

REAL ASSETS
PRIVATE EQUITY
PUBLIC EQUITY
CREDIT

360 Capital
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360 Capital Enhanced Income Fund HY21 Results Presentation

26 February 2021

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1. Snapshot of HY21 Result

Snapshot of HY21 Result



\$5.94
NTA



8.3%
INCREASE IN
UNIT PRICE¹



\$5.85
CLOSING PRICE²



3cpu
FORECAST
MONTHLY
DISTRIBUTION



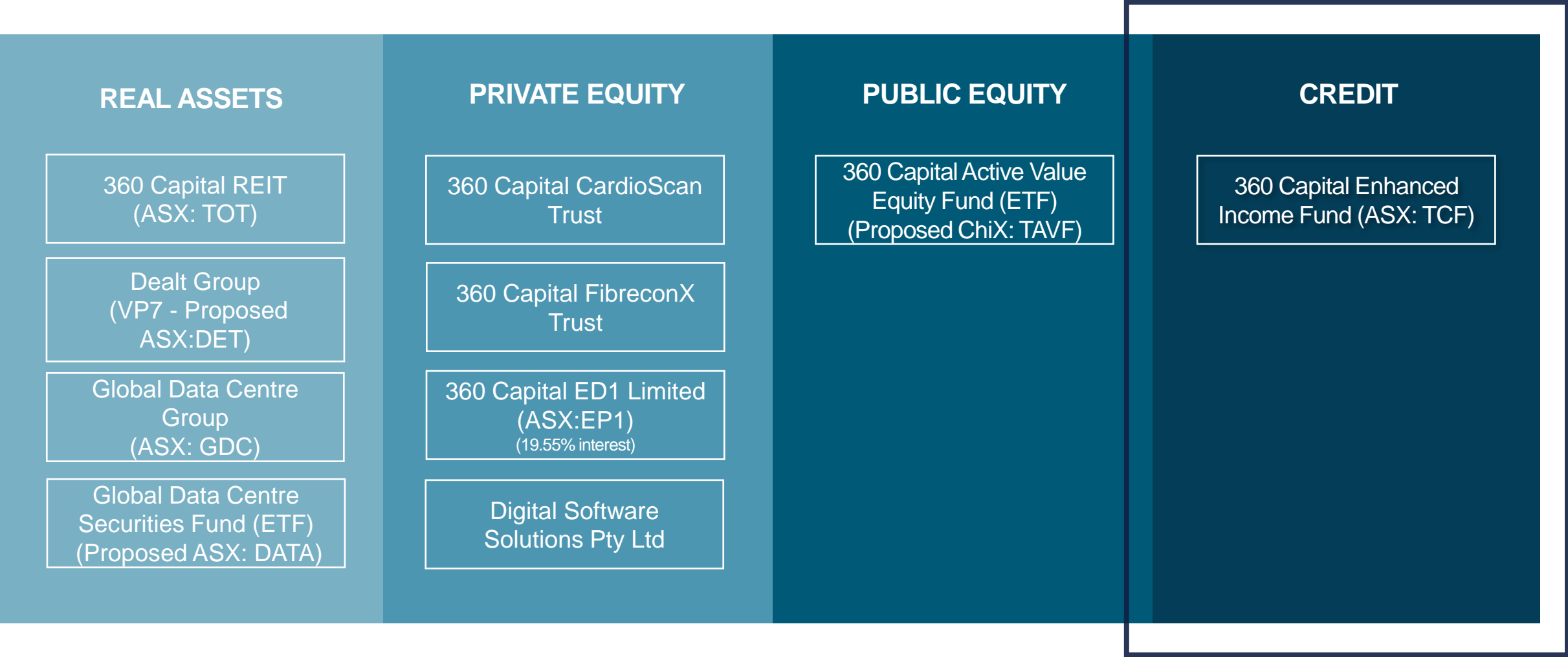
MARKET CAP
~\$20.2m



NEW
MANAGEMENT &
STRATEGY

The Responsible Entity – 360 Capital FM Limited

360 Capital Enhanced Income Fund is part of 360 Capital Group’s credit strategy



2. HY21 Key Highlights

HY21 Key Highlights

HY21 Key Highlights

Responsible Entity transitioned from Elstree Investment Management Pty Ltd to 360 Capital FM Limited on 9 September 2020 following a unitholder meeting. Unitholder support of 99.84% for change of RE and investment strategy.

360 Capital successfully completed a capital raise in December 2020 through the issue of new units at \$5.94, equivalent to the NTA of the Fund.

The Fund has pivoted its investment focus from listed fixed income securities to the growing private credit asset class. The Fund will now invest in a diverse range of senior and subordinated loans in both listed and unlisted middle market borrowers.

TCF intends to deploy its available capital into a new loan investment (subject to final due diligence and approvals) in early March 2021. Distributions are expected to commence on 31 March 2021 and will be monthly thereafter.

**36cpu
distribution**

Forecast annualised distribution
yield

~\$20.2m

Market Capitalisation

\$5.94

NTA of the Fund

31 March 2021

Monthly distributions commence

3. Market Drivers & Investment Strategy

Private Credit Overview



Alternative Asset Class

- \$805Bn in Global AUM for Private Credit
- Forecast to grow to \$1.4trn by 2023
- Growing allocation to alternative assets
- Funding across Leverage Finance, Real Estate and Asset Backed Securities

Regulatory Change

- Increased Capital Requirements following Basel III
- NZ 50% lift in CET1 ratios by 2023 to >16% (currently 10.5%)
- Falling Net Interest Margins and profitability cannot sustain increased capital retention levels
- Lending spreads will inevitably widen over time
- Post Royal Commission remediation has impacted appetite for unsecured corporate credit

Investor Demand

- Private Credit increasingly popular with investors
- Driven by low rate environment and availability of products
- Investment vehicles provide a platform for regular cash distributions
- Attractive risk-adjusted returns - Private Credit provides for secure fixed income over other unsecured alternatives (Hybrids/Bonds)

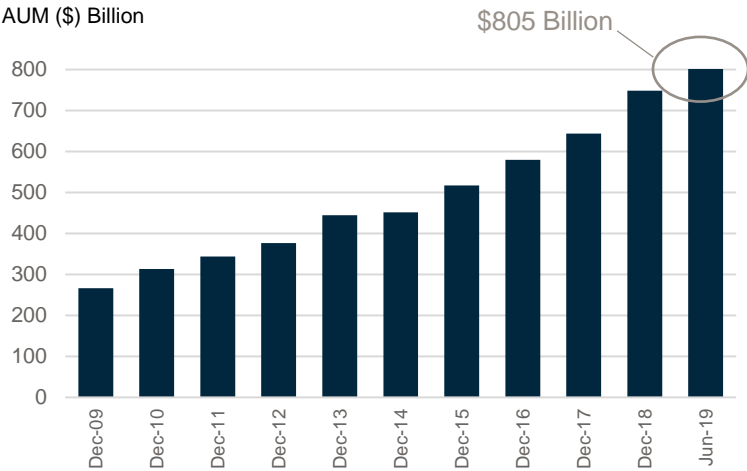
Borrower Appetite

- Growing acceptance of alternative lenders in corporate lending market
- Broader variety of lending structures available providing flexibility and speed of execution
- Demand remains amongst private business for growth capital and M&A, driven by private equity
- Non-bank lenders are highly competitive in the residential lending market

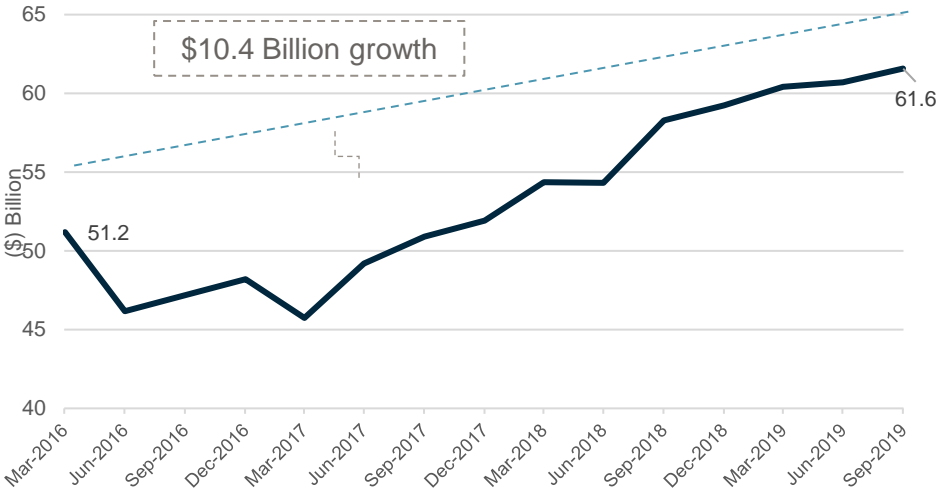
Private Credit Overview

Private Credit
attractive
globally
for investors

Global Private Credit AUM

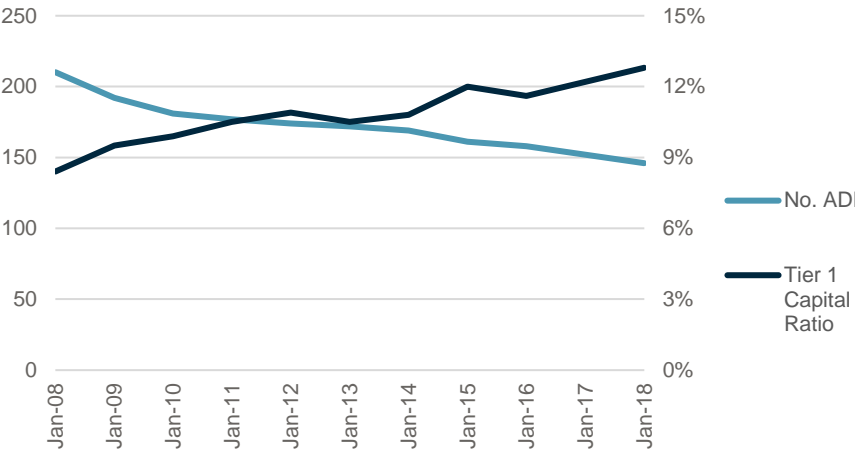


Australian non-bank lending AUM

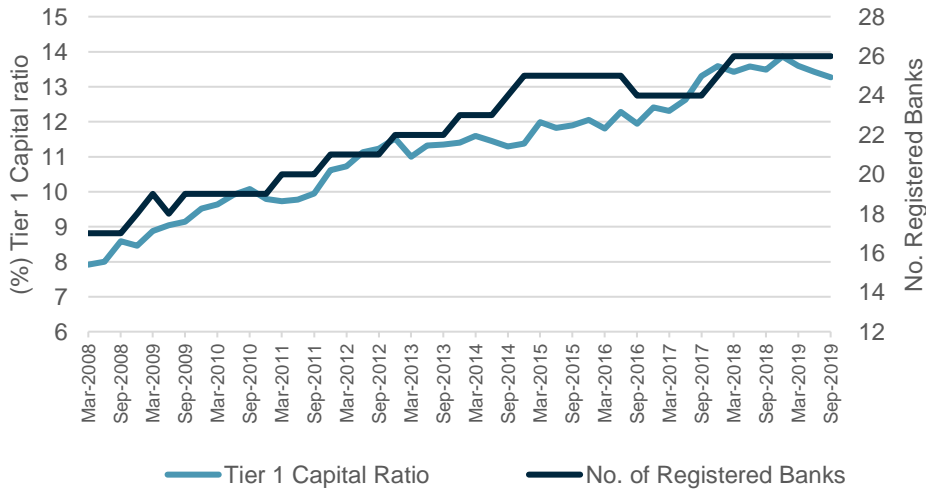


Changing
Regulatory
Landscape in
AUS & NZ

Australian banking landscape



New Zealand banking landscape



Fund Strategy - Loan Characteristics

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

4. Proposed Investment

Corporate loan for a diversified consumer group.

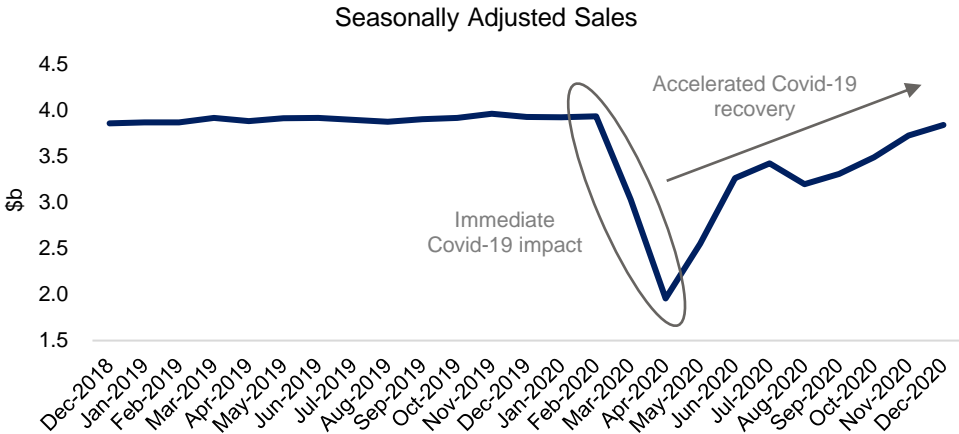
Transaction Overview

Facility size	\$20m 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

- 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.
- Simple ownership structure.

Consumer Sector Focus



Source: ABS Data – Retail and Wholesale Trade, Dec-20.

5. HY21 Financial Summary

Balance Sheet

	Consolidated			
	31 Dec 2020	30 Jun 2020	Change	Change
	\$'000	\$'000	\$'000	%
Assets				
Current assets				
Cash and cash equivalents	20,536	567	19,969	1 3522%
Trade and other receivables	10	414	(404)	(98%)
Financial assets at fair value through profit or loss	-	18,865	(18,865)	2 -
Total assets	20,546	19,846	700	4%
Liabilities				
Current liabilities				
Trade and other payables	40	191	(151)	(79%)
Provision for distributions	-	182	(182)	3 (100%)
Total liabilities	40	373	(333)	(89%)
Net assets	20,506	19,473	1,033	5%

- Assets sold by former manager Elstree Investment Manager and held in cash, due to be deployed in February 2021
- Hybrid securities held by former manager were liquidated on 9 September 2020 prior to meeting held to change the responsible entity
- Distribution of \$182k was paid on 15 July 2020 and related to prior year hybrid income

Profit and Loss

	Consolidated			
	31 Dec 2020	31 Dec 2019	Change	Change
	\$'000	\$'000	\$'000	%
Income				
Investment income	20	349	(329)	1 (94%)
Net gain on financial assets held at fair value through profit or loss	303	95	208	2 219%
Total income	323	444	(121)	(27%)
Expenses				
Management fees	(38)	(79)	41	(52%)
Fund expenses	(137)	(77)	(60)	3 78%
Total expenses	(175)	(156)	(19)	12%
Profit for the half year	148	288	(140)	(49%)

- Income has been impacted through the sale of securities and portfolio positioned in cash upon new management
- Realised gain attributable to hybrid performance under previous manager
- 360 Capital has not charged management fees since the capital raise in December 2020, whilst holding cash (prior to any first investment), preserving NTA

6. Capital Management



Capital Management

360 Capital Group ownership of TCF currently 18.3%, consistent with the group's philosophy of co-investment

Upon assuming role of responsible entity, the Fund market capitalisation has increased from \$9.9m¹ to \$20.2m²

Increased market capitalisation a result of \$12.1m capital raise completed in December 2020 through the issue of 2,042,663 new units in the Fund

360 Capital Group met all capital raise offer costs ensuring no dilution to NTA



7. 2H21 Key Focus and Guidance

2H21 Key Focus and Guidance

In line with the PDS (dated 11 November 2020), the Fund is seeking to continue to grow and expand the Fund, with the goal of providing regular and consistent distributions to investors.

The Fund is in advanced discussions with a number of prospective borrowers to deploy the capital it holds on balance sheet. Prospective investments are expected to generate greater than 6% distributions to investors (net of fees and costs on an annualised basis).

The first investment in the Fund is expected to be made in early March 2021 with distributions expected to commence on 31 March 2021, in line with prior guidance provided under the product disclosure statement dated 11 November 2020.

Management continues to focus on providing further scale in TCF, improving liquidity for investors and deployment and diversification of asset investment.



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 and is a CPA



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



Fraser Matthews
Business Development Manager

Fraser has worked with 360 Capital since 2015, having significant experience across real estate debt transaction origination and capital raising.

Fraser has previously held the roles of Portfolio Manager at Young Group in London and Private Client Manager at the Bank of Scotland.

Fraser has a BA, majoring in Economic History and Political Science from the Australian National University and a Diploma of Financial Planning.



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



Paola Arter
Investor Relations

Paola is responsible for ensuring 360 Capital is strategically positioned with all stakeholders focusing on building and maintaining a strong personal relationship with all investors. Paola has over 5 years experience in the financial services sector.

Prior to joining 360 Capital, Paola worked at Sante Capital providing operational support to Evolution Healthcare, a leading provider of healthcare services in New Zealand and Australia. Paola commenced her career at Bradseco, a prestigious bank in Sao Paulo, Brazil.

Paola holds a Bachelor of Business from UTS Sydney and a Diploma of Management and a Cert. IV in Project Management.



Disclaimer

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