



ASX Release

REAL ASSETS PRIVATE EQUITY CREDIT

360 Capital Enhanced Income Fund (ASX:TCF) Half Year Results 31 December 2021

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360 Capital FM Limited as Responsible Entity for the 360 Capital Enhanced Income Fund ("TCF" or "Fund") is pleased to announce its financial results for the half year ended 31 December 2021.

HY22 Key Highlights

The Fund's net profit for the half-year ended 31 December 2021 was \$661,000 with distributions of 18.0 cents per unit ('cpu'), equivalent to 6.10% annualised distribution yield, in line with guidance provided by the Fund following the change of Responsible Entity to 360 Capital FM Limited. Earnings of 18.9 cpu were delivered through interest income received on loan investments.

The Fund's Net Tangible Asset value (NTA) per unit as at 31 December 2021 remained unchanged at \$5.94.

In December 2021, the Fund undertook a pro-rata non-renounceable entitlement offer of new ordinary units to support the Fund's strategy of growth and diversification. Eligible unitholders were provided the opportunity to acquire new fully paid units at a price of \$5.94 per unit, equivalent to the Fund's NTA. The entitlement offer also included a residual shortfall facility under which entitlements not taken up by existing eligible unitholders could be offered to new sophisticated and institutional investors.

The Fund raised approximately \$1.7m in December 2021 as part of the entitlement offer and a further \$2.4m through the residual shortfall facility in January 2022. The residual shortfall units were issued post balance date in January 2022. 360 Capital Group paid all the costs of the raisings to ensure the NTA of the Fund was not eroded, maintaining the NTA at \$5.94 per unit. The Fund remains ungeared.

The proceeds of the entitlement offer increased the gross assets of the Fund to \$22.4m as at 31 December 2021 and through the residual shortfall facility increased to \$24.7m¹ at the end of January 2022, up from \$20.6m as at 30 June 2021.

As part of the Fund's growth strategy, approvals were obtained from the ASX, to invest in private debt transactions alongside a new unlisted wholesale credit fund, managed by 360 Capital. This has provided TCF the opportunity to invest alongside capital with an aligned investment mandate, accelerating diversification and growth through access to new transactions and investment opportunities.

The Fund will also have the ability to divest parts or all of its existing investments to the new fund to improve diversification, in accordance with the Fund's strategy of growth, scale and liquidity.

Further to the capital raised in TCF, the unlisted credit fund has sufficient capital commitments to support settlement of its next investment. 360 Capital Group will have a co-investment in loan transactions through both the Fund and the new unlisted private credit fund.

1. As of 31 January 2022
360 Capital FM Limited ABN 15 090 664 396 (AFSL 221474) as responsible entity of the 360 Capital Enhanced Income Fund ARSN 115 632 990



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Investment Highlights

The Fund's initial investment of \$20.4m, made in March 2021 continues to perform and meet its obligations, including payment of interest and compliance with covenants.

To further the growth and diversification of the Fund, the Fund is expecting to complete its second investment at the end of February 2022. The Fund has completed due diligence, and subject to satisfactory completion of documentation expects financial close to occur on or around 28 February 2022.

The new investment is a 3-year amortising loan facility of \$23.7m provided to a private regional infrastructure group, based in Sydney, with national operations. The borrower provides essential accommodation services to remote and regional energy and infrastructure projects, with revenues underpinned by long term contracts.

The facility will be secured by a mixture of general security agreements over the assets of the company and its subsidiaries, real property and a personal guarantee from the group's founder and major shareholder. The financing structure includes market standard leverage and serviceability metrics in addition to undertakings, representations and warranties that are customary for a facility of this nature.

The borrower will make principal and interest payments on a quarterly basis. The facility has an interest margin 8.00% and is provided to the borrower on a floating base rate, ensuring the Fund is protected for potential interest rate changes.

Distributions

Monthly distributions commenced at \$0.03 per unit per month in April 2021 in line with the Fund's distribution forecasts as part of the December 2020 re-capitalisation.

For the six months to 31 December 2021, the Fund paid unitholders a total of \$631,000 in line with the Fund's distribution forecasts as part of the December 2020 re-capitalisation, equivalent to \$0.03 per unit per month. There were no distributions made in the prior corresponding period under the Fund's previous manager.

There are no performance fees charged in the Fund.

COVID-19

Subsequent to the World Health Organization declaring a global pandemic in March 2020, financial markets and its participants continue to be impacted worldwide.

The immediate impact of COVID-19 on the Fund's holdings has been limited. The Fund's investments were structured and entered after the initial impact of COVID-19. The Fund considers risks associated with COVID-19 as part of its due diligence process and ongoing loan management program.



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Outlook and guidance

The Fund derives a consistent revenue stream from its existing portfolio, from which it expects to continue to pay monthly distributions to unitholders. The Fund continues to look for new investment opportunities to build on the Fund's stated growth objectives of Scale, Diversification and Liquidity.

The Fund continues to assess new investment opportunities in the backdrop of the current economic climate and may consider further capital raising initiatives to support its pipeline of investment opportunities. Any potential capital raising would have limited effects to the ongoing distributions of the Fund or the net tangible assets. 360 Capital Group will continue to maintain its position of supporting the growth of the Fund by meeting any capital raising costs, ensuring no capital dilution from future capital raisings.

Distribution forecast for the 2022 financial year is expected to remain at \$0.03 per unit per month, in line with the Fund's target distribution yield of 6% p.a. (net of fees and costs).

Authorised for release by, The Board, 360 Capital FM Limited.

More information on the Group can be found on the ASX's website at www.asx.com.au using the Group's ASX code "TGP", on the Group's website www.360capital.com.au, by calling the 360 Capital investor enquiry line on 1300 082 130 or by emailing investor.relations@360capital.com.au.

Alternatively, TCF investors can contact:

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About 360 Capital Enhanced Income Fund (ASX: TCF)

The 360 Capital Enhanced Income Fund (previously the Australian Enhanced Income Fund) was established in 2006 and provides investors access to fixed income and private credit investment opportunities across listed and unlisted issuers. TCF aims to deliver regular monthly income to investors through disciplined asset selection and risk analysis.

About 360 Capital Group (ASX: TGP)

360 Capital Group is an ASX-listed, investment and funds management group, focused on strategic and active investment management of alternative assets. Led by a highly experienced team, the Group operates in Australian and global markets investing across real estate, private equity and credit strategies. We partner with our stakeholders to identify, invest and realise on opportunities.
