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PUBLIC EQUITY  
CREDIT

21 February 2020

Dear Investor,

## 360 Capital Digital Infrastructure Fund

Please find enclosed a product disclosure statement (PDS) relating to your investment in 360 Digital Infrastructure Fund (ASX: TDI). This PDS has been issued to enable the stapling of the existing ASX-listed fund to a new fund called 360 Capital Digital Infrastructure Fund 2.

The amended fund structure has been created to house the Fund's investment into FibreconX, as announced to the market in December 2020. We believe it is in the best interests of unitholders to structure TDI as a stapled entity as it will provide TDI more flexibility for future opportunities.

The stapling is expected to occur on 17 March 2020. TDI unitholders do not have to make adjustments to their unitholding to effect the stapling. Once complete, stapled units will trade on ASX under existing code TDI.

***Please note that no application forms or other paperwork needs to be completed and no additional monies are required to be contributed by you as a result of this stapling.***

***You do not have to do anything. The PDS is for information purposes only.***

Please read this PDS in its entirety and consult your financial advisor or other investment professional should you have any questions or need any advice.

More information on TDI can be found at [www.360capital.com.au](http://www.360capital.com.au), by calling 360 Capital's investor enquiry line on 1300 082 130 or by emailing [investor.relations@360capital.com.au](mailto:investor.relations@360capital.com.au).

Sincerely,

David Yuile  
Managing Director  
360 Capital Digital Management Pty Limited

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# 360 Capital Digital Infrastructure Fund

comprised of the 360 Capital Digital Infrastructure Fund (ARSN 635 566 531)  
and the 360 Capital Digital Infrastructure Fund 2 (ARSN 638 320 420)

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## Stapling Proposal

The proposal to staple units in 360  
Capital Digital Infrastructure Fund  
with units in 360 Capital Digital  
Infrastructure Fund 2

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## Product Disclosure Statement

This PDS relates to the issue of units  
in 360 Capital Digital Infrastructure  
Fund 2 pursuant to the Stapling  
Proposal

This offer does not require  
an additional application to be completed or  
additional monies to be contributed

### Responsible Entity

360 Capital FM Limited  
(ABN 15 090 664 396,  
AFSL 221 474)

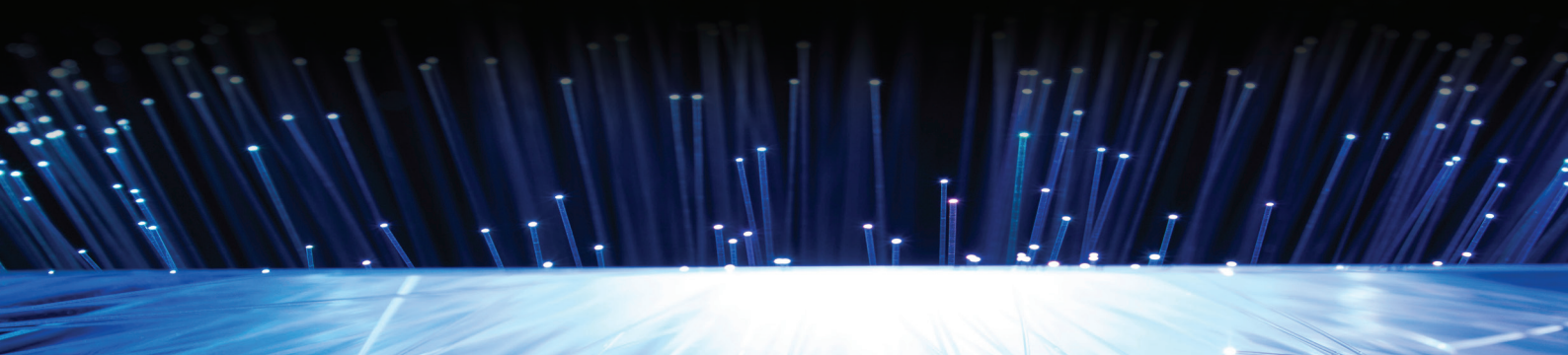
### Investment Manager

360 Capital Digital  
Management Pty Limited  
(ABN 58 632 422 916)

### Australian Legal Adviser

Clayton Utz

# 360 Capital



## Stapling Proposal

This PDS relates to the proposal by 360 Capital FM Limited (ABN 15 090 664 396) (**Stapling Proposal**) pursuant to which a stapled group (**Fund**) will be created.

Under the Stapling Proposal, 360 Capital Digital Infrastructure Fund (**360 CDIF**) will be stapled to 360 Capital Digital Infrastructure Fund 2 (**New Trust**). 360 CDIF and New Trust will collectively comprise the Fund. The Fund will be established by the Responsible Entity making a pro-rata distribution of capital out of 360 CDIF and applying those amounts to the acquisition of fully paid units in New Trust (**New Trust Units**) by 360 CDIF Unitholders (**New Trust Issuance**). As a result, 360 CDIF Unitholders will hold the same number of 360 CDIF Units as they currently hold as well as an equal number of New Trust Units. Each New Trust Unit will be stapled to a 360 CDIF Unit on a 1:1 basis to form a stapled unit (**Stapled Unit**) with the effect that 360 CDIF Units and New Trust Units may not be traded independently. No payment is required from 360 CDIF Unitholders in relation to the Stapling Proposal and you do not need to take any action in order to receive your New Trust Units.

## PDS

This PDS is prepared in respect of the New Trust Issuance and is issued by the 360 Capital FM Limited.

## Responsible Entity

360 Capital FM Limited (ABN 15 090 664 396, AFSL 221474) is the responsible entity (**Responsible Entity**) of the Fund and is the issuer of this PDS for the purposes of Chapter 7 of the Corporations Act. The Responsible Entity can be contacted on 1300 082 130 (free call from within Australia) or +61 2 8016 2884 (from outside Australia) or email [investor.relations@360capital.com.au](mailto:investor.relations@360capital.com.au).

The Responsible Entity has entered into an investment management agreement (**Fund IMA**) with 360 Capital Digital Management Pty Limited (ABN 58 632 422 916), (**Investment Manager**), appointing the Investment Manager to provide investment services to the Fund, pursuant to the terms of the Fund IMA. See Section 15.3 of this PDS for further information on the Fund IMA.

## Lodgment and Listing

This PDS is dated 21 February 2020 (**PDS Date**) and a copy of this PDS was lodged with ASIC on that date. The Fund will apply to ASX for admission of the New Trust to the Official List of ASX and for quotation of its Units on ASX within seven days after the date of this PDS. Neither ASIC, 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.

## Note to Unitholders

The information contained in this PDS is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. This PDS should not be construed as financial, taxation, legal or other advice.

No person is authorised to give any information or to make any representation in connection with the Stapling Proposal or the Stapled Units described in this PDS. Any information or representation not contained in this PDS may not be relied on as having been authorised by the Responsible Entity in connection with the Stapling Proposal.

This PDS is important and should be read in its entirety. There are risks associated with an investment in the Stapled Units, which must be regarded as a speculative investment. Some of the key risks that should be considered are set out in Section 8. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues). There may also be risks in addition to these that should be considered in light of your personal circumstances.

If you do not fully understand this PDS or are in doubt as to how to deal with it, you should seek professional guidance from your stockbroker, lawyer, accountant or other professional adviser.

No person named in this PDS warrants or guarantees the Fund's performance, the repayment of capital by the Fund or any return on investment made pursuant to this PDS.

## No offer where offer would be illegal

This PDS does not constitute an offer or invitation to apply for Units 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 or the Stapling Proposal or to otherwise permit a public offering of the Units, in any jurisdiction outside Australia and New Zealand. The Stapling Proposal is not being extended to any investor outside Australia and New Zealand, other than to certain institutional and sophisticated investors as part of the institutional offer in certain jurisdictions. The distribution of this PDS (including in electronic form) outside Australia 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 laws.

## Notice to United States residents

The Units being offered pursuant to this PDS have not been registered under the United States Securities Act of 1933, as amended (**US Securities Act**) or any US state securities laws and may not be offered or sold in the United States absent registration or an applicable exemption from registration under the US Securities Act and applicable state securities laws. This PDS does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of the Units in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful under applicable law, including the US Securities Act. In addition, any hedging transactions involving the Units may not be conducted unless in compliance with the US Securities Act.

## Financial information and amounts

Section 9 of this PDS sets out in detail the Financial Information referred to in this PDS and the basis of preparation of that information.

All financial amounts contained in this PDS are expressed in Australian dollars and rounded to the nearest \$'000 (thousand) unless otherwise stated. Some numerical figures included in this PDS have been subject to rounding adjustments. Any discrepancies between totals and sums of components in tables contained in this PDS are due to rounding.

## Disclaimer

No person is authorised by the Responsible Entity to give any information or make any representation in connection with the Stapling Proposal that is not contained in the PDS. Only information or representations contained in this PDS may be relied on as having been authorised by the Responsible Entity or its Directors or any other person in connection with the Stapling Proposal. The business, financial condition, results of operations and prospects of the Fund may have changed since the PDS Date.

This PDS contains forward-looking statements concerning the Fund's business, operations, financial performance and condition as well as the Fund's plans, objectives and expectations for its business, operations, financial performance and condition. Any statements contained in this PDS that are not of historical facts may be deemed to be forward-looking statements. You can identify these statements by words such as "aim", "anticipate", "assume", "believe", "could", "due", "estimate", "expect", "goal", "intend", "may", "objective", "plan", "predict", "potential", "positioned", "should", "target", "will", "would" and other similar expressions that are predictions of or indicate future events and future trends.

These forward-looking statements are based on current expectations, estimates, forecasts and projections about the Fund's business and the industry in which the Fund operates and management's beliefs and assumptions. These forward-looking statements are not guarantees of future performance or development and involve known and unknown risks, uncertainties

and other factors, many of which are beyond the Responsible Entity's control. As a result, any or all of the Responsible Entity's forward-looking statements in this PDS may turn out to be inaccurate. Factors that may cause such differences or make such statements inaccurate include, but are not limited to, the risk factors described in Section 8. Potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements set out in this PDS and are cautioned not to place undue reliance on such forward-looking statements.

These forward-looking statements speak only as at the PDS Date. Unless required by law, the Responsible Entity does not intend to publicly update or revise any forward-looking statements to reflect new information or future events or otherwise. You should, however, review the factors and risks the Responsible Entity describes in the reports to be filed from time to time with ASX after the PDS Date.

#### **Cautionary note regarding industry and market data**

This PDS contains statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to market. The Fund has purchased a report titled: Global Data Centre Colocation and Interconnection May 2019 (Report) by Structure Research and had made references and copied illustrations from this report. While the Report provides that the views, opinions, forecasts and information contained in the report are based on information reasonably believed by Structure Research in good faith to be reliable, Structure Research has not independently verified or audited the information or material provided to it by or on behalf of the Fund. In addition, the Responsible Entity has not independently verified, and cannot give any assurances as to the accuracy and completeness of the market and industry data contained in this PDS that has been extracted or derived from the Report. Accordingly, the accuracy and completeness of such information are not guaranteed.

Investors should note that market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. There is no assurance that any of the forecasts contained in reports, surveys and research of third parties which are referred to in this PDS will be achieved. The Responsible Entity has not independently verified this information. Forecasts and estimates involve risks and uncertainties and are subject to change based on various factors, including the risk factors in Section 8.

#### **Exposure period**

Pursuant to the Corporations Act, this PDS is subject to an exposure period of seven days from the date of lodgement of this PDS with ASIC, which may be extended by ASIC by a further period of seven days. This period (and extension) is referred to in this PDS as the 'Exposure Period'. The Exposure Period enables this PDS to be examined by market participants prior to the raising of funds. The Responsible Entity is prohibited from carrying out the New Trust Issuance during the Exposure Period.

#### **Obtaining a copy of the PDS**

A hard copy of this PDS will be available for Australian residents free of charge prior to implementing the Stapling Proposal by contacting the 360 Capital Digital Infrastructure Fund Information Line on 1300 082 130 between 8.30am and 5.00pm AEST, Monday to Friday (excluding public holidays). If you are eligible to participate in the Stapling Proposal and are calling from outside Australia, please call +61 2 8016 2884.

This PDS will be made available in electronic form on the Fund Website: [www.360capital.com.au](http://www.360capital.com.au). Information contained on [www.360capital.com.au](http://www.360capital.com.au), other than the PDS, does not form part of this PDS.

Hard copy and electronic versions of the PDS are generally not available to persons in other jurisdictions (including the United States).

Persons who access the electronic version of this PDS should ensure that they download and read the entire PDS. If unsure

about the completeness of this PDS received electronically, or a print out of it, you should contact the Fund on the above Fund Information Line.

#### **Cooling off rights**

There are no cooling off rights for Unitholders in connection with the Stapling Proposal.

#### **Privacy**

The Responsible Entity, the Fund and the Registry on its behalf, may collect, hold, use and disclose personal information to process the Stapling Proposal, 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 Stapled 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 New Trust Issuance.

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](http://www.360capital.com.au). Alternatively, you can contact the Stapling Proposal Information Line by telephone on 1300 082 130 (within Australia) or +61 2 8016 2884 (outside Australia) from 8:30am 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.

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.

#### **Definitions, abbreviations and time**

Defined terms and abbreviations used in this PDS (unless specified otherwise) are explained in Section 18.

All references to time in this PDS refer to Australian Eastern Standard Time (AEST) unless stated otherwise.

#### **Updated Information**

Information regarding the Stapling Proposal may need to be updated from time to time. Any updated information that is considered not materially adverse to Unitholders will be made available on the Fund Website [www.360capital.com.au](http://www.360capital.com.au), and the Responsible Entity will provide a copy of the updated information free of charge to any Unitholder who requests a copy by contacting the offer information line on 1300 082 130 within Australia or +61 2 8016 2884 from outside Australia.

In accordance with its obligations under the Corporations Act, the Responsible Entity may issue a supplementary or replacement PDS to supplement or replace any relevant information not disclosed in this PDS. You should read any supplementary or replacement disclosure(s) in conjunction with this PDS prior to making any investment decision.

### Photographs, data and diagrams

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

Diagrams used in the PDS are illustrative only and may not be drawn to scale and may not accurately reflect the final appearance of the subject matter which it depicts.

Unless otherwise stated, all data contained in charts, graphs and tables is based on information available as at 21 February 2020.

### Fund Website

Any references to documents included on the Fund's website are provided for convenience only, and none of the documents or other information on the Fund Website, or any other website referred to in this PDS, is incorporated in this PDS by reference.

### 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 regulated under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 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 PDS 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 the offer. If you need to make a complaint about this Offer 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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# 1

Lodgement of PDS with ASIC	21 February 2020
Trading of 360 CDIF Units on an ex return of capital basis starts	13 March 2020
Record Date for determining entitlements to fully paid New Trust Units	5.00pm 16 March 2020
Effective date for New Trust Issuance	17 March 2020
Admission of New Trust to Official List	
Effective date for stapling of 360 CDIF and New Trust	
Commencement of normal trading of Stapled Units	18 March 2020

All dates and times above are in AEST. The above timetable is indicative only. The Fund reserves the right to vary the dates and times set out above subject to the Corporations Act and other applicable law.

360 CDIF Unitholders should read this PDS carefully.

If you are in any doubt as to how to deal with this PDS, you should consult with your professional adviser. If you have any questions about the Stapling Proposal, please call the Fund Information Line on 1300 082 130 (callers in Australia) or +61 2 8016 2884 (callers outside Australia) between 8.30 am and 5.00 pm AEST on Business Days.

## Key Statistics

# 2

Fund name	360 Capital Digital Infrastructure Fund
Proposed ASX Code	TDI
Number of 360 CDIF Units on issue prior to the Stapling Proposal	58,250,000
Number of New Trust Units issued in connection with the Stapling Proposal	58,250,000
Issue price per New Trust Unit	\$0.60
Total number of Stapled Units at completion of the Stapling Proposal	58,250,000
Indicative market capitalisation at completion of the Stapling Proposal (on an undiluted basis)	\$97.6 million <sup>1</sup>

The percentage of Stapled Units which will be available for Stapled Unitholders to freely trade in the public market after Listing (i.e. Stapled Units which are not subject to a restriction on trading) is greater than 20%, based on the number of Stapled Units available under the Offer.

1. Based on closing unit price of \$1.675 on 18 February 2020.



# 3

360 Capital



Dear 360 CDIF Unitholder,

## Stapling Proposal

On behalf of the Responsible Entity, I am pleased to inform you of a proposal to create an expanded investment vehicle to gain a broader exposure to digital infrastructure opportunities.

## Factual background

360 CDIF is an Australian registered managed investment scheme that is listed on the Australian Securities Exchange, having ASX Code "TDI".

The business of 360 CDIF comprises investment in a diverse portfolio of digital infrastructure assets (**360 CDIF Business**).

As announced to the ASX on 20 December 2019, an opportunity has arisen for 360 CDIF to invest in an asset consisting of dark fibre that is consistent with the 360 CDIF mandate. It is proposed that 360 CDIF will take an active role in the development, ongoing marketing and maintenance of the asset (**FibreconX**).

Having regard to the FibreconX transaction, the Responsible Entity has reviewed the current structure of 360 CDIF and has determined that it will be in the best interests of 360 CDIF Unitholders for 360 CDIF to be structured as a stapled entity and for the FibreconX investment to be undertaken through a new investment vehicle (New Trust).

Under the Stapling Proposal, 360 CDIF will be stapled to New Trust. 360 CDIF and New Trust will collectively comprise the Fund. The Fund will be established by the Responsible Entity making a pro-rata distribution of capital out of 360 CDIF and applying those amounts to the acquisition of fully paid New Trust Units by 360 CDIF Unitholders. As a result, 360 CDIF Unitholders will hold the same number of 360 CDIF Units as they currently hold as well as an equal number of New Trust Units.

Each New Trust Unit will be stapled to a 360 CDIF Unit on a 1:1 basis to form a Stapled Unit with the effect that 360 CDIF Units and New Trust Units may not be traded independently. No payment is required from 360 CDIF Unitholders in relation to the Stapling Proposal and you do not need to take any action in order to receive your New Trust Units.

Other than the FibreconX transaction no other transactions or asset transfers are presently anticipated to occur between 360 CDIF and the New Trust to implement the Stapling Proposal or following the Stapling Proposal. In this regard, existing assets of 360 CDIF and the Group will remain assets of those entities, to be applied in the 360 CDIF Business in the ordinary course.

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## Advantages of the Stapling Proposal

The advantages of the Stapling Proposal are described in Section 13 of this PDS and include that the Stapling Proposal:

- **is consistent with the Responsible Entity's vision** of diversifying its investments across all parts of the digital infrastructure market and all parts of the digital infrastructure development cycle. Greater diversification has the potential to reduce the Fund's exposure to factors negatively affecting its revenue;
- **will facilitate Responsible Entity's plans** to increase its pursuit of digital infrastructure assets and assess new opportunities so that surplus cash is redeployed into new digital infrastructure in line with the Responsible Entity's strategy;
- **will establish a structure which is familiar to investors in infrastructure funds;** and
- **will provide the Responsible Entity with flexibility** to acquire assets in the optimal and most effective manner.

## No change to underlying business

The existing 360 CDIF Business and operations and your proportionate interest in them will not change.

## Disadvantages of the Stapling Proposal

The disadvantages of the Stapling Proposal include an increase in compliance costs, registry fees, audit fees and tax fees as well as one off costs in connection with the Stapling Proposal. Refer to Section 13.5.

## Tax implications of the Stapling Proposal

It is not expected that the Stapling Proposal will have any adverse tax implications for a 360 CDIF Unitholder resident in Australia. Residents of New Zealand should refer to Section 11 for possible tax implications.

A general summary of the tax implications for Australian and New Zealand resident 360 CDIF Unitholders regarding the Stapling Proposal is contained in Section 11. This is not advice and each 360 CDIF Unitholder should seek independent advice.

## Alternative to Stapling Proposal

The alternative to the Stapling Proposal is that 360 CDIF continues to conduct the 360 CDIF Business and to acquire investments through its current structure (that is, no change is made to the existing structure).

360 Capital



In a highly competitive market place where industry players are competing to undertake investment, the Responsible Entity Directors consider that continuing with the current structure would put 360 CDIF at a competitive disadvantage as, amongst other things, a sub optimal structure may increase costs associated with the investment and therefore reduce the return achieved by investors or reduce the amount that 360 CDIF may bid for an asset.

Please contact the Fund Information Line on 1300 082 130 (callers in Australia) or +61 2 8016 2884 (callers outside Australia) between 8.30 am and 5.00 pm AEST on Business Days if you have any questions in relation to the Stapling Proposal.



Yours sincerely,

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



**Mr David Yuile**  
Managing Director  
360 Capital Digital Management Pty Limited

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# 4

## Section 4

# Overview of the Stapling Proposal

The information set out in this Section is intended to be a summary only and should be read in conjunction with the more detailed information appearing elsewhere in this PDS. You should read this PDS carefully and in its entirety. If you are in doubt as to the course you should follow, please consult your professional advisers.

### 4.1 ABOUT THE FUND AND STAPLING PROPOSAL

Question	Answer	More Information
Who is the issuer of this PDS?	360 Capital FM Limited (ABN 15 090 664 396 AFSL 221 474).	Section 5.6
What is the key effect of the Stapling Proposal?	<p>As a result of the Stapling Proposal:</p> <ul style="list-style-type: none"> <li>Unitholders will hold units in both 360 CDIF and New Trust (as opposed to just 360 CDIF which is currently the case);</li> <li>360 CDIF and the New Trust will collectively be called the 360 Capital Digital Infrastructure Fund (<b>Fund</b>);</li> <li>the Fund will carry out the investment strategy of 360 CDIF (i.e. there will be no change to the investment strategy as a result of the Stapling Proposal); and</li> <li>the governance and management arrangements in respect of the Fund will be the same, for all intents and purposes as those applicable to 360 CDIF prior to the Stapling Proposal.</li> </ul>	
What is the Fund's investment strategy?	The Fund aims to provide Unitholders with income and capital returns from investing in a diverse portfolio of digital infrastructure assets. The Investment Manager believes that the digital revolution is creating a once-in-a-lifetime investment cycle in technology infrastructure assets to support the rapid growth of cloud, Internet and a hyper connected world.	Section 5.1

Question	Answer	More Information
What is a “stapled entity” and a “stapled group”?	<p>A “stapled entity” or “stapled group” refers to a type of investment structure that is often comprised of two or more entities which exhibit the following characteristics:</p> <ul style="list-style-type: none"> <li>• a unit trust, like 360 CDIF, which holds passive investments and is treated as a flow through trust for tax purposes and so does not pay tax itself on income to which investors are entitled, subject to certain required tax withholdings (mainly deducted from distributions paid to non-resident 360 CDIF units); and</li> <li>• a unit trust or company, like New Trust, which will hold active business investments. Depending on whether New Trust is a Division 6C Trust or not during an income year will determine how distributions will be taxed to Unitholders. Where New Trust is treated as a Division 6C trust during an income year, the trustee of the trust will be liable to tax on the net income derived by New Trust and distributions to Unitholders may qualify as frankable distributions (subject to the availability of franking credits).</li> </ul> <p>Units in the vehicles are “stapled” together and trade as one security on the ASX.</p> <p>A stapled structure generally allows income from underlying passive fund investments to be directly distributed to securityholders (subject to any required tax withholdings). The active trust is likely to be taxed as a Division 6C trust. Division 6C trusts are treated similar to companies in that the trustee of the active trust will be taxed on the net income of the trust (at the trustee's company tax rate) as opposed to the unitholders'.</p>	Section 5.3 and Section 11
What is the Stapling Proposal?	<p>Under the Stapling Proposal, 360 CDIF will be stapled to New Trust. 360 CDIF and New Trust will collectively comprise the Fund. The Fund will be established by the Responsible Entity making a pro-rata distribution of capital out of 360 CDIF and applying those amounts to the acquisition of fully paid New Trust Units by 360 CDIF Unitholders. As a result, 360 CDIF Unitholders will hold the same number of 360 CDIF Units as they currently hold as well as an equal number of New Trust Units.</p> <p>Each New Trust Unit will be stapled to a 360 CDIF Unit on a 1:1 basis to form a Stapled Unit with the effect that 360 CDIF Units and New Trust Units may not be traded independently (i.e. they will be traded as one security).</p> <p>No payment is required from 360 CDIF Unitholders in relation to the Stapling Proposal and you do not need to take any action in order to receive your New Trust Units.</p>	Section 4.5



## Section 4

# Overview of the Stapling Proposal

Question	Answer	More Information
Will the Stapling Proposal affect 360 CDIF's investments or its investment strategy?	The Stapling Proposal will not affect 360 CDIF's investments or its investment strategy.	Section 5.2
What are the advantages of the Stapling Proposal?	<p>The advantages of the Stapling Proposal are described in Section 13.1 of this PDS and include that the Stapling Proposal:</p> <ul style="list-style-type: none"> <li>• <b>is consistent with the Responsible Entity's vision</b> of diversifying its investments across all parts of the digital infrastructure market and all parts of the digital infrastructure development cycle. Greater diversification has the potential to reduce the Fund's exposure to factors negatively affecting its revenue;</li> <li>• <b>will facilitate Responsible Entity's plans</b> to increase its pursuit of digital infrastructure assets and assess new opportunities so that surplus cash is redeployed into new digital infrastructure in line with the Responsible Entity's strategy;</li> <li>• <b>will establish a structure which is familiar to investors in infrastructure funds;</b> and</li> <li>• <b>will provide the Responsible Entity with flexibility</b> to acquire assets in the optimal and most effective manner.</li> </ul>	Section 13.1
What are the disadvantages of the Stapling Proposal?	The disadvantages of the Stapling Proposal include an increase in registry fees, audit fees and tax fees as well as one off costs in connection with the Stapling Proposal (refer to section 13.5).	Section 13.5
Are there any alternatives to the Stapling Proposal?	<p>The alternative to the Stapling Proposal is to make no change to the existing 360 CDIF structure and for 360 CDIF to continue to conduct its business and to acquire investments through the current structure.</p> <p>For the following reasons the Responsible Entity believes that this alternative is not attractive:</p> <ul style="list-style-type: none"> <li>• there are numerous significant commercial benefits in implementing the Stapling Proposal (see Section 13.1); and</li> <li>• conversely the disadvantages are few and considered small (see Section 13.5).</li> </ul> <p>In a highly competitive marketplace where industry players are competing to undertake investment, the Responsible Entity considers that continuing with the current structure may put 360 CDIF at a competitive disadvantage.</p>	

Question	Answer	More Information
What will the Fund look like if the Stapling Proposal proceeds?	<p>The Stapling Proposal will not change the existing 360 CDIF Business conducted by 360 CDIF. With the addition of New Trust, the Fund will operate on a divisionalised basis, along the following lines:</p> <ul style="list-style-type: none"> <li>• 360 CDIF will continue to carry on the existing 360 CDIF Business and will be managed and operated as an MIT;</li> <li>• the Responsible Entity will be the responsible entity for New Trust and the Fund; and</li> <li>• New Trust will hold active business investments.</li> </ul> <p>Structure diagrams for the Fund before and after the Stapling Proposal are set out in Section 5.4.</p>	Section 5.4
What are the key attributes of the Fund?	<p>The Fund offers Unitholders:</p> <ul style="list-style-type: none"> <li>• Exposure to the growing digital economy through a pool of digital infrastructure assets not usually available to retail investors;</li> <li>• Liquidity through ASX-traded Stapled Units;</li> <li>• Expected quarterly distributions from Q3 FY 2020;</li> <li>• Targeted Internal Rate of Return of 10% p.a.<sup>1</sup>;</li> <li>• Potential for longer term cyclical growth based on projected ongoing demand for digitally related assets;</li> <li>• Proven, experienced management team with an average of more than 20 years' experience in deriving value from mispriced or undervalued assets; and</li> <li>• Investment Manager alignment with its Unitholders, through 360 Capital Group's co-investment of 21.8 million securities.</li> </ul>	Section 5
What are the Current Assets?	<p>The Current Assets comprise:</p> <ul style="list-style-type: none"> <li>• A Tier III certified data centre located in Malaga, Perth.</li> <li>• An indirect minority interest in a cable landing station and data centre in Guam currently under construction.</li> <li>• the Convertible Note.</li> </ul>	Section 7
What is the FibreconX transaction?	<p>The Fund has decided to create and capitalise a new dark fibre operator called FibreconX Pty Ltd to invest in opportunities in dark fibre networks and in particular dark fibre networks between data centres.</p>	Section 7.4

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

## Section 4

# Overview of the Stapling Proposal

Question	Answer	More Information
How will the Fund implement its investment strategy?	<ul style="list-style-type: none"> <li>The Fund will implement its investment strategy through acquiring interests in digital infrastructure assets on a full or fractional basis.</li> <li>The Fund may acquire assets directly or in partnership with wholesale and Institutional Investors or invest through wholesale funds.</li> <li>In addition to other alternatives for the purposes of co-investing with wholesale capital, the Fund may, via a wholesale investment vehicle (360 CDIP), invite Wholesale Investors to invest alongside it in respect of all or some of the portfolio and use that capital to acquire additional assets in that vehicle.</li> </ul>	Section 5.2
What are the advantages of investing alongside wholesale capital?	<p>The advantages to the Fund of investing alongside wholesale capital include:</p> <ul style="list-style-type: none"> <li>Wholesale Investors may have a lower cost of capital, enabling the funding of additional assets in a manner which may be less dilutive to Unitholders;</li> <li>Joining with Wholesale Investors will enable the Fund to better leverage Unitholders' equity into larger assets and a more diverse and more attractive portfolio;</li> <li>Certain digital infrastructure assets may be capital intensive and an alternative source of capital will reduce the potential dilution associated with the Fund being forced to raise capital in circumstances where it may not be in the best interests of Unitholders; and</li> <li>Exposure to a larger and more diverse portfolio may result in the Fund being more attractive to institutional and other investors and thereby create greater liquidity for Unitholders.</li> </ul>	Section 5.2
What is 360 CDIP?	<p>360 CDIP is currently wholly owned by the Fund and currently owns the Current Assets. Should the Responsible Entity determine it to be in the best interests of Unitholders, interests in 360 CDIP may be offered to Wholesale Investors for the purposes of raising wholesale capital to co-invest alongside the Fund. That capital will be used to acquire additional assets by 360 CDIP.</p> <p>The Investment Manager will also be the investment manager of 360 CDIP. 360 CDIP will have the same investment strategy as the Fund.</p> <p>This PDS contains important information in respect of 360 CDIP, including:</p> <ul style="list-style-type: none"> <li>Details of the proposed 360 CDIP terms.</li> <li>The terms of the investment management agreement of 360 CDIP including term and fees.</li> <li>Governance arrangements which will apply whilst the Investment Manager is the investment manager for both 360 CDIP and the Fund.</li> <li>The risks associated with 360 CDIP.</li> </ul>	Section 6

Question	Answer	More Information
Will the Fund take on development risk?	The Fund is expected to take on development risk.	Section 8.1.12
Will the Fund invest in assets overseas?	The Fund will invest in assets located overseas.	Section 13.3
What is the valuation policy?	<p>The Responsible Entity will calculate the NAV of the Fund at least every 6 months.</p> <p>In respect of assets it owns and controls, the Fund intends to engage an external valuation firm to undertake an independent valuation of the assets at least once in each two-year period.</p> <p>In respect of assets it does not entirely own (including where it has a shareholding or unitholding in an investment vehicle), the valuation policies in respect of those assets will be subject to the valuation policies of those investment vehicles which may be outside the control of the Fund.</p>	Section 5.9.2
How will the Fund report to Unitholders?	For accounting and reporting purposes, the Fund will operate on a financial year basis, with a year end of 30 June. The Fund will formally report to Unitholders on a half yearly basis as at 30 June and 31 December.	Section 5.9.8
When will the Stapling Proposal take effect?	It is expected that the Stapling Proposal will be implemented on 17 March 2020.	Section 12.4
Will any related party have a significant interest in the Fund?	<p>Yes, 360 Capital Group has invested \$42.3 million in 360 CDIF and holds 21,761,811 360 CDIF Units in line with the 360 Capital Group's philosophy of co-investment alongside fellow Unitholders.</p> <p>David Yuile also holds 257,500 360 CDIF Units.</p> <p>As all 360 CDIF Unitholders will receive the same number of New Trust Units as they currently hold in 360 CDIF, accordingly, 360 Capital Group will have \$42.3 million invested in the Fund and hold 21,761,811 Stapled Units.</p> <p>David Yuile will have \$500,000 invested in the Fund and will hold 257,500 Stapled Units.</p>	Section 17.4
Will the Fund pay distributions?	Distributions are expected to be made quarterly at the Responsible Entity's discretion.	Section 5.9.1
Who is the issuer of the Stapled Units and this PDS?	360 Capital FM Limited (ABN 15 090 664 396, AFSL 221474) is the responsible entity of the Fund and is the issuer of Stapled Units and this PDS.	Section 5.6

## Section 4

# Overview of the Stapling Proposal

### 4.2 KEY BENEFITS OF AN INVESTMENT IN THE FUND

Question	Answer	More Information
What are the significant benefits of an investment in the Fund?	<p>The Fund offers Unitholders:</p> <ul style="list-style-type: none"> <li>• Exposure to the growing digital economy through a pool of digital infrastructure assets not usually available to retail investors;</li> <li>• Liquidity through ASX-traded Units;</li> <li>• Expected quarterly distributions;</li> <li>• Potential for longer term cyclical growth based on projected ongoing demand for digitally related assets;</li> <li>• Proven, experienced management team with an average of more than 20 years' experience in deriving value from mispriced or undervalued assets; and</li> <li>• Investment Manager alignment with Unitholders, through 360 Capital Group's co-investment of \$25.0 million.</li> </ul>	Section 13

### 4.3 ABOUT THE RESPONSIBLE ENTITY

Question	Answer	More Information
What Is the Responsible Entity of the Fund?	360 Capital FM Limited (ABN 15 090 664 396, AFSL 221474) is the Responsible Entity of the Fund.	Section 5.6
Who are the Directors of the Responsible Entity?	<p>David Van Aanholt, Non-executive Chairman.</p> <p>Tony Pitt, Managing Director.</p> <p>John Ballhausen, Non-executive Director.</p> <p>Graham Lenzner, Non-executive Director.</p> <p>Andrew Moffat, Non-executive Director.</p>	
What are the key responsibilities of the Responsible Entity?	<p>The Responsible Entity is responsible for management of the operations of the Fund.</p> <p>While the Responsible Entity delegates investment management services to other entities, it retains ultimate responsibility for these functions.</p>	Section 15.1
What fees will the Responsible Entity receive?	The Responsible Entity will receive a Management Fee equal to 0.05% per annum on the gross asset value of the Fund. The Management Fee may be paid out of income or capital.	Section 10.3.1.1
Who is 360 Capital Group?	<p>360 Capital Group is an ASX-listed, alternative asset investment and funds management group concentrating on strategic and active investment management of alternative assets.</p> <p>As at the date of the PDS, 360 Capital Group has a market capitalisation of approximately \$260 million and manages listed and unlisted funds on behalf of investors. Approximately 33% of the 360 Capital Group is owned by staff and directors.</p>	Section 5.6

#### 4.4 ABOUT THE INVESTMENT MANAGER

Question	Answer	More Information
Who is the Investment Manager of the Fund and 360 CDIP?	The Investment Manager of both the Fund and 360 CDIP will be 360 Capital Digital Management Pty Limited, a joint venture between 360 Capital Group (50%) and Mr David Yuile (50%).	Section 5.7 and 6.3
Who are the Directors of the Investment Manager?	David Yuile – Managing Director & Executive Director. Tony Pitt – Executive Director. Andrew Moffat – Independent Non-Executive Director. James Orlando – Independent Non-Executive Director.	
Who are the senior executives of the Investment Manager?	David Yuile – Managing Director & Executive Director. Tony Pitt – Executive Director. Glenn Butterworth – Chief Financial Officer. James Storey – Head of Real Assets. Libby Langtry – Investor Relations. Jennifer Vercoe – Company Secretary and Head of Compliance.	
What are the key responsibilities of the Investment Manager in respect of the Fund?	The Investment Manager, will provide services including but not limited to: <ul style="list-style-type: none"> <li>• Overseeing the Fund's investment strategy;</li> <li>• Actively managing and supervising the Fund's investments;</li> <li>• Developing acquisition divestment strategies; and</li> <li>• Investment evaluation and implementation.</li> </ul>	Section 15.3
What are the key responsibilities of the Investment Manager in respect of 360 CDIP?	The Investment Manager, will provide services including but not limited to: <ul style="list-style-type: none"> <li>• Overseeing the investment strategy;</li> <li>• Actively managing and supervising 360 CDIP's investments;</li> <li>• Developing acquisition divestment strategies; and</li> <li>• Investment evaluation and implementation.</li> </ul>	Section 15.4
What is the term of the Investment Management Agreement for the Fund?	The Investment Manager has entered into a 10-year Fund IMA with the Responsible Entity for the management of the Fund.	Section 5.8



## Section 4

# Overview of the Stapling Proposal

Question	Answer	More Information
Will there be any changes to the fees under the Fund IMA in connection with the Stapling Proposal?	<p>No. There will be no changes to the Fund IMA except:</p> <ol style="list-style-type: none"> <li>(1) New Trust will become a party to the Fund IMA requiring the Investment Manager to provide the Services (as defined therein) to both 360 CDIF and the New Trust; and</li> <li>(2) New Trust and 360 CDIF will be jointly and severally liable for the payment of fees under the Fund IMA.</li> </ol>	Section 15.3
What fees will the Investment Manager receive from the Fund and 360 CDIP?	<p>The Investment Manager will receive a Management Fee equal to 1.0% p.a. on the gross asset value of the Fund.</p> <p>The Investment Manager is also entitled to a Performance Fee from the Fund, which is calculated and paid every 3 years, and in certain circumstances such as where the Fund is wound up or subject to a takeover. The Performance Fee is based on the total realised and unrealised return before withholding tax, having regard to the NAV of the Fund on the Performance Fee calculation date.</p> <p>The Performance Fee is equal to:</p> <ul style="list-style-type: none"> <li>• to the extent that the Fund IRR is more than 10.0% but not more than 12.0%, the amount by which if included as a Fund outflow on the calculation date would reduce the Fund IRR to 10.0%;</li> <li>• where the Fund has achieved a Fund IRR of more than 12.0%: <ul style="list-style-type: none"> <li>– an amount, which if included as a Fund outflow on the calculation date represents the difference between a 10.0% Fund IRR and a 12.0% Fund IRR; plus</li> <li>– 20.0% of the amount by which if included as a Fund outflow on the calculation date would reduce the Fund IRR to 12.0%.</li> </ul> </li> </ul> <p>The Investment Manager will be entitled to similar fees in respect of 360 CDIP but for so long as it is the investment manager of both 360 CDIP and the Fund it will waive its fee entitlement in respect of the Fund to the extent it receives a fee out of 360 CDIP which is attributable to the Fund's investment in 360 CDIP. This means there will be no double charging of fees by the Investment Manager.</p> <p>The Management Fee and Performance Fee may be paid out of income or capital.</p> <p>There are other fees and costs that are applicable to an investment in the Fund. Refer to Section 10.</p>	Section 10.3.2.1
Will there be any changes to the fees under the Fund IMA?	No, there will be no changes to the fees set out in the Fund IMA. The Fund IMA currently provides that the fees are paid in respect of 360 CDIF and any entity to which it is stapled.	Section 15.3

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## 4.5 OVERVIEW OF THE STAPLING PROPOSAL

Question	Answer	More Information
How will I receive the New Trust Units?	<p>Under the Stapling Proposal the Responsible Entity will make a pro-rata distribution of capital of 360 CDIF in the amount of \$0.60 per 360 CDIF Unit and compulsorily apply those amounts to the acquisition of fully paid New Trust Units by 360 CDIF Unitholders.</p> <p>Immediately after the New Trust Issuance 360 CDIF Units and New Trust Units will be stapled in a 1:1 basis to form the Stapled Units and traded on the ASX as if they were one security. As a result, 360 CDIF Unitholders will hold one New Trust Unit for every 360 CDIF Unit they currently hold.</p> <p>360 CDIF Unitholders do not need to make any payment or take any other action for the New Trust Units to be issued to them.</p>	
When can I sell my Stapled Units on the ASX?	<p>It is expected that the Stapled Units will be traded on a deferred settlement basis on the ASX on or about 17 March 2020 and will commence trading on the ASX on a normal settlement basis on 18 March 2020.</p> <p>It is the responsibility of the Applicants to confirm their allocation of Units prior to trading in Stapled Units. A Unitholder who sells their Stapled Units before they receive their holding statements does so at their own risk.</p>	Section 5.9.3
Is there a cooling off period?	There is no cooling-off period for 360 CDIF Unitholders.	Page 1

## Section 4

# Overview of the Stapling Proposal

Question	Answer	More Information
What are the key risks associated with an investment in the Fund?	<p>There are a number of risks associated with an investment in the Fund, which may impact the Fund's financial performance. Some of these risks are summarised below and outlined further in Section 8.1.</p> <p><b>Investment Manager risk</b></p> <p>The performance of the Fund is affected by the performance of the Investment Manager.</p> <p><b>Dependence on key personnel</b></p> <p>The Investment Manager depends on the skills and experience of its staff and employees.</p> <p><b>Performance of Assets</b></p> <p>The assets of the Fund may not perform as anticipated.</p> <p><b>Dilution</b></p> <p>Future capital raisings and equity-funded acquisitions by the Fund may dilute the holdings of Unitholders.</p> <p><b>Distributions may vary</b></p> <p>The ability of the Fund to pay distributions is dependent upon the Fund having sufficient cash resources and distributable income.</p> <p><b>General fundamental exposures</b></p> <p>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.</p> <p><b>Trading price of Units if Fund is listed</b></p> <p>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 geopolitical 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.</p>	Section 8.1

Question	Answer	More Information
	<p><b>Ranking</b></p> <p>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 is a risk that Unitholders will receive less than the NTA per Unit.</p> <p><b>Conflict of interest</b></p> <p>The Responsible Entity is a member of the 360 Capital Group. The Directors of the 360 Capital Group are the same as the Directors of the Responsible Entity. The 360 Capital Group owns 50% of the Investment Manager. This creates the potential for a conflict of interest in assessing and procuring investment opportunities. The Responsible Entity and the Investment Manager have implemented policies, and the arrangement is structured in such a way that so as to avoid potential conflicts. Please refer to Sections 6.7 and 16.2 for more information.</p> <p><b>Other risks associated with the Fund include which are outlined in further detail in Section 8.1:</b></p> <ul style="list-style-type: none"> <li>• Availability of suitable investment opportunities;</li> <li>• Low customer uptake of service;</li> <li>• Planning, development and construction risks;</li> <li>• Breach of debt covenants;</li> <li>• Minority interests;</li> <li>• Ownership of physical real estate;</li> <li>• Interruptions to operations, including infrastructure and technology failure;</li> <li>• Competitive landscape and action of others;</li> <li>• International investment and exchange rate risk;</li> <li>• Regulatory environment;</li> <li>• Reputational damage;</li> <li>• Relationships with key intellectual property licensors and technology;</li> <li>• Regulatory approvals; and</li> <li>• Counterparty risk.</li> </ul>	

## Section 4

# Overview of the Stapling Proposal

Question	Answer	More Information
What are the risks associated with the Fund investing in 360 CDIP, where 360 CDIP ceases to be wholly owned by the Fund?	<p>In addition to the risks outlined above, the investment by the Fund in 360 CDIP presents the following risks:</p> <p><b>Dilution</b></p> <p>Future capital raisings and equity-funded acquisitions by 360 CDIP may dilute the interest of the Fund in 360 CDIP and its assets if the Fund does not participate in the capital raising on a pro-rata basis. In order to mitigate this risk the Fund will have the right to participate on a pro rata basis in any new 360 CDIP capital raising.</p> <p><b>Control</b></p> <p>Currently, the Fund holds 100% of and controls 360 CDIP. However, should 360 CDIP be made available to external Wholesale Investors it will cease to be controlled by the Fund. In those circumstances 360 CDIP will act independently, in the best interests of all its investors (including the Fund). In addition, as the Fund's proportionate holding of 360 CDIP reduces, the degree of influence it may exert (including through matters requiring an investor resolution) may reduce. The interests held by the Fund will have equal voting rights with other 360 CDIP interests.</p> <p><b>Conflict of interest risk</b></p> <p>The Responsible Entity is a member of the 360 Capital Group. The Investment Manager is 50% owned by the 360 Capital Group and the Investment Manager is the investment manager of both the Fund and 360 CDIP. This creates the potential for a conflict of interest in assessing and procuring investment opportunities.</p> <p>The Responsible Entity and the Investment Manager have implemented policies in such a way that so as to manage potential conflicts. Please refer to Section 16.2 for more information.</p>	Section 8.2

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#### 4.6 KEY FINANCIAL AND OPERATING INFORMATION

Question	Answer	More Information
What is the pro-forma NTA value per Stapled Unit?	\$1.96 per Stapled Unit upon completion of the Stapling Proposal.	
What will be the gearing of the Fund?	The Fund will target a maximum loan to value ratio of 50% of gross assets on a look through basis.	Section 6.9.1
What is the Fund's distribution policy?	Distributions will be made quarterly at the Responsible Entity's discretion.	Section 5.9.1
Are distributions guaranteed?	Distributions are not guaranteed and are at the discretion of the Responsible Entity.	Section 5.9.1
What are the tax implications of the Stapling Proposal?	It is not expected that the Stapling Proposal will have any adverse tax implications for a 360 CDIF Unitholder resident in Australia. Residents of New Zealand should refer to Section 11 for possible tax implications. A general summary of the tax implications for Australian and New Zealand resident 360 CDIF Unitholders regarding the Stapling Proposal is contained in Section 11. This is not advice and each 360 CDIF Unitholder should seek independent advice.	Section 11

#### 4.7 CORPORATE GOVERNANCE

Question	Answer	More Information
What are the governance arrangements for the Fund and who will be responsible for them?	The Responsible Entity and Investment Manager have 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.	Section 6.7 and 16.2



## Section 4

# Overview of the Stapling Proposal

Will the Fund hold annual general meetings?

The Fund is not required to hold annual general meetings. General meetings will be held by the Fund when required.

### 4.8 STAPLING PROPOSAL COSTS

Question	Answer	More Information
What are the fees and costs associated with the Stapling Proposal?	The Stapling Proposal will also result in one off costs of approximately \$150,000 for advisers and consultants. These costs are one off in nature and will be paid by the Fund from existing cash reserves ( <b>One Off Costs</b> ). The Responsible Entity considers that the significant benefits provided by the Stapling Proposal outweigh those costs.	Section 10.3.1.4
Who will bear the Stapling Proposal costs?	The Fund will bear the fees and costs associated with the Stapling Proposal.	Section 10.3.1.4
Is there any broker commission or stamp duty payable?	No brokerage, commission or stamp duty is payable by Unitholders under the Stapling Proposal.  If you buy or sell Stapled 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 Stapled Units 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 Stapled Units.	Section 10.3.3

### 4.9 OTHER INFORMATION

Question	Answer	More Information
Where can I find out further information about the Stapling Proposal?	Further information about the Stapling Proposal is available in electronic form from the Group website: <a href="http://www.360capital.com.au">www.360capital.com.au</a> .	Section 12.13

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**What procedures are in place to deal with complaints?**

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.

If you are dissatisfied with our response, you can lodge a complaint with AFCA, who provides fair and independent financial services complaint resolution that is free to consumers.

Section 17.7.7

#### **4.10 ASIC BENCHMARKS**

ASIC requires disclosure against the following benchmarks with respect to funds of this type and the Responsible Entity is required to state whether it meets each benchmark. This disclosure is aimed at assisting Unitholders to be adequately informed about the Fund.

<b>Benchmark</b>	<b>Answer</b>	<b>More Information</b>
The infrastructure entity's corporate governance policies and practices conform with the principles and recommendations in GN 9A.	This benchmark is met. The Responsible Entity implements ASX Listing Rule 4.10.3 and Guidance Note 9.	Section 16
Incentive-based remuneration paid to management for the infrastructure entity is derived from the performance of the infrastructure entity and not the performance of other entities within its consolidated group, except where the infrastructure entity is the parent of the consolidated group.	This benchmark is met. The Investment Manager is paid a Performance Fee which is attributable to the performance of the Fund.	Section 10.3.2.2
All units or shares are fully paid and have the same rights.	This benchmark is met.	

## Section 4

# Overview of the Stapling Proposal

Benchmark	Answer	More Information
The infrastructure entity complies with ASX Listing Rule 10.1 for substantial related party transactions.	This benchmark is not met. The Fund has applied for a waiver of Listing Rule 10.1 in order for the Fund to invest in 360 CDIP without Unitholder approval in the event that Wholesale Investors invest in 360 CDIP and no independent expert report will be obtained in respect of the Fund's investment in 360 CDIP. The waiver recognises that complying with Listing Rule 10.1 would involve substantial costs and the associated delay would, as a practical matter, mean the Fund would be unable to participate in 360 CDIP's capital raisings.	Section 6.7 and 17.6
<p>The infrastructure entity has, for the current financial year, prepared and had approved by the Board:</p> <ul style="list-style-type: none"> <li>a 12-month cash flow forecast for the infrastructure entity and has engaged an independent suitably qualified person or firm to provide, in accordance with the auditing standards: <ul style="list-style-type: none"> <li>negative assurance on the reasonableness of the assumptions used in the forecast; and</li> <li>positive assurance that the forecast is properly prepared on the basis of the assumptions and on a basis consistent with the accounting policies adopted by the entity; and</li> </ul> </li> <li>an internal unaudited cash flow forecast for the remaining life, or the right to operate (if less), for each new significant infrastructure asset acquired by the infrastructure entity</li> </ul>	<p>This benchmark is not met. The Responsible Entity has prepared, and the Board has approved, a 12-month cash flow forecast for the Fund. However, due to the nature of the Current Assets and the financial position of the Fund, including its significant cash balance, the Responsible Entity does not currently consider an independent assurance on this forecast necessary or appropriate. None of the Current Assets anticipate additional capital outlays. The Responsible Entity does prepare internal unaudited cash flow forecasts for each new significant infrastructure asset acquired by the Fund. Should the nature of the assets be such as to render this benchmark more relevant, the Responsible Entity will reconsider its application and the Fund's compliance with it.</p>	

Benchmark	Answer	More Information
For any operating asset developed by the infrastructure entity, or completed immediately before the infrastructure entity's ownership, the actual outcome for the first two years of operation equals or exceeds any original publicly disclosed forecasts used to justify the acquisition or development of the asset.	This benchmark is not applicable.	
If the infrastructure entity is a unit trust, it will not pay distributions from scheme borrowings.	This benchmark is met.	Section 5.9.1
If the infrastructure entity is unlisted and a unit trust, after finalising a new valuation for an infrastructure asset, the infrastructure entity reviews, and updates if appropriate, the unit price before issuing new units or redeeming units.	This benchmark is not applicable. The Fund will be a stapled entity comprised of two Listed unit trusts.	

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# 5

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## 5.1 FUND OVERVIEW AND INVESTMENT STRATEGY

The Fund will be comprised of two unit trusts which are each an Australian managed investment scheme and which will be stapled together and registered with ASIC under Chapter 5C of the Corporations Act.

The Fund will provide Unitholders with the ability to gain exposure to digital infrastructure assets, seeking to capitalise on the growth of the global digital economy.

The Fund will seek to invest initially in digital infrastructure assets in the Asia Pacific region, with ability to broaden the investment mandate globally. When assessing investment opportunities and given the long-term nature of the assets, the Fund will seek to ensure targeted geographies have a stable geopolitical setting and a strong rule of law prior to investing.

The Fund has secured three current assets worth approximately \$55.0 million and has reviewed a number of other opportunities which were deemed not suitable for the Fund. See Section 7 for details of the Current Assets.

Additionally, subject to completing the stapling proposal, the Fund has committed A\$35 million to a dark fibre business called FibreconX Pty Ltd. More details on this are available in section 7.4.1.

The Fund has identified four core investment areas which will initially underpin its investment focus:

- Data centres;
- Dark fibre and fibre-based networks;
- Cell towers, small cell sites; and
- Other related digital infrastructure.

Within these areas of focus the target investment size will initially be \$20.0–\$100.0 million into unlisted operating entities or direct assets. These investments could comprise growth capital into operating businesses, expansion capital and/or the purchase of equity from early stage passive investors.

The Fund will target a Total Return of 10.0% p.a.<sup>1</sup> comprising a combination of income and capital growth and will seek to make distributions of income on a quarterly basis. Although the Fund may make quarterly distributions, Unitholders should view returns as a total return investment as it may be in the best interest of Unitholders to reinvest income at various stages of the investment cycle to take advantage of high growth investment opportunities.

Given the nature of the asset class and industry, the Fund expects the majority of investment opportunities to be off market, generated from the Managing Director of the Investment Manager's personal relationships within the telecommunication industry, new hires into the Investment Manager as well as 360 Capital Group connections.

Based on the current pipeline of opportunities, it is expected that the Fund will initially be deploying capital into well run data centre operators or the acquisition of data centre facilities leased on a long term basis to quality tenants. Initially the geographic focus is expected to be in the Asia Pacific region in stable economies.

Opportunities in the core investment areas and target geographies will be carefully prepared by the Investment Manager to ensure they are in line with the investment objectives and returns before being recommended to the Responsible Entity.

As 5G is rolled out, it is expected the Fund will deploy capital into this growth opportunity by investing in operators of poles and cell sites where mobile operators can mount their equipment.

1. The targeted return is an objective target only and may not be achieved. Future returns are not guaranteed and a loss of principal may occur.



## About the Fund and the Stapling Proposal

### 5.2 IMPLEMENTATION OF INVESTMENT STRATEGY

The Fund will implement its investment strategy through acquiring interests in digital infrastructure assets on a full or fractional basis.

The Fund may also acquire assets in partnership with wholesale and Institutional Investors or invest through wholesale funds.

In addition to other alternatives, for the purposes of co-investing with wholesale capital the Fund may, via 360 CDIP, invite Wholesale Investors to invest alongside it in respect of all or some of the portfolio and use that capital to acquire additional assets in that vehicle. 360 CDIP will be managed by the Investment Manager for the benefit of the Fund and any Wholesale Investors which are invested.

The Responsible Entity also considers that it may be in the best interests of Unitholders to invest alongside Wholesale Investors for the following reasons:

- Wholesale Investors may have a lower cost of capital, enabling the funding of additional assets in a manner which may be less dilutive to Unitholders;
- Joining with Wholesale Investors will enable the Fund to better leverage Unitholders' equity into larger assets and a more diverse and more attractive portfolio;
- Certain digital infrastructure assets may be capital intensive and an alternative source of capital will reduce the potential dilution associated with the Fund being forced to raise capital in circumstances where it may not be in the best interests of Unitholders; and
- Exposure to a larger and more diverse portfolio may result in the Fund being more attractive to institutional and other investors and thereby create greater liquidity for Unitholders.

There is currently no offer open in respect of 360 CDIP. If and the extent to which 360 CDIP raises capital from Wholesale Investors is uncertain. Until it is offered to Wholesale Investors, 360 CDIP will remain wholly owned and controlled by the Fund.

Refer to Section 6 for further information regarding 360 CDIP.

It is not expected the Stapling Proposal will have a material impact on the investment strategy of the Fund. The investment strategy of the Fund is the same as that of 360 CDIF. Following the Stapling Proposal the investment strategy of 360 CDIF will be implemented through the Fund.

### 5.3 STAPLING PROCESS

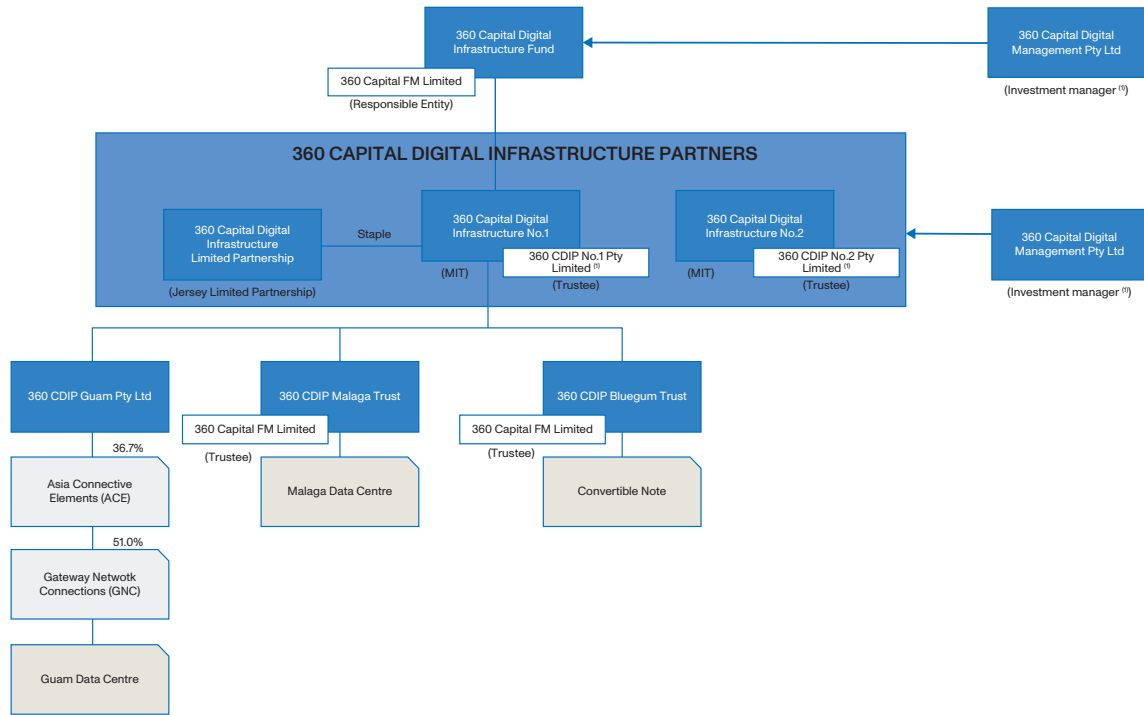
Under the Stapling Proposal, a new stapled group will be created, consisting of the existing 360 CDIF and the New Trust. Under the Stapling Proposal, 360 CDIF will be stapled to New Trust. 360 CDIF and New Trust will collectively comprise the Fund. The Fund will be established by the Responsible Entity making a pro-rata distribution of capital out of 360 CDIF and applying those amounts to the acquisition of fully paid New Trust Units by 360 CDIF Unitholders. As a result, 360 CDIF Unitholders will hold the same number of 360 CDIF Units as they currently hold as well as an equal number of New Trust Units.

Each New Trust Unit will be stapled to a 360 CDIF Unit on a 1:1 basis to form a Stapled Unit with the effect that 360 CDIF Units and New Trust Units may not be traded independently. No payment is required from 360 CDIF Unitholders in relation to the Stapling Proposal and you do not need to take any action in order to receive your New Trust Units.

Other than the FibreconX transaction no other transactions or asset transfers are presently anticipated to occur between 360 CDIF and the New Trust to implement the Stapling Proposal or following the Stapling Proposal. In this regard, existing assets of 360 CDIF will remain assets of those entities, to be applied in the Fund Business in the ordinary course.

## 5.4 FUND ORGANISATIONAL STRUCTURE

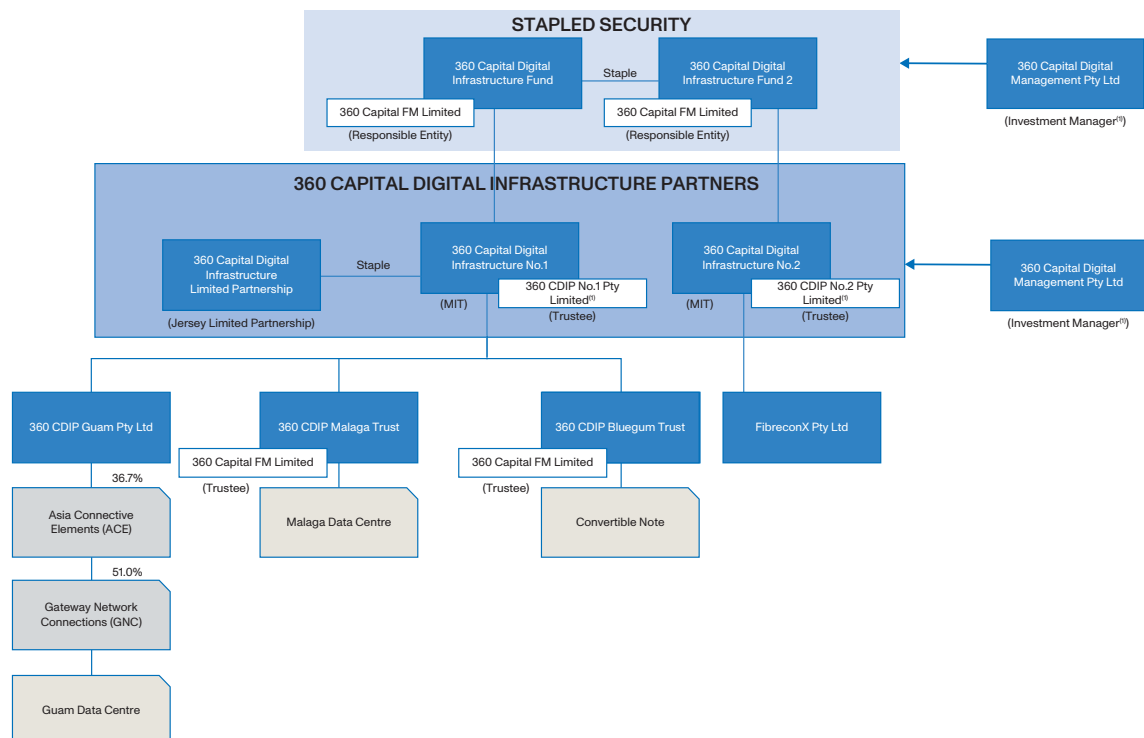
### CURRENT STRUCTURE



<sup>(1)</sup> Investment manager and Trustees operating as authorised representatives of 360 Capital FM Limited

The proposed structure for the Fund after the Stapling Proposal has been implemented is set out in summary form below:

### PROPOSED STAPLED STRUCTURE



<sup>(1)</sup> Investment Manager and Trustees operating as authorised representatives of 360 Capital FM Limited

## About the Fund and the Stapling Proposal

### 5.5 WHY IS THE STAPLING PROPOSAL BEING CARRIED OUT?

As announced to the ASX on 20 December 2019, an opportunity has arisen for 360 CDIF to invest in an asset consisting of dark fibre that is consistent with the 360 CDIF mandate. It is proposed that 360 CDIF will take an active role in the development, ongoing marketing and maintenance of the asset.

Having regard to the FibreconX transaction, the Responsible Entity has reviewed the current structure of 360 CDIF and has determined that it will be in the best interests of 360 CDIF Unitholders for 360 CDIF to be structured as a stapled entity.

### 5.6 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 360 Capital Group is an ASX-listed (ASX:TGP), alternative asset investment and funds management group concentrating on strategic investment and active investment management of alternative assets. As at the date of the PDS, the 360 Capital Group has a market capitalisation of approximately \$260.0 million and manages listed and unlisted funds on behalf of investors.

Biographies for the directors of the Responsible Entity can be found in the IPO PDS.

### 5.7 THE INVESTMENT MANAGER

The Responsible Entity will delegate the investment management to the Investment Manager, pursuant to the Fund IMA.

The Investment Manager is a joint venture between 360 Capital Group Limited (50%) and a company controlled by Mr David Yuile (50%). Biographies for David Yuile and the directors of the Investment Manager can be found in the IPO PDS.

### 5.8 KEY TERMS OF THE FUND IMA

The Fund IMA is summarised in Section 15.3. Key terms include:

- The Fund IMA sets out the services to be provided by the Investment Manager, these include:
  - Overseeing the investment strategy;
  - Providing administrative support to assist and ensure the maintenance of the Fund's corporate and statutory records, compliance with the Corporations Act;
  - Actively managing and supervising the Fund's investments;
  - Developing acquisition divestment strategies; and
  - Investment evaluation and implementation.
- Other than where there is a Cause Event the Investment Manager is appointed for a minimum term of 10 years and thereafter may be removed on six months' notice. Where there is a Cause Event the Investment Manager may be removed at any time by a Special Resolution of Unitholders; and
- The Investment Manager is entitled to annual Management Fees of 1% of the gross asset value of the Fund and a Performance Fee, refer to Section 15.3. The Investment Manager will be entitled to similar fees in respect of 360 CDIP and for so long as it is the investment manager of both 360 CDIP and the Fund it will waive its fee entitlement in respect of the Fund to the extent it receives a fee out of 360 CDIP which is attributable to the Fund's investment in 360 CDIP. This means there will be no double charging of fees by the Investment Manager. The Investment Manager may also be entitled to receive fees on its removal.

### 5.9 ADDITIONAL FUND INFORMATION

Further details in respect of the Fund are set out below. Please refer to Section 15.1 for further information.

#### 5.9.1 Distribution policy

It is intended that Fund distributions be paid quarterly, though remains at the discretion of the Responsible Entity. Correspondence will be made to investors of the Fund via ASX Announcement. The first distribution is expected to occur from Q3 FY 2020. Distributions are not intended to be paid out of borrowings.

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### **5.9.2 Valuation Policy**

The Responsible Entity will calculate the NAV of the Fund at least every 6 months in line with its unit pricing policy.

In respect of assets it owns and controls, the Fund intends to engage an external valuation firm to undertake an independent valuation of the assets at least once in each two-year period.

In respect of assets it does not entirely own (including where it has a shareholding or unitholding in an investment vehicle), the valuation policies in respect of those assets will be subject to the valuation policies of those investment vehicles which may be outside the control of the Fund.

### **5.9.3 Liquidity and withdrawals**

While the Fund is listed, Stapled Units are not able to be redeemed or withdrawn from the Fund except under a withdrawal offer or a buy-back of Stapled Units which satisfies the Constitution, the Corporations Act and the ASX Listing Rules (see Section 5.9.4).

It is expected, subject to the New Trust's admission to the Official List and the quotation of the Stapled Units on the ASX, that the Stapled Units will commence trading on the ASX on or about 17 March 2020 on a deferred settlement basis. Stapled Units may be sold on the ASX by Unitholders instructing their stockbroker.

### **5.9.4 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 Stapled Units (through bonus options issues, placement, pro-rata issues, etc.) or the buy-back of Stapled Units.

### **5.9.5 Changes to Investment Strategy**

It is expected that the Fund's investment strategy will be implemented as detailed in this PDS. The Investment Manager reserves the right to change the Fund's investment strategy should it be in the best interests of Unitholders, subject to any approval it may require under the ASX Listing Rules.

### **5.9.6 Fees**

Refer to Section 10 for a summary of the fees applicable to the Fund.

### **5.9.7 Hedging**

#### **5.9.7.1 Foreign Currency Risk Hedging Policy**

The Fund may be exposed to foreign currency risk arising from investment in non-AUD denominated assets. This means that a portion of distribution income attributable to the Fund may fluctuate in line with a change in AUD/global exchange rates.

To the extent possible, corresponding debt will be taken out in the same currency of the asset to manage foreign currency risk.

The Fund may enter into derivatives to facilitate foreign currency hedging to manage AUD/global exchange rate risk. The Fund will not enter into derivative products for speculative purposes. The Fund will always ensure that it will have sufficient cash to meet any derivative obligations.

#### **5.9.7.2 Interest Rate Risk Hedging Policy**

The Fund may have exposure to interest rate risk, as the Fund may take on debt which is set on a floating benchmark rate plus a margin. This means that a portion of distribution income attributable to the Fund may fluctuate in line with a change in interest rates.

The Fund may enter into derivatives to facilitate interest rate hedging, to hedge the underlying floating rate risk arising from distribution income. The Fund will not enter into derivative products for speculative purposes. The Fund will always ensure that it will have sufficient cash to meet any derivative obligations.

## Section 5

# About the Fund and the Stapling Proposal

### 5.9.8 Reporting to Unitholders

For accounting and reporting purposes, the Fund will operate on a financial year basis, with a year end of 30 June. The Fund will formally report to Unitholders on a half yearly basis as at 30 June and 31 December. Amongst other things, the report will detail:

- the amount of distributions for the period;
- the current NAV per Stapled Unit at the end of the reporting period;
- the significant activities during the period; and
- a portfolio update.

### 5.9.9 Denomination

The Fund will be Australian dollar denominated.

### 5.9.10 Borrowings

At the completion of the Stapling Proposal there will be no gearing in either the Fund or 360 CDIP. The Fund will target a maximum loan to value ratio of 50% of gross assets on a look through basis.

If the Fund determines to take leverage, it will do so in the best interests of Unitholders having regard to, amongst other things, the terms and the identity of the lender.

The use of leverage may affect the Funds ability to deliver returns and may magnify the Fund's gains and losses.

## About 360 Capital Digital Infrastructure Partners (360 CDIP)

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# 6

## Section 6

# About 360 Capital Digital Infrastructure Partners (360 CDIP)

### 6.1 360 CDIP OVERVIEW

360 CDIP is currently wholly owned and controlled by the Fund and currently owns the Current Assets. Should the Responsible Entity determine it to be in the best interests of Unitholders, 360 CDIP may be offered to Wholesale Investors for the purposes of raising wholesale capital to co-invest alongside the Fund. That capital will be used to acquire additional assets by 360 CDIP.

Until the decision to invite Wholesale Investors to invest in 360 CDIP is made, 360 CDIP will remain a wholly owned and controlled subsidiary of the Fund. However, once 360 CDIP is no longer wholly owned, 360 CDIP will be required to act in the interests of all of its investors (including the Fund) and the interests that the Fund holds in 360 CDIP will rank equally with the interests held by other investors.

The reasons why the Responsible Entity may offer 360 CDIP to Wholesale Investors include:

- Wholesale Investors may have a lower cost of capital, enabling the funding of additional assets in a manner which may be less dilutive to Unitholders;
- Joining with Wholesale Investors will enable the Fund to better leverage Unitholders' equity into larger assets and a more diverse and more attractive portfolio;
- Certain digital infrastructure assets may be capital intensive and an alternative source of capital will reduce the potential dilution associated with the Fund being forced to raise capital in circumstances where it may not be in the best interests of Unitholders; and
- Exposure to a larger and more diverse portfolio may result in the Fund being more attractive to institutional and other investors and thereby create greater liquidity for Unitholders.

### 6.2 INVESTMENT STRATEGY

The investment strategy of 360 CDIP will be consistent with the Fund's investment strategy. Any change to the investment strategy will require a Special Resolution (75% of invested capital) of 360 CDIP investors.

### 6.3 THE INVESTMENT MANAGER

The Investment Manager will also be the investment manager of 360 CDIP.

### 6.4 KEY TERMS OF 360 CDIP IMA

The 360 CDIP IMA is summarised in Section 15.4. Key terms include:

- The 360 CDIP IMA sets out the services to be provided by the Investment Manager, these include:
  - Overseeing the investment strategy;
  - Providing administrative support to assist and ensure the maintenance of 360 CDIP's corporate and statutory records, and compliance with the Corporations Act;
  - Actively managing and supervising 360 CDIP's investments;
  - Developing acquisition divestment strategies; and
  - Investment evaluation and implementation;
- Other than where there is a Cause Event, the Investment Manager is appointed for a minimum term of 10 years and thereafter, may only be removed by a Special Resolution of 360 CDIP investors. Where there is a Cause Event the Investment Manager may be removed at any time by a Special Resolution (75% of invested capital) of 360 CDIP investors; and
- The Investment Manager is entitled to a Management Fee of 1% of the gross asset value of 360 CDIP and a Performance Fee, refer to Section 15.4. The Investment Manager will be entitled to similar fees in respect of the Fund but for so long as it is the investment manager of both 360 CDIP and the Fund, it will waive its fee entitlement in respect of the Fund to the extent it receives a fee out of 360 CDIP, which is attributable to the Fund's investment in 360 CDIP. This means there will be no double charging of fees by the Investment Manager.

### 6.5 KEY 360 CDIP TERMS

The key terms currently proposed in respect of 360 CDIP are summarised in Section 15.2. Please note that these may change.

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## 6.6 REPORTING

360 CDIP and the Investment Manager will be required to use reasonable endeavours to provide the Fund with such information as is necessary to enable the Fund to comply with its reporting obligations, including its continuous disclosure obligations under the ASX Listing Rules.

## 6.7 GOVERNANCE ARRANGEMENTS

360 CDIP will only cease to be wholly owned by the Fund where the independent board committee (IBC) of the Responsible Entity determines it to be in the best interests of Fund members to raise capital from Wholesale Investors in 360 CDIP. Where this occurs and for so long as the Investment Manager is the investment manager of the Fund and 360 CDIP, the following governance arrangements will apply:

- The IBC, comprising independent directors, will be responsible for all dealings between the Fund and 360 CDIP;
- The Investment Manager must first present all investments which fall within 360 CDIP's mandate to 360 CDIP;
- The Fund will have the right to participate on a pro rata basis in any new 360 CDIP capital raising;
- 360 CDIP must in all cases act in the best interests of its investors (including the Fund) in deciding whether to pursue a new investment and raise capital;
- Other than in connection with an entitlement offer, 360 CDIP will only issue interests based on the prevailing NAV. Entitlement offers at a price other than NAV will not be on a greater than 1:1 basis;
- The Responsible Entity, the Investment Manager and its related entities will only invest in the Fund and not directly into 360 CDIP, thereby ensuring alignment of interests between the Fund, the Responsible Entity and the Investment Manager; and
- The Investment Manager will waive its fee entitlements in respect of the Fund to the extent it receives a fee of 360 CDIP which is attributable to the Fund's investment in 360 CDIP.

## 6.8 LISTING RULE 10.1 WAIVER

In the event that 360 CDIP is offered to Wholesale Investors and becomes no longer wholly owned by the Fund, the Fund has applied for a waiver from ASX Listing Rule 10.1 so that no Unitholder approval will be required for the Fund to invest in 360 CDIP.

## 6.9 STRUCTURE OF 360 CDIP

360 CDIP is currently anticipated to comprise the following, however this structure is subject to change:

- 360 Capital Digital Infrastructure No. 1;
- 360 Capital Digital Infrastructure No. 2,

(each being Australian domiciled unregistered unit trusts, with a 360 Capital Group entity as the trustee (each a Trust and collectively, the **Trusts**)),

- 360 Capital Digital Infrastructure, (a Jersey limited partnership (yet to be established) with an affiliate of the Investment Manager or 360 Capital Group as the general partner) (**OLP**); and
- such other vehicle as required from time to time.

As at the date of the PDS, only the Trusts have been established and as such, 360 CDIP currently only comprises the Trusts. These entities hold the Current Assets via Australian domiciled wholly owned and controlled subsidiaries. The structure of 360 CDIP may change prior to being offered to Wholesale Investors.

The Directors of 360 CDIP No. 1 Pty Ltd, the trustee of 360 Capital Digital Infrastructure No. 1 are:

- Glenn Butterworth; and
- David Yuile.

The Directors of 360 CDIP No. 2 Pty Ltd, the trustee of 360 Capital Digital Infrastructure No. 2 are:

- Tony Pitt; and
- James Storey.

Refer to the IPO PDS for the biographies of the above directors.



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## Section 6

# About 360 Capital Digital Infrastructure Partners (360 CDIP)

### 6.9.1 Borrowings

At the completion of the Stapling Proposal, there will be no gearing in 360 CDIP.

360 CDIP will target a maximum loan to value ratio of 50% of gross assets on a look through basis.

If 360 CDIP determines to take leverage, it will do so in the best interests of investors having regard to, amongst other things, the terms and the identity of the lender.

The use of leverage may affect the 360 CDIP's ability to deliver returns and may magnify 360 CDIP's gains and losses.

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## Section 7

# Current Assets

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# 7

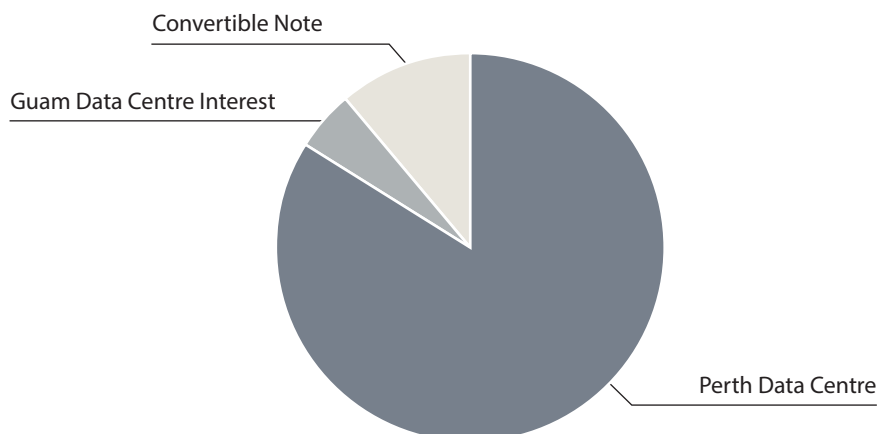
## Section 7

# Current Assets

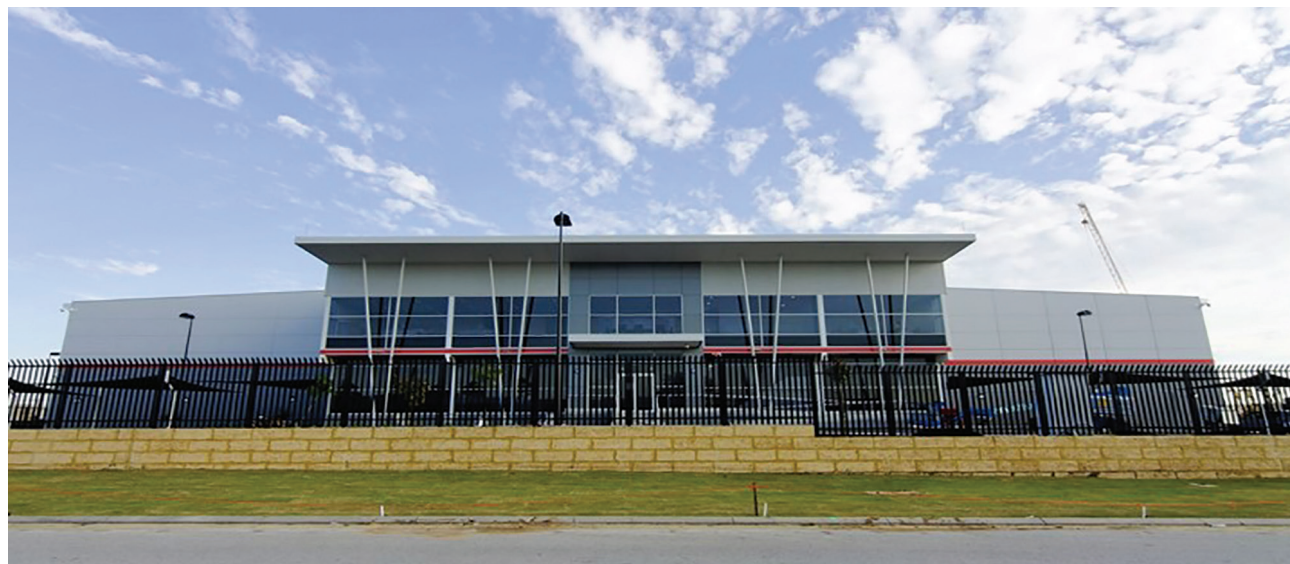
Prior to the 360 CDIF IPO, the Fund secured three Current Assets for a total consideration of \$55.4 million. Of the Current Assets, the Perth Data Centre (Section 7.1) acquisition was completed on 13 September 2019 and the Guam investment (Section 7.2) was completed on 2 July 2019. These acquisitions were funded from the \$50.0 million pre-IPO funding, 360 CDIF Units in respect of which were allotted on 17 September 2019.

Through an investment in the Fund, Unitholders gain exposure to the Current Assets via 360 CDIP which at the time of the Stapling Proposal, comprise the Current Assets in Sections 7.1, 7.2 and 7.3.

**Graph 5: Current Assets by Asset Value**

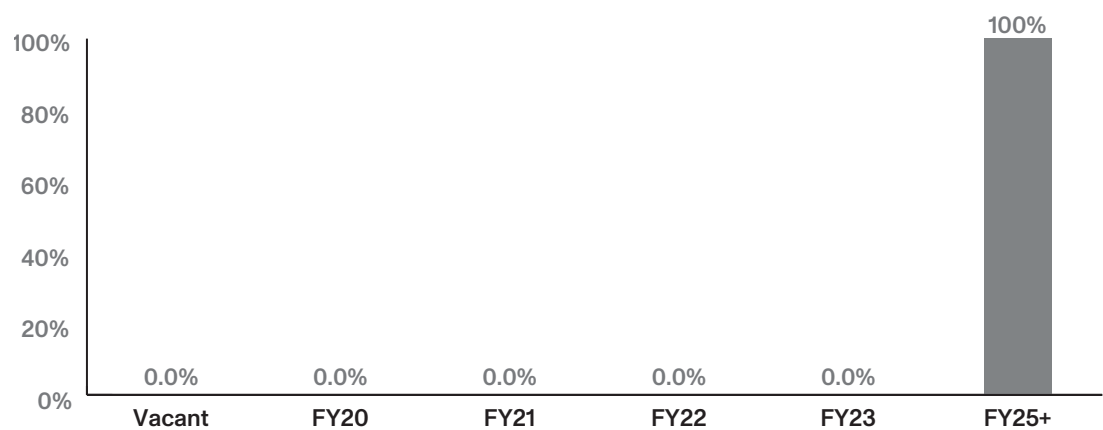


### 7.1 DATA CENTRE – PERTH AUSTRALIA



Constructed in 2010 as a purpose-built Tier III certified data centre, the property is located in Malaga, Perth. The entire property facility is leased on a 15 year lease (with approximately 6 years remaining), on a triple net lease structure to Fujitsu Australia Limited who operate the facility as a major international multi-tenanted data centre operator as part of their portfolio of data centres throughout Australia. The lease provides for a market rent review (with ratchet clause) in 2022 and otherwise, annual CPI rent reviews.

Graph 6: Lease Expiry Profile (by area)



Fujitsu Australia currently operates 8 high-quality, continuous-availability data centres nationally, with six primary sites strategically located in Sydney, Melbourne, Brisbane and Perth.

Figure 6:



The facility was purchased for \$37.0 million (before costs), representing an initial passing yield of 6.5%. The data centre has a gross lettable area of 6,561 sq.m. with raised data hall, plant and equipment area, office space and parking for 100 cars on a total site area of 9,441 sqm. The centre has been in operation since 2010 and recently underwent an upgrade.

Further details on the facility, the majority of which are provided by the operator include:

Architecture

- Purpose built 2-level data centre, commissioned 2010.
- Sole tenanted by Fujitsu Australia.
- 1:100 natural disaster event resilience.
- 2-hour fire rating on all data hall doors.
- Absence of external windows and signage.

Facilities

- Raised data hall 3200m<sup>2</sup>.
- Plant and equipment area 3300m<sup>2</sup>.
- Office area, work area and amenities 2000m<sup>2</sup>.
- Shared parking area for more than 100 vehicles.

## Section 7

# Current Assets

### Electrical System

- 2 × 22kV mains feeds via diverse entry points and pathways.
- Diesel Rotary UPSs.
- Dual fuel tanks and redundant pumping system.
- On-site fuel storage sufficient for 72 hours non-stop operations.
- Power allocation design of 1500W per m<sup>2</sup>.

### Mechanical System

- Closed loop chilled water piping system installed in diverse underfloor runs.
- Underfloor pipe manifolds to support in-row high-density cooling solutions.
- Hybrid closed loop chiller system.
- CRAC unit placement providing hot/cold aisle cooling.
- Underfloor leak detection and off-floor drainage system.
- Mechanical system supported by diesel power generation.

### Fire System

- Early warning smoke detection (VESDA). Smoke and fire detection installed under and above floor.
- Dry-pipe, pre-action fire suppression within data halls.

### Security & Certification

- 24×7 manned security office and personnel entrance checkpoint.
- Perimeter vehicular security check-points.
- Anti-scaling perimeter fencing.
- CCTV monitoring and capture of perimeter and internal access by digital cameras.
- Single person interlock entrance out of lobby.
- Proximity card access points to data hall and other secure areas.
- Certification to ISO-27001 Information Systems Security.
- Management, 28000 + 14001 + 9001.
- 24×7 access permitted to authorised personnel.

### Telecommunications

- Carrier-neutrality.
- 2 diverse under-ground cable pathways to the building.
- 2 internal hand-off rooms, with diverse inter-room pathways.

### Data Hall

- 700mm raised floor.
- Floor rating to 1400kg per m<sup>2</sup> load.
- Floor tile system resistant to zinc whiskers.
- Earthing system.

### Service Level Targets

- 100% availability on all electrical and mechanical systems.
- Ambient temperature of 18°-27°C.
- Relative humidity of 30-70%.

### Maintenance and Support

- All infrastructure components monitored 24×7 by a nationally integrated BMS.
- Core infrastructure tested and maintained to manufacturers suggestion or better.
- Load banks utilised.



#### Shipping and Receiving

- Loading dock available 24x7 for shipping and receiving.
- Site-suitable lifting and moving equipment available.

#### Green Initiatives

- PUE & DCIE monitored and reported.
- High performance closed loop chilled water systems.
- Sensor lighting installed in data hall.

## 7.2 DATA CENTRE – GUAM

Guam, a US territory in the Western Pacific, is an established subsea cable hub with three cable landing stations and 9 existing subsea cables.

On 2 July 2019, the Fund entered into a subscription agreement to acquire 37% of Asia Connectivity Elements, Inc. (ACE), a company incorporated in Guam. ACE was established in January 2019 and owns 51% of Gateway Network Connections LLC (GNC) in joint venture with TeleGuam Holdings LLC, Guam's local telecommunications operator.

David Yuile, the Managing Director of the Investment Manager, has been appointed as a director of ACE and is a shareholder in ACE.

The total equity interest cost approximately US\$5.5 million (A\$7.8m). The Fund has a preference return of 8.0% p.a. on its invested capital until June 2022 (unless earlier converted into common stock upon the occurrence of specified trigger events), at which stage the preferred return converts to ordinary equity return. It is expected that no more capital will be required from the Fund to complete the project.

GNC will own and operate a new data centre which is expected to house subsea cable nodes for several committed projects connecting Guam to Sydney, Tokyo and Hong Kong with upside growth from additional subsea cables and cloud nodes.

The data centre is currently under construction and will be the first carrier neutral cable landing station and data centre in Piti, Guam. This makes it an attractive location for international customers seeking space as they have historically been unable to access capacity other cable landing stations.

The data centre is designed to Tier III standards with initial/max capacity 59/217 racks of capacity, and an initial/max 0.8MW/ 1.8MW IT load.

Figure 7: Guam. Aerial photo.



## Section 7

# Current Assets

Figure 8: Status of development, taken 10 February 2020.



### 7.3 CONVERTIBLE NOTE

The Fund entered into the Convertible Note as detailed in the IPO PDS.

In November 2019 an amending deed was entered into in respect of the Convertible Note pursuant to which the note will be redeemed on or before 30 June 2020 with the Fund receiving a payment of approximately S\$4.2million (A\$4.5million) in addition to the repayment of original capital deployed of S\$10 million (A\$10.7 million), resulting in an expected IRR of 58.4%.

### 7.4 DARK FIBRE AND FIBRE-BASED NETWORKS

#### 7.4.1 Investment in FibreconX

As highlighted above and in the IPO PDS the Fund sees good investment opportunities in dark fibre networks and in particular dark fibre networks between data centres. Based on our market assessment of potential entry points the Fund has decided to create and capitalise a new dark fibre operator called FibreconX Pty Ltd (**FibreconX**) and has appointed Mark Rafferty, formerly Group Executive of TPG Telecom, to be CEO.

In addition to Mark, FibreconX has also secured the services of several other senior telecoms executives who combined with Mark bring more than 50 years operating experience in Telecommunications. In line with industry norms, a management option scheme may be offered to FibreconX employees.

Under Mark's leadership, FibreconX will build and operate, on a wholesale basis, new and innovative dark fibre networks, in Asia Pacific, that connect together large points of data concentration seeking to capitalise on the continued growth of data volumes. These new networks will often be in newly constructed duct containing high fibre count tubes to support rapid delivery and anticipated strong demand. Later on these networks may expand to include small cell sites and cell towers.

Target customers of dark fibre networks are:

- Large Hyperscale Cloud and content providers e.g. Google, Microsoft and Facebook;
- International and domestic carriers e.g. BT, AT&T and NTT; and
- Local Enterprises, Governments and IT integrators.

Early discussions with some target customers under NDA have been encouraging and confirm our investment thesis.

As announced on the ASX on the 20th December 2019 the Fund has made an initial commitment of \$35 million to FibreconX and will own a significant majority of FibreconX which will be an operating entity. It is intended that FibreconX will be held in New Trust.

On 31 January 2020, FibreconX was granted an Australian telecommunications license by The Australian Communications and Media Authority.

Given this investment type and the likelihood that other Fund investments may be controlling stakes in operating entities we will need to staple the New Trust, being an operating entity into the listed 360 CDIF entity.

### 7.4.2 What is a dark fibre network?

Fibre optics cables are bundles of hundreds to thousands of glass-like strands used to transport large amounts of data over distance. These cables are often laid in duct/conduit and connect the whole digital communications fixed infrastructure set such as buildings, data centres and wireless sites. Historically, telecommunication companies have laid fibre optic networks to provide managed and metered network services to customers using networking equipment to send light over the fibre optic which is then considered 'lit'. Where the optical fibre remains dormant or unused and is yet to be connected to telecommunications transmission equipment it is referred to as 'dark fibre'.

The significant growth of internet usage and data has created a strong demand for high-capacity unmetered networks between key devices and high traffic locations, which is often being met with rented dark fibre.

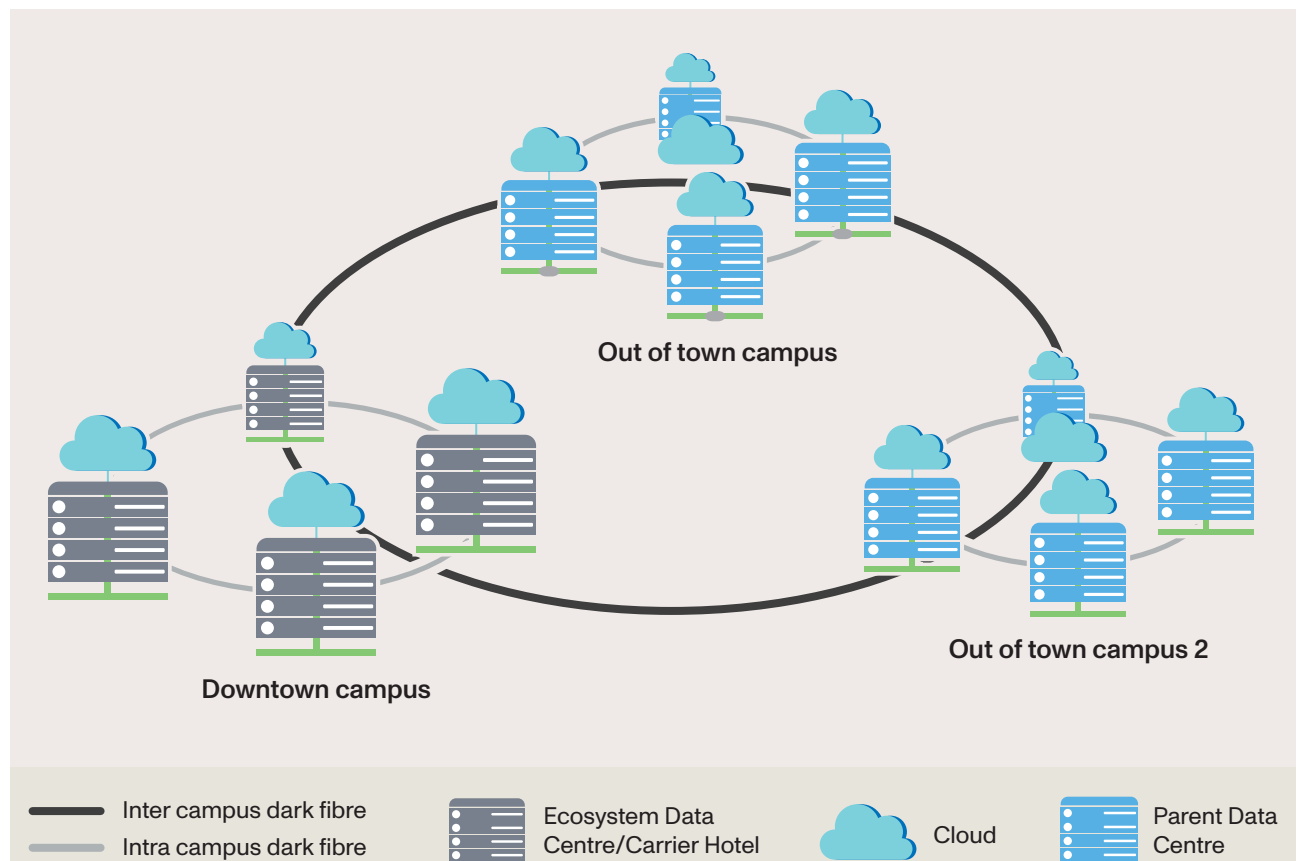
The advantage of dark fibre is that it provides users flexibility to set up their own high-capacity network connection, typically for a flat monthly fee with no management or metering fees.

**Figure 1: Example fibre optic site to site connection**

For additional risk reduction, dark fibre provides organisations with the optionality to operate a redundant connection referred to as a 'ring-structure', where locations are linked via two diverse fibre optic connections so that data transmission is not interrupted if one fibre optic connection is interrupted.



**Figure 2: Example fibre optic ring structure for data centres**





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## Section 7

# Current Assets

### 7.4.3 Market opportunity

Given that dark fibre is typically one of many products telecommunication companies provide there is very little dedicated research available to size the market opportunity however we do provide the following

- Management estimate the global market size is approximately \$6B pa with a CAGR range of 10-12%
- Management estimate the market size in Australia ex Telstra and NBN to be more than \$200m pa

### 7.4.4 Typical operating models

Dark fibre once connected end to end is typically operated as a passive infrastructure asset with income derived from renting or leasing individual fibre pairs or multiple pairs to end customers for a monthly fee or for multi-year terms for larger upfront payments and small annual maintenance fees. Sample operators of dark fibre are Zayo, Pipe Networks and more recently we have seen the emergence of specialist dark fibre operators to data centres such as Summit IG and Dark Fibre and Infrastructure, LLC.

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# 8

## Section 8

### Risks

This Section 8 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.

You should satisfy yourself that you have a sufficient understanding of the risks described in this Section 8 and consider whether the Stapled Units are a suitable investment for you, having regard to your own investment objectives, financial circumstances and taxation position. If you do not understand any part of this PDS or are in any doubt as to whether to invest in the Stapled Units, 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.

#### **8.1 RISKS SPECIFIC TO AN INVESTMENT IN THE FUND**

##### **8.1.1 Investment Manager Risk**

By investing in the Fund, investment decisions are delegated to the Investment Manager. The performance of the Fund is affected by the performance of the Investment Manager and that of the external service providers engaged by the Investment Manager and is therefore not assured. The Investment Manager requires staff to have a variety of skills and expertise, some of which may be considered niche specialities in which there are limited practitioners available for recruitment.

##### **8.1.2 Dependence on key personnel**

The Investment Manager 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 Investment Manager's business. The Investment Manager requires staff to have a variety of skills and expertise, some of which may be considered niche specialities in which there are limited practitioners available for recruitment. While the Investment Manager has initiatives to mitigate this risk, the loss of key staff may have a negative impact on the Investment Manager. The loss of key staff to a competitor may amplify this impact.

##### **8.1.3 Dilution**

Future capital raisings and equity-funded acquisitions by the Fund may dilute the holdings of Unitholders. In the normal course of managing the Fund the Investment Manager is seeking to increase distribution income to Unitholders and to provide the potential for capital growth. In order to provide this growth, capital raisings may be undertaken to acquire investments. At the extreme, a capital raising may need to be undertaken to reduce debt in order that the Fund remain compliant with its debt covenants.

##### **8.1.4 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, default in payment of rent by any of the lessees or variances in the costs of operating the Fund may affect the level of income available for distribution, as well as the timing of distributions.

##### **8.1.5 Liquidity**

If it becomes necessary for the Fund to dispose of one or more of its investments (for example, to reduce the Fund's LVR) there is a risk that the Fund may not be able to realise sufficient assets in a timely manner or at an optimal sale price. This may adversely affect the NTA per Stapled Unit or trading price per Stapled Unit.

##### **8.1.6 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.

### **8.1.7 Trading price of Units if the Fund is listed**

The New Trust is expected to be listed on the ASX and trading in Stapled Units on a deferred settlement basis is expected to commence on or about 17 March 2020. Trading in Stapled Units on a normal basis is expected to commence on or about 18 March 2020. The market price of the Stapled 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 Stapled Units may also fluctuate due to changes in the market rating of the Stapled 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 Stapled Units and therefore affect the market price at which holders are able to buy or sell Stapled Units. Unitholders who wish to sell their Stapled Units may be unable to do so at a price acceptable to them. The market price of the Stapled Units could trade on the ASX at a discount to NTA per Stapled Unit.

### **8.1.8 Ranking**

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 is a risk that Unitholders will receive less than the NTA per Stapled Unit.

### **8.1.9 Conflict of interest risk**

The Responsible Entity is a member of the 360 Capital Group. The directors of the 360 Capital Group are the same as the Directors of the Responsible Entity. The 360 Capital Group owns 50% of the Investment Manager. This creates the potential for a conflict of interest in assessing and procuring investment opportunities. The Responsible Entity and the Investment Manager have implemented policies, and the arrangement is structured in such a way that so as to avoid potential conflicts. Please refer to Sections 6.7 and 16.2 for more information.

### **8.1.10 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 Investment Manager 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 Investment Manager to identify, source and enter into suitable investments will adversely affect returns available to the Fund. 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.

### **8.1.11 Low customer uptake of service**

The performance of the Fund portfolio relies on the successful uptake of the services associated with the underlying assets. The Fund could be exposed to the risk of loss if the services associated with the underlying assets do not achieve a profitable level of customer uptake.

### **8.1.12 Planning, development and construction risks**

The Fund may undertake investment in new digital infrastructure still being developed, expanded or refurbished. Any delays or unexpected costs associated with such projects may harm growth prospects, future operating results and financial conditions.

Additionally, there are a number of general risks that might impinge on companies involved in the development, construction, manufacture and installation of facilities as a prerequisite to the management of those assets in an operational sense. The Fund might be exposed to these risks from time to time by relying on these corporations and/or other third parties which could include any and/or all of the following:

- Development approvals, slow decision-making by counterparties, complex construction specifications, changes to design briefs, legal issues and other documentation changes may give rise to delays in completion, loss of revenue and cost over-runs.
- Other time delays that may arise in relation to construction and development include supply of labour, scarcity of construction materials, lower than expected productivity levels, inclement weather conditions, land contamination, cultural heritage claims, difficult site access, or industrial relations issues.
- Objections aired by community interest, environmental and/or neighbourhood groups which may cause delays in the granting of approvals and/or the overall progress of a project.
- Notwithstanding appropriate safeguards, parties with whom the Fund has contracted may experience financial or other difficulties with consequential adverse effects for the relevant project or asset.

## Section 8

### Risks

#### 8.1.13 Breach of debt covenants

From time to time, the Fund may enter into debt facilities which will contain covenants that have income and asset value tests. Falling asset values, declining rental income or other unforeseen circumstances may cause covenants under such debt facilities to be breached. A breach of a debt facility covenant may result in a financier enforcing its security over the relevant assets. The financier may require repayment of the facility, possibly prior to its expected expiry. This could result in an early sale of assets at a less than optimal sale price; for instance, in a depressed market, additional equity being required, or distributions being reduced or suspended to repay the borrowings.

#### 8.1.14 Minority interests

Due to the nature of the investment strategy the Fund will, from time to time, hold minority interests in unlisted entities. In such circumstances, the Fund may have limited control of the entity and its assets and may be unable to obtain satisfactory terms or a desirable price for the sale of that minority interest.

In respect of the Fund's investment in ACE (Guam Data Centre refer to Section 7.2), the Fund does not have any specific minority protection, control, Board representation, veto or anti-dilution rights. David Yuile is currently a director of ACE.

#### 8.1.15 Ownership of physical real estate

The Fund will own a number of real estate assets operating as digital infrastructure assets, and as such is exposed to real estate fundamentals. The real estate market is affected by many factors external to the Fund and its operations, including:

- Adverse changes in national and local economic and market conditions.
- Changes in interest rates and in the availability, cost and terms of debt financing.
- Changes in governmental laws and regulations, fiscal policies and zoning ordinances and costs of compliance therewith.
- The ongoing cost of capital improvements that are not passed onto customers, particularly in older structures.
- Changes in operating expenses.
- Civil unrest, acts of war, terrorist attacks and natural disasters, including earthquakes and floods, which may result in uninsured and insured losses.

The risks associated with the illiquidity of real estate investments may be even greater for special purpose facilities such as data centres, which are highly specialised facilities containing extensive electrical and mechanical systems, that are uniquely designed to house and maintain customers' equipment. As a result, most data centres are not suited for use by customers for other purposes without major renovation and expenditure.

#### 8.1.16 Interruptions to operations, including infrastructure and technology failure

The Fund will rely on its infrastructure and technology to provide its customers with a highly reliable service. There may be a failure to deliver this level of service as a result of numerous factors, including:

- Human error;
- Power loss;
- Improper building maintenance by landlords in leased premises;
- Physical or electronic security breaches;
- Fire, earthquake, hurricane, flood and other natural disasters;
- Water damage;
- War, terrorism and any related conflicts or similar events worldwide; and/or
- Sabotage and vandalism.

Service interruptions, regardless of cause, may trigger clauses in lease contracts, which may result in a number of remedies including:

- termination of lease;
- future credit or rental subsidy;
- compensation; and
- other financial and non-financial remedies incurred by the Fund.

Service interruptions may also expose the Fund to additional legal liability and erosion of brand and reputation. The Fund's facilities will be designed to mitigate these risks to the extent possible.

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#### **8.1.17 Competitive landscape and action of others**

The Fund will operate in a competitive landscape alongside a number of other developers, owners and operators of digital infrastructure assets competing product offerings and geographic presence. In addition, the Fund may face competition from new entrants into the digital infrastructure 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, fail to renew expiring leases, incur costs to improve facilities, or be forced to reduce rental rates. If the rental rates for facilities decrease, existing customers do not renew expiring leases or vacant data centre space cannot be leased, the growth prospects and financial performance and/or financial position of the Fund may be materially adversely affected.

#### **8.1.18 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.

#### **8.1.19 International investment and exchange rate risk**

The Fund may invest an amount of capital in foreign currency denominated assets, although any such foreign currency investments are expected to be funded by foreign currency funding facilities, limiting any foreign currency exposure.

Investing in foreign currency denominated assets poses additional risks. The performance of foreign currency denominated assets can be adversely affected by the different political, regulatory and economic environments in countries where the investments are made, and fluctuations in foreign currency exchange rates may also adversely affect the value of foreign currency denominated assets. Potentially 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. In addition, the laws of foreign jurisdictions may offer less legal rights and protections to holders of assets in foreign entities in such foreign jurisdictions compared to the laws in Australia.

#### **8.1.20 Regulatory environment**

The Fund is exposed to potential future regulations and legislation that apply to both the industry in which it operates and the industries in which its customers operate. Relevant customer industry regulation may require specific digital infrastructure requirements that the Fund is unable to provide. These may include physical security requirements and privacy and security regulations. Introduction of new industry regulation could lead to the loss of some customers, or additional expenditure requirement to upgrade facilities to required specifications, the cost of which may not be able to be passed to customers.

#### **8.1.21 Reputational damage**

The reputation of the Fund could be adversely impacted by a number of factors including failure to provide customers with the quality of service they expect, significant construction delays or cost overruns, disputes or litigation with third parties such as customers, contracted constructors, employees, or suppliers or adverse media coverage. A significant decline in the reputation of the Fund could have an adverse effect on the Fund's future financial performance and position.

#### **8.1.22 Relationships with key intellectual property licensors and technology**

The Fund uses intellectual property and technology developed in the course of its business that is owned by the Fund. The Fund also relies on relationships with key intellectual property licensors and technology partners, from whom it licenses the right to use particular intellectual property and technology. The Fund's ability to construct, maintain and manage its digital infrastructure is dependent on its ability to use particular intellectual property and technology, and any change in the ability to use intellectual property the Fund relies on may have an effect on the Fund's future financial performance and position.

#### **8.1.23 Regulatory approvals**

All regulatory approvals for the continued operation of the Fund, including licenses or exemptions from licensing for the Investment Manager have been obtained and the Responsible Entity and Investment Manager are not aware of any circumstances which might give rise to the cancellation or suspension of any of those approvals. If any of the approvals are cancelled or suspended, the Fund may be adversely affected.

## Section 8

### Risks

#### 8.1.24 Valuation risk

The value of the portfolio may be determined based on valuations provided by the Investment Manager. Given the Investment Manager is entitled to a Performance Fee and a Management Fee, there is a risk that the Investment Manager will value the portfolio in a way that prefers the Investment Manager's interests to the potential detriment of the Fund. In respect of assets it owns and controls, the Fund intends to engage an external valuation firm to undertake an independent valuation of the assets at least once in each two-year period.

#### 8.1.25 Counterparty risk

There is a risk that parties with whom the Fund contracts may default on their contractual obligations. For example, in relation to the Convertible Note (Section 8.1.3) there is a risk that the issuer may default. The Responsible Entity has considered the financial position of the issuer of the Convertible Note and has formed the view the issuer is an entity of substance.

### 8.2 RISKS SPECIFIC TO 360 CDIP, WHERE IT CEASES TO BE WHOLLY OWNED BY THE FUND

In addition to the risks outlined in Section 8.1, the investment by the Fund in 360 CDIP presents the following risks:

#### 8.2.1 Dilution

Future capital raisings and equity-funded acquisitions by 360 CDIP may dilute the interest of the Fund in 360 CDIP and its assets if the Fund does not participate in the capital raising on a pro-rata basis. In order to mitigate this risk, the Fund will have the right to participate on a pro rata basis in any new 360 CDIP capital raising.

#### 8.2.2 Control

Currently, the Fund holds 100% of and controls 360 CDIP. However, should 360 CDIP be made available to external Wholesale Investors it will cease to be controlled by the Fund. In those circumstances 360 CDIP will act independently, in the best interests of all its investors (including the Fund). In addition, as the Fund's proportionate holding of 360 CDIP reduces, the degree of influence it may exert (including through matters requiring an investor resolution) may reduce. The interests held by the Fund will have equal voting rights with other 360 CDIP interests.

#### 8.2.3 Conflict of interest risk

The Responsible Entity is a member of the 360 Capital Group. The Investment Manager is 50% owned by the 360 Capital Group and the Investment Manager is the investment manager of both the Fund and 360 CDIP. This creates the potential for a conflict of interest in assessing and procuring investment opportunities.

The Responsible Entity and the Investment Manager have implemented policies in such a way that so as to manage potential conflicts. Where the Investment Manager is the manager of both the Fund and 360 CDIP, the Investment Manager must first present investment opportunities to 360 CDIP. Please refer to Section 6.7 for more information.

### 8.3 GENERAL INVESTMENT RISKS

#### 8.3.1 Stapled Unit price

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

The market price of Stapled 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 Stapled Units also fluctuates due to changes in the market rating of the Stapled 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 Stapled Units on the ASX at any given time may vary. This may increase the volatility of the market price of the Stapled Units and therefore affect the market price at which Unitholders are able to buy or sell Stapled Units. Unitholders who wish to sell their Stapled Units may be unable to do so at a price acceptable to them. The market price of Stapled Units could trade on the ASX at a discount to NTA per Stapled Unit.



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### **8.3.2 Stapled Unit trading liquidity**

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

### **8.3.3 Leverage and cash management risk**

The Fund is targeting a maximum loan to value ratio of 50% of gross assets on a look through basis.

While the Fund's use of borrowing presents opportunities for enhancing Unitholder returns (where the borrowings are used for investment purposes), it also results in certain additional risks which can increase the loss to Unitholders. Further, the Fund may offer borrowers facilities, which allow borrowers to draw down on their loan at different times.

Where the Fund borrows money for the purpose of making investments, and then the Fund is not able to repay its finance provider, then 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.

### **8.3.4 Interest rate**

As a potential borrower of money, 360 CDIP and the Fund may be exposed to fluctuations in interest rates which would increase the cost of servicing debt. Increases in interest rates may also affect the level of customer demand. Accordingly, an increase in interest rates may have an adverse effect on the Fund's future financial performance and position.

### **8.3.5 Bribery, corruption, or other improper acts**

The Investment Manager, the Responsible Entity, the Fund or 360 CDIP 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 Investment Manager, the Responsible Entity, the Fund or 360 CDIP 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 Investment Manager, the Responsible Entity, the Fund or 360 CDIP operate. Any such improper actions could subject the Investment Manager, the Responsible Entity, the Fund or 360 CDIP 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 Investment Manager, the Responsible Entity, the Fund or 360 CDIP. Even the allegation or appearance of improper or illegal actions could damage the reputation of the Investment Manager, the Responsible Entity, the Fund or 360 CDIP 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.

### **8.3.6 Natural phenomena (including flooding, terrorist attacks or force majeure events)**

There is a risk that natural phenomena may affect an investment. There are certain events for which insurance cover is not available or for which the Fund or 360 CDIP does not have cover. If the Fund or 360 CDIP is affected by an event for which it has no insurance cover, this would result in a loss of capital and a reduction to the Fund's NTA and Unitholder returns. This could also result in an increase in insurance premiums applicable to other areas of cover.

### **8.3.7 General economic conditions**

There is the risk that changes in economic and market conditions may affect asset returns and values and may decrease the Stapled Unit price. The overall performance of Stapled Units may be affected by changing economic or property market conditions. These may include movements in interest rates, exchange rates, securities markets, inflation, consumer spending, employment and the performance of individual local, state, national and international economies.



## Section 8

### Risks

#### 8.3.8 Insurance

Any losses incurred due to uninsured risks may adversely affect 360 CDIP or the Fund's performance. Increases in insurance premiums may also affect the performance of 360 CDIP or the Fund. Insurance premium increases could occur if the Fund claims under any insurance policy for significant losses in respect of an asset. Any failure by the company or companies providing insurance (or reinsurance) may adversely affect 360 CDIP or the Fund's ability to make claims under its insurance. All insurance policies have a minimum excess.

#### 8.3.9 Litigation

In the ordinary course of operations, the Fund or the Responsible Entity may be involved in disputes and possible litigation. These include tenancy disputes, environmental and occupational health and safety claims, industrial disputes, native title claims, 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.

#### 8.3.10 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.

#### 8.3.11 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.

#### 8.3.12 Tax rules

Tax rules or their interpretation in relation to equity investments may change. In particular, both the level and basis of taxation may change. In addition, an investment in the Stapled Units involves tax considerations that may differ for each Unitholder. Each prospective Unitholder is encouraged to seek professional tax advice in connection with any investment in the Fund.

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 may adversely impact the Fund's future financial performance and position. 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.

#### 8.3.13 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 Stapled Units under the Stapling Proposal. The Stapled Units issued under the Stapling Proposal 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 Stapled Units will remain continuously quoted on the ASX, which could impact the ability of prospective Unitholders to sell their Stapled Units.

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# 9

## Section 9

# Financial information

### 9.1 360 CDIF STATEMENT OF FINANCIAL POSITION (BEFORE IMPLEMENTATION OF THE STAPLING PROPOSAL)

The Stapling Proposal will not have a material impact on the financial position of 360 CDIF as compared to the Fund.

The Statement of Financial Position below:

- (a) has been prepared based on the unaudited statement of financial position of 360 CDIF as at date 31 December 2019; and
- (b) is presented in an abbreviated form and does not contain all the disclosures that are usually provided in an audited statement of financial position included in an annual report prepared in accordance with the Australian Accounting Standards and the Corporations Act.

Before implementation of the Stapling Proposal:

	Unaudited 31 December 2019 <sup>(1)</sup>
	(\$m)
<b>Current Assets</b>	
Cash	54.4
Convertible Note	15.1
Other Assets	0.4
<b>Total Current Assets</b>	<b>69.8</b>
<b>Non-Current Assets</b>	
Unlisted Equities	7.8
Investment Properties	37.0
<b>Total Non-Current Assets</b>	<b>44.8</b>
<b>Total Assets</b>	<b>114.6</b>
<b>Current Liabilities</b>	
Other Liabilities	0.3
<b>Total Liabilities</b>	<b>0.3</b>
<b>Net Assets</b>	<b>114.3</b>
<b>Equity</b>	
Issued Equity	111.6
Retained Earnings <sup>2</sup>	2.7
<b>Total Equity</b>	<b>114.3</b>
<b>Number of Units on Issue</b>	<b>58,250,000</b>
<b>NTA per Unit</b>	<b>1.96</b>

- (1) The key transaction since the IPO as announced to the ASX on 22 November 2019, was an amendment deed entered into which altered the convertible note such that the redemption value would be for face value plus approximately \$4.5m (SGD 4.2m) by 30 June 2020. These numbers are unaudited as at 31 December 2019 and subject to the finalisation of the half year auditor review and Board approval, with final numbers expected to be released on 27 February 2020.
- (2) The unaudited forecast retained earnings of \$2.7m as at 31 December 2019, reflects the forecast statutory profit for the period since establishment of 360 CDIF and equates to a forecast statutory earnings per unit of 8.6 cents for the period.

## 9.2 360 CDIF STATEMENT OF FINANCIAL POSITION (POST-IMPLEMENTATION OF THE STAPLING PROPOSAL)

The Statement of Financial Position below:

- (a) is a pro forma statement and has been prepared by applying the relevant pro forma adjustments included in this section to the consolidated unaudited statement of financial position of 360 CDIF as at 31 December 2019;
- (b) reflects the position as if the Stapling Proposal (including the New Trust Issuance) had been completed on 31 December 2019;
- (c) is presented in an abbreviated form and does not contain all the disclosures that are usually provided in an annual report prepared in accordance with the Australian Accounting Standards and the Corporations Act; and
- (d) depicts which of the Fund entities would hold the assets and liabilities of the Fund assuming that the Stapling Proposal had been implemented as at 31 December 2019.

The Responsible Entity believes that the Fund has enough working capital to carry out its stated objectives.

After implementation of the Stapling Proposal:

	360 CDIF	New Trust	360 CDIF (Stapled)
	(\$m)	(\$m)	(\$m)
<b>Current Assets</b>			
Cash	19.4	35.0	54.4
Convertible Note	15.1	-	15.1
Other Assets	0.4	-	0.4
<b>Total Current Assets</b>	<b>34.8</b>	<b>35.0</b>	<b>69.8</b>
<b>Non-Current Assets</b>			
Unlisted Equities	7.8	-	7.8
Investment Properties	37.0	-	37.0
<b>Total Non-Current Assets</b>	<b>44.8</b>	<b>-</b>	<b>44.8</b>
<b>Total Assets</b>	<b>79.6</b>	<b>35.0</b>	<b>114.6</b>
<b>Current Liabilities</b>			
Other Liabilities	0.3	-	0.3
<b>Total Liabilities</b>	<b>0.3</b>	<b>-</b>	<b>0.3</b>
<b>Net Assets</b>	<b>79.3</b>	<b>35.0</b>	<b>114.3</b>
<b>Equity</b>			
Issued Equity	76.6	35.0	111.6
Retained Earnings	2.7	-	2.7
<b>Total Equity</b>	<b>79.3</b>	<b>35.0</b>	<b>114.3</b>
Number of Units on Issue	58,250,000	58,250,000	58,250,000
NTA per Unit	1.36	0.60	1.96

## 9.3 DISTRIBUTIONS

Subject to available profits and board approval, Unitholders will receive a combined distribution out of 360 CDIF and the New Trust.

The overall performance of the New Trust, and its ability to make distributions to Unitholders will depend upon the Fund successfully executing its strategy.

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# 10

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### 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 account 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 and Investments Commission (ASIC) website ([www.moneysmart.asic.gov.au](http://www.moneysmart.asic.gov.au)) has a managed funds fee calculator to help you check out different fee options.

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## 10.1 FEES AND OTHER COSTS

This Section 10 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 Fund as a whole. Taxes are set out in Section 11 of this PDS. You should read all the information about fees and costs as it is important to understand their impact on your investment.

All fees and costs set out in the following table are expressed inclusive of GST, less the maximum applicable reduced input tax credits.

360 Capital Digital Infrastructure Fund		
Type of fee or cost	Amount	How and when paid
Fees when your money moves in or out of the Fund		
<b>Establishment fee</b> The fee to open your investment	Nil	Not applicable
<b>Contribution fee</b> The fee on each amount contributed to your investment	Nil	Not applicable
<b>Withdrawal fee</b> The fee on each amount you take out of your investment	Nil	Not applicable
<b>Exit fee</b> The fee to close your investment	Nil	Not applicable

## Section 10

### Fees and costs

Management costs <sup>1</sup>		
The fees and costs for managing your investment	<p><b>Responsible Entity Management Fee</b> equal to 0.05% p.a. of the NAV of the Fund during the year; plus</p> <p><b>Indirect Costs</b> The Investment Manager is entitled to a Management Fee of 1.03% p.a. of the NAV of the Fund (see Section 10.3.2.1) and a Performance Fee (see Section 10.3.2.2)<sup>2</sup>.</p> <p><b>Ongoing Expenses</b> are estimated to be 0.42% p.a. of the NAV of the Fund.</p>	<p>The Responsible Entity Management Fee is calculated and accrued on a daily basis and is payable quarterly in arrears from the assets of the Fund.</p> <p>Indirect costs will be recovered from the assets of the Fund once they are incurred. They are reflected in the returns generated in any underlying asset and reflected in the NAV of the Fund.</p> <p>The ongoing expenses are reimbursable to the Responsible Entity from the Fund's assets when incurred from time to time.</p>
Service Fees		
<b>Switching Fee:</b> The fee charged on switching from one investment type to another	Nil	Not applicable

1. These amounts exclude the Performance Fee, Offer Costs, One Off Costs and transaction costs in acquiring the Current Assets and FibreconX Operating Costs (see Sections 10.3.2.2, 10.3.1.3, 10.3.1.4 and 10.3.3.2).
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 and excludes costs associated with FibreconX. See Section 10.3.2 for more information.

## 10.2 EXAMPLE OF ANNUAL FEES AND COSTS

The following table gives an example of how the fees and costs for the Fund can affect your investment over a 1 year period. You should use this table to compare this product with other managed investment products.

<b>Example</b>		<b>Balance of \$50,000 with a contribution of \$5,000 during the year<sup>3</sup></b>
<b>Contribution fee</b>	Nil	Nil
<b>PLUS Management costs<sup>4</sup></b> Comprising of the Responsible Entity Management Fee, indirect costs, (excluding the Performance Fee) and estimated ongoing expenses	1.50% calculated against the NAV of the Fund.	For every \$50,000 you have invested you will be charged \$750 each year.
<b>EQUALS Cost of Fund</b>		If you had an investment of \$50,000 at the beginning of the year and you invested an additional \$5,000 during that year, you would be charged fees and expenses of \$750 for that year*.  What it costs you, will depend on the fees you negotiate.

\* Additional fees may apply.

## 10.3 ADDITIONAL EXPLANATION OF FEES AND COSTS

### 10.3.1 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 Stapled Unit.

#### 10.3.1.1 Responsible Entity Management Fees

The maximum Management Fee payable to the Responsible Entity under the Constitution is 0.10% p.a. (exclusive of GST) of the gross value of the assets of the Fund which equates to 0.10% p.a. of the NAV of the Fund.<sup>5</sup>

Despite this, the Responsible Entity intends to charge a Management Fee of 0.05% p.a. (exclusive of GST) of the gross value of the assets of the Fund during the relevant year for its role in managing and administering the Fund which equates to 0.05% p.a. of the NAV of the Fund.<sup>5</sup> The Management Fee may be paid out of income or capital.

- This table assumes that a total of \$50,000 is invested at the time of the Stapling Proposal. If you were to invest \$50,000 in Stapled Units subsequent to the Stapling Proposal, the amount of fees applicable to that investment may differ if a greater or lesser number of Stapled Units are acquired. This table also assumes that the additional \$5,000 worth of Stapled Units are acquired at the end of the year at the same price as the original \$50,000 worth of Stapled Units, hence no additional fees have been attributed to this amount. There is no guarantee that Stapled Units will be acquired at the same price subsequent to the Stapling Proposal.
- These amounts exclude the Performance Fee, Offer Costs and One Off Costs (see Sections 10.3.2.2, 10.3.1.3 and 10.3.1.4) and transaction costs in acquiring the Current Assets and costs associated with FibreconX.
- This reflects that there is currently no gearing.



## Section 10

# Fees and costs

### 10.3.1.2 Ongoing 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 consulting and 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 0.42% of the NAV of the Fund p.a. The estimate has been included in the tables set out in Sections 10.1 and 10.2.

In addition to ordinary expenses described above, the Responsible Entity reserves the right to recover extraordinary expenses out of the Fund. Extraordinary expenses are the costs or expenses incurred outside the normal day-to-day operation and administration of the Fund (such as costs of Unitholder meetings, legal advice/proceedings, indemnity claims, restructuring costs, costs associated with Stapled Unit pricing errors or any other unforeseen costs or irregular expenses that may occur from time to time).

### 10.3.1.3 Offer Costs

The Fund has paid one off costs associated with the Offer. The total cash expenses in connection with the Offer (including advisory, underwriting fees, legal, accounting, tax, listing and administrative fees) were \$3.4 million (net of recoverable GST). For the avoidance of doubt these costs are one off and incurred prior to the issue of Stapled Units under the Stapling Proposal and therefore have not been included in the ongoing expenses in 10.3.1.2 or the fee example in Section 10.2. These one off costs equate to 3.06% of the NAV of the Fund. The dollar value of these net costs based on an average account balance of \$50,000 is \$1,530 (**Offer Costs**).

### 10.3.1.4 Stapling Proposal Costs

Upon implementing the Stapling Proposal the Fund will incur an increase in registry, compliance, audit and tax administration costs of approximately \$110,000 per annum (**Annual Fees**) which have been included in the ongoing expenses and the fee example in Section 10.2.

The Stapling Proposal will also result in one off costs of approximately \$150,000 for advisers and consultants (**One Off Costs**). These costs are one off in nature and are expected to be paid by the Fund from existing cash reserves prior to the issue of Stapled Units under the Stapling Proposal and therefore have not been included in the ongoing expenses in Section 10.3.1.2 or the fee example in Section 10.2. These One Off Costs equate to 0.14% of the NAV of the Fund. The dollar value of these net costs based on an average account balance of \$50,000 is \$70. The Responsible Entity considers that the significant benefits provided by the Stapling Proposal outweigh the One Off Costs.

### 10.3.1.5 Fees to related parties

Members of the 360 Capital Group may also earn additional fees in relation to services the Fund engages them to undertake from time to time on an arm's-length basis. Currently no such service arrangements exist. The Fund IMA and 360 CDIP IMA costs are summarised below in Section 15.3 and 15.4.

## 10.3.2 Indirect Costs

In general, indirect costs are any amounts that directly or indirectly reduce the returns on the Stapled Units that are paid from the Fund (other than the Management Fee, 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 such as 360 CDIP).

The Responsible Entity estimates indirect costs (excluding any Performance Fees) for the Fund to be 1.03% p.a. of the NAV of the Fund.

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The amount of indirect costs set out in the fees and costs table are an estimate in respect of the financial year ending 30 June 2020 (adjusted to reflect a 12-month period). The indirect costs are based on the Responsible Entity's reasonable estimates of indirect costs, and are based on the assumptions noted above, however, actual indirect costs for future years may differ. Indirect costs are deducted from the returns on your investment in the Fund or the Fund's assets as a whole. They are reflected in the NAV per Stapled Unit and are not an additional cost to Unitholders. Details of any future changes to indirect costs may be provided on the Fund Website.

#### 10.3.2.1 Management Fees in relation to the Fund and 360 CDIP

The Investment Manager is entitled to a Management Fee equal to 1% p.a. (exclusive of GST) of the gross asset value of the Fund which equates to 1.03% p.a. of the NAV of the Fund.<sup>5</sup> This amount is calculated and accrued on a daily basis, and is payable in arrears.

The Investment Manager is also appointed as manager of 360 CDIP and is entitled to receive a Management Fee pursuant to the terms of the 360 CDIP IMA in respect of the investment management services provided to 360 CDIP equal to 1% p.a. (exclusive of GST) of the gross asset value of 360 CDIP which equates to 1.03% p.a. of the NAV of 360 CDIP.<sup>5</sup> These Management Fees increase the indirect costs incurred by the Fund.

However, for so long as the Investment Manager is the investment manager of both the Fund and 360 CDIP, it will waive its Management Fee entitlement in respect of the Fund to the extent it receives a fee out of 360 CDIP, which is attributable to the Fund's investment in 360 CDIP. This means there will be no double charging of fees by the Investment Manager. The Management Fee may be paid out of income or capital.

#### 10.3.2.2 Performance Fees in relation to the Fund and 360 CDIP

The Investment Manager is entitled to a Performance Fee from the Fund which is calculated and paid every 3 years, and in certain circumstances such as where the Fund is wound up or subject to a takeover. The Performance Fee is based on the total realised and unrealised returns of the Fund before withholding tax having regard to the NAV of the Fund on the Performance Fee calculation date. The Performance Fee is equal to:

- to the extent that the Fund IRR is more than 10.0% but not more than 12.0%, the amount which if included as a Fund outflow on the calculation date would reduce the Fund IRR to 10.0%;
- where the Fund has achieved a Fund IRR of more than 12.0%:
  - an amount which if included as a Fund outflow on the calculation date represents the difference between a 10.0% Fund IRR and a 12.0% Fund IRR; plus
  - 20.0% of the amount which if included as a Fund outflow on the calculation date would reduce the Fund IRR to 12.0%.

The Investment Manager is entitled to a Performance Fee from 360 CDIP which is calculated and paid every 3 years, and in certain circumstances such as where 360 CDIP is wound up or subject to a takeover. The Performance Fee is based on the total realised and unrealised returns before withholding tax having regard to the NAV of 360 CDIP on the Performance Fee calculation date. The Performance Fee is equal to:

- to the extent that the 360 CDIP IRR is more than 10.0% but not more than 12.0%, the amount by which if included as a 360 CDIP outflow on the calculation date would reduce the 360 CDIP IRR to 10.0%;
- where the 360 CDIP has achieved a 360 CDIP IRR of more than 12.0%:
  - an amount which if included as a 360 CDIP outflow on the calculation date represents the difference between a 10.0% 360 CDIP IRR and a 12.0% 360 CDIP IRR; plus
  - 20.0% of the amount which if included as 360 CDIP outflow on the calculation date would reduce the 360 CDIP IRR to 12.0%.

However, for so long as the Investment Manager is the investment manager of both the Fund and 360 CDIP, the Investment Manager will waive its Performance Fee entitlement in respect of the Fund to the extent it receives a Performance Fee out of 360 CDIP, which is attributable to the Fund's investment in 360 CDIP. This means there will be no double charging of fees by the Investment Manager.

The Performance Fees paid from 360 CDIP increase the indirect costs incurred by the Fund.

As the amount of the Performance Fee payable will depend on the performance of the Fund which will depend on the performance of assets not yet known or acquired, no Performance Fee estimate has been given. Examples of different calculations of the Performance Fee are set out in the table below.

5. This reflects that there is currently no gearing.

## Section 10

# Fees and costs

The Investment Manager may (subject to any applicable laws) elect to take part or all of the Performance Fee as interests in the Fund or 360 CDIP (as applicable). The Performance Fee may be paid out of income or capital.

### Performance Fee examples

These examples are provided for information purposes only to illustrate the calculation of the Performance Fee and do not forecast future performance. Actual results may vary significantly from those in these examples.

	Example 1 IRR < 10%	Example 2 IRR > 10% but < 12%	Example 3 IRR > 12%
<i>3 year example</i>			
Issue price per Stapled Unit	\$2.00	\$2.00	\$2.00
Closing NAV per Stapled Unit	\$2.27	\$2.40	\$2.62
Distributions <sup>(1)</sup>	\$0.30	\$0.30	\$0.30
IRR	9%	11%	14%
<b>Performance Fee per Stapled Unit for:</b>			
Component of IRR below 10%	-	-	-
Component of IRR between 10% and 12%	N/A	\$0.07	\$0.14
Component of IRR above 12%	N/A	N/A	\$0.03
<b>Total Performance Fee per Stapled Unit</b>	<b>-</b>	<b>\$0.07</b>	<b>\$0.17</b>

(1) Assumes a per Stapled Unit distribution of \$0.10 annually over the 3 year period.

### 10.3.3 Transactional and Operational Costs

The Fund incurs certain transactional and operational costs associated with the operation of the Fund's assets, such as buying and selling Fund 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, property operating costs, OTC derivative hedging costs and include the transaction costs incurred by the underlying assets of the Fund.

These costs are paid for by the Fund when they are incurred and may vary depending on the number and frequency of Fund transactions. This cost is not paid to the Responsible Entity as a fee and is not charged directly to investors. However, these costs are an additional cost to the investor as they are deducted from the income or assets of the Fund.'

#### 10.3.3.1 Current Assets

The costs incurred in connection with the acquisition of the Current Assets represented 1.85% of the Fund's NAV. This estimate includes an estimate of any transactional and operational costs that may be incurred indirectly by 360 CDIP. The dollar value of these net costs based on an average account balance of AUD\$50,000 is AUD\$925.

#### 10.3.3.2 FibreconX Operating Costs

The costs incurred in connection with the operations of FibreconX (adjusted to reflect a 12-month period) are forecast to represent 0.57% of the Fund's NAV. These include operating costs such as payroll, operating costs, IT and similar costs. The dollar value of these operational costs based on an average account balance of AUD\$50,000 is AUD\$285.

### 10.3.4 Total fees and costs

Based on the estimated costs outlined in this Section 10, the estimated total of the amounts for management costs (excluding the Performance Fee) and net transactional and operational costs, Offer Costs and One Off Costs is estimated as 7.12% p.a. of the NAV of the Fund, including property stamp duty of \$1.9 million on property acquisition of the Perth data centre and Offer Costs of \$3.4 million. The dollar figure of these estimated total management costs, net transactional, operational costs, Offer Costs and One Off Costs based on an investment balance of AUD\$50,000 is AUD\$3,560.

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### **10.3.5 Potential fees in certain circumstances**

The Investment Manager may be entitled to further fees payable out of the Fund's assets in circumstances where the Fund IMA is terminated. Such fees include in respect of the Fund IMA, any incurred and unpaid fees and other monies payable, the Performance Fee entitlement as of that date, an amount equal to the Management Fee entitlement for a period of up to 18 months prior to termination and all charges and any expenses in handing over to a replacement. The Investment Manager is entitled to similar fees under the 360 CDIP IMA. See Sections 15.3 and 15.4 for further information.

### **10.3.6 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 credits or reduced input tax credits 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 11.

### **10.3.7 Adviser Fees**

No commissions will be paid by the Responsible Entity to financial advisers. You may incur a fee for the advice provided to you by your adviser, but this does not represent a fee that the Responsible Entity has charged you for investing in the Fund and is not an amount paid out of the assets of the Fund. The Responsible Entity recommends that you check with your adviser if you will be charged a fee for the provision of their advice.

### **10.3.8 Can fees be different for different Unitholders?**

The Investment Manager and 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 Investors or otherwise in accordance with ASIC requirements. Any fee rebates will be paid out of the assets of the Investment Manager or the Responsible Entity (as applicable) 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 Investment Manager and the Responsible Entity (as applicable). The contact details of the Investment Manager and the Responsible Entity are contained in Section 19.

### **10.3.9 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 all 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, ASX Listing Rules 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. The Responsible Entity will give Unitholders at least 30 days' advanced notice of any proposed change to these fees, if applicable.

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# 11

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## 11.1 GENERAL

The comments in this Section 11 provide a general outline of the potential Australian tax implications of the Stapling Proposal for Australian tax resident 360 CDIF Unitholders who hold their 360 CDIF Units on capital account for Australian income tax purposes. The categories of 360 CDIF Unitholders considered in this summary are limited to Australian tax resident individuals, companies (other than life insurance companies), trusts, partnerships and complying superannuation funds.

For New Zealand investors, please refer to the “11.8 Taxation Information for New Zealand Investors” for information on the taxation implications of the Stapling Proposal under New Zealand tax laws.

This Section 11 does not consider the potential tax implications for foreign resident 360 CDIF Unitholders (other than New Zealand resident 360 CDIF Unitholders), insurance companies, banks, 360 CDIF Unitholders that hold their 360 CDIF Units on revenue account or carry on a business of trading in units, 360 CDIF Unitholders who are subject to employee share scheme rules, 360 CDIF Unitholders who are exempt from Australian tax, or 360 CDIF Unitholders who are subject to the Taxation of Financial Arrangements rules contained in Division 230 of the Income Tax Assessment Act 1997 (Cth).

The summary below is general in nature, is not exhaustive of all Australian tax consequences that could apply to any given 360 CDIF Unitholders and does not constitute advice. The individual circumstances of each 360 CDIF Unitholder may affect the taxation implications of the investment of the 360 CDIF Unitholder.

**It is recommended that all 360 CDIF Unitholders consult their own independent tax advisers regarding the income tax (including capital gains tax), stamp duty and GST consequences of acquiring, owning and disposing of Stapled Units, having regard to their specific circumstances.**

The summary below is based on the relevant Australian 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. **This Section 11 does not take into account the tax law of countries other than Australia or New Zealand.**

Tax laws are complex and subject to ongoing change. The tax consequences discussed in these summaries do not take into account or anticipate any changes in law (by legislation or judicial decision) or any changes in the administrative practice or interpretation by the relevant authorities. If there is a change, including a change having retrospective effect, the income tax, stamp duty and GST consequences should be reconsidered by 360 CDIF Unitholders in light of the changes. The precise implications of ownership or disposal of the 360 CDIF Units and Stapled Units will depend upon each Stapled Unitholder's specific circumstances.

## 11.2 DISTRIBUTION OF CAPITAL

It is proposed that the distribution of capital of 360 CDIF be treated as a return of capital for Australian tax purposes. The distribution of capital to each 360 CDIF Unitholder on each 360 CDIF Unit will be applied to the acquisition of fully paid units in New Trust, on behalf of the 360 CDIF Unitholders.

Given the cost base of the 360 CDIF Units is greater than the capital distribution, no immediate capital gain should arise for CDIF Unitholders. Instead the return of capital will reduce the cost base of the 360 CDIF Units by the amount of capital returned.

The first element of the cost base of the New Trust Units acquired by 360 CDIF Unitholders will equal the amount subscribed for the issuance of those Units (ie this will equal the capital returned from 360 CDIF). A Stapled Unitholder will be taken to have acquired their New Trust Units at the Payment Date.

## 11.3 GST

Receipt of New Trust Units by New Trust Unitholders should be financial supplies such that no GST should be payable in respect of these transactions. An Australian resident that is registered or required to be registered for GST seeking to claim input tax credits on related transaction costs should seek their own independent tax advice in this regard.

## 11.4 STAMP DUTY

No stamp duty should be payable by New Trust Unitholders upon receipt of the New Trust Units.

## 11.5 STAPLING

No tax consequences should arise to New Trust Unitholders as a result of the stapling of the 360 CDIF Units and New Trust Units.

## Section 11

# Taxation

For income tax purposes, each 360 CDIF Unit and New Trust Unit comprising a Stapled Units should remain separate CGT assets.

### 11.6 AUSTRALIAN TAXATION IMPLICATIONS OF HOLDING STAPLED UNITS

Stapled Units should be treated as two separate assets for income tax purposes, being the 360 CDIF Units and the New Trust Units.

Distributions from 360 CDIF Units and New Trust Units should be treated separately for income tax purposes. Depending on whether New Trust is a Division 6C Trust or not during an income year will determine how distributions will be taxed to Unitholders. Where New Trust is treated as a Division 6C trust during an income year, the trustee of the trust will be liable to tax on the net income derived by New Trust and distributions to Unitholders may qualify as frankable distributions (subject to the availability of franking credits). Such distributions will be required to be included in a Stapled Unitholder's assessable income in the income year in which the distribution is received.

To the extent that franking credits are attached to a distribution paid by New Trust, Stapled Unitholders should also include the franking credits in their assessable income (subject to satisfying certain "holding period rules"). Stapled Unitholders who include franking credits in their assessable income should be entitled to a corresponding tax offset against their tax payable for the relevant income year.

If New Trust qualifies as a "flow-through" trust for income tax purposes during an income year, the Stapled Unitholders should be subject to taxation on their share of New Trust's net income (i.e. taxable income) during that year provided they are presently entitled to the trust income.

Given 360 CDIF it intended to be an Attribution Managed Investment Trust ("AMIT"), the trustee should not generally be subject to tax in respect of the income and gains derived during an income year. Provided the trustee attributes all of the taxable income of 360 CDIF to Unitholders in accordance with the AMIT rules and the trust deed in each income year, it will be the Unitholders who are subject to tax on the net income derived by 360 CDIF. It is noted that, under the AMIT rules, the cash paid to Unitholders does not need to be equal to amounts attributed to those Unitholders.

If Stapled Unitholders receive a "tax deferred distribution", they should reduce the cost base of their New Trust Units by the amount of the "tax deferred distribution". Where the "tax deferred distribution" received by Stapled Unitholders exceeds the cost base of their New Trust Units, a capital gain should arise equal to the excess.

The capital gain may be reduced by 50% for resident individuals and trusts, and 33% for resident complying superannuation funds, New Trust Units held for 12 months or longer before the date of the relevant CGT event.

As noted above, each of the 360 CDIF Units and the New Trust Units are separate assets for CGT purposes. Accordingly, upon disposal of a Stapled Unit, it will be necessary for Stapled Unitholders to calculate the capital gain or capital loss arising on their 360 CDIF Units and New Trust Units.

### 11.7 MIT STATUS

The Responsible Entity is intending that 360 CDIF will qualify as a MIT and will make the election for 360 CDIF to be an AMIT. The benefits of 360 CDIF qualifying as a MIT and/or an AMIT include:

- (a) deemed capital account treatment is available (subject to making an election) in respect of certain assets of 360 CDIF;
- (b) 15% rate of final withholding (if 360 CDIF qualifies as a withholding MIT) on distributions of net taxable rental income to non-resident investors that are resident in information exchange countries; and
- (c) subject to making an election to apply the AMIT rules:
  - (i) a removal of the potential for double taxation that may arise for New Trust Unitholders where there are mismatches between the amount distributed and the taxable income of 360 CDIF. This is achieved through the provision of appropriate cost base adjustments where distributions are greater or less than the amount on which the New Trust Unitholder is assessed for tax purposes;
  - (ii) greater certainty regarding the quantum and character of any amounts distributed or otherwise passed through to New Trust Unitholders and the tax consequences of those amounts; and
  - (iii) greater certainty regarding certain aspects of the tax treatment of the 360 CDIF, such as 360 CDIF being deemed to be a "fixed trust" for income tax purposes.



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## 11.8 TAXATION INFORMATION FOR NEW ZEALAND UNITHOLDERS

### 11.8.1 GENERAL

The comments in this Section 11.8 provide a general outline of the potential New Zealand tax implications of the Stapling Proposal for New Zealand tax resident 360 CDIF Unitholders (NZ Unitholders). The categories of NZ Unitholders considered in this summary are limited to New Zealand tax resident individuals, companies (other than life insurance companies), trusts, partnerships and complying superannuation funds.

This Section 11.8 does not cover potential tax implications for non-New Zealand resident Unitholders, insurance companies, banks, NZ Unitholders that carry on a business of trading in units, NZ Unitholders who are subject to employee share scheme rules or who are exempt from New Zealand tax.

The summary below is general in nature, is not exhaustive of all New Zealand tax consequences that could apply to any given NZ Unitholder and does not constitute advice. The individual circumstances of each NZ Unitholder may affect the taxation implications of the investment for the NZ Unitholder.

**It is recommended that all NZ Unitholders consult their own independent tax advisers regarding the income tax and GST consequences of acquiring, owning and disposing of Stapled Units, having regard to their specific circumstances.**

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. **This overview does not take into account the tax law of countries other than New Zealand.**

Tax laws are complex and subject to ongoing change. The tax consequences discussed in these summaries do not take into account or anticipate any changes in law (by legislation or judicial decision) or any changes in the administrative practice or interpretation by the relevant authorities. If there is a change, including a change having retrospective effect, the income tax and GST consequences should be reconsidered by NZ Unitholders in light of the changes. The precise implications of ownership or disposal of the 360 CDIF Units and Stapled Units will depend upon each NZ Unitholder's specific circumstances.

### 11.8.2 INCOME TAX

The summary set out below assumes that NZ Unitholders and their associates do not together hold more than 10% of the total Units on issue in the Fund.

NZ Unitholders will be taxed on their Units under one of two regimes: the ordinary tax regime or the Foreign Investment Fund (FIF) regime.

#### a) FIF Regime

If the NZ Unitholder holds offshore equities (including units in a unit trust but excluding, amongst other things, shares in certain Australian resident companies listed on the ASX) the total cost of which is more than NZ\$50,000, the NZ Unitholder will be taxed under the FIF regime (FIF Unitholder).

Broadly speaking, a FIF Unitholder will be deemed to derive income equal to 5% of the market value of the Units it holds at the beginning of the income year (fair dividend rate, or FDR method). Any profits from selling or redeeming the Units and any dividends, distributions or redemption proceeds received are ignored (except as described below in relation to NZ Unitholders applying the CV method and under b) below).

#### *Treatment of proposed capital distribution for NZ Unitholders applying FDR method*

The proposed distribution of capital by 360 CDIF should be treated as excluded income and not subject to tax for NZ Unitholders that apply the FDR method for New Zealand income tax purposes to determine their income from 360 CDIF Units.

#### *Treatment of Stapled Units for NZ Unitholders applying FDR method*

Stapled Units should be treated as two separate assets for New Zealand income tax purposes, being the 360 CDIF Units and the New Trust Units.



## Section 11

# Taxation

Where a FIF Unitholder applies the FDR method, the FIF Unitholder will be deemed to derive income equal to 5% of the market value of each of the 360 CDIF Units and the New Trust Units held at the beginning of the income year. In addition, if Units are bought and later sold in the same income year, then the FIF Unitholder will have additional taxable income equal to either:

- The actual gain from the Units both bought and sold during the income year (including any distributions paid on them) (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 FIF Unitholder held at any time during the income year and the number of Units the FIF Unitholder held at the beginning or end of the year (whichever produces the smaller difference), multiplied by the average cost of all Units acquired during the income year (peak holding method).

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

A slightly different version of this method is used by FIF Unitholders that are managed funds.

### *Treatment of proposed capital distribution for NZ Unitholders applying CV method*

If a FIF Unitholder is a natural person or a family trust and its actual realised and unrealised return from its total portfolio of offshore equity investments is lower than the amount calculated under the FDR method described above, then the FIF Unitholder can elect to be taxed on its actual realised and unrealised returns, including dividends (the comparative value or CV method). This method must be applied across all the Unitholder's FIF interests.

For a FIF Unitholder that has chosen to apply the CV method to determine taxable income from 360 CDIF units, the proposed distribution of capital by 360 CDIF should be treated as a taxable dividend.

### *Treatment of Stapled Units for NZ Unitholders applying CV method*

As noted above, Stapled Units should be treated as two separate assets for New Zealand income tax purposes, being the 360 CDIF Units and the New Trust Units.

Where a FIF Unitholder applies the CV method, actual realised and unrealised returns, including dividends received, should be taxable.

The application by a FIF 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 FIF Unitholder holds that are also subject to the FIF regime.

A FIF 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. Unitholders should seek specific tax advice if they believe the FIF regime may apply to them.

### b) Ordinary Tax Regime

A NZ Unitholder will be taxed under the ordinary tax rules if the NZ Unitholder is a New Zealand resident natural person and does not hold offshore equities (including units in a unit fund but excluding, amongst other things, shares in certain Australian resident companies listed on the ASX) the total cost of which is more than NZ\$50,000 unless the Unitholder elects otherwise.

### *Treatment of proposed capital distribution*

Under the ordinary tax regime, the proposed distribution of capital by 360 CDIF should be treated as a taxable dividend.

### *Treatment of Stapled Units*

As noted above, Stapled Units should be treated as two separate assets for New Zealand income tax purposes, being the 360 CDIF Units and the New Trust Units.

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Where a Unitholder is taxed under the ordinary tax rules:

- Any distributions will be taxable as dividend income for the NZ Unitholder;
- Withdrawal by redemption of Units will give rise to dividend income for the NZ Unitholder equal to the difference between:
  - the redemption proceeds; and
  - the average issue price of all the Units multiplied by the number of the NZ Unitholder's Units which are redeemed; and
- In addition to tax on dividends, a NZ Unitholder will be taxed on any gains from the sale or redemption of Units only if the investor 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 be taxed again as gains from sale.

#### 11.8.3 GST

Receipt of New Trust Units by New Trust Unitholders should not have New Zealand GST consequences for NZ Unitholders.

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# 12

## 12.1 ELEMENTS OF THE STAPLING PROPOSAL

Under the Stapling Proposal, the Fund will be created, consisting of 360 CDIF and New Trust.

The Responsible Entity proposes to make a distribution of capital of 360 CDIF in the amount of \$0.60 per 360 CDIF Unit and compulsorily apply those amounts to the acquisition of fully paid New Trust Units by each registered holder of 360 CDIF Units, one New Trust Unit for every one 360 CDIF Unit held by the holder on the Record Date (**New Trust Issuance**). The New Trust Issuance will not require any 360 CDIF Unitholders to make any payment or take any action in order for them to receive their New Trust Units.

New Trust Units to be issued under the Stapling Proposal are valued at approximately \$35,000,000. Apart from the Annual Fees and One Off Costs (see Section 10), the net economic impact of the Stapling Proposal on the value of an investment by a 360 CDIF Unitholder will be neutral (note the specific tax implications (see Section 11)). This is because although 360 CDIF Unitholders will receive New Trust Units, the value of each New Trust Unit will cause a corresponding reduction in the value of a 360 CDIF Unit.

It is currently intended that the Record Date for determining entitlements to receive the New Trust Units pursuant to the New Trust Unit Issuance will be 5.00 pm AEST on 16 March 2020. Any changes to the timetable for the Stapling Proposal will be announced to the ASX.

The Responsible Entity retains a discretion on whether to proceed with the proposed Stapling Proposal. The Responsible Entity may resolve not to proceed should market conditions or other factors impacting on the Stapling Proposal cause the Directors to believe that proceeding with the Stapling Proposal would not be in the best interests of 360 CDIF Unitholders.

On completion of the Stapling Proposal, 360 CDIF Unitholders will hold Stapled Units, each comprised of one 360 CDIF Unit and one New Trust Unit. These two securities will be quoted and traded together as a Stapled Unit on the ASX under the name of the Fund.

## 12.2 SOURCE AND USE OF FUNDS

The proceeds of the \$35,000,000 capitalisation of New Trust under the Stapling Proposal will be applied as follows:

Use of Funds	Amount (\$m)
Proposed Transaction	35.0m
Total	35.0m

The Responsible Entity believes that on completion of the Stapling Proposal, the Fund will have sufficient funds available from the cash proceeds of the Stapling Proposal and the Fund's operations, to fulfil the purposes of the Stapling Proposal and meet the Fund's stated business objectives. Other than as disclosed in the PDS, in respect of the Proposed Transaction and the Current Assets, the Responsible Entity does not expect any material capital requirements in the next 12 months.

## 12.3 CAPITAL STRUCTURE

The capital structure of the Fund as at PDS date and on completion of the Stapling Proposal and Listing are set out below.

Issued Capital	Ordinary Units held as at PDS date	Percentage of Issued Ordinary Units	Expected Ordinary Units on Listing	Percentage of issued Ordinary Units
New Trust Ordinary Units on issue	-	-	58,250,000	100%
360 CDIF Units on issue	58,250,000	100%	58,250,000	100%
Fund Stapled Units on issue	-	-	58,250,000	100%

Neither 360 CDIF or the New Trust have on issue any other types of equity or debt securities.

See Section 15.1 for a summary of the rights and liabilities attaching to the New Trust Units.

## Section 12

# Implementation of the Stapling Proposal

### 12.4 TERMS AND CONDITIONS OF THE STAPLING PROPOSAL

Topic	Summary
What is the type of security issued under the New Trust Issuance?	Ordinary Units in New Trust.
What are the rights attaching to the Stapled Units?	Refer to Section 15.1.
What is the New Trust Unit Price?	The New Trust Unit Price is \$0.60 per Unit.
When will the Stapling Proposal be implemented?	It is expected that the Stapling Proposal will be implemented on 17 March 2020.
What are the cash proceeds to be raised in New Trust under the Stapling Proposal?	The New Trust is expected to be capitalized in the amount of \$35 million pursuant to the Stapling Proposal by way of the Distribution made by 360 CDIF.
What is the allocation policy?	Each 360 CDIF Unitholder will receive the same number of units in New Trust as they currently hold in 360 CDIF.
Are there any escrow arrangements?	No
Are there any brokerage, commission or stamp duty considerations?	No brokerage, commission or stamp duty is payable in connection with the Stapling Proposal.
Further questions?	Please contact the Stapling Proposal Information Line on 1300 082 130 (callers in Australia) or +61 2 8016 2884 (callers outside Australia) between 8.30 am and 5.00 pm AEST on Business Days if you have any questions in relation to the Stapling Proposal.

### 12.5 360 CDIF IS A DISCLOSING ENTITY

360 CDIF is a listed disclosing entity for the purposes of the Corporations Act and, therefore, it is subject to regular reporting and disclosure obligations.

Specifically, like all listed entities, 360 CDIF is required to continuously disclose to the market any information of which it is aware that a reasonable person would expect to have a material effect on the price or the value of 360 CDIF Units.

Copies of documents lodged with ASIC in relation to 360 CDIF (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, an ASIC office.

360 CDIF will provide a copy of each of the following documents, free of charge, to any 360 CDIF Unitholder on request:

- all continuous disclosure notices given by 360 CDIF after the lodgement of its PDS dated 1 October 2019 with ASIC

Requests for free copies of these documents may be made by contacting the Stapling Proposal Information Line on 1300 082 130 (callers in Australia) or +61 2 8016 2884 (callers outside Australia) between 8.30 am and 5.00 pm AEST on Business Days.

In addition, copies of all documents lodged with the ASX in relation to 360 CDIF can be inspected at the registered office of the RE during normal business hours. The Group's website at [www.360capital.com.au](http://www.360capital.com.au) also includes a wide range of information on 360 CDIF (including copies of the above documents) and its activities.

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Upon admission to the Official List, the New Trust will be a listed disclosing entity for the purposes of the Corporations Act and subject to regular reporting and disclosure obligations including the continuous disclosure obligations.

## **12.6 IF THE STAPLING PROPOSAL DOES NOT PROCEED**

If the Stapling Proposal does not proceed:

- 360 CDIF will continue to be structured and to operate as it currently does;
- the 360 CDIF Units will continue to trade on the ASX;
- 360 CDIF will have incurred costs in connection with the Stapling Proposal, which are expected to be approximately \$150,000 (reflecting legal, tax, valuation and financial advisory fees and expenses) and which will be borne by 360 CDIF; and
- the rights of 360 CDIF Unitholders will remain unchanged.

## **12.7 ASX LISTING**

The New Trust will be applying for admission to the Official List and for the Stapled Units to be granted official quotation by the ASX. The fact that the ASX may admit the New Trust to the Official List and grant official quotation of the Stapled Units is not to be taken in any way as an indication of the merits of the Fund or the Stapled Units issued under the New Trust Issuance. The ASX takes no responsibility for the contents of this PDS.

An application will be made to ASX no later than seven days after the date of this PDS for the New Trust to be admitted to ASX, and for official quotation of the Stapled Units.

The ASX code is TDI and if New Trust is admitted to the Official List, quotation of the Stapled Units will commence as soon as practicable following the issue of holding statements. It is expected that trading of the Stapled Units on ASX will commence on or about 17 March 2020 on a deferred settlement basis.

If permission is not granted for official quotation of the Stapled Units on ASX within three months of the date of this PDS, the Stapling Proposal will not proceed.

## **12.8 CHESS**

The Fund will apply for the Stapled Units to participate in CHESS, in accordance with the ASX Settlement Rules. CHESS is an automated transfer and settlement system for transactions in units quoted on ASX, under which transfers are affected in an electronic form.

Following the Stapling of the 360 CDIF and New Trust units, Stapled Unitholders will receive unitholding statements in lieu of unit certificates. The unitholding statements set out the number of Stapled Units issued to each Unitholder.

This statement will also provide details of a Stapled Unitholder's Holder Identification Number (HIN) in the case of a holding on the CHESS sub register, or Securityholder Reference Number (SRN) in the case of a holding on the issuer sponsored sub register. Unitholders will be required to quote their HIN or SRN, as appropriate, in all dealings with a stockbroker or the Registry.

Unitholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Unitholder's sponsoring broker, in the case of a holding on the CHESS sub register, or through the Registry in the case of a holding on the issuer sponsored sub register. The Group or the Registry may charge a fee for these additional issuer sponsored statements.

## **12.9 WITHDRAWAL**

The Fund reserves the right to withdraw the Stapling Proposal, at any time before the allotment of New Trust Units.

## **12.10 TAXATION CONSIDERATIONS**

The taxation consequences of an investment in the Fund will depend upon the investor's particular circumstances. Investors should make their own enquiries about the taxation consequences of an investment in the Fund. If you are in

## Implementation of the Stapling Proposal

doubt as to the course you should follow, you should consult your accountant, stockbroker, lawyer or other professional adviser.

### 12.11 FOREIGN SELLING RESTRICTIONS

No action has been taken to register or qualify the Stapled Units in any jurisdiction outside Australia and New Zealand, or otherwise to permit a public offering of the Stapled Units outside Australia and New Zealand.

The PDS does not constitute an offer or invitation in any jurisdiction where, or to any person to whom, such an offer or invitation would be unlawful. The distribution of this PDS in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this PDS should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Each Unitholder who received New Trust Units under this PDS, will be taken to have represented, warranted and agreed as follows:

- (a) it is an Australian or New Zealand citizen or resident in Australia or New Zealand, is located in Australia or New Zealand at the time of the Stapling Proposal and is not acting for the account or benefit of any person in the United States or any other foreign person;
- (b) it understands that the Units have not been, and will not be, registered under the US Securities Act of 1933 (**US Securities Act**) or the securities laws of any state of the United States and may not be offered, sold or resold in the United States, except in accordance with US Securities Act regulation requirements or in a transaction exempt from, or not subject to, registration under the US Securities Act and any other applicable state securities laws;
- (c) it is not in the United States or a person resident in the United States;
- (d) it has not sent and will not send the PDS or any other material relating to the Stapling Proposal to any person in the United States; and
- (e) it will not offer or sell the Stapled Units in any other jurisdiction outside Australia or New Zealand except to the extent set out in Section 12.

### 12.12 FURTHER INFORMATION

The PDS and information about the Stapling Proposal can be accessed in electronic form on the Fund Website.

If you have questions or would like more information in relation to the Stapling Proposal, please contact the Fund on 1300 082 130 (free call from within Australia) or +61 2 8016 2884 (from outside Australia).

If you are unclear in relation to any matter or are uncertain as to whether the Fund is a suitable investment for you, you should seek professional advice from your stockbroker, solicitor, accountant or other independent professional adviser.



## Advantages and Disadvantages of the Stapling Proposal

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# 13

## Section 13

# Advantages and Disadvantages of the Stapling Proposal

### 13.1 ADVANTAGES

The advantages of the Stapling Proposal include that it:

- **is consistent with the Responsible Entity's vision** of diversifying its investments across all parts of the digital infrastructure market and all parts of the digital infrastructure development cycle. Greater diversification has the potential to reduce the Fund's exposure to factors negatively affecting its revenue;
- **will facilitate Responsible Entity's plans** to increase its pursuit of digital infrastructure assets and assess new opportunities so that surplus cash is redeployed into new digital infrastructure in line with the Responsible Entity's strategy;
- **will establish a structure which is familiar to investors** in infrastructure funds; and
- **will provide the Responsible Entity with flexibility** to acquire assets in the optimal and most effective manner.

### 13.2 RESPONSIBLE ENTITY'S VISION: DIVERSIFICATION OF CORE BUSINESS ACTIVITIES

The Responsible Entity aims for the Fund to become a diversified group covering all parts of the digital infrastructure cycle, by establishing a listed stapled integrated digital infrastructure group structure.

Greater diversification has the potential to reduce the Fund's exposure to factors negatively affecting its revenue.

The Stapling Proposal will provide the Fund with the capacity to extract further synergies from an integrated business model. For example, the Fund's development capabilities may provide opportunities to add value to assets currently held in 360 CDIF.

### 13.3 STRATEGY TO INCREASE EARNINGS

360 CDIF's earnings stream is currently largely dependent on passive income from net leases, financing income and preferential income from a part interest in an operating data centre.

One of the Responsible Entity's key strategies to achieve its vision is to increase its pursuit of digital infrastructure assets with may be non-qualifying assets for tax purposes. The Responsible Entity has a vision to become a leading digital infrastructure fund, including owning operating assets. Management will continue to focus on cash flow, the disciplined allocation of capital to projects and ongoing attention to costs and overseas efficiencies.

Over time the Responsible Entity will seek, through the New Trust, to increase the level of exposure to operating assets and other digital infrastructure asset opportunities utilising the proceeds from current and future projects, in line with the Responsible Entity's strategy.

The expansion of the Responsible Entity's investment strategy into operating assets is a means of expanding the Responsible Entity's earnings base and to increase the proportion of earnings compared to the total earnings for the Fund from operating assets.

The continued development and sale of digital infrastructure assets will underpin income for the Fund.

### 13.4 BRINGING THE FUND STRUCTURE INTO LINE WITH MARKET PRACTICE

The Stapling Proposal will bring the Fund's structure into line with market practice.

The purpose of the Stapling Proposal will establish a structure which is familiar to investors. The Fund will operate on a divisionalised basis, along the following lines:

- (a) 360 CDIF will continue to carry on the 360 CDIF Business and will be managed and operated as an MIT;
- (b) the Responsible Entity will be the responsible entity for New Trust; and
- (c) New Trust will acquire active business investments.

Units in 360 CDIF and New Trust Units will be stapled and trade as one security on the ASX.

### 13.5 DISADVANTAGE OF THE STAPLING PROPOSAL

The disadvantages of the Stapling Proposal include an increase in registry, compliance, audit and tax administration costs of approximately \$110,000 per annum (**Annual Fees**).

The Stapling Proposal will also result in one off costs of approximately \$150,000 for advisers and consultants. These costs are one off in nature and will be paid by 360 CDIF from existing cash reserves (**One Off Costs**). The Responsible Entity consider that the significant benefits provided by the Stapling Proposal outweigh those costs.

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# 14

## Section 14

# Regulatory Information

### 14.1 OVERVIEW OF THE REGULATION OF THE STAPLING PROPOSAL

From a legal perspective, the Stapling Proposal is regulated as follows:

- Corporations Act:
  - as a registered managed investment scheme, the Responsible Entity must ensure that the New Trust complies with the requirements of Chapter 5C of the Corporations Act, subject to any ASIC relief granted under the Corporations Act (see Section 14.2);
- Listing Rules:
  - the admission of the New Trust to the Official List requires ASX approval particularly in relation to the listing conditions under the ASX Listing Rules subject to the ASX relief referred to in Section 14.4.

### 14.2 ASIC RELIEF

To facilitate the Stapling Proposal, the Responsible Entity has applied to ASIC for, and ASIC has indicated it will grant, the following modifications to and exemptions from the operation of the Corporations Act as it applies to the Fund:

- Related party relief (section 601LC) - modification or exemption to allow Responsible Entity to provide financial benefits out of 360 CDIF or New Trust property to other entities within the Fund and their subsidiaries while Stapling arrangements are in place;
- Stapling relief (sections 601FC(1)(c), 601FC(1)(e), 601FD(1)(c), 601FD(1)(d), 601FD(1)(e) and 601FE(1)) - relief to enable the Responsible Entity to consider the interests of Unitholders as a whole (rather than their interest solely as members of the New Trust); and
- Application Form relief (section 1020F(1)(a)) - relief from the requirement that this PDS be accompanied by an application form.

### 14.3 REGULATION OF THE DISTRIBUTION OF CAPITAL

For legal purposes, the distribution of capital constitutes a reduction of capital of 360 CDIF. In accordance with the Fund Constitution the Responsible Entity may make a distribution of capital of 360 CDIF and apply those amounts to the acquisition of fully paid units in New Trust, on behalf of the 360 CDIF Unitholders, without 360 CDIF Unitholder approval.

In relation to ASX Listing Rule 7.20, the Responsible Entity confirms that there will be no change to the number of 360 CDIF Units on issue following the distribution of capital applied for the New Trust Issuance. 360 CDIF Unitholders will, however, receive as a result of the distribution of capital being applied for the New Trust Units (which, in total, will be equal to the number of 360 CDIF Units on issue).

There will be no fractional entitlements, as the New Trust Issuance will be completed on a 1:1 basis.

There are no convertible securities or rights to be issued.

### 14.4 ASX WAIVERS AND CONFIRMATIONS

As a listed entity 360 CDIF is, and upon being admitted to the Official List, the New Trust will be required to comply with the ASX Listing Rules in relation to the Stapling Proposal, subject to the following waivers and confirmations provided (or provided in principle) by the ASX:

- ASX Listing Rule 1.1 Condition 8 - a waiver to the extent necessary to permit each participating Unitholder to hold a parcel of New Trust Units having a value of less than \$2,000 on the condition that 360 CDIF Units are stapled to New Trust Units, so that the parcel of Stapled Units has a value of at least \$2,000;
- ASX Listing Rule 1.1 Condition 9 - a waiver to the extent necessary to permit the Fund as a whole to comply with the assets test in Listing Rule 1.3 even though 360 CDIF and the New Trust may not individually comply with the assets test as separate entities;
- ASX Listing Rule 2.1 Condition 2 - a waiver of the condition that New Trust security has a value of at least \$0.20.
- ASX Listing Rule 8.10 - a waiver to the extent necessary to permit the Responsible Entity to refuse to register a transfer of a 360 CDIF Units and New Trust Unit if it is not accompanied by a corresponding transfer of the other relevant stapled securities;

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- ASX Listing Rule 6.24, item 1 of appendix 6A - a waiver to the extent necessary to allow Responsible Entity to advise the ASX of an estimated distribution rate at the time required by item 1 of Appendix 6A and the actual rate be given to the ASX as soon as it becomes known;
  - ASX Listing Rule 10.1 confirmation that the Fund, as a stapled entity, is an exception to Listing Rule 10.1 so that the Fund is not restricted from carrying out transfers of assets and other relevant dealings between 360 CDIF and the New Trust and their wholly owned subsidiaries without obtaining the prior approval of the holders of 360 CDIF Stapled Units; and
  - ASX Listing Rule 10.1, in connection with the Listing of the Fund, the Responsible Entity has sought a waiver from ASX Listing Rule 10.1 to permit the New Trust and the Responsible Entity has received a waiver from Listing Rule 10.1 to permit 360 CDIF to carry out the Fund's investment objective, through investing in 360 CDIP without Unitholder approval when Listing Rule 10.1 would otherwise require it. The ASX has indicated that it may impose a 3 year time limit on the Listing Rule 10.1 waiver, after which the Responsible Entity would be required to apply again (if required).

#### **14.5 LODGEMENT WITH ASIC**

The Responsible Entity has lodged a copy of this PDS with ASIC and ASIC takes no responsibility for the content of this PDS.

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# 15

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## 15.1 FUND CONSTITUTION

The Fund is governed by the Constitution (being the constitutions of 360 CDIF and New Trust) and applicable laws. A summary of the key rights and obligations attaching to the Units and a description of the material provisions of the Constitution while the Fund is listed, are set out below. This summary is not exhaustive nor does it constitute a definitive statement of the terms of the Constitution. It does not contain information about certain provisions that would apply if the Fund is not listed. The rights and obligations attaching to ownership of Units are also governed by the Corporations Act, the ASX Listing Rules and general law which are not discussed in full. If you invest in the Fund, you will be bound by the terms of the Constitution. Copies of the Constitution are available, free of charge, on request from the Responsible Entity. Please consider the Constitution and this PDS before investing in the Fund.

<b>Units</b>	The beneficial interests in the Fund are divided into units. A unit confers on the Unitholder an undivided beneficial interest in the assets of 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, restrictions and obligations attaching to that unit.
<b>Unit Pricing</b>	<p>The Constitution makes provision for the issue price for units. The New Trust Unit price for ordinary New Trust Units issued pursuant to the Stapling Proposal is \$0.60.</p> <p>The Constitution gives the Responsible Entity the discretion to determine the issue price in relation to units where permitted by the ASX Listing Rules and any applicable ASIC relief.</p>
<b>No Redemption of Rights</b>	Unitholders have no redemption rights. A buy-back may be implemented at the discretion of the Responsible Entity and must satisfy the Corporations Act and the ASX Listing Rules.
<b>Amendments to Constitution</b>	Subject to the Corporations Act, the Constitution may be amended by a special resolution (as defined in the Corporations Act). Alternatively, the Responsible Entity can amend the Constitution by executing a deed if the Responsible Entity reasonably considers that the amendment will not adversely affect Unitholders' rights.
<b>Liability of Unitholders</b>	Subject to any separate agreement of acknowledgement by the Unitholder or any tax amount arising in connection with the Unitholder as set out in the Constitution, the liability of each Unitholder is stated in the Constitution to be limited to the amount unpaid (if any) in relation to the Unitholder's subscription for their units.
<b>Responsible Entity's powers and duties</b>	The Responsible Entity has all the legal capacity and powers both inside and outside Australia in respect of the Fund, that it is possible under the law to confer on a trustee and as though the Responsible Entity were an individual, who is the absolute owner of the assets of the Fund and acting in their personal capacity.
<b>The Responsible Entity may appoint agents or delegates</b>	The Responsible Entity may authorise any person to act as its agent or delegate, to assist with its duties and functions. The Responsible Entity may include in the authorisation, provisions to protect and assist those dealing with the agent or delegate as the Responsible Entity thinks fit.
<b>The Responsible Entity has discretion in deciding how and when to exercise its powers</b>	Subject to the law, the Responsible Entity may determine whether to exercise and, if so, the manner, mode and time of exercise of its duties, powers and discretions in its absolute discretion.
<b>Entitlement to fees/expense reimbursement</b>	The Responsible Entity is entitled to be paid a fee as provided for in the Constitution (see Section 10.3.1.1) and to recover expenses from Fund assets, that are incurred by it in performing its role in connection with the Fund, subject in each case to the proper performance of its duties.



## Section 15

# Key Documents and Material Contracts

<b>Responsible Entity's indemnity</b>	The Responsible Entity is indemnified out of the assets of the Fund and can be reimbursed for any liability incurred by it, in its own capacity or through a delegate in relation to the proper performance of any of its duties in relation to the operation, administration and management of the Fund or otherwise in connection with the Fund.
<b>Small holdings</b>	In certain circumstances while the Fund is listed, the Responsible Entity may sell any units held by a Unitholder that is a less than marketable parcel, as provided in the Constitution and the ASX Listing Rules.
<b>Meetings</b>	Meetings may be convened and conducted in accordance with the Corporations Act and the Constitution. A resolution by Unitholders will bind all Unitholders whether or not they voted or were present at the meeting, or whether or not they signed the resolution.
<b>Distributions/ reinvestment</b>	The Constitution provides for the Responsible Entity to make distributions and the Responsible Entity may decide whether to permit the Unitholders to reinvest some or all of any distribution, to acquire units.
<b>Removal and retirement of the Responsible Entity</b>	The Responsible Entity may voluntarily or compulsorily retire as permitted by law, which includes by calling a meeting of Unitholders to pass a resolution with respect to appointing a new responsible entity. Unitholders may also call a meeting to vote on a resolution to remove the Responsible Entity.
<b>Termination of the Fund</b>	The Unitholders may terminate the Fund through an extraordinary resolution (as defined in the Corporations Act). Alternatively, the Fund terminates at the earliest of a date determined by the Responsible Entity acting on a recommendation from the Investment Manager (or where no Investment Manager is appointed, the date determined by the Responsible Entity in its discretion) and advised to Unitholders by notice in writing or the date on which the Fund otherwise terminates in accordance with the Constitution.
<b>ASX Listing Rules</b>	If the Fund is admitted to the Official List of the ASX, then, despite anything in the Constitution, if the ASX Listing Rules prohibit an act being done, that act must not be done. Nothing in the Constitution prevents an act being done that the ASX Listing Rules requires to be done. If the ASX 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 ASX 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.

<b>Allocation of proceeds of issue</b>	<p>The Responsible Entity may apply money received for the issue of units to the stapled entities or pay money for the redemption of buy back of units from the stapled entities in proportion to the NAV of the Fund assets and the NAV of, or the value of the units, shares or other securities in the stapled entities worked out under their constitutions, or may apportion the receipts or payments between the stapled entities as the Responsible Entity thinks fit.</p>
<b>Issue price of a New Trust Unit as part of the Fund</b>	<p>The allocation of the issue price of a Stapled Unit between the New Trust Unit and a unit in 360 CDIF or other stapled entity will be determined as follows:</p> <ul style="list-style-type: none"> <li>(a) the Responsible Entity and the stapled entity or the responsible entity of 360 CDIF may determine what part of the issue price of the Stapled unit is to be allocated to the New Trust unit and to the 360 CDIF unit or security in each other stapled entity; and</li> <li>(b) unless otherwise determined by the Responsible Entity and the stapled entity or the responsible entity of the stapled entities, the issue price must be allocated in proportion to the net assets (adjusted for the net market value of its investments) of the New Trust and 360 CDIF or other stapled entity at the relevant date.</li> </ul>
<b>Stapling</b>	<p>The Responsible Entity may declare by written notice that Stapled Units are stapled to any securities in one or more other stapled entities.</p> <p>While Stapling applies, a New Trust Unit is Stapled to a 360 CDIF Unit (together comprising a Stapled Unit) and there must be no dealing or disposition of any kind in relation to a New Trust Unit unless there is also an identical dealing or disposition by the same parties with the 360 CDIF Unit to which the New Trust Unit is Stapled.</p> <p>The Responsible Entity must not consolidate, subdivide, cancel or reorganise New Trust Units or implement a reorganisation proposal unless at the same time there is a corresponding consolidation, subdivision, cancellation or reorganisation of the 360 CDIF Unit.</p> <p>In exercising its powers or discretions or performing its functions under the New Trust Constitution or in relation to the New Trust, the Responsible Entity may as it sees fit:</p> <ul style="list-style-type: none"> <li>(a) take into account the interests of holders of units, share or other securities in stapled entities other than in the New Trust; and</li> <li>(b) exercise its powers and discretions or perform its functions even though to do so would be for the benefit of those persons and not for the direct benefit of New Trust Unitholders.</li> </ul> <p>The Responsible Entity may in connection with the Stapling Proposal or the relationship created by the Stapling give any guarantee or indemnity or become liable for the payment of money or the performance of any contract or other obligation by any person including any stapled entity or the responsible entity of any stapled entity.</p> <p>To the extent permitted by law, the Responsible Entity must cooperate with each stapled entity or the responsible entity of each stapled entity in everything relating to the Stapled Units. This includes, for example, the Responsible Entity ensuring the New Trust and 360 CDIF:</p> <ul style="list-style-type: none"> <li>(i) comply with the ASX Listing Rules;</li> <li>(ii) adopt consistent accounting, investment and valuation policies;</li> <li>(iii) hold New Trust Unitholders' meetings concurrently or where necessary consecutively;</li> <li>(iv) agree on the terms and timing of all new issues, buy backs, bonus and rights issues, placements and redemptions;</li> <li>(v) coordinate the announcement and payment of distributions;</li> <li>(vi) coordinate all distribution or dividend reinvestment plans; and</li> <li>(vii) report to New Trust Unitholders consistently and at the same times.</li> </ul>

## Section 15

# Key Documents and Material Contracts

### Unstapling

The Responsible Entity may by written notice declare that Stapling ceases to apply to some or all of the New Trust Units. New Trust Unitholders may, by special resolution (as defined in the Corporations Act), determine that Stapling will cease to apply to some or all of the New Trust Units.

In addition, Stapling will automatically cease to apply to all New Trust Units if:

- (a) the New Trust is terminated by winding up;
- (b) the 360 CDIF Units to which the New Trust Units are stapled cease for any reason to be transferable only with New Trust Units; or
- (c) the law prohibits the Stapling.

If Stapling ceases to apply to a New Trust Unit, the clauses in the New Trust Constitution which provide the consequences of Stapling cease to operate in respect of that New Trust Unit. If Stapling ceases to apply to all New Trust Units, the Responsible Entity must do everything reasonably necessary to give effect to the cessation of Stapling, including:

- (a) amending any records of the New Trust;
- (b) transferring any property or paying any tax; and
- (c) giving directions or consents to 360 CDIF.

## 15.2 360 CDIP KEY TERMS

The following is a summary only of the key terms of 360 CDIP as currently proposed. Please note, should it be offered to Wholesale Investors these terms are subject to change, including changes which may be made to accommodate the requirements of Wholesale Investors.

Trustees/General Partner	A separate trustee will be established for each trust comprising 360 CDIP. The general partner of the OLP will be an affiliate of the Investment Manager or 360 Capital Group.
Investment Manager	360 Capital Digital Management Pty Limited (ACN 632 422 916). The Investment Manager will be responsible for all investment and management decisions in relation to 360 CDIP.
Investment Strategy	The 360 CDIP will invest in digital infrastructure assets on both a full and fractional basis globally.
Eligible Investors	360 CDIP is only open to certain qualifying investors such as Wholesale Investors.
Capital structure	<p>Interests will initially be issued at \$2.00 per interest until such time as the relevant entity determines.</p> <p>Interests issued thereafter will be at NAV per interest and adjusted for any transaction costs. Any issues at a discount to the above price will be offered pro-rata to 360 CDIP investors.</p>
Minimum Investment	\$5 million unless otherwise approved by the Investment Manager.
Term	<p>360 CDIP will be open ended provided that on the 10th anniversary of the first close and every 10 years thereafter (each a <b>Review Date</b>), the Investment Manager will ask investors in 360 CDIP whether they wish to exit 360 CDIP at a price equal to the prevailing NAV less transaction costs, in which case the following will apply:</p> <ul style="list-style-type: none"> <li>• should exit requests be received which relate to less than 50% of the interests, subject to the best interests of the remaining investors, the Investment Manager will use reasonable endeavours to exit those interests at price based on the prevailing NAV, less transaction costs; and</li> <li>• should exit requests relate to more than 50% of the interests, the Investment Manager must arrange for those interests to be exited at a price based on the prevailing NAV, less transaction costs, and if it is unable to do so, then the 360 CDIP will be terminated and wound up.</li> </ul>

<b>Denomination</b>	Units in the Trusts will be denominated in Australian dollars. The Investment Manager may agree to issue a USD class of interests in 360 CDIP in its absolute discretion. The interests in the OLP will be USD denominated.
<b>Fees</b>	The Investment Manager will receive fees and will be entitled to recover its costs, as set out in Section 15.3.
<b>Distributions</b>	Distributions from 360 CDIP may be made at any time at the discretion of the 360 CDIP GP or the 360 CDP Trustees (as the case may be).
<b>Liquidity during Term</b>	Investors in 360 CDIP will be able to redeem/transfer their interests in 360 CDIP in accordance with the provisions described below ( <b>Redemption Requests</b> ).
<b>Redemption Requests</b>	On every five year anniversary of 360 CDIP, which is not a Review Date (each a <b>Redemption Date</b> ), investors in 360 CDIP may make a Redemption Request, by giving at least 6 months written notice before that Redemption Date to have their interests redeemed at at a price based on the prevailing NAV per interest in 360 CDIP, less transaction costs. Those interests will be redeemed using 50% of the capital contributions raised from the future issue of new interests, which must be applied to pay out (on a pro rata basis) those investors in 360 CDIP who have made a Redemption Request, at the relevant Redemption Date. Any Redemption Request not satisfied within 12 months of the Redemption Date will lapse.
<b>Gearing</b>	360 CDIP will target a maximum loan to value ratio of 50% of 360 CDIP's gross asset value.
<b>Valuations</b>	360 CDIP intends to engage an external valuation firm to undertake independent valuation of its assets at least once in each two-year period.
<b>Co-investment right</b>	The Investment Manger may, in its discretion, offer co-investment rights to investors as it determines.
<b>Transactions with affiliates</b>	360 CDIP will be permitted to enter into contracts or otherwise deal with any affiliate of the 360 CDIP GP, the 360 CDIP Trustees or the Investment Manager.
<b>Affiliates entitled to vote</b>	An investor in 360 CDIP who is an affiliate of the 360 CDIP GP, the 360 CDIP Trustees or the Investment Manager, will be entitled to participate in a vote relating to all matters including: <ul style="list-style-type: none"> <li>• a proposal to remove the 360 CDIP GP, the 360 CDIP Trustees or the Investment Manager (whether for a Cause Event (see below) or otherwise); and</li> <li>• a matter involving on the one hand, 360 CDIP or any 360 CDIP alternative investment vehicle, and, on the other hand, the 360 CDIP GP, the 360 CDIP Trustees or the Investment Manager (or any affiliate of the same).</li> </ul>
<b>Amendments</b>	After the first close, amendments to the investment documents require approval by Special Resolution (75% of invested capital), unless the amendments: <ul style="list-style-type: none"> <li>• are of a formal or technical nature, made to correct a manifest error or inconsistency or are necessary to comply with the provisions of any law;</li> <li>• will not have a materially adverse effect on the rights of any investors; or</li> <li>• are to maintain the tax position or treatment of 360 CDIP.</li> </ul>
<b>Transfer of 360 CDIP interests</b>	An investor in 360 CDIP is permitted to transfer its interest in 360 CDIP to an affiliate (subject to certain conditions). All other transfers are to be in accordance with the investment documents and require the consent of the 360 CDIP GP, the 360 CDIP Trustees and the Investment Manager (which may be withheld in their absolute discretion).
<b>Removal of the Investment Manager</b>	The Investment Manager may be removed in the circumstances referred to in Section 15.3.

## Section 15

# Key Documents and Material Contracts

<b>Removal of the 360 CDIP GP and the 360 CDIP Trustees</b>	<p>The investors in 360 CDIP may, by Special Resolution (75% of invested capital), remove the 360 CDIP GP or 360 CDIP Trustees (as the case may be) by written notice in any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• gross negligence that has a material adverse effect on 360 CDIP or which constitutes wilful misconduct, fraud or bad faith of the relevant entity in connection with its obligations under the relevant investment document;</li> <li>• insolvency of the relevant entity; or</li> <li>• material breach of a provision of the relevant investment document by the relevant entity, that causes a material adverse effect on 360 CDIP,</li> </ul> <p>(each a <b>Cause Event</b>) provided the 360 CDIP investors have, by Special Resolution (75% of invested capital), approved a replacement.</p> <p>In all other circumstances, following the expiry of the 10th anniversary of the commencement of 360 CDIP, the 360 CDIP investors may, by Special Resolution (75% of invested capital), remove the 360 CDIP GP or 360 CDIP Trustees (as the case may be) provided the 360 CDIP investors have, by Special Resolution, approved a replacement.</p>
<b>Effect of termination</b>	Where the 360 CDIP IMA is terminated, the consequences summarised in Section 15.4 will follow.
<b>Alternative Investment Vehicles</b>	The Investment Manager may, from time to time, establish additional trusts or other entities to which committed capital may be paid, and investors in 360 CDIP may be admitted as members or equivalent.
<b>Investor meetings</b>	<p>Investors in 360 CDIP holding more than 25% of Committed Capital may, by notice in writing, convene a meeting of investors.</p> <p>Each reference to a resolution of 360 CDIP is a reference to separate resolutions of the investors, of each of the Trusts and OLP or such other vehicle.</p>
<b>Expenses</b>	The OLP and each of the Trusts, must pay and indemnify the 360 CDIP GP, the 360 CDIP Trustees and Investment Manager, as applicable, for all expenses, liabilities and other outgoings properly incurred and related to their operation of or 360 CDIP.

### 15.3 FUND INVESTMENT MANAGEMENT AGREEMENT

The Responsible Entity has appointed the Investment Manager on an exclusive basis, to be the manager of the Fund and has entered into the Fund Investment Management Agreement (**Fund IMA**),

The New Trust has entered into an accession deed to the Fund IMA to require the Investment Manager to provide the New Trust the services (as defined therein) and make the New Trust and 360 CDIF jointly and severally liable for their obligations including the payment of fees and expenses to the Investment Manager.

A summary only of the material terms of the Fund IMA are set out below.

<b>Parties</b>	The Responsible Entity and the Investment Manager
<b>Services</b>	<p>The services include:</p> <ul style="list-style-type: none"> <li>• investment and asset management;</li> <li>• asset due diligence;</li> <li>• investment strategy review;</li> <li>• administrative assistance;</li> <li>• procuring asset valuations; and</li> <li>• arranging for the Fund records to be properly kept.</li> </ul>

Term	<p>The initial term of the Fund IMA is ten years.</p> <p>The Unitholders in the Fund may, by Special Resolution, remove the Investment Manager by written notice in any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• gross negligence that has a material adverse effect on the Fund or which constitutes wilful misconduct, fraud or bad faith of the relevant entity in connection with its obligations under the relevant investment document;</li> <li>• insolvency of the relevant entity; or</li> <li>• unremedied material breach of a provision of the relevant investment document, by the relevant entity, which is not remedied that causes a material adverse effect on the Fund,</li> </ul> <p>(each a <b>Cause Event</b>) provided the Responsible Entity have, by Special Resolution, approved a replacement.</p> <p>In all other circumstances, following the expiry of the 10th anniversary of the commencement of the Fund, the Responsible Entity may remove the Investment Manager on six months' notice.</p>
Fees	<p><b>Management Fees</b> The Investment Manager will be paid an amount equal to 1% per annum (exclusive of GST) of the Fund gross asset value, payable quarterly in advance from the Fund commencement (being 2 July 2019) and consolidating the gross asset value of partial investments.</p> <p><b>Performance Fee</b> The Investment Manager is entitled to a Performance Fee from the Fund, which is calculated and paid every 3 years, and in certain circumstances such as where the Fund is wound up or subject to a takeover. The Performance Fee is based on the total realised and unrealised returns of the Fund before withholding tax having regard to the NAV on the Performance Fee calculation date. The Performance Fee is equal to:</p> <ul style="list-style-type: none"> <li>• to the extent that the Fund IRR is more than 10% but not more than 12%, the amount which if included as a Fund outflow on the calculation date would reduce the Fund IRR to 10%;</li> <li>• where the Fund has achieved a Fund IRR of more than 12%: <ul style="list-style-type: none"> <li>– an amount which if included as a Fund outflow on the calculation date, represents the difference between a 10% Fund IRR and a 12% Fund IRR; plus</li> <li>– 20% of the amount, which if included as a Fund outflow on the calculation date would reduce the Fund IRR to 12%.</li> </ul> </li> </ul> <p>The Investment Manager may (subject to any applicable laws) elect to take part or all of the Performance Fee in Stapled Units. The Management Fee and Performance Fee may be paid out of income or capital.</p> <p>The Investment Manager will be entitled to similar fees in respect of 360 CDIP but for so long as it is the investment manager of both 360 CDIP and the Fund, it will waive its fee entitlement in respect of the Fund to the extent it receives a fee out of 360 CDIP, which is attributable to the Fund's investment in 360 CDIP. This means there will be no double charging of fees by the Investment Manager.</p>
Expense Recovery	<p>The Investment Manager is entitled to recover all taxes, costs charges and expenses properly incurred in connection with it carrying out its functions under the Fund IMA, including in connection with the investment and management of the assets of the Fund.</p>
Powers and discretions	<p>In carrying out its functions under the Fund IMA, the Investment Manager has the powers of a natural person to deal with the assets of the Fund.</p>

## Section 15

# Key Documents and Material Contracts

<b>Effect of Termination</b>	<p>In circumstances where the Investment Manager has been removed other than for a Cause Event, or the Responsible Entity has terminated the Fund IMA, the following must be paid:</p> <ul style="list-style-type: none"> <li>any accrued (as at the date of removal) and unpaid fees and other monies payable to the Responsible Entity or the Investment Manager (as the case may be);</li> <li>an amount equal to Management Fees for an 18 month period must be paid;</li> <li>all charges and expenses incurred in enacting a handover to a replacement; and</li> <li>the Performance Fee as if it were a Performance Fee payment date.</li> </ul> <p>In circumstances where the Investment Manager has been removed for a Cause Event, the following must be paid:</p> <ul style="list-style-type: none"> <li>any accrued (as at the date of removal) and unpaid fees and other monies payable to the Responsible Entity or the Investment Manager (as the case may be);</li> <li>an amount equal to Management Fees for a 6 month period must be paid;</li> <li>all charges and expenses incurred in enacting a handover to a replacement; and</li> <li>the Performance Fee as if it were a Performance Fee payment date.</li> </ul>
<b>Indemnity</b>	<ul style="list-style-type: none"> <li>The Responsible Entity will indemnify the Investment Manager for any loss it suffers in connection with the proper performance by it under the Fund IMA.</li> <li>The Investment Manager will indemnify the Fund for any loss arising as a result of its default.</li> </ul>
<b>Conflicts</b>	The Investment Manager may provide services to other entities in conflict with its obligations under the Fund IMA. However, the Investment Manager must maintain policies and procedures for the purposes of managing any such potential conflicts.
<b>Retirement</b>	The Investment Manager may retire on 60 days' notice to the Fund.
<b>Amendment</b>	Subject to the ASX Listing Rules and any relevant laws, the Fund IMA may be amended by the written agreement between the Responsible Entity and the Investment Manager.

## 15.4 360 CDIP INVESTMENT MANAGEMENT AGREEMENT

The 360 CDIP IMA is on similar terms to the Fund IMA. The material differences are summarised below.

<b>Parties</b>	The entities comprising 360 CDIP and the Investment Manager.
<b>Services</b>	<p>The services include:</p> <ul style="list-style-type: none"> <li>investment and asset management;</li> <li>asset due diligence;</li> <li>investment strategy review;</li> <li>administrative assistance;</li> <li>procuring asset valuations; and</li> <li>arranging for the 360 CDIP IMA records to be properly kept.</li> </ul>



<b>Term</b>	<p>The initial term of the 360 CDIP IMA is ten years.</p> <ul style="list-style-type: none"> <li>• The investors in 360 CDIP may, by Special Resolution (75% of invested capital), remove the Investment Manager by written notice in any of the following circumstances:</li> <li>• gross negligence that has a material adverse effect on 360 CDIP or which constitutes wilful misconduct, fraud or bad faith of the relevant entity in connection with its obligations under the relevant investment document;</li> <li>• insolvency of the relevant entity; or</li> <li>• unremedied material breach of a provision of the relevant investment document, by the relevant entity, which is not remedied that causes a material adverse effect on 360 CDIP,</li> </ul> <p>(each a <b>Cause Event</b>) provided the Responsible Entity have, by Special Resolution (75% of Investors capital), approved a replacement.</p> <p>In all other circumstances, following the expiry of the 10th anniversary of the commencement of 360 CDIP, the 360 CDIP investors may, by Special Resolution, remove the Investment Manager provided the investors have, by Special Resolution, approved a replacement.</p>
<b>Fees</b>	<p><b>Management Fees</b> The Investment Manager will be paid an amount equal to 1% per annum (exclusive of GST) of 360 CDIP gross asset value, payable quarterly in advance from 360 CDIP commencement (being 2 July 2019) and consolidating the gross asset value of partial investments.</p> <p><b>Performance Fee</b> The Investment Manager is entitled to a Performance Fee from 360 CDIP, which is calculated and paid every 3 years and in certain circumstances such as where 360 CDIP is wound up or subject to a takeover. The Performance Fee is based on the total realised and unrealised returns of 360 CDIP before withholding tax having regard to the NAV on the Performance Fee calculation date. The Performance Fee is equal to:</p> <ul style="list-style-type: none"> <li>• to the extent that the 360 CDIP IRR is more than 10% but not more than 12%, the amount which if included as a 360 CDIP outflow on the calculation date would reduce the 360 CDIP IRR to 10%;</li> <li>• where 360 CDIP has achieved a Fund IRR of more than 12%: <ul style="list-style-type: none"> <li>– an amount which if included as a 360 CDIP outflow on the calculation date represents the difference between a 10% 360 CDIP IRR and a 12% 360 CDIP IRR; plus</li> <li>– 20% of the amount, which if included as a 360 CDIP outflow on the calculation date would reduce the 360 CDIP IRR to 12%.</li> </ul> </li> </ul> <p>The Investment Manager may (subject to any applicable laws) elect to take part or all of the Performance Fee in 360 CDIP interests. The Management Fee and Performance Fee may be paid out of income or capital.</p> <p>The Investment Manager will be entitled to similar fees in respect of the Fund but for so long as it is the investment manager of both 360 CDIP and the Fund it will waive its fee entitlement in respect of the Fund to the extent it receives a fee out of 360 CDIP which is attributable to the Fund's investment in 360 CDIP. This means there will be no double charging of fees by the Investment Manager.</p>
<b>Expense Recovery</b>	<p>The Investment Manager is entitled to recover all taxes, costs charges and expenses properly incurred in connection with it carrying out its functions under the 360 CDIP IMA, including in connection with the investment and management of the assets of 360 CDIP.</p>
<b>Powers and discretions</b>	<p>In carrying out its functions under the 360 CDIP IMA the Investment Manager has the powers of a natural person to deal with the assets of 360 CDIP.</p>



## Section 15

# Key Documents and Material Contracts

<b>Effect of Termination</b>	<p>In circumstances where the Investment Manager has been removed other than for a Cause Event, or 360 CDIP has terminated the 360 CDIP IMA, the following must be paid: any accrued (as at the date of removal) and unpaid fees and other monies payable to the general partner of the OLP, any trustee or the Investment Manager (as the case may be);</p> <ul style="list-style-type: none"> <li>• an amount equal to Management Fees for an 18 month period must be paid;</li> <li>• all charges and expenses incurred in enacting a handover to replacement; and</li> <li>• the Performance Fee as if it were a Performance Fee payment date.</li> </ul> <p>In circumstances where the Investment Manager has been removed for a Cause Event, the following must be paid:</p> <ul style="list-style-type: none"> <li>• any accrued (as at the date of removal) and unpaid fees and other monies payable to the general partner of the OLP, any trustee or the Investment Manager (as the case may be);</li> <li>• an amount equal to Management Fees for a 6 month period must be paid;</li> <li>• all charges and expenses incurred in enacting a handover to replacement; and</li> <li>• the Performance Fee as if it were a Performance Fee payment date.</li> </ul>
<b>Indemnity</b>	<p>360 CDIP will indemnify the Investment Manager for any loss it suffers, in connection with the proper performance by it under the 360 CDIP IMA.</p> <p>The Investment Manager will indemnify 360 CDIP for any loss arising as a result of its default.</p>
<b>Conflicts</b>	<p>The Investment Manager may provide services to other entities in conflict with its obligations under the 360 CDIP IMA. However, the Investment Manager must maintain policies and procedures for the purposes of managing any such potential conflicts.</p>
<b>Retirement</b>	<p>The Investment Manager may retire on 60 days' notice to 360 CDIP.</p>
<b>Amendment</b>	<p>Subject to any relevant laws, the 360 CDIP IMA may be amended by the written agreement between 360 CDIP and the Investment Manager.</p>

## 15.5 SUMMARY OF THE STAPLING DEED

The Responsible Entity as responsible entity of 360 CDIF and as responsible entity of New Trust has entered into the Stapling Deed which provides that, from the Effective Date, the Responsible Entity as responsible entity of 360 CDIF and as responsible entity of New Trust must cooperate in respect of the Stapling of the 360 CDIF Units to the New Trust Units. The Effective Date means the date as determined by the Fund on which Stapling becomes effective, and is announced by the Responsible Entity on the ASX's announcement platform, being the date on which the 360 CDIF Units become stapled to the New Trust Units.

The Stapling Deed includes the following terms:

<b>Transfer</b>	<p>A transfer of 360 CDIF Units or New Trust Units in any of the Fund entities can only be completed if it is accompanied by a transfer of an equal number of 360 CDIF Units or New Trust Units in the other Fund entity.</p>
<b>Issue, Repurchase or Redemption</b>	<p>Any issue, repurchase or redemption of 360 CDIF Units or New Trust Units by a Fund entity will be matched by an issue, repurchase or redemption of an equal number of 360 CDIF Units or New Trust Units in the other Fund entity.</p>
<b>Co-ordination of Governance</b>	<p>The parties must co-ordinate their statutory disclosures, adopt consistent accounting and valuation policies, maintain the same auditor, maintain common directors, and agree on the timing and terms of new issues, bonus and rights issues, placements, redemption and buy-backs of Stapled Units.</p>

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<b>Conflicts of Interest</b>	While Stapling applies, the Responsible Entity may, in exercising any power of discretion, have regard to the interests of Unitholders as a whole and not only to the interests of 360 CDIF Unitholders or New Trust Unitholders (as the case may be) considered separately.
<b>Financial Benefits Across Parties</b>	While Stapling applies, each party may if called upon by the other party, procure that it and any of its controlled entities extend financial benefits to each other, including by way of lending money, giving guarantees or engaging in joint borrowing.
<b>Corresponding Treatment of Securities</b>	While Stapling applies, no party may consolidate, subdivide, cancel or reorganise their respective securities unless at the same time there is a corresponding consolidation, subdivision, cancellation or reorganisation of the attached securities in each other stapled entity.
<b>Co-ordination of Price Payable for Securities</b>	The parties agree on what part of the amount payable for the issue, redemption or buy-back of (or option to subscribe for) a Stapled Unit is to represent the price payable for the issue, redemption or buy-back (or option to subscribe) for each of the 360 CDIF Units and New Trust Units comprising the Stapled Unit. Unless otherwise determined by the Responsible Entity this is done on the basis of the relative net asset values of the 360 CDIF Unit and New Trust Unit components of the Stapled Unit agreed between the parties prior to the issue, redemption or buy-back or granting of the Stapled Unit or option.
<b>Stapled Entity to Act Like Single Entity</b>	<p>An investment in a Stapled Unit will operate like an investment in a single coordinated entity and specifically:</p> <ul style="list-style-type: none"><li>• Stapled Units will trade together as one security on the ASX and will not be able to be traded or dealt with separately;</li><li>• Unitholders will receive combined reports for the Fund; and</li><li>• subject to a distribution being made, Stapled Unitholders will receive a combined distribution and dividend payment each half year.</li></ul>

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# 16

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## 16.1 CORPORATE GOVERNANCE

Responsibility for the Fund's proper corporate governance rests with the Responsible Entity. The Responsible Entity's guiding principle in meeting this responsibility is to act honestly, in good faith and in the best interests of the Fund as a whole.

The Responsible Entity has entered into the Fund IMA with the Investment Manager pursuant to which the Investment Manager will provide certain investment management services to the Fund.

The Responsible Entity, with reliance upon the Investment Manager, 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. Under the Fund IMA, the Investment Manager agrees to assist the Responsible Entity to comply with all relevant laws, including the Listing Rules and the Corporations Act.

The Responsible Entity is a wholly-owned subsidiary of 360 Capital Group.

The Responsible Entity is reliant on 360 Capital Group for access to adequate resources, including directors, management, staff, functional support (such as company secretarial, responsible managers, legal, compliance and risk, finance) and financial resources. 360 Capital Group has made such resources available to the Responsible Entity.

## 16.2 CORPORATE GOVERNANCE POLICIES

The Responsible Entity has adopted the following policies and charters, which have been prepared having regard to the ASX Corporate Governance Principles and Recommendations.

**Code of Conduct** – This policy sets out the standards of ethical behaviours and integrity that the Responsible Entity expects of its Directors, officers and any employees.

**Continuous Disclosure** – The Fund must comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act to ensure the Fund discloses to the ASX any information concerning the Fund which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Units. This policy sets out the Fund's procedures and measures which are designed to ensure that the Fund complies with its continuous disclosure obligations.

**Risk Framework** – This framework is designed to assist the Fund to identify, evaluate, monitor and manage risks affecting the Fund's business.

**Securities Trading Policy** – This policy is designed to maintain investor confidence in the integrity of the Responsible Entity's internal controls and procedures and in particular to provide guidance to Directors, executives and any employees on avoiding any conflicts of interest or breaches of insider trading laws.

**Communications Policy** – This policy sets out the practices which the Fund will implement to ensure effective and efficient communication with its Unitholders.

**Diversity Policy** – This policy sets out the Fund's objectives for achieving diversity amongst its Directors, executives and any employees.

**Compliance Plan** – Sets out the procedures for the Responsible Entity to comply with the Corporations Act and the Constitution. This plan is overseen by the Board and the Responsible Entity's compliance with it is audited annually.

**Compliance Committee** – The Board comprises a majority of independent members (in accordance with 601JA of the Corporations Act). See Section 16.2.1 for further information. Accordingly there is no Compliance Committee. The Board considers breaches arising during the course of the operation of the Fund, any audit issues raised, and reports of managers, key employees and service providers throughout the reporting year. Provision is made in the Board's ordinary meeting agenda for the consideration of critical compliance and risk management issues as they arise. Standard compliance and risk management reporting to the Board occurs on a quarterly basis, generally in February, June, August and November of each year.

## Corporate governance and Fund policies

### 16.2.1 Compliance with ASX Corporate Governance Principles and Recommendations

To the extent they are applicable and appropriate for an entity of the size and nature of the Fund, the Responsible Entity has adopted ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Ed) (as modified by the ASX Corporate Governance Council when applied to externally managed listed entities such as the Fund).

In accordance with ASX Listing Rule 4.10.3 and Guidance Note 9, set out below are the ASX Corporate Governance Council's eight principals of corporate governance and the extent to which the Fund has sought to comply with the recommendations for each.

Further details of the Fund's corporate governance regime can be found on the Fund Website and will be included in the Fund's annual Appendix 4G and Corporate Governance Statement.

Principle 1: Lay solid foundations for management and oversight

Recommendation	Fund's response
1.1 The responsible entity of an externally managed listed entity should disclose:	The business of the Fund is managed under the direction of the Board comprising Mr David van Aanholt, Mr Tony Pitt, Mr John Ballhausen, Mr Graham Lenzner and Mr Andrew Moffat.
a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; and	<p>The Board meets on a regular basis and is required to discuss pertinent business developments and issues, and review the operations and performance of the Fund.</p> <p>Provision is made at each regular meeting of the Board for the consideration of critical compliance and risk management issues of the Fund as they arise.</p>
b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.	<p>The conduct of the Board is governed by the Constitution of the Fund, the constitution of the Responsible Entity, the Corporations Act and the Responsible Entity's Board Charter.</p> <p>Pursuant to the Board Charter, the Board of the Responsible Entity will seek to ensure that the investment strategy of the Fund is aligned with the expectations of Unitholders and the Fund is effectively managed in a manner that is properly focused on its investment strategy as well as conforming to regulatory and ethical requirements.</p> <p>The primary objectives of the Board of the Responsible Entity will be to:</p> <ul style="list-style-type: none"> <li>• set and review the strategic direction of the Fund;</li> <li>• approve and monitor key budgets, business plans, financial statements and financial policies;</li> <li>• approve all material transactions;</li> <li>• establish, promote and maintain proper processes and controls to maintain the integrity of financial accounting, financial records and reporting;</li> <li>• develop and implement key corporate policies, procedures and controls as necessary to ensure appropriate standards of accountability, risk management, and corporate governance and responsibility;</li> <li>• ensure that Unitholders receive high quality, relevant, and accurate information in a timely manner;</li> <li>• determine and adopt the Fund's distribution policy in accordance with the Fund's Constitution; and</li> <li>• ensure that the Responsible Entity complies with its AFSL and other rules and regulations, in respect of its management of the Fund.</li> </ul> <p>The Board has delegated responsibility for the day-to-day management of the Fund to the Investment Manager.</p>

Recommendation	Fund's response
	<p>The Responsible Entity operates with a flat management structure with the Managing Director delegating a number of the functions, activities and duties required to be performed by the Responsible Entity to executives and personnel of the Responsible Entity and external service providers.</p> <p>The assessments of executive performance are based on reports received from the Managing Director and the consideration of issues by Directors at Board meetings.</p> <p>The Board oversees the performance evaluation of the management team.</p> <p>This is based on the business performance of the Responsible Entity, whether strategic objectives are being achieved and the development of management and personnel.</p>
<p>1.2 A listed entity should:</p> <ul style="list-style-type: none"> <li>a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and</li> <li>b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</li> </ul>	<p>Not applicable, as the Fund is externally managed.</p>
<p>1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	<p>Not applicable, as the Fund is externally managed.</p>
<p>1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	<p>Not applicable, as the Fund is externally managed.</p>

## Section 16

# Corporate governance and Fund policies

Recommendation	Fund's response
<p>1.5 A listed entity should:</p> <ul style="list-style-type: none"> <li>a) have and disclose a diversity policy;</li> <li>b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and</li> <li>c) disclose in relation to each reporting period: <ul style="list-style-type: none"> <li>1) the measurable objectives set for that period to achieve gender diversity;</li> <li>2) the entity's progress towards achieving those objectives; and</li> <li>3) either: <ul style="list-style-type: none"> <li>A. the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or</li> <li>B. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</li> </ul> </li> </ul> </li> </ul>	<p>Not applicable, as the Fund is externally managed.</p>

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Recommendation	Fund's response
1.6 A listed entity should: a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.	Not applicable, as the Fund is externally managed.
1.7 A listed entity should: a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.	Not applicable, as the Fund is externally managed.



## Corporate governance and Fund policies

Principle 2: Structure the board to be effective and add value

Recommendation	Fund's response
<p>2.1 The board of a listed entity should:</p> <ul style="list-style-type: none"> <li>a) have a nomination committee which: <ul style="list-style-type: none"> <li>1) has at least three members, a majority of whom are independent directors; and</li> <li>2) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> <li>3) the charter of the committee;</li> <li>4) the members of the committee; and</li> <li>5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> </ul> </li> <li>b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</li> </ul>	<p>Not applicable, as the Fund is externally managed.</p>
<p>2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.</p>	<p>Not applicable, as the Fund is externally managed.</p>

Recommendation	Fund's response																		
<p>2.3 A listed entity should disclose:</p> <p>a) the names of the directors considered by the board to be independent directors;</p> <p>b) if a director has an interest, position or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and</p> <p>c) the length of service of each director.</p>	<p>The current Directors of the Responsible Entity comprise:</p> <table><tr><th>Name</th><th>Position</th><th>Tenure</th></tr><tr><td>David van Aanholt</td><td>Non-executive Chair</td><td>10 Feb 2016 – present</td></tr><tr><td>Tony Pitt</td><td>Executive Director</td><td>19 Nov 2009 – present</td></tr><tr><td>John Ballhausen</td><td>Non-executive Director</td><td>10 Feb 2016 – present</td></tr><tr><td>Graham Lenzner</td><td>Non-executive Director</td><td>8 Dec 2016 – present</td></tr><tr><td>Andrew Moffat</td><td>Non-executive Director</td><td>8 Dec 2016 – present</td></tr></table> <p>In determining the independence of Directors, the Board has adopted the criteria set out in section 601JA(2) of the Corporations Act.</p> <p>There are no interests, positions, associations or relationships which prejudice the independence of the independent Directors listed above.</p>	Name	Position	Tenure	David van Aanholt	Non-executive Chair	10 Feb 2016 – present	Tony Pitt	Executive Director	19 Nov 2009 – present	John Ballhausen	Non-executive Director	10 Feb 2016 – present	Graham Lenzner	Non-executive Director	8 Dec 2016 – present	Andrew Moffat	Non-executive Director	8 Dec 2016 – present
Name	Position	Tenure																	
David van Aanholt	Non-executive Chair	10 Feb 2016 – present																	
Tony Pitt	Executive Director	19 Nov 2009 – present																	
John Ballhausen	Non-executive Director	10 Feb 2016 – present																	
Graham Lenzner	Non-executive Director	8 Dec 2016 – present																	
Andrew Moffat	Non-executive Director	8 Dec 2016 – present																	
<p>2.4 A majority of the board of a listed entity should be independent directors.</p>	<p>Not applicable, as the Fund is externally managed.</p>																		
<p>2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	<p>Not applicable, as the Fund is externally managed.</p>																		
<p>2.6 A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.</p>	<p>Not applicable, as the Fund is externally managed.</p>																		

## Corporate governance and Fund policies

Principle 3: Instil a culture of acting lawfully, ethically and responsibly

Recommendation	Fund's response
3.1 A listed entity should articulate and disclose its values.	The Responsible Entity has adopted a Statement of Values that expresses the standards and behaviours it expects from its Directors, senior executives and employees, to fulfil its purpose and meet its goals. The Statement of Values is available at <a href="http://www.360capital.com.au">www.360capital.com.au</a> .
3.2 A listed entity should: <ul style="list-style-type: none"> <li>a) have and disclose a code of conduct for its directors, senior executives and employees; and</li> <li>b) ensure that the board or a committee of the board is informed of any material breaches of that code.</li> </ul>	<p>The Responsible Entity has adopted a Code of Conduct that sets out the minimum acceptable standards of behaviour. Directors, senior executives and employees are required to act with honesty, decency and integrity at all times.</p> <p>In addition, the Responsible Entity aims to promote transparency and market confidence in the 360 Capital Group and the Fund by ensuring that key management personnel and employees of the 360 Capital Group know their responsibilities when dealing in the Fund's Stapled Units and the 360 Capital Group securities. Securities dealings by Directors (including dealing by Directors in Stapled Units and 360 Capital Group securities) are subject to the restrictions of the Responsible Entity's Personal Dealing – Share Trading Policy. All dealings in Fund and 360 Capital Group securities by directors and key management personnel are reported to the Board quarterly in a Register of Directors' Interests.</p> <p>The Code of Conduct and the Personal Dealing – Share Trading Policy are available at <a href="http://www.360capital.com.au">www.360capital.com.au</a></p> <p>Any breaches of the Code of Conduct and Personal Dealing/Share Trading Policy are reported to the Board of the Responsible Entity at least quarterly.</p>
3.3 A listed entity should: <ul style="list-style-type: none"> <li>a) have and disclose a whistleblower policy; and</li> <li>b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.</li> </ul>	<p>The Responsible Entity has adopted a Whistleblowing Policy that encourages employees to speak up about any unlawful, unethical or irresponsible behaviour within the organisation. The Whistleblowing Policy is available at <a href="http://www.360capital.com.au">www.360capital.com.au</a>.</p> <p>The Board is informed of any material incidents reported under the Whistleblowing Policy as soon as practicable.</p>
3.4 A listed entity should: <ul style="list-style-type: none"> <li>a) have and disclose an anti-bribery and corruption policy; and</li> <li>b) ensure that the board or a committee of the board is informed of any material breaches of that policy.</li> </ul>	<p>The Responsible Entity has adopted an Anti-Bribery Policy that acknowledges giving bribes or other improper payments, or benefits to public officials as a serious criminal offence that can damage a listed entity's reputation and standing in the community. The Anti-Bribery Policy is available at <a href="http://www.360capital.com.au">www.360capital.com.au</a>.</p> <p>Any material breaches of the Anti-Bribery Policy are reported to the Board of the Responsible Entity as soon as practicable.</p>

Principle 4: Safeguard the integrity of corporate reports

Recommendation	Fund's response
<p>4.1 The board of a listed entity should:</p> <p>a) have an audit committee which:</p> <ol style="list-style-type: none"> <li>1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</li> <li>2) is chaired by an independent director, who is not the chair of the board,</li> </ol> <p>and disclose:</p> <ol style="list-style-type: none"> <li>3) the charter of the committee;</li> <li>4) the relevant qualifications and experience of the members of the committee; and</li> <li>5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ol> <p>b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>The Board of the Responsible Entity has established an Audit Committee in order to perform its role as Responsible Entity of the Fund.</p> <p>The Audit Committee comprises three non-executive, independent Directors.</p> <p>The chair of the Audit Committee is appointed by the Audit Committee and must be a non-executive Director who is not the chair of the Board of the Responsible Entity. The chair reports the activities of the Audit Committee to the Board after each Committee meeting.</p> <p>The Board has adopted an Audit Committee Charter which sets out the Audit Committee's role and responsibilities. The Audit Committee's duties and responsibilities include:</p> <ul style="list-style-type: none"> <li>• monitoring and reviewing compliance with laws and regulations, (including the Fund's compliance plan);</li> <li>• monitoring and reviewing the accuracy and reliability of management and financial reporting;</li> <li>• reporting to the Board of the Responsible Entity on the half-year and annual reports and financial statements of the Fund;</li> <li>• facilitating an effective and efficient audit (including making recommendations regarding the appointment, evaluation and removal of the Fund's external auditor);</li> <li>• monitoring and reviewing the effectiveness of the Fund's internal control environment, including the effectiveness of internal control procedures; and</li> <li>• monitoring the adequacy and effectiveness of compliance systems in relation to the legal exposures of the Fund.</li> </ul> <p>The Audit Committee will meet with external auditors at least bi-annually, (and more frequently if required), to review the adequacy of existing external audit arrangements and the scope of the audit. The external auditors will have a direct line of communication at any time to either the Chair of the Audit Committee or the Chair of the Board of the Responsible Entity.</p> <p>The external auditors and Chief Financial Officer may be invited to attend Audit Committee meetings at the discretion of the Audit Committee. The Audit Committee may meet with the external auditors at any time without management being present.</p> <p>The Audit Committee reviews the performance and independence of the external auditor, and makes recommendations to the Board on the appointment, reappointment, replacement, and remuneration of external auditors.</p> <p>The external auditor is required to rotate the partner responsible for the Fund audit and review at least once every five years.</p> <p>The names and qualifications and experience of the Audit Committee members and the Audit Committee Charter are available at <a href="http://www.360capital.com.au">www.360capital.com.au</a>.</p>

## Corporate governance and Fund policies

Recommendation	Fund's response
4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Financial reports for the Fund are prepared by the Responsible Entity's Chief Financial Officer in collaboration with senior management and the Managing Director. Before the Board of the Responsible Entity approves the Fund's financial statements for a financial period, it receives from the Responsible Entity's Managing Director and Chief Financial Officer a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
4.3 A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	Any periodic corporate reports released to the market are approved by any two of the Managing Director, Chief Financial Officer and Fund Manager who review the reports and verification undertaken.

### Principle 5: Make timely and balanced disclosure

Recommendation	Fund's response
5.1 A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	<p>The Responsible Entity's Communications Policy includes a written policy for ensuring that the Fund complies with its continuous disclosure obligations under the ASX Listing Rules.</p> <p>The Communications Policy reflects the Board's commitment to ensuring that information that is expected to have a material effect on the price or value of the Stapled Units is immediately notified to the ASX for dissemination to the market in accordance with the continuous disclosure requirements of the Corporations Act and the ASX Listing Rules.</p> <p>A copy of the Communications Policy is available at <a href="http://www.360capital.com.au">www.360capital.com.au</a>.</p>
5.2 A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	The Board of the Responsible Entity automatically receives copies of all market announcements promptly after they have been made.
5.3 A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	The Fund will release a copy of any new and substantive investor or analyst presentation/s on the ASX Market Announcements Platform ahead of any presentation/s.

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Principle 6: Respect the rights of security holders

Recommendation	Fund's response
6.1 A listed entity should provide information about itself and its governance to investors via its website.	<p>The Responsible Entity includes all relevant corporate governance information in relation to the Fund, on the Group's website (<a href="http://www.360capital.com.au">www.360capital.com.au</a>).</p> <p>This website includes information about the Responsible Entity's Directors and senior executives, and all other corporate governance policies.</p> <p>The website will also include the Fund's annual reports and financial statements, copies of the Fund's announcements to the ASX, copies of notices of meetings of Unitholders and copies of media releases the Responsible Entity makes on behalf of the Fund.</p>
6.2 A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	<p>The Fund will have an investor relations program which will allow investors and other financial market participants to gain a greater understanding of the Fund's business, governance, financial performance and prospects. It will allow the Fund to communicate with the market and also allow Unitholders and other market participants to express their views to the Responsible Entity on matters of concern or interest to them. The Responsible Entity will respond to any enquiries Unitholders may make from time to time and will also meet with Unitholders on request, where the Responsible Entity believes that this is appropriate.</p>
6.3 A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	<p>Not applicable, as the Fund does not hold periodic meetings of Unitholders.</p>
6.4 A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	<p>Not applicable, as the Fund does not hold periodic meetings of Unitholders.</p>
6.5 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<p>The Responsible Entity gives Unitholders the option to (where appropriate), receive communications from, and send communications to, the Responsible Entity and the Registry electronically.</p>

## Corporate governance and Fund policies

### Principle 7: Recognise and manage risk

Recommendation	Fund's response
<p>7.1 The board of a listed entity should:</p> <p>a) have a committee or committees to oversee risk, each of which:</p> <ol style="list-style-type: none"> <li>1) has at least three members, a majority of whom are independent directors; and</li> <li>2) is chaired by an independent director, and disclose:</li> <li>3) the charter of the committee;</li> <li>4) the members of the committee; and</li> <li>5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ol> <p>b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>The Board of the Responsible Entity oversees risk management for the Fund.</p> <p>The Board has adopted a Risk Management Statement which outlines the key material risks faced by the Responsible Entity, and documents the framework and process for identifying, monitoring and mitigating risks.</p> <p>Risk management is a continuous process, with the Managing Director and members of the Responsible Entity's management team constantly interacting with staff, which provides a foundation for monitoring issues on a day-to-day basis.</p> <p>Material business risks are documented in a risk register, which is updated as necessary during management team meetings for any significant new risks or developments on existing risks.</p> <p>While risk identification, assessment and response decisions are made at regular management team meetings, ultimate responsibility for risk oversight and risk management rests with the Board. Managers report to the Board of the Responsible Entity through quarterly compliance reports on new risks identified for their area of responsibility which have been considered by the management team.</p>
<p>7.2 The board or a committee of the board should:</p> <p>a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and</p> <p>b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>The Board reviews the Responsible Entity's risk management framework at least annually so that the Board can satisfy itself that it continues to be sound and operating with due regard to the risk appetite set by the Board.</p>

Recommendation	Fund's response
<p>7.3 A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>a) if it has an internal audit function, how the function is structured and what role it performs; or</li> <li>b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.</li> </ul>	<p>The Responsible Entity does not have an internal audit function. As the Responsible Entity is part of the 360 Capital Group, the Responsible Entity and the Fund will be incorporated into the 360 Capital Group's annual audit plan where applicable. The Board of the Responsible Entity has an audit and risk committee which receives, and reviews reports regarding material business risk as part of the 360 Capital Group's risk management process.</p>
<p>7.4 A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.</p>	<p>Section 8 of this PDS discloses to what extent the Fund will have any material exposure to environmental and social risks and how the Responsible Entity intends to manage those risks.</p>

**Principle 8: Remunerate fairly and responsibly**

Recommendation	Fund's response
<p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>Details of the Responsibility Entity's remuneration in relation to the Fund is set out in Section 10 of this PDS.</p> <p>The Responsible Entity is entitled to claim the Management Fee, and reimbursement for all expenses reasonably and properly incurred in relation to the Fund or in performing its obligations under the Constitution.</p> <p>The fees payable to the Responsible Entity and the expenses for which the Responsible Entity may be reimbursed are set out in clause 15 of the Constitution.</p>



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# 17

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## **17.1 FUND AUDITOR**

The Responsible Entity is required to appoint an auditor to the Fund within one month after the day the Fund is registered with ASIC. Ernst & Young has been appointed by the Responsible Entity as the independent auditor of the Fund's financial statements.

## **17.2 360 CDIP AUDITOR**

Ernst & Young have been appointed as independent auditor of 360 CDIP.

## **17.3 RELATED PARTY INTERESTS**

Other than as set out in this PDS, there are no existing 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 direct or indirect material interest.

The Fund IMA and 360 CDIP IMA, and other material agreements set out in Section 15 have been entered into on arm's length terms between the Investment Manager and its applicable entities. The Responsible Entity and the Investment Manager may use the services of related parties in the management of the Fund and pay fees for their services. All related party transactions will be conducted on arm's length normal commercial terms and conditions.

From time to time the Responsible Entity, the Investment Manager, their related bodies corporate or their Directors and employees may hold Stapled Units in the Fund or interests in 360 CDIP.

## **17.4 INTERESTS OF RESPONSIBLE ENTITY AND INVESTMENT MANAGER DIRECTORS**

This Section 17.4 sets out the nature and extent of the interest and fees of certain persons involved in the Stapling Proposal. Other than as set out below or elsewhere in this PDS:

- (a) 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 property acquired or proposed to be acquired by the Fund in connection with its formation or in connection with the Stapling Proposal; or
  - the Stapling Proposal; and
- (b) 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
  - for services provided by a Director or proposed Director, in connection with the formation or promotion of the Fund or in connection with the Stapling Proposal.
- (c) David Yuile, Managing Director of the Investment Manager, is a shareholder in Asia Connectivity Elements, Inc. (ACE). The Fund holds a 37% interest in ACE. Refer to Section 7.2 for further information.

## **17.5 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 Stapling Proposal under this PDS. For the avoidance of doubt this excludes any appointment of rating agencies, research houses, and experts (including legal advisers and auditors) who have provided services in relation to the Stapling Proposal at market rates and noting that such costs form part of the One Off Costs and are paid by the Fund.

## **17.6 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 in the form and context in which they are included in this PDS; and

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# Additional Information

- the inclusion of other statements in this PDS, which are based on or referable to statements made in those reports or statements, or which are based or referable to other statements made by those persons in the form and context in which they are included.

Name of Person	Named As
Clayton Utz	Legal Advisor
Ernst & Young	Auditor of the Fund
Boardroom Limited	Registry
Structure Research	Author of the Report

Each of the parties referred to in this Section 17.7:

- 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 17.7;
- has not made any statement on which a statement in this PDS is based, other than as specified in this Section 17.7; 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 or report (if any) included in this PDS with the consent of that party, as specified in this Section 17.7.

### 17.7.1 Director's Consents

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

### 17.7.2 Accessing information about the Fund

The Responsible Entity will provide regular communication to Unitholders. The Fund will have a dedicated section on the 360 Capital website ([www.360capital.com.au](http://www.360capital.com.au)), which provides up to date information on the Fund, including access to half year and annual reports and distribution information.

As a disclosing entity, the Fund is subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC in relation to the Fund may be obtained from, or inspected at, an ASIC office. You have a right to obtain a copy of the following documents:

- the annual financial report most recently lodged with ASIC by the Fund;
- any half year financial report most recently lodged with ASIC by the Fund; and
- any continuous disclosure notices given by the Fund after lodgement of that annual report and before the date of this PDS.

Once the New Trust is admitted to the Official List of the ASX, the New Trust will be required to make these disclosures to ASX and this information is accessible from ASX's website at [www.asx.com.au](http://www.asx.com.au).

### 17.7.3 Ethical considerations

The Fund does not take into account labour standards or environmental, social or ethical considerations for the purpose of selecting, retaining or realising the Fund's investments. However, sometimes these matters may indirectly affect the economic factors upon which investment decisions are based. The Responsible Entity has no predetermined view about what it regards to be a labour standard or an environmental, social or ethical considerations and does not adhere to any guidelines on these matters and will determine a case by case approach be taken.

### 17.7.4 Legal proceedings

The Fund, 360 CDIP, the Responsible Entity and the Investment Manager are not engaged in any litigation at the date of this PDS, and as far as the Responsible Entity is aware, no litigation involving the Fund, 360 CDIP, the Responsible Entity or the Investment Manager is pending or threatened.

### 17.7.5 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).

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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 KYC Documents as part of a re-identification process to comply with AML/CTF laws. Processing of the Stapling Proposal 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.

#### **17.7.6 Governing Law**

This PDS is governed by the laws applicable in New South Wales, Australia and each Unitholder submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

#### **17.7.7 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](mailto: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**  
**GPO Box 5483**  
**Sydney NSW 2001**

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](mailto:info@afca.org.au)  
**Website:** [www.afca.org.au](http://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.

#### **17.7.8 Privacy and use of personal information**

You do not need to give us any personal information requested in any document or communication relating to the products or services we supply you. However, without this information, we may not be able to process your New Trust Issuance or provide you with an appropriate level of service.

You agree to the 360 Capital Group:

## Section 17

# Additional Information

- collecting, holding and using your personal information to process your New Trust Issuance 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 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](mailto: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 to the Fund may be 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](http://www.boardroomlimited.com.au)

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

**The Privacy Officer**  
**360 Capital FM Limited**  
**GPO Box 5483**  
**Sydney NSW 2001**

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

### 17.7.9 Statement of Directors

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

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# 18

## Section 18

# Glossary of defined terms

Term	Definition
\$ or A\$ or AUD or dollars or cents	Australian currency
360 Capital Group	The stapled entity comprising 360 Capital Group Limited (ACN 113 569 136) and 360 Capital Investment Trust (ARSN 104 552 598)
360 CDIF	The trust named the 360 Capital Digital Infrastructure Fund (ARSN 635 566 531)
360 CDIF Unit	A unit in 360 CDIF
360 CDIP	360 Capital Digital Infrastructure Partners, and where the context requires the 360 CDIP Trustees and 360 CDIP GP
360 CDIP IMA	The investment management agreement between 360 CDIP and the Investment Manager
360 CDIP GP	The general partner of the OLP which will form part of 360 CDIP
360 CDIP Trustees	The trustees of the Trusts, from time to time
AAS	Australian Accounting Standards
ACE	Asia Connectivity Elements Inc
AEST	Australian Eastern Standard Time
AFSL	Australian Financial Services Licence
AMIT	Attribution Managed Investment Trust
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
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
ATO	Australian Taxation Office
Board or Board of the Responsible Entity	The Board of Directors of the Responsible Entity
Business Day	A day other than a Saturday or Sunday, on which trading banks are open for general banking business in Sydney and the ASX is conducting trading
CGT	Capital Gains Tax
CHESS	Clearing House Electronic Sub-register System

Term	Definition
Cause Event	As defined in Section 15.3 and 15.4, as applicable
Committed Capital	In respect of a 360 CDIP investor, the total of the committed capital of the investor to 360 CDIP made under a subscription agreement (to the extent accepted by the relevant entity), as determined and adjusted in accordance with the investment documents, excluding late capital interest
Convertible Note	As described in Section 7.3
Corporations Act	<i>Corporations Act 2001 (Cth)</i>
CPI	Consumer Price Index
Current Assets	The Assets outlined in Section 7.1, 7.2 and 7.3. For the avoidance of doubt 7.4 is not classified as a Current Asset in this PDS.
Director	A director of the Responsible Entity
DPU	Distributions per Stapled Unit
EBITDA	Earnings before interest, tax, depreciation and amortisation
Enterprise Value	Market capitalisation less cash
EPU	Earnings per Unit
Exposure Period	As described on Page 1
FibreconX	As described in Section 7.4
FibreconX Operating Costs	As described in Section 10.3.3.2
Financial Information	The financial information described as Financial Information in Section 9
FSG	Financial Services Guide
Fund	The stapled entity comprised of 360 CDIF and New Trust named the 360 Capital Digital Infrastructure Fund
Fund Constitution	The constitutions of 360 CDIF and the New Trust (as amended from time to time) or any one of them, as the context requires.
Fund IMA	The investment management agreement between the Responsible Entity, as responsible entity of the Fund, and the Investment Manager, as amended from time to time.
Fund Website	<a href="http://www.360capital.com.au">www.360capital.com.au</a>
GNC	Gateway Networks Connections LLC
GST	Goods and services tax (Australia)
HIN	Holder Identification Number



## Section 18

# Glossary of defined terms

Term	Definition
IBC	The committee described in Section 6.7
IFRS	International Financial Reporting Standards
Institutional Investor	A wholesale client for the purposes of Section 761G of the Corporations Act
Investment Manager	360 Capital Digital Management Pty Limited (ABN 58 632 422 916) as investment manager of the Fund or 360 CDIP, as the context requires
IPO	Initial Public Offering
IPO PDS	Means the PDS in respect of the Offer dated 1 October 2019
IRR	Internal Rate of Return
KYC Documents	As described in Section 17.7.5
Listing	The listing of the Fund on the ASX
LVR	Loan to Value Ratio
Management Fee	Fee which the Responsible Entity and the Investment Manager (as applicable) is entitled to for its role in managing and administering the Fund or 360 CDIP (as applicable)
MIT	Managed Investment Trust
NTA	Net Tangible Assets
NAV	Net Asset Value
New Trust	360 Capital Digital Infrastructure Fund 2
New Trust Issuance	As described in Section 12.1
New Trust Unit	A unit in New Trust
Offer	The offer of 360 CDIF Units under the IPO PDS
Official List	The official list of the ASX
OLP	The Jersey limited partnership which will form part of 360 CDIP
Operating Earnings	Net profit after tax excluding specific non-cash adjustments, such as fair value adjustments of investment properties, rental guarantees and derivative financial instruments, straight-lining of rental income, amortisation of incentives, leasing fees and borrowing costs, cash received from rental guarantees and non-recurring items, including transaction costs
Payment Date	The date of the capital distribution
PDS	Product Disclosure Statement (this document)
Performance Fee	Fee which the Investment Manager is entitled to in respect of the performance of the Fund or 360 CDIP (as applicable)

<b>Term</b>	<b>Definition</b>
<b>Privacy Act</b>	Privacy Act 1988 (Cth)
<b>Record Date</b>	As described in Section 1
<b>Redemption Date</b>	As described in Section 15.2
<b>Redemption Requests</b>	As described in Section 15.2
<b>Registry</b>	Boardroom Pty Limited (ACN 003 209 836)
<b>Report</b>	As described on page 3
<b>Responsible Entity</b>	360 Capital FM Limited (ACN 090 664 396)
<b>Review Date</b>	The 10th anniversary of the first close of 360 CDIP and every 10 years thereafter
<b>\$\$ or SGD</b>	Singapore dollars
<b>Special Resolution</b>	A resolution passed by the holders of 75% of the total votes that may be cast by Unitholders present and entitled to vote (in the case of the Fund) or Invested Capital (in the case of 360 CDIP)
<b>Stapled Unit</b>	A stapled unit in the Fund consisting of a 360 CDIF Unit and a New Trust Unit.
<b>Stapling Deed</b>	A deed between the Responsible Entity as responsible entity of 360 CDIF and as responsible entity of the New Trust to be dated on or around the date of this PDS concerning the stapling of the New Trust Units to the 360 CDIF Units.
<b>Stapling Proposal</b>	The proposal to create the Fund as detailed in this PDS and concerning the stapling of the New Trust Units to the 360 CDIF Units
<b>Stapling Provisions</b>	The provisions in the Constitution which deal with stapling.
<b>SRN</b>	Shareholder Reference Number
<b>TFN</b>	Tax File Number
<b>TDI</b>	The ASX Code of the Fund
<b>Trusts</b>	360 Capital Digital Infrastructure No. 1 and 360 Digital Infrastructure No. 2
<b>Unitholder</b>	The holder of a Stapled Unit in the Fund or a holder of a Unit in 360 CDIF, as the context requires
<b>US Securities Act</b>	As described on page ii
<b>Wholesale Investor</b>	A wholesale client for the purposes of Section 761G of the Corporations Act

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## FUND INFORMATION

360 Capital Digital Infrastructure Fund  
Level 8, 56 Pitt Street  
Sydney NSW 2000  
[www.360capital.com.au](http://www.360capital.com.au)  
Fund Information Line:  
1300 082 130 within Australia  
+61 2 8016 2884 outside Australia

## RESPONSIBLE ENTITY

360 Capital FM Limited (AFSL: 221474)  
Level 8, 56 Pitt Street,  
Sydney NSW 2000  
Directors of Responsible Entity  
David Van Aanholt  
Tony Pitt  
John Ballhausen  
Graham Lenzner  
Andrew Moffat

## INVESTMENT MANAGER

360 Capital Digital Management Pty Limited  
Level 8, 56 Pitt Street,  
Sydney NSW 2000  
Directors  
David Yuile  
Tony Pitt  
Andrew Moffat  
James Orlando

## REGISTERED OFFICE

Level 8, 56 Pitt Street,  
Sydney NSW 2000

## PROPOSED ASX CODE

TDI

## AUSTRALIAN LEGAL ADVISER

Clayton Utz  
Level 15, 1 Bligh Street,  
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

360 Capital

