as described in the following paragraphs).

If a Unitholder buys and later sells Units in the same income year, then the Unitholder may have additional taxable income equal to either:

- the actual gain from the Units both bought and sold during the income year (including any distributions received on those units) (**actual gain method**). For this purpose, the last Unit acquired is deemed to be the first sold; or
- 5% of:
 - the difference between the greatest number of Units the Unitholder held at any time during the income year and the number of Units held at the beginning or end of the year (whichever produces the smaller difference), multiplied by

the average cost of all Units acquired by the Unitholder during the income year (**peak holding method**).

The Unitholder must apply the method which produces the lesser amount of additional income when applied consistently to all of their FIF interests bought and sold in the same income year.

There are a number of different versions of this method used by Unitholders that are managed funds.

If an Unitholder is a natural person or a family trust and its actual realised and unrealised return together with distributions and dividends from their total portfolio of offshore equities (excluding ASX listed Australian resident companies) is lower than the amount calculated under the FDR method described above, then the Unitholder can elect to be taxed on their actual realised and unrealised returns – including distributions and dividends (the comparative value or **CV method**). If chosen, this method must be applied across all the Unitholder's offshore equities (excluding ASX listed Australian resident companies).

It is noted that the application by a Unitholder of a certain method for calculating taxable income under the FIF regime in respect of Units held in the Fund may have implications for other investments that the Unitholder holds that are also subject to the FIF regime.

A Unitholder will also need to make certain elections in respect of how amounts are converted to New Zealand dollars.

The FIF regime described above is subject to various exceptions and there are various restrictions as to the availability of methods for calculating income from FIF interests. Unitholders may not be able to apply the FDR method if they have entered into NZ\$ hedges in relation to their investment in the Fund. Unitholders should seek specific tax advice if they believe the FIF regime may apply to them.



Section 10 : Additional Information

10.1 Summary of the Constitution of the Fund

The operation of the Fund is governed under the law and the Constitution of the Fund which addresses matters such as NAV per Unit, withdrawals, the issue and transfer of Units, Unitholder meetings, Unitholders' rights, the Responsible Entity's powers to invest, borrow and generally manage the Fund and the Responsible Entity's fee entitlement and right to be indemnified from the Fund's assets. The Constitution states that a Unitholder's liability is limited to the amount the Unitholder paid for their Units, but the courts are yet to determine the effectiveness of provisions of this kind. The Responsible Entity may alter the Constitution if it reasonably considers the amendments will not adversely affect Unitholders' rights. Otherwise, the Responsible Entity must obtain Unitholders' approval at a meeting of Unitholders. The Responsible Entity may retire or be required to retire as Responsible Entity (if Unitholders vote for its removal). The Responsible Entity, if applicable, may exercise its right to terminate the Fund.

The Fund is divided into Units. A Unit confers on the Unitholder an undivided beneficial interest in the Fund as a whole, subject to fund liabilities and not in parts or single assets. A Unitholder holds a Unit subject to the rights and obligations attaching to that Unit. Units may be issued at a price determined by the Responsible Entity that may be above or below the trading value of Units.

While the Fund is listed on the ASX, Units are not able to be redeemed, except under a withdrawal offer or buy-back of Units which is at the absolute discretion of the Responsible Entity to offer and which satisfies the Corporations Act and Listing Rules.

Unitholders' rights to requisition, attend and vote at meetings are mainly contained in the Corporations Act.

The Fund is subject to the Listing Rules and, despite anything in the Constitution, if the Listing Rules prohibit an act being done, that act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules requires to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision or not to contain a provision, the Constitution is deemed to contain that provision or not to contain that provision (as the case may be). If any provision of the Constitution is or becomes inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

Unitholders can inspect a copy of the Constitution at the Responsible Entity's head office or the Responsible Entity will provide a copy free of charge.

10.2 Summary of the Offer Management Agreement

The Responsible Entity has entered into an Offer Management Agreement with the Lead Arranger and Joint Lead Managers with respect to the management of the Offer. Under the Offer Management Agreement, the Lead Arranger and Joint Lead Managers have agreed to amongst other things, use their reasonable endeavours to procure Applications under the Offer.

The Lead Arranger and Joint lead Managers will be entitled to the following fees set out in the Offer Management Agreement:

- (a) an arranger fee of 0.2% (plus GST) of the total gross amount raised from Wholesale Clients (or their overseas equivalent) to Lead Arranger;
- (b) a management fee to each Qualifying Lead Manager, 1.00% (plus GST) of Wholesale Firm Allocations procured by that Qualifying Joint Lead Manager multiplied by the Offer Price; and
- (c) to each Joint Lead Manager, a selling fee of 1.50% (plus GST) of Wholesale Firm Allocations procured by that Joint Lead Manager multiplied by the Offer Price.

The Joint Lead Managers will be reimbursed by 360 Capital Group for all reasonable expenses (including any applicable GST) incurred by the Joint Lead Managers in connection with the Offer Management Agreement, this PDS and the Offer.

10.3 History of the Fund

The Fund (previously named Australian Enhanced Income Fund) was registered with ASIC on 19 August 2005.

The Fund was listed on the ASX on 17 October 2006 under the ASX code AYF (now TCF).

The Unitholders of the Fund approved the replacement of the responsible entity at a meeting held on 9 September 2020 and 360 Capital FM Limited was appointed responsible entity of the Fund on 24 September 2020.

As at 31 October 2020³³ the Fund's NAV per Unit was \$5.94. The Fund's total return (includes the benefit of franking) over the year to 30 June 2020 was 4.43%.

10.4 Capital structure

	Units on issue as at the date of this PDS	Units issued as part of the Offer ¹	Total number of Units proposed to be on issue at the completion of the Offer
Units in the Fund	1,427,358	11,784,512	13,211,870

¹ Assuming \$70.0 million is raised pursuant to the Offer. The Responsible Entity reserves the right to raise a lesser amount under the Offer.

10.5 Consents

The persons listed in the following table have given their written consent and have not, before the date of this PDS, withdrawn their written consent to:

- be named in this PDS in the form and context in which they are named;
- the inclusion of their respective reports or statements noted next to their names and the references to those reports or statements in the form and context in which they are included in this PDS; and
- the inclusion of other statements in this PDS which are based on or referable to statements made in those reports or

³³ 31 October 2020 is the most recent balance sheet date of the Fund.

statements, or which are based or referable to other statements made by those persons in the form and context in which they are included.

- for services provided by a Director or proposed Director in connection with the formation or promotion of the Fund or in connection with the Offer.

Name of person	Named as	Report or statement
Shaw and Partners	Joint Lead Manager	N/A
Bell Potter	Co-Manager	N/A
Clayton Utz	Legal advisor	N/A
BDO Audit Pty Ltd	Auditor	N/A
PricewaterhouseCoopers	Tax	Provider of taxation services in relation to the Offer involving the review of section 9 of the PDS
Boardroom Pty Limited	Registry	N/A
Cambridge Investment Partners	Financial Advisor	N/A

Each of the parties referred to in this section 10.5:

- has not authorised or caused the issue of this PDS;
- does not make, or purport to make, any statement in this PDS other than as specified in this section;
- has not made any statement on which a statement in this PDS is based, other than as specified in this section; and
- to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this PDS other than the reference to its name and the statement (if any) included in this PDS with the consent of that party as specified in this section.

10.6 Directors' Consents

Each Director of the Board has consented to the lodgement with ASIC and issue of this PDS.

10.7 Interests of Responsible Entity Directors

This section 10.7 sets out the nature and extent of the interests and fees of certain persons involved in the Offer other than as set out below or elsewhere in this PDS:

- no Director or proposed Director holds at the date of this PDS, or held at any time during the last two years before the date of lodgement of this PDS with ASIC, any interest in:
 - the formation or promotion of the Fund; or
 - any investment acquired or proposed to be acquired by the Fund in connection with its formation or in connection with the Offer; or
 - the Offer; and
- no amounts have been paid or agreed to be paid by any person and no benefits have been given or agreed to be given by any person:
 - to a Director or proposed Director to induce him to become, or to qualify as, a Director; or

10.8 Related Party Interests

Other than as set out in this PDS, there are no existing agreements or arrangements and there are no currently proposed transactions in which the Responsible Entity was, or is to be, a participant, and in which any related party had or will have a director or indirect material interest.

Other parties and investors may have interests that diverge from that of the Fund, which may have an adverse effect on Unitholders.

360 Capital FM Limited (ABN 15 090 664 396 AFSL 221 474) (Responsible Entity) has been appointed as the responsible entity of the Fund. Other funds managed by, or related parties of, the Responsible Entity may also hold units in the Fund. The 360 Unitholder currently holds 639,958 Units in the Fund amounting to 44.8% of the Fund Units. The Responsible Entity will therefore be dealing with related parties in relation to the Fund's investments. The Responsible Entity is required under law to prefer the interests of the Unitholders over its own interests.

The 360 Capital Group maintains a conflicts of interest policy (Refer to section 11.5).

10.9 Interests of Experts and Advisors

Except as disclosed in this PDS, no amounts of any kind (whether in cash or otherwise) have been paid or agreed to be paid to any expert, stockbroker, promoter or any other person named in this PDS as performing a function in a professional capacity in connection with the preparation or distribution of this PDS, or to any firm in which any of those persons is or was a partner or to any company in which any of those persons is or was associated, for services rendered by that person in connection with the formation or promotion of the Fund or the Offer under this PDS.

- Cambridge Investment Partners Pty Limited is the Lead Arranger of the Offer. In accordance with the Offer Management Agreement, the Responsible Entity will pay Cambridge Investment Partners Pty Limited an arranging fee of 0.2% (plus GST) of the total gross amount raised from Wholesale Clients (or their overseas equivalent);
- Cambridge Investment Partners Pty Limited and Shaw and Partners Limited have agreed to act as Joint Lead Managers to the Offer. In consideration of these services, the Joint Lead Managers may each be paid a management fee and a selling fee as set out in section 10.2. Bell Potter Securities Limited has agreed to act as co-manager to the Offer, and any fee payable to the co-manager will be paid from the fees to the Joint Lead Managers.
- Clayton Utz has acted as the Fund's legal adviser and in that capacity has been involved in undertaking due diligence enquiries for the preparation of this PDS and providing legal advice to the Fund in relation to the Offer. In respect of this work, the Responsible Entity will pay approximately \$60,000 (plus GST and disbursements) for services in relation to this

Section 10 : Additional Information (continued)

PDS. Further amounts may be paid to Clayton Utz for services in accordance with its normal time-based charges.

- BDO Audit Pty Ltd is the Fund's Auditor in relation to the Offer. In consideration of these services, BDO Audit Pty Ltd will be paid \$25,000 (plus GST)..
- PricewaterhouseCoopers has provided taxation services in relation to the Offer involving the review of section 9 of the PDS. In respect of these services, they will be paid approximately \$11,000 (plus GST).
- Boardroom Pty Limited has been appointed as the registry in relation to the Offer. In consideration of these services, Boardroom Pty Ltd will be paid \$10,000 (plus GST).

10.10 Accessing Information about the Fund

The ASX maintains records of announcements for all entities listed on the ASX. The Fund's announcements may be viewed on the ASX website (www.asx.com.au). ASIC also maintains records in respect of documents lodged with it by the Fund, and these may be obtained from or inspected at any office of ASIC.

The Fund is a disclosing entity for the purposes of the Corporations Act and as such, is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. Broadly, these obligations require the Responsible Entity to:

- prepare and lodge with ASIC and ASX both annual and half-yearly financial statements accompanied by a directors' statement and report, and an audit or review report;
- make available to investors upon request a copy of those annual and half-yearly reports and any continuous disclosure notices given by the Responsible Entity after lodgement of the annual financial report and before the date of this PDS; and
- immediately notify the ASX of any information concerning the Fund of which it is, or becomes, aware and which a reasonable person would expect to have a material effect on the price or value of securities in the Fund, subject to certain limited exceptions related mainly to confidential information.

These obligations require the ASX to be notified periodically and on a continuous basis of information about specific events and matters as they arise for the purpose of the ASX making the information available to the financial market operated by it. In particular, the Fund has an obligation under the Listing Rules (subject to certain limited exceptions) to notify the ASX immediately of any information concerning the Fund, of which it becomes aware, which a reasonable person would expect to have a material effect on the price or value of the Fund's securities.

The Fund releases to the ASX a statement of the Net Tangible Asset Backing of its Units at the end of each month. The calculation of the Net Tangible Asset Backing of Units is made in accordance with the Listing Rules.

The Fund intends that the Responsible Entity will prepare reports on both a semi-annual and annual basis to keep Unitholders informed about the current activities of the Fund, the performance

of the Fund's investments and the investment outlook. The Condensed Interim Financial Report of the Fund will be reviewed (but not audited) by the Auditor. The annual accounts for the Fund will be audited. These reports, continuous disclosure notices and other information about the Fund are accessible on the website www.360capital.com.au. The Responsible Entity will also provide a copy of any of the above free of charge on request. Please call 1300 082 130 (within Australia) or +61 2 8016 2884 (from outside Australia). Copies of documents set out above that are lodged by the Fund with ASIC or the ASX may also be obtained from ASIC or the ASX (respectively).

Note, investments in corporate loans are private and confidential transactions and as such individual investments will not be disclosed.

This PDS is issued in reliance on section 1013FA of the Corporations Act. This enables listed disclosing entities to issue a product disclosure statement with more limited disclosure than would be required of a full-form product disclosure statement where the Fund has been an ASX listed disclosing entity for a period of at least 12 months. The Responsible Entity will provide a copy of the financial statements for the Fund for the year ended 30 June, the half-year ended 31 December and continuous disclosure notices (including daily fund updates) given by the Responsible Entity after the lodgement of the annual financial report and before the date of this PDS free of charge to any person who requests a copy.

10.11 Issue Price Disclosure

The Responsible Entity confirms that each Unit in the Fund, including Units to be issued pursuant to this Offer, has an issue price of at least \$0.20.

10.12 Governing Law

This PDS and the contracts that arise from the acceptance of Applications under the Offer are governed by the laws applicable in New South Wales, Australia and each Applicant submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

10.13 Legal Proceedings

The Fund is not engaged in any litigation as at the date of this PDS and as far as the Responsible Entity is aware no litigation involving the Fund is pending or threatened.

10.14 Investor Considerations

Before deciding to participate in this Offer, you should consider whether the Units to be issued are a suitable investment for you. There are general risks associated with any investment in the financial markets. The value of securities listed on the ASX may rise or fall depending on a range of factors beyond the control of the Fund.

If you are in doubt as to the course you should follow, you should seek advice on the matters contained in this PDS from a stockbroker, solicitor, accountant or other professional adviser.

The potential tax effects relating to the Offer will vary between investors.

10.15 Statement of Directors

The Directors of the Responsible Entity believe that, on completion of the Offer, the Fund will have sufficient working capital to carry out its objectives as stated in this PDS.

11.1 Corporate Governance

Responsibility for the Trust's proper corporate governance rests with the Responsible Entity. The Responsible Entity will monitor the operational and financial position and performance of the Fund. The Directors of the Responsible Entity are committed to implementing high standards of corporate governance in operating the Fund.

Accordingly, the Responsible Entity has created a framework for managing the Fund, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for the Fund's business and which are designed to promote the responsible management and conduct of the Fund.

11.2 ASX Corporate Governance Council's Corporate Governance Principles

The Responsible Entity has evaluated the Fund's current corporate governance policies and practices in light of the ASX Corporate Governance Principles and Recommendations.

A brief summary of the approach currently adopted by the Fund is set out in the latest annual financial report for the Fund lodged with ASIC and ASX and is accessible on the Responsible Entity's website www.360capital.com.au. The Responsible Entity will also provide a copy of the annual report free of charge on request.

11.3 Compliance Plan

The Fund has adopted a compliance plan which identifies its key compliance obligations and the measures necessary to address them. The compliance plan will be audited annually by the Fund's auditor in accordance with the provisions of the Corporations Act. The compliance plan is the document which outlines the systems, measures and procedures that have been adopted by the Responsible Entity to enable it to comply with the provisions of the Corporations Act, ASIC policy, and the Constitution. It deals with a range of issues including compliance monitoring by the Board which meets periodically to oversee the Responsible Entity's compliance activities. Matters covered in detail in the compliance plan include procedures for complaints handling, the processing of applications, transfers and distributions, the monitoring and resolution of suspected breaches of the Corporations Act, accounts and record keeping, valuations, registry systems, audits, related party transactions, conflicts of interest and disclosure reporting requirements.

11.4 Compliance Committee

As more than half of the Directors of the Board of the Responsible Entity are independent external directors, there is no legal requirement to have a compliance committee. Provision is made in the ordinary meeting agendas for the Board to consider critical compliance and risk management issues as they arise. Standard compliance and risk management reporting to the Board occurs on a quarterly basis in the second month following each quarter.



11.5 Conflicts Policy and Investment Opportunity Allocation Protocols

Actual or potential conflicts and related party matters will be considered by the Board of the Responsible Entity in accordance with the Responsible Entity's Conflicts Policy. The Conflicts Policy addresses conflicts of interest, 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 either:
- a related body corporate of any 360 Capital entity or any director of a 360 Capital entity or their associates; or
- 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 and its subsidiaries manage 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.

11.6 The Fund's Valuation Policy

The NAV of the Fund is expected to be calculated monthly in line with its unit pricing policy. This is calculated by deducting all liabilities, which includes declared but unpaid distributions, from the total value of the assets of the Fund, calculated in accordance with the Australian Accounting Standards (AAS).

The valuation methods applied by the Responsible Entity to value the Fund's assets and liabilities must be consistent with the range of ordinary commercial practice for valuing them and represent its assessment of current market value.

The Fund's valuation policy requires valuations of the Responsible Entity's investments to be based on a fair market valuation process designed in accordance with fair value principles as outlined in the International Financial Reporting Standards (IFRS). IFRS defines fair value as the "price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date".

The Fund's valuation policy may be amended due to changes in best industry practice, regulations and accounting rules.

For debt and equity securities that are not valued on the market, the fair value is determined in good faith. In determining the fair value of these investments, 360 Capital Group will typically apply widely recognised market and income valuation methodologies including, but not limited to, earnings and multiple analyses, discounted cash flow methods and third-party valuations. In order to determine a fair value, these methods are applied to the latest information provided by the underlying investment or other business counterparties (e.g. debt agents).

Debt investments that are not valued using market quotations are anticipated to generally, be revalued on a monthly basis, while equity securities that are not valued using market quotations, are anticipated to be valued quarterly. Interest accruals on debt instruments are calculated on a monthly basis in accordance with the frequency of the NAV calculation of the Fund.

11.7 ESG Policy

The Responsible Entity 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 Responsible Entity will adopt a responsible investment framework to ensure its investments comply with relevant local and international laws, including adherence to international protocols. Investment professionals consider the potential 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.

11.8 Anti-Money Laundering and Counter-Terrorism Financing

Notwithstanding any other provision of this PDS, each Unitholder agrees to provide any information and documents reasonably requested by the Responsible Entity to comply with 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 Responsible Entity is subject, pursuant to the laws of any country in respect of the Fund (AML/CTF Laws).

Australia's AML/CTF laws require the Responsible Entity to adopt and maintain an AML/CTF program. A fundamental part of the AML/CTF program is that the Responsible Entity knows certain information about Unitholders in the Fund. To meet this legal requirement, we need to collect certain identification information and documentation (KYC Documents) from new Unitholders. Existing Unitholders may also be asked to provide

Section 11 : Corporate Governance and Fund Policies

KYC Documents as part of a re-identification process to comply with AML/ CTF laws. Processing of Applications will be delayed or refused if Unitholders do not provide the applicable KYC Documents when requested. Under the AML/CTF laws, the Responsible Entity is required to submit regulatory reports to AUSTRAC. This may include the disclosure of your personal information. The Responsible Entity may not be able to tell you when this occurs.

If the Responsible Entity forms the view that, in its reasonable opinion, it is required to disclose information to any person in order to comply with its obligations under the AML/CTF Laws, to the extent permitted by law, each Unitholder agrees that such disclosure will not be a breach of any obligation or duty, whether such obligation or duty is imposed by contract or law, owed by that party to any other responsible entity or Unitholder, and that party will be released from any claim made against them in respect of such disclosure.

11.9 Customer service and complaints

The Responsible Entity is committed to striving for excellence in relation to its products and services, and wants to ensure that it responds to investors' concerns as quickly and efficiently as possible. Despite its best endeavours, the Responsible Entity realises that complaints will occur from time to time and, to this end, has in place comprehensive complaints resolution processes to ensure they are resolved with minimum inconvenience to all parties. If you have a complaint, please contact the Responsible Entity 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
Level 8, 56 Pitt Street
Sydney NSW 2000

Please provide the detail and reason for your complaint and we will attempt to resolve the matter and respond within 45 days of receipt.

If you are dissatisfied with our response, you can lodge a complaint with the Australian Financial Complaints Authority (AFCA), who provides fair and independent financial services complaint resolution that is free to consumers.

Address: Australian Financial Complaints Authority
GPO Box 3, Melbourne Vic 3001

Telephone: 1800 931 678 (free call)

Email: info@afca.org.au

Website: www.afca.org.au

The external dispute resolution body is established to assist you in resolving your complaint, where you have been unable to do so with us. However, it is important that you contact us first. Time limits apply to lodging a complaint with AFCA. These time limits can be found on the AFCA website.

11.10 Privacy and use of 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 the 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 Boardroom Pty Limited as the Fund's Registry provider. The Registry's Privacy Policy can be viewed on its website 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 Privacy Officer
360 Capital FM Limited
Level 8, 56 Pitt Street
Sydney NSW 2000

A copy of the 360 Capital's Privacy Policy can be found at www.360capital.com.au

Glossary

Term	Definition
\$ 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
360 Capital Priority Offer	As described in Section 7.3
360 Capital Priority Unitholder	As described in Section 7.3
360 Unitholder	360 Capital FM Limited, as responsible Entity of the 360 Capital Diversified Property Fund
AEST	Australian Eastern Standard Time being the time applicable in Sydney, New South Wales, Australia
AFSL	Australian Financial Services License
AML/CTF Laws	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 Responsible Entity is subject pursuant to the laws of any country in respect of the Fund
Applicant	A person who subscribes 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 PDS
Application Monies	Monies paid by an Applicant in respect of their subscription for Units in the Fund
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited ACN 008 624 691 or the market operated by it as the context requires
ASX Listing Rules	The official listing rules of the ASX from time to time as modified by any express written confirmation, waiver or exemption given by the ASX
Board or Board of the Responsible Entity	The board of Directors of the Responsible Entity
Broker	Any broker that has received an allocation of Units
Broker Offer	As described in Section 7.3
Business Day(s)	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
CGT	Capital Gains Tax
CHESS	Clearing House Electronic Sub-register System
Constitution	The constitution of the Fund from time to time
Corporations Act	Corporations Act 2001 (Cth) as amended from time to time
Director/s	A director of the Responsible Entity
Firm Wholesale Bid	Means the number of Units the subject of valid applications or valid bids by Wholesale Clients (or their overseas equivalent) received from a Joint Lead Manager, its brokers, co-managers and affiliates under the Broker Offer.
FOS	Financial Ombudsman Service
Fund	360 Capital Enhanced Income Fund
FY	Financial year
GAV	Gross asset value
General Offer	As described in Section 7.3
GST	Goods and services tax (Australia)
Issuer	The Responsible Entity
Joint Lead Managers	Cambridge Investment Partners Pty Limited, and Shaw and Partners Limited
Lead Arranger	Cambridge Investment Partners Pty Ltd
Listing Rules	The official listing rules of the ASX from time to time, as modified by any express written confirmation, waiver or exemption given by the ASX
Management Fee(s)	Fee which the Responsible Entity is entitled to for its role in managing and administering the Fund
Minimum Application	500 Units and thereafter in increments of 100 Units
NAV	Net asset value
NOM	Means the notice of extraordinary meeting and explanatory memorandum in respect of the Fund issued by the Responsible Entity on 2 October 2020
NTA	Net tangible assets
Offer	The offer of Units under this PDS comprising the Priority Offer, the 360 Capital Priority Offer, the Broker Offer and the General Offer

Glossary (continued)

Term	Definition
Offer Price	\$5.94 per Unit
PDS	This document
Priority Offer	As described in Section 7.3
Priority Record Date	9 November 2020
Priority Unitholder	As described in Section 7.3
Qualifying Joint Lead Manager	Means a Joint Lead Manager with a Firm Wholesale Bid equal to or greater than \$5,000,000.
Registry	Boardroom Pty Limited ACN 003 209 836
Responsible Entity	360 Capital FM Limited ACN 133 363 185 192 AFSL 221 474
Retail Client	A retail client for the purposes of Section 761G of the Corporations Act
Target Return	6.00% net of fees, costs and taxes incurred 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)
TFN	Tax File Number
TGP	The ASX code of 360 Capital
Unit	A unit in the Fund
Unitholder	The holder of a Unit in the Fund
Wholesale Client	A wholesale client for the purposes of Section 761G of the Corporations Act
Wholesale Firm Allocations	Means the number of Units allocated in respect of Wholesale Clients (or their overseas equivalents) to a Joint Lead Manager, its brokers, co-managers and affiliates under the Broker Offer that actually settled.

360 Capital Enhanced Income Fund

ARSN 115 632 990

General Offer Application Form

This is an Application Form for Units in 360 Capital Enhanced Income Fund ARSN 115 362 990 (**Fund**) under the Priority Offer on the terms set out in the Product Disclosure Statement dated 11 November 2020 (**PDS**) issued by 360 Capital FM Limited (ABN 15 090 664 396, AFSL 221 474) (**Responsible Entity**) as responsible entity of the Fund. Defined terms in the PDS have the same meaning in this Application Form. You may apply for a minimum of 500 Units (\$2,970.00) and multiples of 100 Units (\$594.00) thereafter. This Application Form and your cheque or bank draft must be received by the Closing Date for the Priority Offer (**expected to be 5:00pm (Sydney Time) on 9 December 2020**), unless varied by the Responsible Entity subject to the Corporations Act and other applicable laws.

This Application Form is important. If you are in doubt as to how to deal with this Application Form, please contact your stockbroker, financial adviser, accountant or other professional adviser. The PDS contains information relevant to a decision to invest in the Units of the Fund and you should read the entire PDS carefully before applying for Units.

To meet the requirements of the Corporations Act and the Financial Markets Conduct Act, this Application Form must not be distributed to another person unless included in, or accompanied by, the PDS. A person who gives another person access to this Application Form must, at the same time and by the same means, give the other person access to the PDS. During the Offer Period, you can obtain a free paper copy of the PDS by contacting the Fund's Offer Information Line.

The Registry's Privacy Policy (**Privacy Policy**) also sets out important information relating to the collection, use and disclosure of all personal information that you provide in relation to your investment in the Fund. Please ensure that you and all relevant individuals have read the Privacy Policy carefully before submitting this Application Form. The Privacy Policy can be found on the Registry's website: <https://www.boardroomlimited.com.au/corp/privacy-policy>.

PLEASE FOLLOW THE INSTRUCTIONS TO COMPLETE THIS APPLICATION FORM (SEE REVERSE) AND PRINT CLEARLY IN CAPITAL LETTERS USING BLACK OR BLUE PEN OR YOU CAN APPLY ONLINE VIA WWW.360OFFER.COM.AU.

A	Number of Units you are applying for	x A\$5.94 per Unit =	B	Total amount payable
	<input type="text"/>		\$	<input type="text"/>
Minimum of 500 Units (\$2,970.00) to be applied for and thereafter in multiples of 100 Units (\$594.00)				

C Write the name(s) you wish to register the Units in (see reverse for instructions)

Name of Applicant #1

Name of joint Applicant #2 or <Account Designation>

Name of joint Applicant #3 or <Account Designation>

D Write your residential address here – available to eligible Existing Investors of the Fund and other investors invited to participate with a registered address in Australia

Number/Street

Suburb/Town

State

Postcode

E CHESS participant – Holder Identification Number (HIN)

Important please note if the name and address details above in sections D and E do not match exactly with your registration details held at CHESS, any Units issued as a result of your Application will be held on the Issuer Sponsored subregister.

F Enter your Tax File Number(s), ABN, or exemption category

Applicant #1

Applicant #2

Applicant #3

G Cheque payment details – ✎ PIN CHEQUE(S) HERE. Cheque to be made payable to "360 Capital Enhanced Income Fund" and crossed and marked "Not Negotiable". Enter cheque details below.

Alternatively you can apply online at WWW.360OFFER.COM.AU

Name of drawer of cheque	Cheque no.	BSB no.	Account no.	Cheque Amount A\$
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Privacy Statement

360 Capital Enhanced Income Fund advise that Chapter 2C of the Corporations Act requires information about its unitholders (including names, addresses and details of Units held) to be included in Fund's unit register. Information is collected to administer your securityholding and if some or all of the information is not collected then it might not be possible to administer your securityholding. Your personal information may be disclosed to the Fund. To obtain access to your personal information or more information on how the Fund collects, please refer to the Privacy Policy of the unit registry found on the website <https://www.boardroomlimited.com.au/corp/privacy-policy>.

J	Contact telephone number (daytime/work/mobile)	Contact Name
	<input type="text"/>	<input type="text"/>
	Email address	<input type="text"/>

Declaration - by submitting this Application Form with your Application Amount, I/we declare that I/we:

- ✓ have personally received a paper or electronic copy of and read the PDS in full and agree to be bound by the terms and conditions of the Offer as set out in the PDS, and that all declarations, details and statements made by me/us are complete and accurate;
- ✓ have received this Application Form in accordance with the PDS;
- ✓ have completed this Application Form in accordance with the instructions on the form and in the PDS;
- ✓ declare that the Application Form and all details and statements made by me/us are complete and accurate;
- ✓ acknowledge that the information contained in the PDS (or any supplementary or replacement document for the PDS) is not investment or financial product advice or a recommendation that Units are suitable for me/us, given my/our investment objectives, financial situation or particular needs;
- ✓ agree and consent to the 360 Capital Enhanced Income Fund collecting, holding, using and disclosing my/our personal information in accordance with the PDS;
- ✓ acknowledge that once I/we submit this Application Form, and the Fund receives my/our Application Form, I/we may not withdraw it;
- ✓ apply for the number of Units set out in this Application Form (or a lower number allocated in a manner allowed under the PDS);
- ✓ acknowledge that my/our Application may be rejected by the Fund in its absolute discretion;
- ✓ am/are at least 18 years of age if I/we am/are an individual(s);
- ✓ agree to be bound by the constitution of the Fund;
- ✓ authorise the Fund, the Joint Lead Managers and their respective officers and agents to do anything on my/our behalf necessary (including the completion and execution of documents) to enable the Units to be allocated to me/us, and to act on instructions received by the Fund (as applicable) using the contact details in Item E of the Application Form and my/our registered address;
- ✓ acknowledge that if I/we are not issued any Units or I/we are issued fewer Units than the number that I/we applied and paid for as a result of a scale back, all or some of my/our Application Monies (as applicable) will be refunded to me/us (without interest) in accordance with the Corporations Act as soon as practicable after the Units are issued;
- ✓ acknowledge that neither the Fund, nor any person or entity guarantees any particular rate of return on the Units, nor do they guarantee the repayment of capital;
- ✓ I/we represent, warrant and agree that I/we am/are and each person on whose behalf I/we am/are submitting this Application Form is named on the front of this Application Form and has a registered address in Australia or New Zealand and is not located in the United States and is not acting for the account or benefit of any person in the United States;
- ✓ agree to being issued the number of Units that I/we apply for or a lower number allotted in a way allowed under the PDS;
- ✓ represent, warrant and agree that I/we have not received this PDS outside Australia or New Zealand and am/are not acting on behalf of a person resident outside Australia or New Zealand;
- ✓ I/we understand that the Units have not been, and will not be, registered under the US Securities Act or the securities laws of any State or other jurisdiction of the United States, and accordingly, the Units may not be offered, sole or resold in the United States or in any other jurisdiction outside Australia or New Zealand except in transactions exempt from or not subject to registration under the US Securities Act and in compliance with all applicable laws in the jurisdiction in which such Units are offered and sold;
- ✓ I/we have not, and I/we agree that I/we will not, send this Application Form or any materials relating to the offer to any person in the United States or elsewhere.

Guide to the completing the General Application Form

YOU SHOULD READ THE PDS DATED 11 NOVEMBER 2020 CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

Please complete all relevant sections of the appropriate Application Form using BLOCK LETTERS. These instructions are cross-referenced to each section of the Application Form.

Instructions

- A** If applying for Units insert the **number** of Units for which you wish to subscribe at Item **B** (not less than 500 Units (\$2,970.00) and then in multiples of 100 Units (\$594.00)). Multiply the number of Units applied for by A\$5.94 to calculate the total Application Monies for Units and enter the **A\$amount** at Item **C**. You may be allocated all of the Units applied for or a lesser amount.
- C** Write your **full name**. Initials are not acceptable for first names. Up to three joint Applicants may register. You should refer to the table below for the correct form of registrable title.
- D** Enter your **residential address** for all correspondence. All communications to you from the Responsible Entity of the Fund will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- E** If you are sponsored in CHESS by a stockbroker or other CHESS participant you may enter your CHESS HIN if you would like the allocation to be directed to your HIN. **NB: your registration details provided must match your CHESS account exactly.**
- F** Enter your Australian **tax file number** (TFN) or ABN or exemption category. Where applicable, please enter the TFN/ABN of each joint Applicant. Collection of TFN's is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form.
- G** Complete **cheque details** as requested. Make your cheque payable to "360 Capital Enhanced Income". Cross it and mark it 'Not negotiable'. Cheques must be in Australian currency, and must be drawn on a bank or financial institution in Australia. **Alternatively you can apply online at www.360offer.com.au**
- H** Enter your **contact details, including name, phone number and e-mail address**, so we may contact you regarding your Application Form or Application Monies.
By providing an e-mail address you are electing to receive notices of meetings, annual reports and other communications from the Fund electronically to the provided e-mail address.

Correct Form of Registrable Title

Note that ONLY legal entities can hold the Units. The Application must be in the name of a natural person(s), companies or other legal entities acceptable to AUIRE. At least one full given name and surname is required for each natural person. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Individual	Mr John David Smith	J D Smith
Company	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings	Mr John David Smith & Mrs Mary Jane Smith	John David & Mary Jane Smith
Trusts	Mr John David Smith <J D Smith Family A/C>	John Smith Family Trust
Deceased Estates	Mr Michael Peter Smith <Estate of the Late John Smith A/C>	John Smith (deceased)
Partnerships	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
Clubs/Unincorporated Bodies	Mr John David Smith <Smith Investment A/C>	Smith Investment Club
Superannuation Funds	John Smith Pty Limited <J Smith Super Fund A/C>	John Smith Superannuation Fund

Lodgment

Mail or deliver your completed Application Form with your cheque(s) or bank draft attached to one of the following addresses:

Mailing address:

360 Capital Enhanced Income Fund
C/-Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

Delivery address:

360 Capital Enhanced Income Fund
C/-Boardroom Pty Limited
Level 12, 225 George Street
SYDNEY NSW 2000

The Offer closes at 5:00 p.m. (Sydney, Australia time) on 9 December 2020, unless varied in accordance with the Corporations Act and ASX Listing Rules.

It is not necessary to sign or otherwise execute the Application Form.

If you have any questions as to how to complete the Application Form, please contact Boardroom Pty Limited on 1300 080 794 within Australia and +61 2 8016 2881 outside Australia.

Responsible Entity

360 Capital FM Limited

ABN 15 090 664 396, AFSL 221 474

Directors of Responsible Entity

David van Aanholt

Andrew Moffat

John Ballhausen

Graham Lenzner

Tony Pitt

Company Secretary

Kim Child

Registered Office

Level 8, 56 Pitt Street

Sydney NSW 2000

Contact Information

Within Australia: 1300 082 130

Outside Australia: +61 2 8016 2884

Online: www.360capital.com.au

Legal Adviser

Clayton Utz

Level 15, 1 Bligh Street

Sydney NSW 2000

Fund Auditor

BDO Audit Pty Ltd

Level 11, 1 Margaret St,

Sydney NSW 2000

Registry

Boardroom Pty Limited

Level 12,

225 George St

Sydney NSW 2000

1300 082 130 within Australia

+61 2 8016 2884 outside Australia

Lead Arranger and Joint Lead Manager

Cambridge Investment Partners Pty Limited

Level 8, 56 Pitt Street

Sydney NSW 2000

Joint Lead Manager

Shaw and Partners Limited

Chifley Tower, Level 7, 2 Chifley Square

Sydney NSW 2000

Co-Manager

Bell Potter Securities Limited

Level 29, 101 Collins Street

Melbourne VIC 3000

360 Capital



Identifying
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