

REAL ASSETS
PRIVATE EQUITY
CREDIT

360 Capital
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360 Capital Enhanced Income Fund HY22 Results Presentation

10 February 2022

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1. Snapshot



\$5.94
NTA



\$5.90
ASX Closing Price



6.10%
Annualised distribution
yield



3.0cpu
Monthly Distributions



Gross Asset Value¹
\$24.7m



EXECUTING ON
THE STRATEGY

2. Highlights

What is the 360 Capital Enhanced Income Fund

Private Credit

Objective

To provide investors exposure to secured credit with regular and stable income

Strategy

Investing in Australian and New Zealand middle market corporates with strong management teams, reliable cash flow and demonstrated track record

Investor Returns

36.0 cpu (FY22 forecast distribution) / 6.10% p.a (net of fees and costs)

Track Record

Managed by a diversified alternative asset manager with over 15 years track record delivering strong returns in public and private asset management, with 17.98% co-investment in the Fund as at 31 December 2021.

Growth

Measured and incremental growth through new investment opportunities to deliver scale, diversification and liquidity

HY22 Key Highlights

The Fund's net profit for the half-year ended 31 December 2021 was \$0.7 million with distributions of 18.0 cents per unit in line with guidance provided by the Fund following the change of Responsible Entity to 360 Capital FM Limited. Distributions have remained consistent throughout 1H22 at 3.0cpu with the responsible entity forecasting this to continue for the remainder of the financial year.

3.0cpu
Monthly distribution

In December 2021, and in line with guidance, the Fund completed a pro-rata non-renounceable entitlement offer of new ordinary units to support the Fund's strategy of growth and diversification. The entitlement offer also included an oversubscription facility and shortfall facility under which entitlements not taken up by existing eligible unitholders could be offered to new sophisticated and institutional investors.

\$24.7m
TCF Gross Assets¹

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. These new units under the residual shortfall facility were issued post balance date in January 2022, taking the gross assets of the Fund to \$24.7m¹.

\$5.94
NTA of the Fund

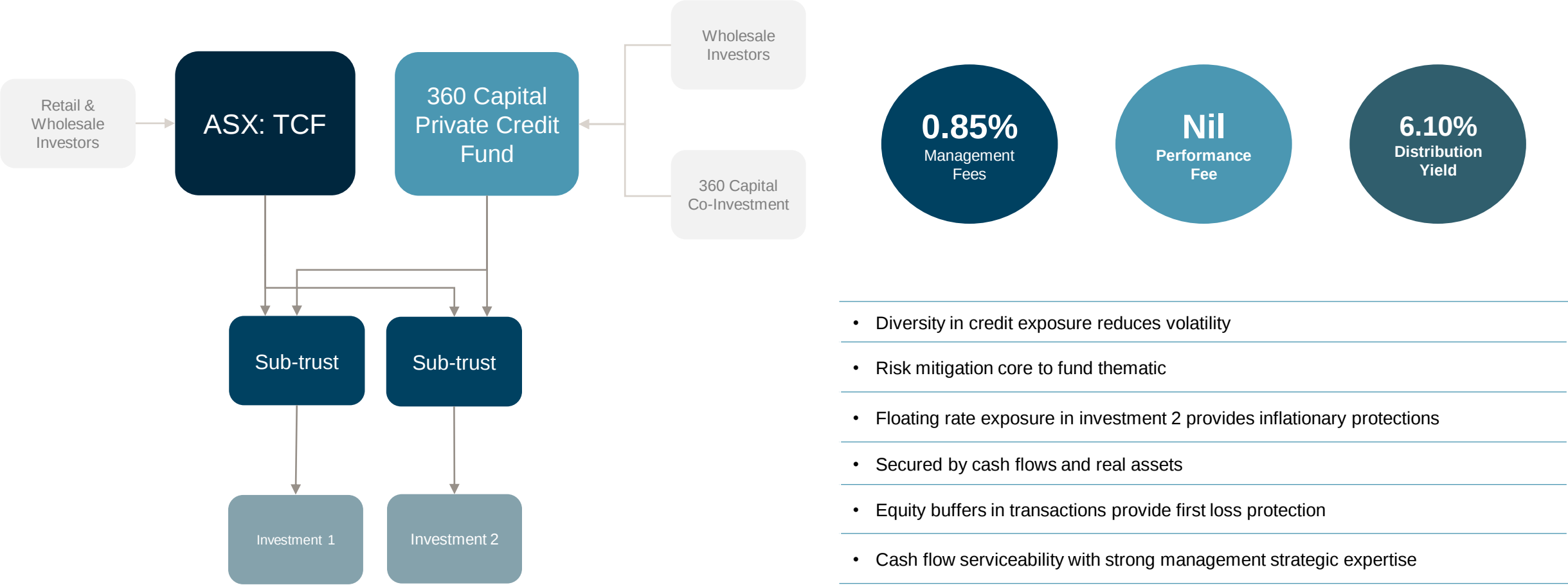
To further support the diversification of the Fund, the Responsible Entity established a new unlisted wholesale private credit fund to invest alongside the Fund. In addition to the capital raised in TCF, the responsible entity has raised a further \$19.6m through the unlisted credit fund to support completion of its next investment. The Groups total credit AUM upon completion of the next investment is \$44.1m.

\$5.90
ASX Closing Price

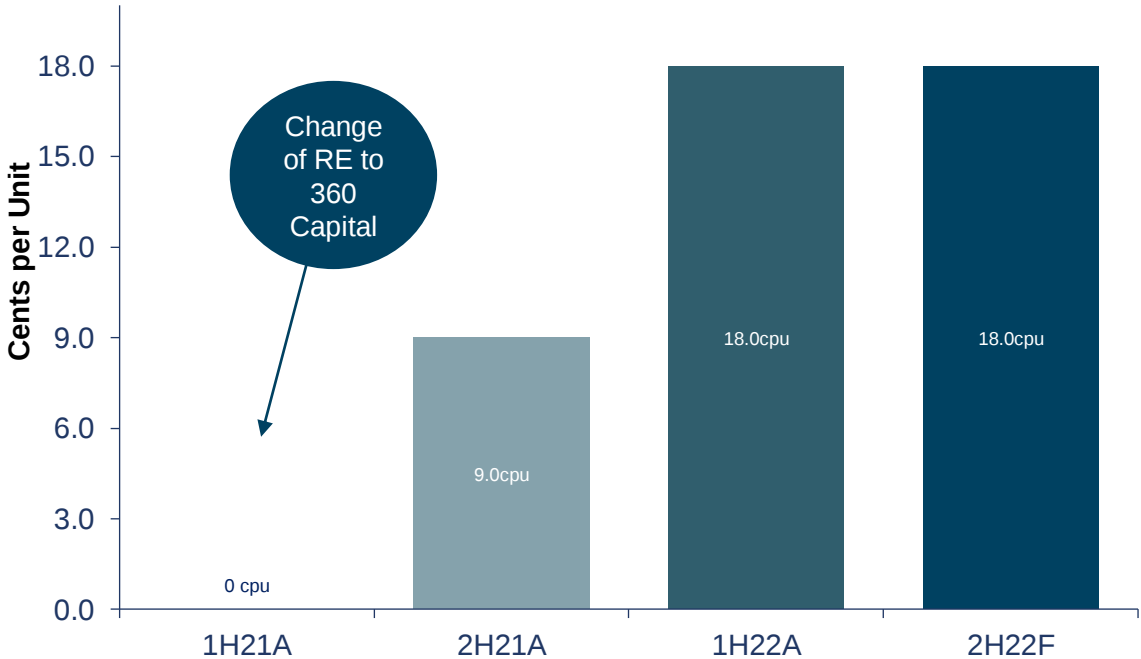
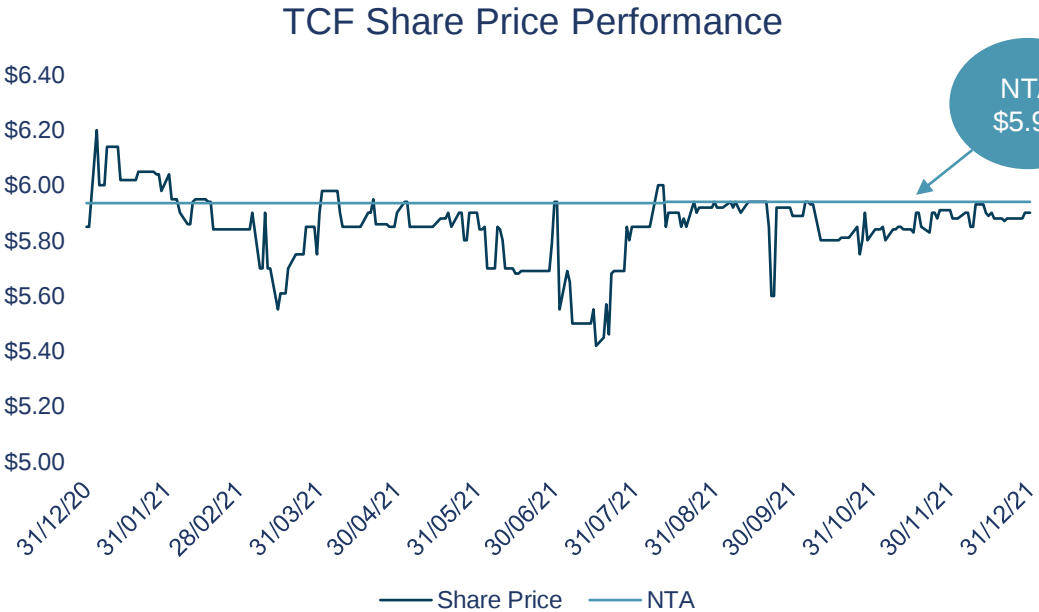
The Fund is expecting to complete its second investment at the end of February 2022. The Fund has completed due diligence, and subject to satisfactory completion of documentation expects financial close to occur on or around 28 February 2022. The investment is a 3 year amortising facility in the amount of \$23.7m provided to a domestic borrower for refinance of their existing arrangements. Distributions on completion of the next investment are expected to remain at 3.0cpu per month.

\$44.1m
Group Credit AUM

Investment structure that provides flexibility in approach to investors



Regular distributions coupled with steady share price performance



Growth

1

Growth objective of building and delivering a diversified loan portfolio of \$300m

Measured growth profile with identified investment opportunities ensuring continuity of distributions

Diversification

2

Further capital will allow the manager to diversify its portfolio of investments

Strong pipeline of opportunities with continued demand from borrowers for loans from non-bank lenders

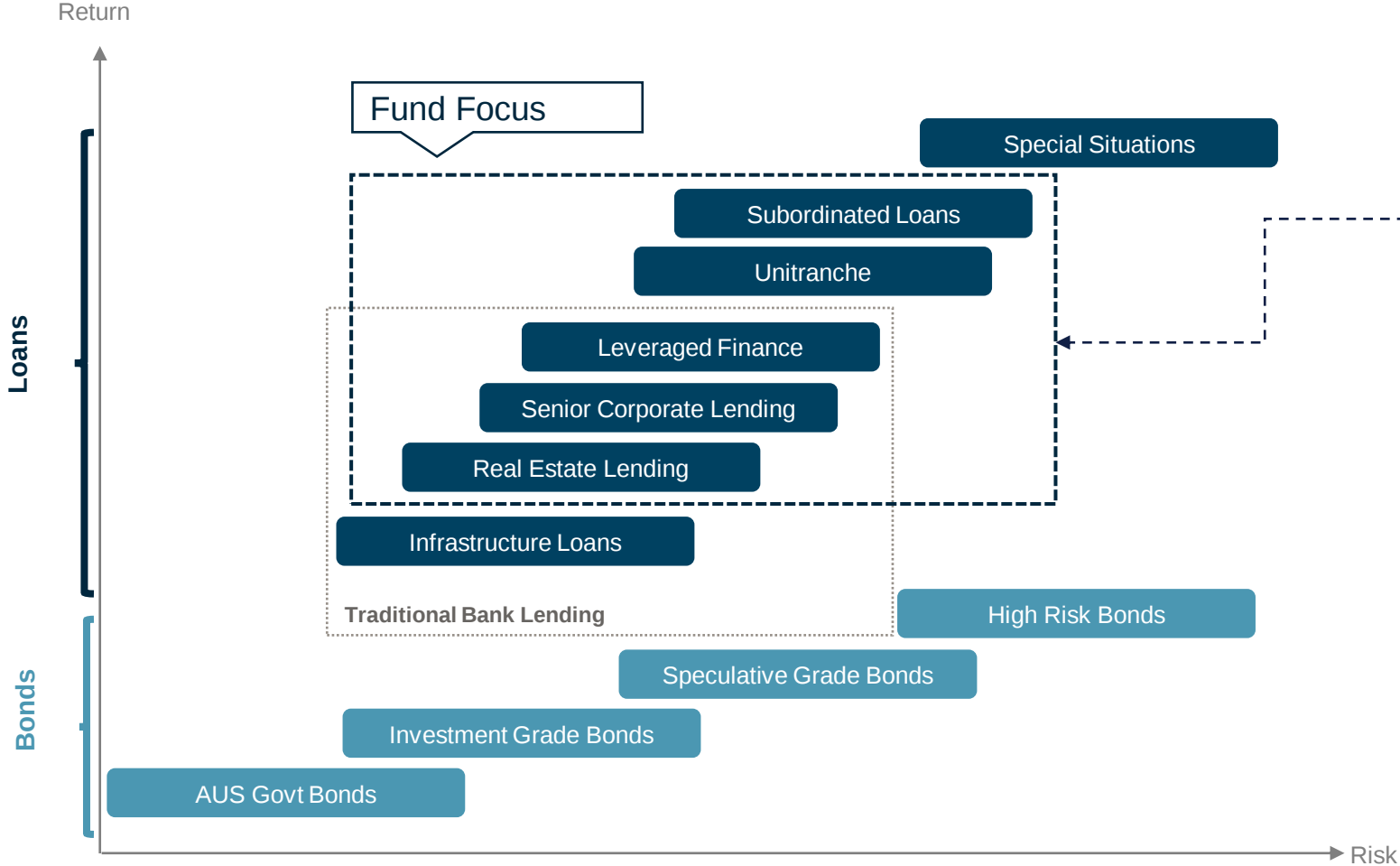
Liquidity

3

Increased recent corporate action with Listed Investment Trusts (LIT's) highlighting growing investor confidence for the asset class and structure

Growth and diversification over time will improve liquidity

3. Investment Portfolio



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

Fund Investments

Regional Infrastructure Transaction Overview¹

Facility size	\$23.7m Term Loan Facility
Interest rate	8.0% interest rate
Term	36 month loan term
Security	Senior secured – first ranking security
Other	Amortising facility linked to long term cash flows from well rated counterparties

FMCG Transaction Overview

Facility size	\$20.4m Term Loan Facility
Interest rate	7.5% interest paid monthly
Term	48 month loan term
Security	Senior secured – first ranking security over all group assets.
Covenants	Market standard leverage (Debt / EBITDA) and serviceability covenants (debt service cover)

Business Overview

- **The operating group:** the group is an Australian owned private enterprise that works with asset owners and contractors, communities, councils and governments to provide bespoke accommodation solutions to regional infrastructure, energy and mining projects. Its objective is to build, own and operate bespoke infrastructure assets focused on mining accommodation, pipelines and water treatment plants.
- **Management team:** the management team comprises experienced infrastructure personnel with over 20 years of running the group and prior history and experience in project and infrastructure finance.

ESG Impact: Through integrating meaningful and measurable targets into the proposed loan facility, we have structured a sustainability-linked loan where we will reward and penalise the client via adjustments to the interest rate, incentivising positive change and long-term impact to its overall business and the regions it operates within. Consistent with its ESG Strategy, our client targets a reduction in its energy consumption, reliance on non-renewable sources of electricity, and to source water from self-sufficient water sources.

Business Overview

- With national operations the operating group is a well-established diversified consumer business.
- More than 15 years operating history with stable growth and long term aligned senior management.
- Diversified underlying operations with over 200 sites across Australia.
- Simple ownership structure.

ESG Impact:

- Our client has donated over 50 million meals to those in need through an initiative of their own where they are helping put an end to world hunger. Through their Plate 4 Plate initiative
- The meals donated are distributed by Rise Against Hunger around the globe, primarily through school feeding programs. In Australia, the meals are distributed through Foodbank.

1. The facility is subject to the satisfactory completion of documentation, and finalisation of due diligence. The Fund expects the transaction to complete by the end of February 2022

360 Capital Credit is structured to support domestic and international retail, wholesale and institutional investors



- The Fund will not have any exposure to highly sensitive industries including:
 - Tobacco
 - Weapons and firearms
 - Adult entertainment
- The Fund will approach environmentally sensitive transactions in coal, oil & gas and forestry on a case-by-case basis.
- Investments in environmentally sensitive sectors will be required to comply with 360 Capital Group’s ESG policy.
- Should the Fund consider an investment in an ESG sensitive sector, it may obtain an independent third party due diligence report to opine on risks and impacts of investment.



- Defensive cashflows
- Local – AUS/NZ corporates
- Limited regulatory risk
- Limited exposure to cyclicity



- Hospitality
- Entertainment
- Aviation
- Tourism

4. HY22 Financial Summary

Balance Sheet

	31-Dec 2021	30-Jun 2021	Change	Change
	\$'000	\$'000	\$'000	%
Assets				
Current assets				
Cash and cash equivalents	1,966	217	1,749	① 806%
Trade and other receivables	3	26	(23)	(88%)
Total current assets	1,969	243	1,726	710%
Non-current assets				
Financial assets through OCI	20,400	20,400	-	② n/a
Total assets	22,369	20,643	1,726	8%
Liabilities				
Current liabilities				
Trade and other payables	58	33	25	76%
Provision for distributions	112	104	8	8%
Total liabilities	170	137	33	24%
Net assets	22,199	20,506	1,693	③ 8%
Number of Units on issue	3,734,866	3,455,021		
NTA per Unit	5.94	5.94		

①

Increase in cash attributable to entitlement offer completed in December 2021

②

Investment continues to perform and meet all obligations, carrying value remains unchanged

③

Net assets expected to continue grow with post balance date issue of new units

Profit and Loss

	31-Dec 2021 \$'000	31-Dec 2020 \$'000	Change \$'000	Change %
Income				
Investment Income	771	20	751	1 3755%
Net gain on financial assets	-	303	(303)	(100%)
Total income	771	323	448	139%
Expenses				
Management fees	(90)	(38)	(52)	0%
Fund expenses	(20)	(137)	117	2 (85%)
Total expenses	(110)	(175)	65	(37%)
Operating profit for the year	661	148	513	347%
Distributions paid	631	-	631	3
Weighted Average Number of Units	3,490,001	2,333,231		
Earnings - CPU	18.9	6.3		
Distributions - CPU	18.0	-		

- Investment income reflects net interest margin on loans following investment after change of responsible entity in September 2020
- Management continues to focus on cost management for the Fund ensuring maintenance of consistent distributions
- Distributions have been consistent at 3 cpu (in line with guidance) since the Fund made its initial investment in March 2021

5. Outlook and Guidance



Outlook

FY22 forecast distribution 36.0cpu (3.0cpu / month) from Fund earnings ensuring preservation of NTA.

Through alignment with the 360 Capital Private Credit Fund (unlisted) the Fund expects to finalise its second investment into a middle market regional accommodation provider prior to the end of February 2022.

The investment ensures Fund earnings and distributions remain in excess of the 6% p.a. (net of fees) target return of the Fund.

TCF continues to assess new investment opportunities and is forecasting to continue diversification of the asset base throughout 2022.



Appendix 1: Management Team

Management Team



Chris Chase
Head of Private Credit

Chris joined 360 Capital in 2019 and is responsible for the development and execution of the groups diversified credit strategy.

Chris has over 14 years experience in banking and corporate finance across Australia and Asia with significant experience originating and executing debt transactions in the mid-market.

Chris has funded corporate M&A and growth capital across a range of industries including Healthcare, Telecommunications, Retail, Transport & Logistics, Business Services, Technology and Diversified Industrials.

Prior to joining 360 Capital, Chris spent time at Macquarie Bank, CBA and ANZ within their Corporate Finance, Corporate Banking and Institutional businesses.

Chris holds a Bachelor of Business (Finance & Accounting) from the University of Technology.



Glenn Butterworth
Chief Financial Officer

Glenn Butterworth is a key executive within the business and is responsible for all 360 Capital's financial management activities.

Glenn has over 25 years' experience and joined 360 Capital from Mirvac where he spent 11 years, most recently as Financial Controller of the Mirvac's Investment Division where he was responsible for Mirvac Property Trust, listed and wholesale managed funds and partnership structures and has a wealth of transactional and financial management experience.

Glenn is a Chartered Accountant and holds a Bachelor of Commerce and commenced his career at Deloitte.



Kim Child
General Counsel & Company Secretary

Kim has over 10 years of experience as a corporate lawyer practicing across London and Sydney, including at top tier firms Clayton Utz and King & Wood Mallesons. Kim has worked on a range of corporate transactions with a focus on the real estate sector.

Having worked alongside the 360 Capital Group for several years, Kim joined the Group in August 2020 and was appointed General Counsel and Company Secretary.

Kim holds a Bachelor of Laws and is qualified to practice in both New South Wales and the UK.



William Isles
Senior Analyst

Prior to joining 360 Capital, William worked as a commercial real estate investment sales Associate in Manhattan, having commenced his career in Boston as an Asset Management Analyst for a global hospitality services firm.

William holds a Bachelor of Economics degree from Boston College, and is a currently pursuing a Master of Real Estate Finance degree from New York University.



Chris Webber
Distribution Manager

Chris has been involved in capital raising and corporate distribution for more than 9 years and joined 360 Capital in 2021.

Prior to this Chris worked in the Capital Markets team as a Director of Steel Pier Capital, a private equity firm in New York.

Chris commenced his career at Bell Potter Securities providing advisory services to high net worth individuals and institutional fund managers before moving his focus to entrepreneurial ventures in fintech.

Chris has a Bachelor of Arts majoring in Economics and International Business from the University of New South Wales and holds a Diploma in Stockbroking.

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