

6 March 2015

**360 Capital Group  
Launches 360 Capital Retail Fund No.1**

In line with the Group's strategy of growing its unlisted funds, 360 Capital Group (ASX code: TGP) ('360 Capital' or 'Group') is pleased to announce that the Group today launched 360 Capital Retail Fund No. 1 ('Fund'), an unlisted closed end trust with an initial seven year term.

The new \$70.9 million Fund seeks to offer potential investors an 8.00% FY16 distribution yield<sup>1</sup>, increasing to 8.25% in FY17. Security of income is underpinned by long leases to Coles, Target and Woolworths in a diversified portfolio of two established shopping centres being Windsor Marketplace, Windsor NSW and City Centre Plaza, Rockhampton, QLD.

The Fund has now commenced its \$43.0 million equity capital raising to the Group's existing platform investors and the general public with a closing date of 24 April 2015<sup>2</sup>.

The Fund's capital raising will be fully underwritten by an entity within the 360 Capital Group. Underwriting fees, plus transaction, base management, disposal and any performance fees, will contribute to the Group's base earnings.

More information is contained in the attached PDS.

More information on the Group can be found on the ASX's website at [www.asx.com.au](http://www.asx.com.au) using the Group's ASX code "TGP", on the Group's website [www.360capital.com.au](http://www.360capital.com.au), by calling the 360 Capital investor enquiry line on 1800 182 257 or emailing [investor.relations@360capital.com.au](mailto:investor.relations@360capital.com.au)

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**About 360 Capital Group (ASX code TGP)**

360 Capital Group is an ASX-listed, property investment and funds management group concentrating on strategic investment and active investment management of property assets. The company actively invests in direct property assets, property securities and various corporate real estate acquisitions within Australian real estate markets on a private equity basis. 360 Capital Group's 21 full time staff have significant property, funds and investment management experience. 360 Capital Group manages nine investment vehicles holding assets valued at over \$1.1 billion on behalf of over 8,300 investors and has over \$177 million worth of co-investments across the 360 Capital Group platform.

<sup>1</sup> Forecasts relate to FY2016 and FY2017. Forecast distributions are based on assumptions and are subject to risks, set out in the PDS, which should be read prior to any decision being made to invest. Forecast distributions are not guaranteed.

<sup>2</sup> Subject to availability, the Responsible Entity may decide to extend the Closing Date, noting it has an election to settle both Properties on or prior to 30 June 2015.



Woolworths 

Product Disclosure Statement

# 360 CAPITAL RETAIL FUND NO. 1

ARSN 601 486 668

Responsible Entity and Issuer: 360 Capital Investment Management Limited  
ACN 133 363 185 AFSL 340 304

4 March 2015

# IMPORTANT NOTICE

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## Responsible Entity and Issuer

360 Capital Investment Management Limited ACN 133 363 185, AFSL 340304 is the responsible entity (Responsible Entity) of 360 Capital Retail Fund No. 1 ARSN 601 486 668 (Fund) and is the issuer of this product disclosure statement (PDS). This PDS is dated 4 March 2014. Applicants may submit an Application to subscribe for Units in the Fund at any time while this PDS is on issue.

## Cooling-off period

No cooling off period applies to an investment in the Fund.

## Obtaining a copy of this PDS

A paper copy of this PDS is available free of charge to any person in Australia or New Zealand by calling 360 Capital on +61 2 8405 8860 between the hours of 8.30am and 5.00pm Monday to Friday Sydney time (excluding public holidays). An electronic copy of this PDS may be accessed at [www.360capitalinvestments.com.au/retail](http://www.360capitalinvestments.com.au/retail). If you access the electronic version of this PDS, you should ensure that you download and read the entire PDS.

## Note to prospective investors

The information contained in this PDS is not financial product advice. This PDS has been prepared without reference to your investment objectives, financial situation and particular needs. It is important you read this PDS carefully and in its entirety before making a decision whether to invest. In particular, you should consider the risk factors that could affect the performance of the Fund. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues) and seek professional guidance from your solicitor, accountant, financial or other professional adviser before deciding whether to invest. Some of the key risk factors that should be considered by prospective investors are set out in section 7 of this PDS. There may be risk factors in addition to these that should be considered in light of your personal circumstances. You should also consider the risk factors that could affect the Fund's business, financial condition and results of operations.

## No performance guarantee

An investment in Units in the Fund is not an investment in, or a deposit with or other liability of, the Responsible Entity or any other member of 360 Capital Group and is subject to investment and other risks, including possible delay in repayment and loss of income and capital invested.

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

## Forward looking statements

This PDS contains forward looking statements. These statements can be identified by the use of words such as 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'predict', 'guidance', 'plan' and other similar expressions. Indications of, and guidance on, future earnings and financial position and performance are also forward looking statements. Preparation of these forward looking statements was undertaken with due care and attention. However, forward looking statements are subject to known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Fund to be materially different from those expressed or implied in such forward looking statements. Some of the risk factors that impact on forward looking statements in this PDS are set out in section 7. No assurance can be provided that actual performance will mirror the guidance provided. Other than as required by law, none of the Responsible Entity, its associates or their respective directors, officers, employees or advisers or any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in this PDS will actually occur. You are cautioned not to place undue reliance on those statements.

## Eligibility

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

## No representation other than contained in this PDS

You should only rely on the information in this PDS when deciding whether to invest in the Fund. No person is authorised to give any information or to make any representation in connection with the Fund that is not contained in this PDS. Any information or representation not contained in this PDS may not be relied upon as having been authorised by the Responsible Entity in connection with the Fund.

## Illiquid Investment

Applicants should understand that the Fund is an illiquid investment. As a result, a return of capital will only be possible where assets of the Fund are sold or an alternative liquidity strategy is implemented by the Responsible Entity.

## SIV Applicants

The Fund will be a 'complying investment' for the purposes of regulation 5.19B (2)(c) of the Migration Regulations 1994 (Cth).

## Updated information

Information relating to the Offer may change from time to time. The Responsible Entity may issue a supplementary product disclosure statement to supplement any relevant information not contained in this PDS or may update certain information which is not materially adverse on its website at [www.360capital.com.au](http://www.360capital.com.au). Any supplementary product disclosure statement or information should be read together with this PDS.

## Continuous disclosure

In accordance with ASIC Regulatory Guide 198 'Unlisted disclosing entities: Continuous disclosure obligations', the Responsible Entity advises that it will fulfil its continuous disclosure requirements by way of website disclosure which complies with ASIC's good practice guidance. Investors may access material information regarding the Fund from the Fund's website [www.360capital.com.au](http://www.360capital.com.au).

## Pictures of properties in this PDS

All pictures of properties in this PDS are either actual pictures or artists' impressions of assets which are held by, or are contracted to be acquired by the Fund, unless stated otherwise.

## Defined terms and financial information

Certain terms used in this PDS have been defined in the Glossary of this PDS. Unless otherwise stated or implied, references to times in this PDS are to the time applicable in Sydney, NSW, Australia. Unless otherwise stated or implied, references to dates or years are financial year references. All financial and operational information contained in this PDS is stated as at the date of this PDS, unless otherwise specified. Currency amounts are in Australian dollars unless otherwise stated. Any discrepancies between totals and sums and components in tables contained in this PDS are due to rounding.

## Questions

If you have any questions about the PDS, please call 360 Capital on +61 2 8405 8860 between the hours of 8.30am and 5.00pm Monday to Friday Sydney time (excluding public holidays).



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The Fund will exhibit strong property fundamentals and thereby provide stable, diversified and attractive forecast distributions of **8.00%<sup>1</sup> p.a. in FY16** increasing to **8.25% in FY17.**

<sup>1</sup> Assumes both Properties settle on 30 June 2015. Distributions for FY16 and FY17 are forecasts and are based on assumptions, are not guaranteed and are subject to risks. Please refer sections 6 and 7.

# CHAIRMAN AND MANAGING DIRECTOR'S LETTER

## Dear Investor

On behalf of the Directors of 360 Capital Investment Management Limited (Responsible Entity), we are pleased to invite you to subscribe for Units in the 360 Capital Retail Fund No. 1 (Fund). The Fund is seeking to raise \$43.0 million through the issue of 43.0 million Units at an Issue Price of \$1.00 per Unit (the Offer) via a fully underwritten capital raising.

Monies raised under the Offer, together with \$34.6 million in initial borrowings under the Debt Facility, will be used to acquire a well-diversified property portfolio (Portfolio) consisting of two properties being the City Centre Plaza, Rockhampton QLD (City Centre Plaza) and the Windsor Marketplace, Windsor NSW (Windsor Marketplace) (collectively the Properties).

The Properties will be acquired below valuation for a total consideration of \$69.6 million excluding transaction costs, with settlement for the Properties scheduled to occur in June 2015 (or sooner at the Responsible Entity's election).

The Responsible Entity believes that the Fund will exhibit strong property fundamentals and thereby provide stable, diversified and attractive forecast distributions of 8.00%<sup>1</sup> p.a. in FY16 increasing to 8.25% in FY17.

Post completion of the Transaction, the Fund will offer Unitholders:

- monthly distributions, forecast to be between 50% and 60% tax deferred for FY16 and FY17;
- a well located and diversified Portfolio with:
  - 49% of income secured through quality 'major' tenants Woolworths, Coles and Target;
  - high occupancy of 99.6% (by area);
  - an initial weighted average lease expiry (WALE) of 7.0 years (by income);
- a fixed seven year Fund term<sup>2</sup>; and
- a gearing ratio of 48.5% post settlement.

Since entering into the contract to purchase City Centre Plaza for \$50.0 million (including outstanding incentives), 360 Capital has negotiated with Target a new 10 year lease with a commitment to refurbish the store to its latest format. This resulted in the purchase price (including outstanding incentives) being at a \$1.3 million discount to the independent valuation for the centre of \$51.3 million.

This new lease has been approved by the Wesfarmers Board, however is not yet executed. This Offer is made, and this PDS has been prepared, on the assumption that the Target lease will be executed prior to the 24 April 2015 (Closing Date). Should the Target lease not be executed by the earlier of the Closing Date and 30 June 2015, the Offer and the Fund will not proceed, all Application Monies will be returned to investors and any Units that have already been issued will be redeemed at the Issue Price and the proceeds returned to Unitholders. Unitholders will be entitled to retain any distributions paid in respect of their Units prior to such redemption. The Responsible Entity currently anticipates that the Target lease will be executed prior to the Closing Date.

The Responsible Entity is a member of 360 Capital Group. As a result, the Fund has access to a highly experienced, specialist, real estate investment manager that manages nine listed and unlisted investment vehicles and holds real estate assets valued at \$1.1 billion on behalf of over 8,300 investors. 360 Capital is listed on the ASX, has a market capitalisation of approximately \$280 million and has over \$177 million of co-investments in the funds it manages (and other funds).

The Fund's capital raising is fully underwritten by 360 Capital Group.

This PDS contains detailed information about the Offer, as well as the operations and forecast financial performance of the Fund. You should read the PDS carefully in its entirety, including section 8, which sets out fees and other costs associated with investing in the Fund and section 7 which sets out some of the key risks of investing in the Fund. In addition, you should consider seeking relevant professional advice before making a decision to apply for Units.

I commend the offer to you and thank you for your support.

Yours sincerely



David van Aanholt, Independent Chairman,  
360 Capital Investment Management Limited



Tony Pitt, Managing Director  
360 Capital Group Limited

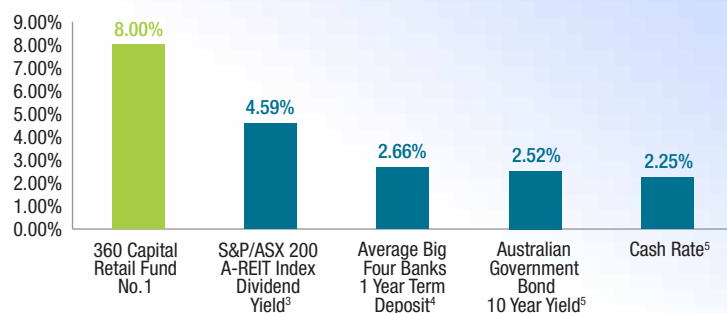
4 March 2014

1 Assumes both Properties settle on 30 June 2015. Distributions for FY16 and FY17 are forecasts and are based on assumptions, are not guaranteed and are subject to risks. Please refer sections 6 and 7. The Fund will pay distributions in respect of Units issued prior to settlement of the Property Acquisitions from the date of allotment of such Units at a rate of 8.00% p.a. (annualised). The rate of such distributions will be funded by the 360 Capital Group and will be at no cost to the Fund. Refer to section 13.2.

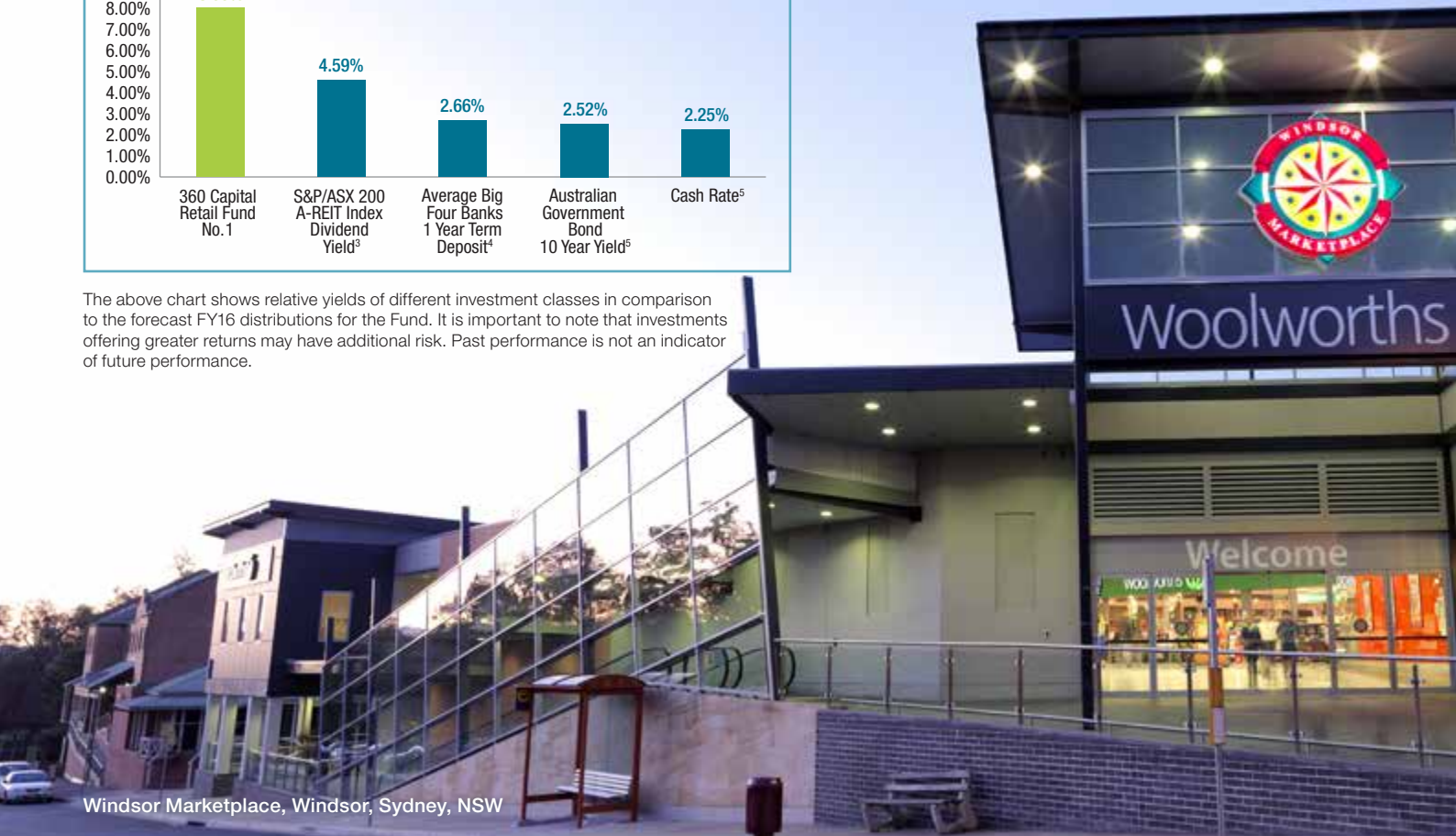
2 At the conclusion of the seven years the Properties may be sold or the term of the Fund may be extended by further periods of up to three years each subject to a Unitholder vote. Withdrawals will not be available during the term of the Fund.



## Comparative Yield



The above chart shows relative yields of different investment classes in comparison to the forecast FY16 distributions for the Fund. It is important to note that investments offering greater returns may have additional risk. Past performance is not an indicator of future performance.



Windsor Marketplace, Windsor, Sydney, NSW



City Centre Plaza,  
Rockhampton, QLD

<sup>3</sup> FY15 DPS Yield, weighted by market capitalisation. As at 18 February 2015. Source: Moelis & Company.

<sup>4</sup> Average of CBA, Westpac NAB & ANZ term deposits for a \$10,000 investment paying interest monthly. As at 18 February 2015.

<sup>5</sup> As at 18 February 2015. Source: Bloomberg.



# KEY FEATURES OF THE FUND

●●●●● Forecast distributions of 8.00% p.a. increasing to 8.25% p.a. in FY17.

●●●●● Distributions paid monthly from allocation of Units<sup>1</sup>

●●●●● Security of income underpinned by 49% of income derived from **Coles, Target** and **Woolworths**

●●●●● 99.6% occupancy

●●●●● 50%-60% tax deferred forecast for FY16 and FY17

●●●●● Seven year fixed term<sup>2</sup>

●●●●● Modern sub-regional and neighbour shopping centres

●●●●● \$43.0 million capital raise fully underwritten by 360 Capital Group

<sup>1</sup> See section 2.1.

<sup>2</sup> See section 2.3.





**360 Capital** is a highly experienced, specialist real estate investment manager that manages, and is a significant co-investor in, nine listed and unlisted investment vehicles that hold real estate assets valued at \$1.1 billion on behalf of over 8,300 investors.

Since taking over management of its unlisted platform in December 2010, **360 Capital** has consistently demonstrated its ability to maximise unitholder returns through active management generating strong total returns and growth in distributions.

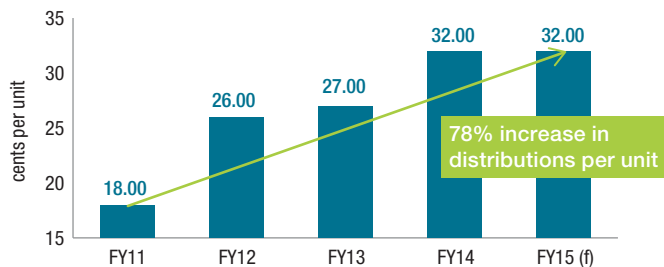
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# 360 CAPITAL PERFORMANCE TO DATE

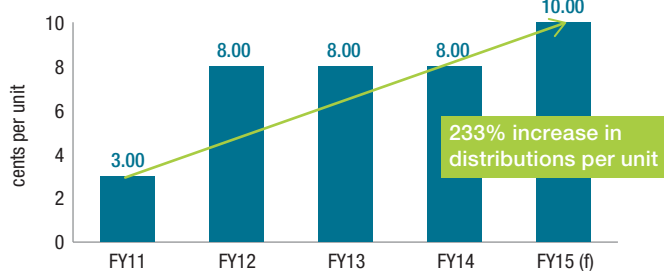
## 360 Capital 111 St George's Terrace Property Trust

Distribution per unit



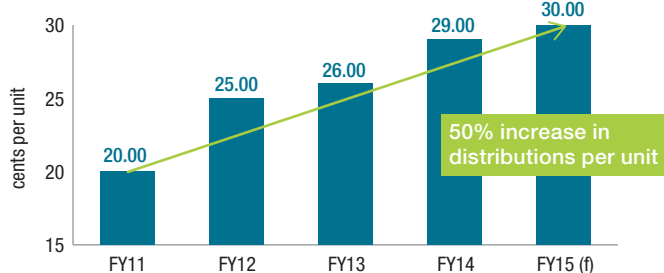
## 360 Capital Subiaco Square Shopping Centre Property Trust

Distribution per unit



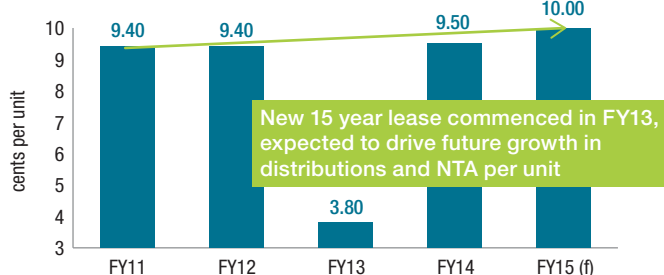
## 360 Capital 441 Murray Street Property Trust

Distribution per unit



## 360 Capital Havelock House Property Trust

Distribution per unit





# 01

## INVESTMENT OVERVIEW

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The key features, benefits and risks set out in this section are a summary only. You should read this entire PDS before completing the Application Form as the PDS contains important information about an investment in the Fund. You should also consider seeking independent legal, taxation and financial advice before investing under the Offer.

Important Dates		Section(s)
<b>Offer opening date</b>	5 March 2015	
<b>Closing Date<sup>1</sup></b>	5.00pm in Sydney, Friday 24 April 2015	
<b>First distribution</b>	Unitholders will receive monthly distributions upon Allotment of Units.	
Key Offer Features		Section(s)
<b>Total Offer Amount</b>	\$43.0 million	Section 2
<b>Issue Price</b>	\$1.00 per Unit <sup>2</sup>	Section 2
<b>Minimum Application Amount</b>	\$10,000 and in multiples of \$2,500 thereafter. The Responsible Entity may accept lower amounts at its absolute discretion.	Section 2
Key Fund Features		Section(s)
<b>What is the Fund?</b>	The 360 Capital Retail Fund No. 1 is unlisted closed ended unit trust registered as a managed investment scheme.	Section 2
	The Fund will hold two well-located shopping centres in Sydney and Rockhampton with 49% of income secured through quality 'major' tenant covenants with Woolworths, Coles and Target.	Section 4
	The Portfolio has occupancy of 99.6%, a WALE of 7.0 years and a WACR of 7.68%.	
	The Fund is externally managed by the Responsible Entity, a member of the 360 Capital Group.	Section 5
<b>What is the Fund's objective?</b>	The Fund aims to provide Unitholders with diversified, sustainable and stable, tax-advantaged income and the potential for capital growth through the investment in a portfolio of two shopping centres located in Rockhampton, Queensland and Windsor, Sydney, New South Wales.	
<b>What is the Fund's investment strategy?</b>	<p>To meet the investment objective, the Responsible Entity will aim to:</p> <ul style="list-style-type: none"> <li>actively manage the Portfolio to maximise its value and the prospects for income and capital growth;</li> <li>ensure that the Portfolio's progress and performance is consistent with the investment objective of the Fund; and</li> <li>where appropriate, sell all or part of the Portfolio to maximise returns to Unitholders.</li> </ul>	Section 2.2
<b>What is the Term of the Fund?</b>	The Fund will have an initial seven-year term ending on or around the seventh anniversary of the Closing Date, currently expected to be 24 April 2022, unless the Properties are sold earlier. During the life of the Fund, the Responsible Entity will actively manage the Properties so that the Fund can provide distributions and the potential for capital growth to Unitholders. The term may be extended after the initial seven-year period for further periods of up to three years each if a resolution is passed by holders of at least 75% of the Units that vote on the resolution.	Section 2.3

<sup>1</sup> Subject to availability, the Responsible Entity may decide to extend the Closing Date, noting it has an election to settle both Properties on or prior to 30 June 2015.

<sup>2</sup> The initial NTA per Unit is \$0.86. Refer section 6.



## INVESTMENT OVERVIEW

(CONTINUED)

Key Fund Features		Section(s)												
Will the Responsible Entity sell the Properties early?	While it is not its current intention to dispose of the Portfolio, if the Responsible Entity considers it appropriate to take advantage of a strong selling opportunity, it may sell all or part of the Portfolio prior to the conclusion of the Fund's initial seven-year term to maximise returns to Unitholders.	Section 2.3												
What are the Fund's expected distributions?	<p>The Responsible Entity intends to pay distributions monthly in arrears from the date of Allotment and is forecasting year 1 (FY16) distributions of 8.00 cents per Unit (comprising monthly distributions of 0.67 cents per Unit) equating to an 8.00% Distribution Yield on the Issue Price. The forecast Distribution Yield for year 2 (FY17) is 8.25%.</p> <p>The Fund will pay distributions in respect of Units issued prior to settlement of the Property Acquisitions from the date of Allotment of such Units at a rate of 8.00% p.a. (annualised). The rate of such distributions will be funded by the 360 Capital Group and will be at no cost to the Fund. Refer to section 13.2.</p> <p>The Responsible Entity anticipates that distributions in year 1 (FY16) and year 2 (FY17) will be between 50% and 60% tax advantaged.</p>	Section 6												
Will the Fund use debt finance?	<p>The Responsible Entity has procured a three-year \$37.0 million Debt Facility for the Fund in order to partially finance the Property Acquisitions and associated costs and provide additional working capital for the Fund.</p> <p>The Responsible Entity has fixed 100% of the initial drawn amount through to January 2020 providing certainty in its borrowing costs.</p>	Section 2.5 and 6.4.5												
Will the offer be underwritten?	The Offer will be underwritten by 360 Capital Group. If at the Closing Date the amount raised is less than the Total Offer Amount, the Underwriter will acquire the balance of the Units available under the Offer as Underwrite Units. Underwrite Units will rank equally amongst themselves and all other Units except that the proceeds from the Allotment of other Units may be used to redeem Underwrite Units at the Issue Price.	Section 2.1 and 12.3												
Property Portfolio		Section(s)												
What is the Portfolio?	<p>The Portfolio consists of two high quality retail assets:</p> <ul style="list-style-type: none"><li>City Centre Plaza, Rockhampton QLD – a sub-regional shopping centre comprising 14,063sqm with 491 car spaces anchored by a full line Coles supermarket and a Target store in addition to 35 specialty stores</li><li>Windsor Marketplace, Windsor, Sydney, NSW – a recently refurbished neighbourhood shopping centre comprising 5,347sqm with 162 car spaces anchored by a full line Woolworths supermarket in addition to 9 specialty stores and a freestanding medical centre</li></ul>	Section 4												
What are the key metrics of the Fund's Portfolio?	<table><tr><td>Purchase price</td><td>\$69.6 million (including outstanding incentives)</td></tr><tr><td>Property valuation</td><td>\$70.9 million</td></tr><tr><td>NLA</td><td>19,410sqm</td></tr><tr><td>Occupancy (by area)</td><td>99.6%</td></tr><tr><td>WALE (by income)</td><td>7.0 years</td></tr><tr><td>WACR (by value)</td><td>7.68%</td></tr></table>	Purchase price	\$69.6 million (including outstanding incentives)	Property valuation	\$70.9 million	NLA	19,410sqm	Occupancy (by area)	99.6%	WALE (by income)	7.0 years	WACR (by value)	7.68%	Section 4
Purchase price	\$69.6 million (including outstanding incentives)													
Property valuation	\$70.9 million													
NLA	19,410sqm													
Occupancy (by area)	99.6%													
WALE (by income)	7.0 years													
WACR (by value)	7.68%													

Property Portfolio			Section(s)
Who are the Fund's significant tenants?	Target <sup>1</sup>	20.0% of gross income	Section 4
	Woolworths	15.0% of gross income	
	Coles	13.6% of gross income	
Responsible Entity and 360 Capital Group			Section(s)
Who is the Responsible Entity?	360 Capital Investment Management Limited, which is a member of the 360 Capital Group.		Section 5
	The Responsible Entity holds an AFSL (AFSL 340304) which authorises it, amongst other things, to act as the responsible entity of the Fund.		
Who is 360 Capital Group?	360 Capital Group is an ASX-listed (ASX code: TGP) real estate investment and funds management group with a market capitalisation of approximately \$280 million.		Section 5
	The 360 Capital senior management team average more than 25 years' experience across the Australian real estate and funds management sectors.		
Significant Benefits and Risks			Section(s)
What are the significant benefits of an investment in the Fund?	Diversified and stable income		Sections 4, 5 and 6
	<ul style="list-style-type: none"><li>The Fund provides a strong diversified income profile via a blend of location, convenience retail and tenancy mix in its Portfolio</li></ul>		
	<ul style="list-style-type: none"><li>The Portfolio displays income-focused characteristics with occupancy of 99.6% and WALE of 7.0 years providing a predictable and stable cash flow and distributions</li></ul>		
	<ul style="list-style-type: none"><li>Approximately 49% of the Fund's gross income is generated by its high quality 'major' tenants Woolworths, Coles and Target</li></ul>		
	<ul style="list-style-type: none"><li>The Portfolio comprises established retail centres with strong trading figures over an extended period of time</li></ul>		
	Well priced investment opportunity exhibiting attractive financial metrics		
	<ul style="list-style-type: none"><li>Monthly distributions</li></ul>		
	<ul style="list-style-type: none"><li>Forecast year 1 (FY16) distribution yield of 8.00%, increasing to 8.25% in year 2 (FY17)</li></ul>		
	<ul style="list-style-type: none"><li>Year 1 and year 2 distributions forecast to be 50%-60% tax deferred</li></ul>		
	Simple Fund structure with clear investment focus		
<ul style="list-style-type: none"><li>Transparent fee structure</li></ul>			
<ul style="list-style-type: none"><li>Interest rates are fixed through to January 2020</li></ul>			
<ul style="list-style-type: none"><li>Simple ownership structure with the Portfolio 100% owned by the Fund</li></ul>			
Proven, experienced, well-credentialed management team			
<ul style="list-style-type: none"><li>Board of the Responsible Entity and senior management team have extensive experience across Australian property and Funds management sectors</li></ul>			

<sup>1</sup> If the Target lease is not signed before the Closing Date the Offer and the Fund will not proceed. Refer to section 4.



Significant Benefits and Risks		Section(s)
<b>What are the key risks associated with an investment in the Fund?</b>	<p>As with any investment, there are a number of risks inherent to an investment in the Fund. The key risks are outlined in section 7 and include:</p> <ul style="list-style-type: none"> <li>● <b>Property investment risks</b> – including the risk that the value of a property declines, there is a decrease in a property's revenue, the risk of capital expenditure exceeding expectations and leasing risk</li> <li>● <b>Fund investment risks</b> – including limitations to the liquidity of an investment in the Fund, loan to value risk, diversification, changes in the interest rate environment, variance in the distributions paid and changes in the taxation treatments of the Units</li> <li>● <b>Transaction risks</b> – including the failure to identify certain issues during due diligence and the risk that factors may adversely affect the Fund's ability to complete the acquisition of the Properties as proposed</li> <li>● <b>General investment risks</b> – including adverse changes in the economy and market conditions and the risk of legal and regulatory matters affecting the performance of the Fund</li> </ul>	Section 7
Fees & Other Costs		Section(s)
<b>What fees are payable in relation to the Fund?</b>	<p>Certain one-off and ongoing fees are payable in relation to an investment in the Fund, these include the following:</p> <ul style="list-style-type: none"> <li>● <b>Management Fee</b> 0.60% of GAV</li> <li>● <b>Acquisition fee</b> 2.5% of the purchase price of the relevant Property</li> <li>● <b>Disposal fee</b> 1.0% of the gross sale price of the relevant Property</li> <li>● <b>Performance fee</b> 20.0% of outperformance of the Fund over an IRR hurdle of 10% the Issue Price of \$1.00 per Unit</li> </ul>	Section 8
Other information		Section(s)
<b>Where can I find out further information about the Offer?</b>	If you have any questions please contact the 360 Capital on +61 2 8405 8860, email <a href="mailto:investments@360capital.com.au">investments@360capital.com.au</a> or visit <a href="http://www.360capitalinvestments.com.au/retail">www.360capitalinvestments.com.au/retail</a>	

# 02

## FUND STRUCTURE AND POLICIES

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Windsor Marketplace, Windsor, Sydney, NSW



### 2.1 The Offer

The Responsible Entity is seeking to raise the Total Offer Amount of \$43.0 million to invest in the Portfolio by issuing Units to Applicants.

The Offer will open on 5 March 2015 and will close on 24 April 2015 (Closing Date). The Responsible Entity may vary these dates or close, suspend or withdraw the Offer from time to time for any reason.

#### 360 Capital Group as the Underwriter

An entity within the 360 Capital Group has, through the acquisition of Underwrite Units in the Fund, underwritten the payment of the deposit required in respect of the acquisition of the Properties.

If at the Closing Date the amount raised is less than the Total Offer Amount, the Underwriter will acquire the balance of the Units available under the Offer as Underwrite Units to facilitate settlement of the Property Acquisitions. Underwrite Units will rank equally amongst themselves and other Units except that the proceeds from the Allotment of other Units may be used to redeem Underwrite Units at the Issue Price.

#### Minimum Application Amount

The Minimum Application Amount is \$10,000 and in multiples of \$2,500 thereafter. The Responsible Entity may waive the Minimum Application Amount requirements in its discretion.

#### Allotment

The first Allotment is expected to occur in April 2015. Thereafter Allotments are expected to occur within 5 business days of the beginning of each month up until the close of the Offer. The Responsible Entity has discretion to reject in full or scale back any Application for Units made pursuant to the Offer.

Unitholders will receive distributions from the date of allotment of their Units at the forecast FY16 rate of 8.00% p.a. (annualised) up until the close of the Offer.

#### Cooling off period

No cooling off period applies to an investment in the Fund.

### 2.2 The Fund's investment objective and strategy

The Fund's objective is to provide Unitholders with sustainable and stable, tax-advantaged income and the potential for capital growth.

To meet the investment objective, the Responsible Entity's strategy is to:

- actively manage the Portfolio to maximise its value and the prospects for income growth;
- ensure that the portfolio's progress and performance are consistent with the investment objective of the Fund; and
- where appropriate, sell the Portfolio to maximise returns to Unitholders.

The Responsible Entity will review this investment policy from time to time and may vary this policy where it considers it in the best interests of Unitholders to do so.

Detailed, up-to-date information about the Property can be found on the Fund's website at [www.360capitalinvestments.com.au/retail](http://www.360capitalinvestments.com.au/retail) and will be provided in regular communications to Unitholders.

### 2.3 Term of the Fund

The Fund will have an initial seven-year term ending on or around the seventh anniversary of the Closing Date unless the Portfolio is sold earlier. The term may be extended after the initial seven-year period for further periods of up to three years each if a resolution is passed by holders of at least 75% of the Units that vote on the resolution.

During the life of the Fund, the Responsible Entity will actively manage the Properties so that the Fund can provide distributions and the potential for capital growth to Unitholders.

#### Early sale of the Properties

The active management of the Properties will include an ongoing assessment of whether their value can be further enhanced and how market conditions may affect their value. While it is not its current intention to dispose of either Property, if the Responsible Entity considers it appropriate to take advantage of a strong selling opportunity, it may sell one or both of the Properties prior to the conclusion of the Fund's initial seven-year term to maximise returns to Unitholders.

## 2.4 Fund Structure

### Responsible Entity

360 Capital Investment Management Limited is the responsible entity (Responsible Entity) of the Fund and the issuer of the Units under this PDS.

The board of the Responsible Entity comprises five directors, four of whom are independent directors, including an independent chairman, together with one executive of 360 Capital Group. Further information regarding 360 Capital Group and the key management team is set out in section 5.

### Issue Price

The Issue Price until the Closing Date will be \$1.00 per Unit. Refer to section 3.

### Valuation Policy

The Responsible Entity maintains and complies with a written valuation policy which sets out a framework for the valuation of all investment properties it manages. For more details please refer to section 13.7.

## 2.5 Financing arrangements

### Debt Facility

The Fund has received a credit approved offer for a Debt Facility with the Lender, the key terms of which are as follows:

- facility term of 3.0 years
- facility limit \$37.0 million
- LVR covenant of  $\leq 60\%$
- ICR covenant of  $\geq 1.75$  times

Under the Debt Facility, the Fund will pay an establishment fee of \$111,000 which will be amortised over the term of the Debt Facility.

It is expected the Debt Facility will be drawn to \$34.6 million post completion of the Property Acquisitions, providing the Fund with \$1.4 million of headroom.

The Lender has no recourse to Unitholders under the Debt Facility. Any amount owing to the Lender rank before Unitholders' interests in the Fund.

The LVR of the Fund post completion of the Property Acquisitions is approximately 48.5% and the forecast ICR for FY16 is 3.9 times.

For a more detailed description of the Debt Facility, see section 12.1 of this PDS.

All borrowings of the Fund are denominated in Australian dollars.

The interest expense of the Fund is not capitalised.

The Fund's liquidity policy is to ensure that as far as possible, it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. The Fund manages its exposure to liquidity by ensuring that on a regular basis there is sufficient cash on hand to meet the contractual obligations in relation to financial liabilities as they fall due.

### Gearing

The Responsible Entity maintains and complies with a written policy that governs the level of gearing at an individual credit facility level.

The gearing ratio indicates the extent to which the Fund's assets are funded by borrowings. The gearing ratio gives an indication of the potential risks faced by the Fund as a result of its borrowings due to, for example, an increase in interest rates or a decrease in the value of the Property. A higher gearing ratio means a higher reliance on external liabilities to fund assets and exposes the Fund to increased funding costs if interest rates rise. A highly geared investment has a lower asset buffer to rely on in times of financial stress. ASIC Regulatory Guide 46 requires the gearing ratio to be calculated as:

$$\text{Gearing ratio} = \frac{\text{Total interest-bearing liabilities}}{\text{Total assets}}$$

For the forecast gearing ratio calculated on this basis, refer to section 6.2. This calculation differs from that of the LVR covenant of the Debt Facility described above.

### Interest cover

The Responsible Entity maintains and complies with a written policy that governs the level of interest cover at an individual credit facility level.

Interest cover measures the ability of the Fund to meet its interest payments on debt finance from its earnings. The level of interest cover gives an indication of the Fund's financial health, in paying both interest to debt finance providers and distributions to Unitholders. It is a key measure of the risks associated with the Fund's debt finance and the sustainability



of debt refinancing. The lower the interest cover ratio, the higher the risk that the Fund will not be able to meet its interest payments. A fund with a low interest cover ratio only needs a small reduction in earnings, or a small increase in interest rates or other expenses, to be unable to meet its interest payments. ASIC Regulatory Guide 46 requires the interest cover ratio to be calculated as:

$$\text{Interest cover ratio} = \frac{\text{EBITDA} - \text{unrealised gains} + \text{unrealised losses}}{\text{Interest expense}}$$

For the forecast interest cover ratio calculated on this basis, refer to section 6.1.2. This calculation differs from that of the interest cover ratio debt facility covenant described above.

## Hedging

The Fund uses derivative financial instruments to hedge its risks associated with interest rate fluctuations. The Fund's policy is to hedge the interest rate on the majority of its debt facilities in line with the term of the debt.

The Fund has entered into an interest rate swap for \$34.6 million effectively fixing \$34.6 million or 100% of the Fund's initial debt until January 2020. To secure this swap, the Fund has provided a security bond of approximately \$1.5 million. In the event the new 10 year lease to Target in respect of the City Centre Plaza is not entered into such that the Fund and the Offer do not proceed, 360 Capital Group (as opposed to Unitholders) will pay for the termination of the swap.

## 2.6 Distribution policy

The Fund's distribution policy is to distribute approximately 90% - 100% of Operating Earnings on a monthly basis. However, the Responsible Entity can provide no guarantee as to the extent of future distributions, as these will be dependent on a number of considerations at the time including forecast capital expenditure requirements, asset performance and general market conditions.

The Fund will only pay distributions from its cash from operations (excluding borrowings) available for distribution other than in respect of distributions paid prior to the settlement of the Properties.

The Fund will pay distributions in respect of Units issued prior to settlement of the Property Acquisitions from the date of allotment of such Units at a rate of 8.00% p.a. (annualised). The rate of such distributions will be funded by the 360 Capital Group and will be at no cost to the Fund. Refer section 13.2.

The Fund's forecast distribution for the year ending 30 June 2016 is 8.00 cents per Unit comprising monthly distributions of 0.67 cents per Unit.

The Fund is forecasting FY17 distributions at 8.25 cents per Unit comprising monthly distributions of 0.69 cents per Unit. Please refer section 6 for more detail.

The Responsible Entity estimates that the distribution for FY16 and FY17 are forecasted to be between 50% and 60% tax deferred.

The actual amount of tax deferred income each year is dependent on a number of factors and is therefore an estimate only, assuming the Fund's assets and financing arrangement do not alter. The tax deferred portion of distributions may vary in the future.

In respect of the first distribution period during which a Unit is on issue, the distribution attributable to that Unit will accrue from the date on which the Unit is issued until the final day of the relevant distribution period. Thereafter, Unitholders will receive monthly distributions on the basis of the number of Units held by them on the final day of the relevant month.

## 2.7 Reporting

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

- the amount of distributions for the period;
- the NTA per Unit at the end of the reporting period;
- the performance of the Fund over the period;
- the significant activities during the period; and
- a Portfolio update (including the valuation of the Properties).



# 03

## DETAILS OF THE OFFER

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City Centre Plaza

City Centre Plaza, Rockhampton, QLD



## 3 Overview of the Offer

The Responsible Entity intends to raise \$43.0 million by offering 43.0 million Units at an Issue Price of \$1.00 per Unit.

### 3.1 Purpose of the Offer

The proceeds of the Offer combined with drawdowns from the Debt Facility will be applied to:

- fund the Property Acquisitions;
- provide for future capital expenditure; and
- pay transaction costs.

### 3.2 Sources and applications

Sources	(\$m)	Applications	(\$m)
Offer	43.0	Property Acquisitions <sup>1</sup>	69.6
Drawdown of Debt Facility	34.6	Working capital/ Cash	0.2
		Property related costs	4.6
		Fees and Offer costs	3.2
<b>Total</b>	<b>77.6</b>	<b>Total</b>	<b>77.6</b>

1 Purchase of Properties (includes payment of any outstanding incentives on acquisition).

2 Includes fees payable to 360 Capital Group, see section 8 for further details.

Please refer to section 6.3 for more detailed information in relation to the sources and applications of the proceeds of the Offer.

The proceeds of the Offer and the amount drawn under the Debt Facility will be applied to the Property Acquisitions and pay associated transaction costs (which comprise stamp duty, due diligence costs, bank debt establishment costs and other costs associated with the Offer) (refer section 6.3).

### 3.3 Offer

#### Who can apply under the Offer?

The Offer is only open to investors with a registered address in Australia or New Zealand.

#### Consider the Offer in light of your particular investment objectives and circumstances

Please consult with your stockbroker, accountant, solicitor or other independent professional adviser or if you have any queries or are uncertain about any aspects of the Offer. You should also refer to the key risks summarised in section 7 of this PDS.

### 3.4 How to apply and pay

There are two ways to invest in the Offer:

1. Complete and return the Application Form in accordance with the directions on that form with a cheque equal to the full Application Monies to the Registry (refer section 3.5);

Or

2. Direct deposit – complete and return the Application Form in accordance with the directions on that form and transfer your Application Monies electronically to the Fund's Applications account (refer section 3.6).

If your Application to acquire Units is successful, you will be allotted your Units at the next Allotment time. It is anticipated Allotments will occur monthly during the Offer.

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

The Minimum Application Amount is \$10,000 and in multiples of \$2,500 thereafter. The Responsible Entity may accept smaller amounts in its absolute discretion.

The Responsible Entity's decision on the number of Units to be allocated to you will be final. The Responsible Entity reserves the right (in its absolute discretion) to refuse or to scale back your Application, for example in the case of oversubscriptions.

Applications will only be accepted by the methods set out above. Applications will not be accepted in person.

Cash payments will not be accepted and receipts for payment will not be issued.

### 3.5 Payment by cheque

For payment by cheque, you should complete the Application Form in accordance with the instructions on the form and return it to the Registry in accordance with the directions on that form accompanied by a cheque.

Your cheque must be:

- for an amount equal to the full Application Monies (being \$1.00 multiplied by the number of Units that you are applying for); and
- in Australian currency drawn on an Australian branch of a financial institution made payable to "360 Capital Retail Fund No. 1 Fund Applications Account" and crossed "Not Negotiable".

To participate in the Offer, your cheque payment must be received by the Registry by no later than 5.00pm (Sydney time) on the Closing Date.



### 3.6 Payment by direct deposit

For payment by direct deposit, you should complete the Application Form in accordance with the instructions on the Application Form, return it to the Registry via the instructions on that form, and electronically transfer funds to the Fund's Applications account:

**Account name:**

360 Capital Retail Fund No. 1 Applications Account

**BSB number:**

112-879

**Account number:**

439850538

**Reference\*:**

Name of Applicant on the Application Form

\* Please remember to include the reference in order that your Application Monies can be traced. Not including a reference may delay your Application or cause your Application to be rejected.

It is the Applicant's responsibility to ensure that direct deposit payment of Application Monies is received in the Fund's Application account by no later than 5.00pm (Sydney time) on the Closing Date.

You should be aware that your financial institution may implement earlier cut off times with regard to electronic payment and therefore you should consider this when making payment.

# 04

## PROPERTY PORTFOLIO

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### Portfolio overview

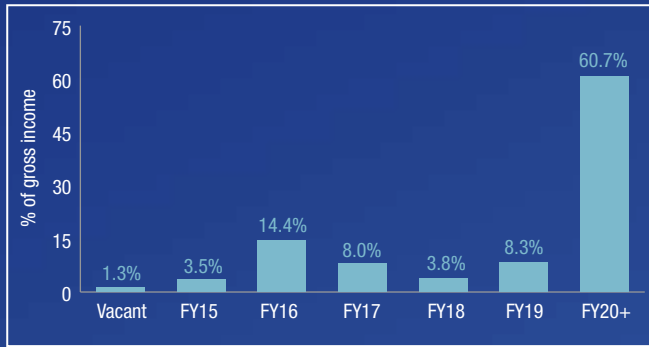
The Fund has entered into conditional contracts to acquire two geographically diversified retail properties for a combined purchase price of \$69.6 million (including outstanding incentives) being City Centre Plaza, Rockhampton, QLD and Windsor Marketplace, Windsor, Sydney, NSW.

The Fund's Portfolio is underpinned by strong fundamentals with a WALE of 7.0 years and 49% of income derived from the Centre's anchor tenants being Target, Coles and Woolworths combined with a diverse range of specialty tenants, of which 60% are national brands.

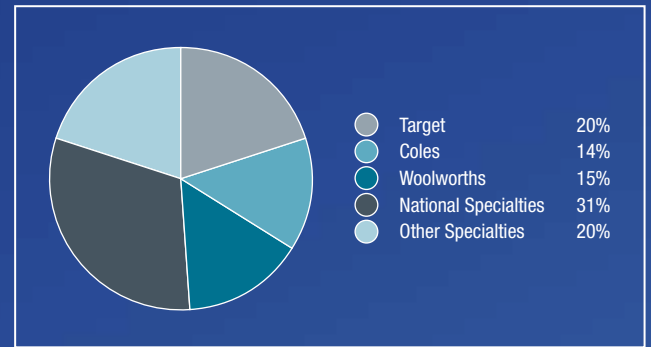
Since contracts were exchanged in December 2014, 360 Capital has negotiated the renewal of Target's lease in City Centre Plaza for a further 10 years (expiry 31 July 2025) with a commitment from Target to refurbish the store to its latest format. This led to a valuation uplift resulting in the purchase price (including outstanding incentives) being at a \$1.3 million discount to the Portfolio's independent valuation of \$70.9 million.



## Lease expiry profile (by income)



## Tenant mix (by income)



**\$70.9M**

Portfolio Value reflecting a \$1.3 million premium to purchase price

**49%**

of income sourced from majors

**7.0 YEARS**

Weighted average lease expiry (WALE)

**60%**

of specialty tenants are national brands

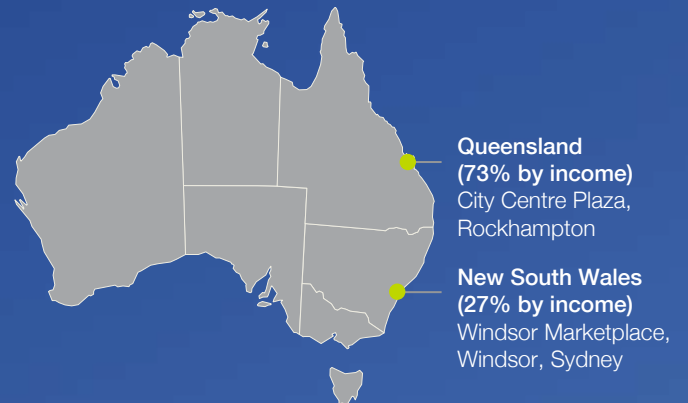
**99.6%**

occupied (by area)

**\$115M**

in combined turnover of the centres

## Portfolio locations





City Centre Plaza

 Target.

coles

Over 35  
Specialty Stores

  
Target.

 We're open  
7 days.





# CITY CENTRE PLAZA

CORNER OF FITZROY  
& BOLSOVER STREET,  
ROCKHAMPTON, QUEENSLAND





**City Centre Plaza** comprises a major, fully enclosed sub-regional shopping centre well located in the Rockhampton CBD. The centre is anchored by a full line Coles supermarket and Target department store in addition to 35 specialty stores with annual turnover in excess of \$76 million and foot traffic of approximately 1.9 million patrons per annum.

The Property was purchased for \$50.0 million (including outstanding incentives), \$1.3 million below its independent valuation. Since contracts were exchanged, 360 Capital has secured Target's commitment to a new 10 year lease and the rollout of a new format store.

### Property Snapshot

<b>Property type</b>	Sub-regional shopping centre
<b>Date of construction</b>	1989, upgraded in 1997 and refurbished in 2015
<b>Gross Lettable Area (GLA)</b>	14,063sqm
<b>Car parking</b>	491 spaces
<b>Site area</b>	21,380sqm
<b>Weighted Average Lease Expiry</b>	5.2 years
<b>Occupancy</b>	99.4%
<b>Major tenant(s)</b>	Target and Coles
<b>Specialty tenancy mix</b>	35 specialty shops, four ATMs and one kiosk

### Valuation details

<b>Valuation</b>	\$51.3m
<b>Title</b>	Freehold
<b>Valuation per sqm</b>	\$3,644
<b>Valuer</b>	CBRE
<b>Valuation date</b>	24 February 2015
<b>Capitalisation rate</b>	7.75%
<b>Initial yield</b>	7.85%
<b>Net Income (at date of valuation)</b>	\$4.0m





## Key features

- A major single level sub-regional shopping centre with parking on grade and at basement level;
- Located in the Rockhampton CBD and the largest retail centre south of the Fitzroy River;
- Anchored by Rockhampton's largest Coles supermarket and the only Target department store in the region;
- 35 specialty stores and one kiosk of which 66% are national tenants (by income); and
- 99.4% occupied (by area) with a WALE of 5.2 years and 47% of income being derived from the major tenants Coles and Target.

## Property description

City Centre Plaza originally commenced trading in 1989 and has been refurbished numerous times, with the most recent refurbishment occurring in 2015.

The accommodation is across a single level providing 14,063 square metres of GLA anchored by a full line Coles supermarket, a Target department store, 35 specialty shops, two ATMs and one kiosk. The Centre's two majors occupy the northern and southern ends of the centre and the specialties are between them. There are 491 car spaces at basement level and on grade.

## Location

The city of Rockhampton is located in central Queensland approximately 40 kilometres inland from the Capricorn Coast, 100 kilometres north-west of Gladstone and some 330 kilometres to the south of Mackay.

City Centre Plaza is situated on the western corner of the intersection of Fitzroy Street and Bolsover Street within the Rockhampton's CBD and is approximately 600 metres north-west of Rockhampton's General Post Office. The Centre is the largest retail centre to the south of the Fitzroy River.

## Demographics

Rockhampton is a major focus for commercial, administrative and retail facilities throughout the region however is most renowned as the 'Beef Capital of Australia'. The city and surrounding area is a popular destination for tourists and visitors whilst in recent years it has benefited from the growth in the mining and resources industry.

The City Centre Plaza's main trade area population is currently estimated at approximately 120,000 and is characterised as affluent, Australian born and family based. Additionally, between the 2006 and 2011 censuses, average income levels have increased at a faster rate than the non-metropolitan Queensland benchmark.



## Target extension

Since exchanging contracts to purchase the centre 360 Capital has negotiated the renewal of Target's lease for a further 10 years with a new expiry date of 31 July 2025. The new lease has been approved by the Wesfarmers Board, however is not yet executed. This Offer is made, and this PDS has been drafted, on the assumption that the Target lease will be executed prior to the Closing Date. Should the Target lease not be executed by the earlier of the Closing Date and 30 June 2015, the Offer and the Fund will not proceed, all Application Monies will be returned to investors and any Units that have already been issued will be redeemed at the Issue Price and the proceeds returned to Unitholders. Unitholders will be entitled to retain any distributions paid in respect of their Units prior to such redemption. The Responsible Entity currently anticipates that the Target lease will be executed prior to 30 April 2015.

As part of the lease extension, works are to be undertaken to create a new format store due for completion in 2015. This new format store will benefit the centre with patronage and turnover expected to increase for both the majors and speciality tenants.

As a result of the new 10 year lease with Target the independent valuation is \$51.25 million, \$1.25 million above the purchase price including outstanding incentives.

## Centre activity

- The annual turnover of the centre is approximately \$76.7 million per annum
- The patronage of the centre is approximately 1.9 million people per annum

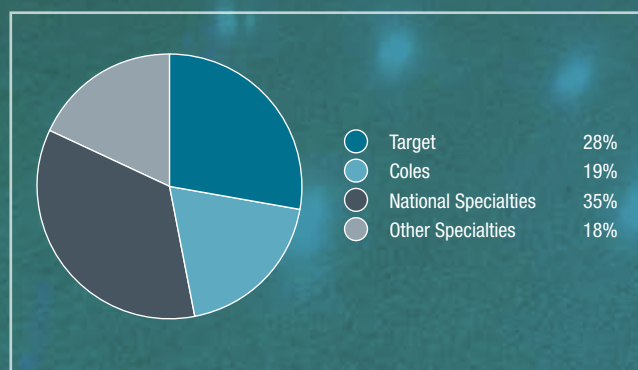
## Centre strategy

- Lease the single remaining vacancy so to achieve 100% occupancy;
- Oversee the fit out of Target's new format store;
- Actively maintain strong relationships with tenants so to ensure continued commitment to the centre where possible;
- Implement marketing initiatives focussing on the new format Target store so to increase the turnover of the Centre; and
- Administer an appropriate capital expenditure program to maintain and improve City Centre Plaza's market position.

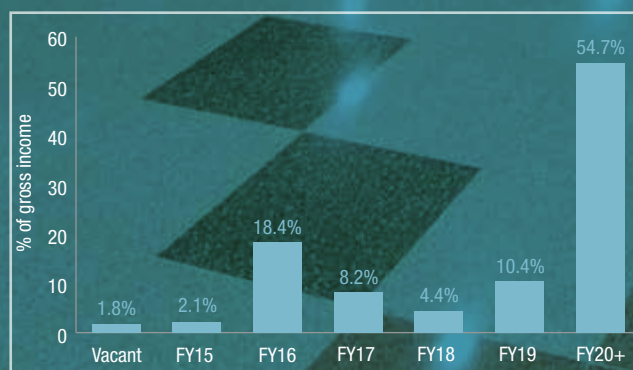
## Tenancy analysis



Tenant mix (by income)



Lease expiry profile (by income)





# sunglasses

WALE (as at 1 January 2015)

**5.2 YEARS**

(by income)

**47%**

of income is derived via the major tenancies Coles and Target

Other tenants

**35**

specialty shops

**2**

ATMs

**1**

kiosk

Target

Area (sqm)

**6,910**

(49% of GLA)

**28%**

% of income

Coles

Area (sqm)

**3,670**

(26% of GLA)

**19%**

% of income

Area (sqm)

**3,483**

(25% of GLA)

**53%**

% of income

Lease expiry

**31/07/2025<sup>1</sup>**

Lease expiry

**15/10/2019**

(2 x 6 year options)

**66**

% of specialties that are national tenants

(incl. Autograph, Millers, Bras N Things, EB Games, Terry White Chemist and Prouds)

<sup>1</sup> If the Target lease is not signed before the Closing Date the Offer and the Fund will not proceed. Refer to page 25.



# WINDSOR MARKETPLACE

KABLE STREET, WINDSOR, SYDNEY,  
NEW SOUTH WALES





Woolworths



Welcome

Woolworths

Woolworths



**Windsor Marketplace** comprises a modern neighbourhood shopping centre redeveloped in 2009, located in the heart of Windsor Town Centre, north-west of Sydney, NSW. The fully occupied centre is anchored by a full line Woolworths Supermarket on a 22 year lease expiring in March 2033 and is supplemented by nine specialty shops and a medical centre.

The Fund has acquired the centre from \$19.6 million in line with the independent valuation.

### Property Snapshot

Property type	Neighbourhood shopping centre
Date of construction	Redeveloped in 2009
Gross Lettable Area (GLA)	5,347sqm
Car parking	162 spaces
Site area	8,498 sqm (excludes medical centre)
Weighted Average Lease Expiry	11.8 years
Occupancy	100.0%
Major tenant(s)	Woolworths (incl. Woolworths Liquor)
Specialty tenancy mix	Nine specialty shops, two ATMs, two kiosks and a freestanding medical centre

### Valuation details

Valuation	\$19.6m
Title	Freehold
Valuation per sqm	\$3,666
Valuer	Jones Lang LaSalle
Valuation date	3 December 2014
Capitalisation rate	7.50%
Initial yield	7.52%
Net Income (at date of valuation)	\$1.5m







### Key features

- A convenience based neighbourhood shopping centre with parking on grade and at undercroft level;
- High profile location in Windsor, north-west of Sydney with strong population growth forecast of the next 20 years;
- Anchored by a Woolworths supermarket, the sales of which are forecast to increase by an average of 4.1% per annum through to 2020;
- 9 specialty stores and two kiosks (43% national tenants) in addition to a freestanding medical centre; and
- 100% occupied with a WALE of 11.8 years and 56% of income being derived from Woolworths and Woolworths Liquor.

### Property Description

Windsor Marketplace comprises a modern neighbourhood shopping centre fully redeveloped in 2009 by Woolworths and has 5,347sqm of GLA as well as providing undercroft and at grade car parking for 162 vehicles.

The centre is predominately enclosed across a single level and is anchored by a full line Woolworths supermarket and a Woolworths Liquor. The Centre also provides 9 specialty tenancies, two ATMs, two kiosks, a residential cottage and a freestanding medical centre.

### Location

The Centre is located in the historical township of Windsor on the boundary of the Sydney metropolitan area, approximately 55 kilometres north-west of the Sydney CBD.

Windsor is a primary retail and commercial centre forming part of the Hawkesbury Local Government Area and is supported by excellent infrastructure. With easy accessibility to the Sydney CBD (via direct train line, the M2 Motorway and Old Windsor Road) and Sydney Airport (via the M5 and M7 Motorways), Windsor forms part of a growing Sydney catchment area.

Windsor Marketplace is well positioned within the heart of the town centre in close proximity to the major retailing thoroughfare of George Street and provides dual vehicular access via The Terrace and Kable Street.

### Demographics

Windsor forms part of Sydney's designated north-west growth corridor which has reached the southern boundary of Windsor with the area now expected to experience strong population growth over the next 20 years. As a result, sales at Woolworths are projected to grow by an average annual rate of 4.1% through to 2020.

The Windsor Marketplace main trade area population is approximately 35,000 and is characterised as younger, Australian born and family based with a tendency to associate strongly with a convenience based centre. In addition, within the main trade area there is a significant under provision of supermarkets with only two currently provided.

### Centre Activity

- The annual turnover of the centre is approximately \$37.8 million per annum
- The patronage of the centre is approximately 1.1 million people per annum

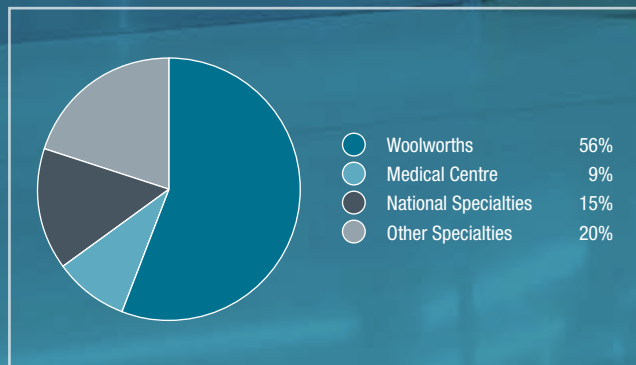
### Centre Strategy

- Maintain an active leasing strategy to keep occupancy at or near 100%;
- Build and maintain strong relationships with tenants;
- Implement marketing initiatives so to take advantage of the growing trade area and grow the turnover of the centre; and
- Administer an appropriate capital expenditure program to maintain and improve Windsor Marketplace's market position as the leading convenience based centre in Windsor.

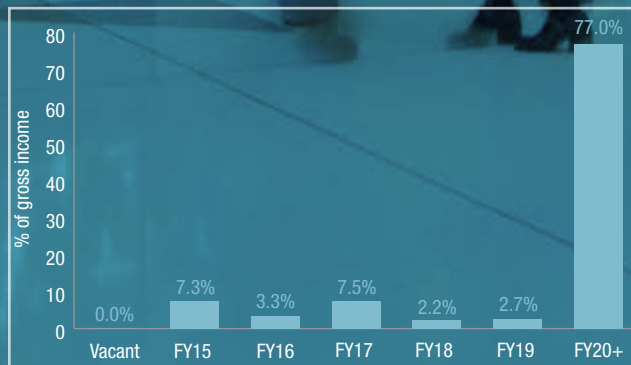
## Tenancy analysis



Tenant mix (by income)



Lease expiry profile (by income)







WALE (as at 1 January 2015)

**11.8 YEARS**

(by income)

Woolworths

Area (sqm)

**3,652**

(68% of GLA)

**56%**

% of income

Lease expiry

**31/03/2033**

(4 x 10 year options)

**53%**

of income is derived via the major tenant Woolworths and Woolworths Liquor

Kable Street General Practice

Area (sqm)

**622**

(12% of GLA)

**9%**

% of income

Lease expiry

**30/11/2020**

(1 x 3 year option)

Other tenants

**9**

specialty shops

**2**

ATMs

**2**

kiosks

Area (sqm)

**1,073**

(20% of GLA)

**35%**

% of income

**43**

% of specialties that are national tenants

(incl. Blooms the Chemist, Curves and Michel's Patisserie)



# 05

## MANAGEMENT OF THE FUND

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## 5.1 The Responsible Entity and manager

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

The Responsible Entity holds an AFSL (AFSL 340304) issued by ASIC which authorises 360 Capital Investment Management Limited to act, amongst other things, as the responsible entity of the Fund.

## 5.2 360 Capital Group

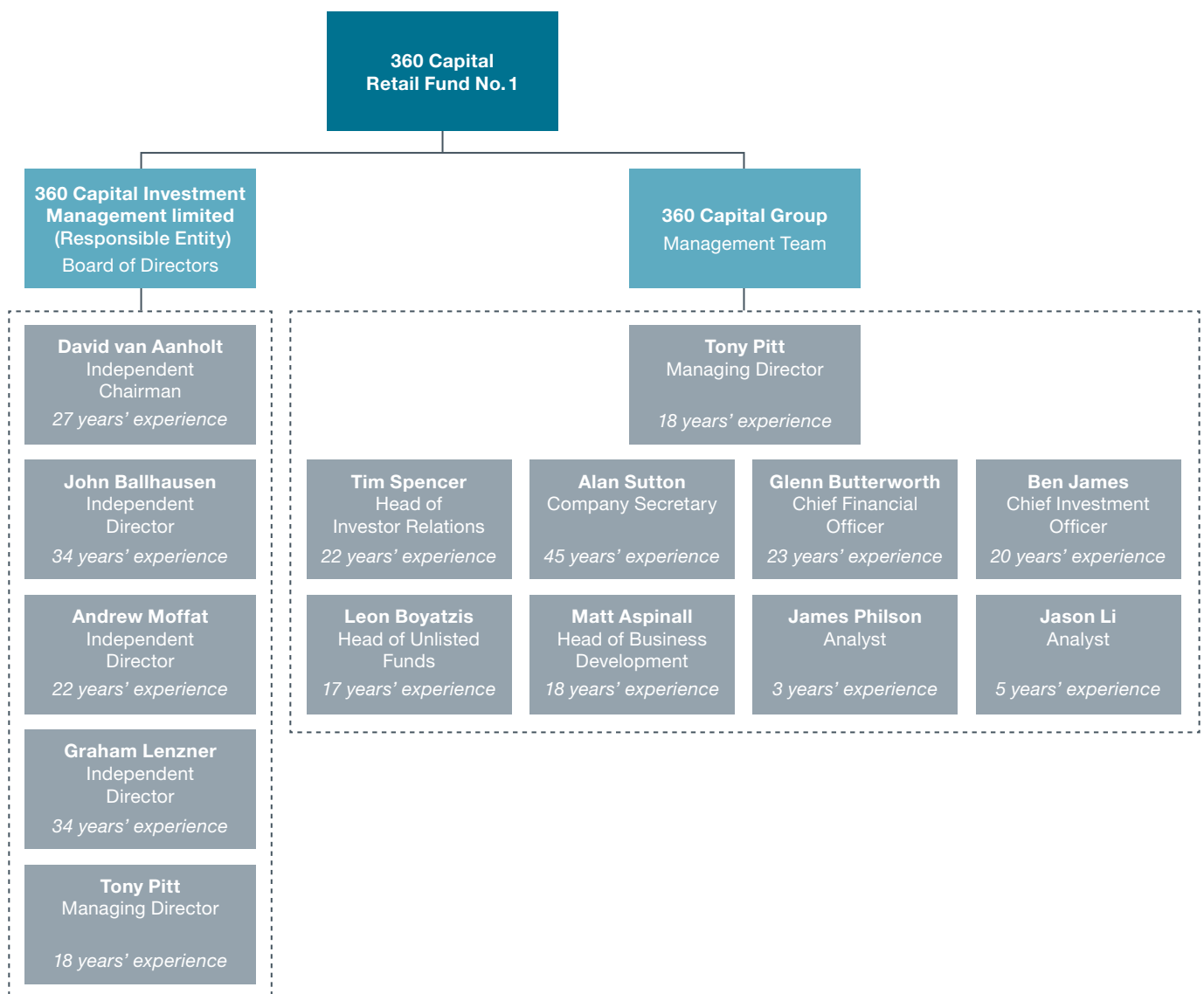
### 5.2.1 Overview

360 Capital Group is an ASX-listed (ASX code: TGP) real estate investment and funds management group with a market capitalisation of approximately \$280 million. The 360 Capital senior management team has an average of over 25 years' experience across Australian real estate and funds management sectors.

360 Capital is 21.2% owned by Tony Pitt who is 360 Capital's Managing Director, and the 360 Capital management team own a further 6.8% of 360 Capital.

### 5.2.2 Background

360 Capital manages, and has significant co-investments in nine listed and unlisted investment vehicles holding 35 industrial, office and retail assets across Australia valued at \$1.1 billion on behalf of over 8,300 investors. Additionally, 360 Capital has over \$177 million in co-investments across funds it manages and other funds.



### 5.3 Overview of Board of Directors and senior management

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



#### **David van Aanholt, Independent Chairman**

David has over 27 years of experience in the real estate funds management industry. David's previous roles have included Chief Executive Officer (Asia Pacific) of the Goodman Group (previously known as Macquarie Goodman) overseeing the group's operations in Australia, New Zealand, Hong Kong and Singapore. David previously held various Fund Manager roles for Paladin Australia Limited (acquired by Deutsche Bank) and Macquarie Goodman Industrial Fund. David is an Independent Director of the Kennards Self Storage Group and is a Fellow of the Australian Property Institute.



#### **Tony Pitt, Managing Director**

A 360 Capital founding Director, Tony has worked in the real estate and real estate funds management industries for 18 years. As Managing Director, Tony has been responsible for repositioning the 360 Capital Group since December 2010 through the disposal of in excess of \$340.0 million in underlying fund and Fund assets and the refinancing of approximately \$500.0 million in debt. Tony was formerly the director of JF Meridian Fund (JFM), an ASX-listed diversified Fund and was responsible for growing JFM from \$530.0 million to \$1.1 billion in assets over a three year period. Tony was previously an executive director of James Fielding Funds Management Limited, JF Meridian Management Limited, Hotel Capital Partners Limited, Bankminster Properties Limited and Travelodge Hotel Group.



#### **Andrew Moffat, Independent Director**

Andrew has in excess of 22 years of corporate and investment banking experience including serving as a director of Equity Capital markets and Advisory for BNP Paribas Equities (Australia) Limited. Andrew is the sole principle of Cowoso Capital Pty Ltd, a company providing corporate advisory services. Andrew is also Chairman of Pacific Star Network Limited, Chairman of Keybridge Capital Limited, a Director of Rubik Financial Limited and a Director of CCK Financial Solutions Limited. Other past public company directorships include itX Group Limited and Infomedia Limited.



#### **John Ballhausen, Independent Director**

John is a financial services professional. He provides services to a number of organisations and is a Responsible Manager for several Australian Financial Services Licencees. John founded Rimcorp Property Limited and became its Managing Director. In 2008, Rimcorp was successfully sold with approximately \$100 million in funds under management spread over four registered property schemes. Before 2002 John held the position of Chief Investment Officer with HII Insurance, with responsibility for more than \$3 billion of funds across fixed interest, equities and property asset classes. John is a Fellow of the Financial Services Institute of Australasia.



#### **Graham Lenzner, Independent Director**

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



The Board will be well supported by a dedicated management team who are able to draw on broader resources of 360 Capital. The key people responsible for the management and operation of the Fund are:



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### **Ben James, Chief Investment Officer**

Ben joined 360 Capital in 2010 and is responsible for all fund investment activities within the group. Ben has over 20 years' experience in Real Estate Funds Management and Investment across the office, retail, industrial, hotel and car park sectors.

Prior to joining 360 Capital, Ben was the Trust Manager of Mirvac Property Trust, the \$4.5 billion investment vehicle of the ASX listed Mirvac Group. He also held positions in property management and investment sales with Colliers International.



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### **Alan Sutton, Company Secretary**

Alan is responsible for 360 Capital's corporate financial reporting and all company secretarial matters. Alan is a CPA and Registered Tax Agent with more than 30 years' experience in financial control. Prior to 360 Capital, Alan was the Company Secretary for Lachlan REIT Limited, Financial Controller at Paladin Australia Limited and was responsible for all accounting and financial aspects of the Asset Management Property Group at Deutsche Asset Management.



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### **Glenn Butterworth, Chief Financial Officer**

Glenn is responsible for all 360 Capital's financial management activities. Prior to joining 360 Capital, Glenn spent 11 years at Mirvac, most recently as Financial Controller of the Investment Division. Glenn was responsible for Mirvac Property Trust, listed and wholesale managed funds and partnership structures and has a wealth of transactional and financial management skills, gained from over 20 years' industry experience. Prior to Mirvac, Glenn held a number of senior finance roles including Financial Controller at McGrath Estate Agents. Glenn is a Chartered Accountant.



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### **Leon Boyatzis, Head of Unlisted Funds & Fund Manager**

Leon has over 17 years' experience in the property and funds management industries across the office, retail, industrial, residential and car park sectors. Prior to joining 360 Capital, Leon was a senior Fund Manager at Brookfield Office Properties and Multiplex Capital managing unlisted and listed funds with assets totalling approximately \$1 billion in value. He has also held the positions of Chief Investment Officer and Senior Property Analyst with privately owned property investment companies. Leon is an Associate of the Australian Property Institute, a registered valuer and a Chartered Accountant.

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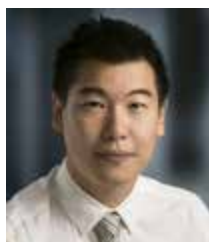
### **Tim Spencer, Head of Investor Relations**

Tim is responsible for all marketing and communications with key external stakeholders including institutional investors, analysts and media, as well as market development initiatives. Tim has 22 years' real estate market experience having held senior property securities analyst positions and roles in investment analysis, funds management, investor relations, research and product development. Previously, Tim was Investor Relations Manager for the ING Industrial and Office Funds, Head of Listed Securities at Brookfield Multiplex Capital and Fund Manager of the ASX-listed Multiplex Acumen Property Fund.



### **James Philson, Analyst**

James joined 360 Capital in March 2014 and is responsible for the preparation of financial models and forecasts. James assists with the asset management and reporting functions for the investment management and asset management teams. Prior to joining 360 Capital, James had two years' experience in London working in areas such as agency, development and valuations at property services company DTZ.



### **Jason Li, Analyst**

Jason joined 360 Capital in August 2014 and is responsible for financial analysis, reporting and forecasts. Prior to joining 360 Capital, Jason spent two years at State Street Global Real Estate as Analyst, Assistant Vice President with responsibility for portfolio, financial analysis and leasing transactions across the State Street Asia Pacific occupier portfolio. Jason became a Chartered Financial Analyst (CFA) charterholder in 2014.



### **Matt Aspinall, Head of Business Development**

Matt joined 360 Capital in September 2014 and is responsible for developing and growing 360 Capital's retail distribution network for the benefit of existing and future 360 Capital funds. With over 18 years of industry experience, Matt was most recently an integral part of business development and research with Zurich and previously at Blackrock, NAB/ MLC and Perpetual.





CITY CENTRE PLAZA

06

## FINANCIAL INFORMATION

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## 6 Introduction

The Directors of the Responsible Entity have prepared the Forecast Financial Information of the Fund in conjunction with the Offer. The Forecast Financial Information includes:

- Forecast income and distribution statements for the year ending 30 June 2016 and the year ending 30 June 2017 (Forecast Period) assuming the Property Acquisitions are settled on 30 June 2015;
- Pro forma statement of financial position upon Allotment of the Total Offer Amount; and
- Sources and applications of funds

The Investigating Accountant, has undertaken a limited assurance engagement on the Financial Information in accordance with the Australian Standard on Assurance Engagements ASAE 3450 "Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information". The Independent Limited Assurance Report is contained in section 10. Investors should note the scope and limitations of this report.

The Forecast Financial Information should be read in conjunction with the best estimate assumptions and statement of significant accounting policies in this section.

While the Responsible Entity considers these assumptions to be appropriate and reasonable as at the date of this PDS, Applicants should appreciate that many factors which may affect actual results are outside the control of the Responsible Entity, or may not be capable of being foreseen or accurately predicted. Prospective financial information is predictive in nature and may be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Accordingly, actual results may vary materially from those in the Forecast Financial Information.

The Forecast Financial Information has been prepared in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards ("AAS") but does not comply with all the presentation and disclosure requirements. The Forecast Financial Information has been presented in an abbreviated form and does not contain all of the disclosures that are usually provided in a financial report in accordance with the Corporations Act. A summary of the principal accounting policies adopted in the preparation of the Forecast Financial Information is set out in section 6.5. These policies have been consistently applied throughout the periods presented in the Forecast Financial Information. The Forecast Financial Information assumes a going concern basis of preparation.

The Directors of the Responsible Entity believe the Forecast Financial Information has been prepared with due care and attention and consider the assumptions to be reasonable, and reflecting the Directors' best estimate at the time of preparing this PDS.

### 6.1 Forecast Income & Distribution Statements

#### 6.1.1 Forecast Income Statement

The forecast income statements for the year ending 30 June 2016 and the year ending 30 June 2017 are outlined below:

	Forecast year ending 30 June 2016 (\$'000)	Forecast year ending 30 June 2017 (\$'000)
<b>Property Revenue &amp; Expenses</b>		
Rental Income	8,185	8,526
Outgoings	(2,879)	(2,962)
Incentives and leasing fee amortisation	(268)	(372)
Straight-lining of rental income	177	122
<b>Net Property Income</b>	<b>5,215</b>	<b>5,314</b>
Management Fee <sup>1</sup>	(359)	(437)
Fund expenses	(123)	(128)
Finance costs	(1,447)	(1,493)
<b>Statutory Net Income<sup>2</sup></b>	<b>3,286</b>	<b>3,256</b>

1 The Responsible Entity intends to waive an appropriate proportion of its Management Fee in FY16 so to achieve an FY16 distribution of 8.00 cents per unit, currently forecast to be two months.

2 The Property Acquisitions are assumed to occur on 30 June 2015, resulting in the write-off of associated transaction costs (including stamp duty and due diligence costs) of \$4.6 million prior to the commencement of the forecast year ending 30 June 2016.

### 6.1.2 Forecast Distribution Statements

The distribution statement represents the Directors of the Responsible Entity view of the net income available for distribution in the Forecast Period, being statutory net income adjusted for non-cash items, including straight-lining of rental income and amortisation of incentives, leasing fees and borrowing costs. The forecast distribution statements for the year ending 30 June 2016 and the year ending 30 June 2017 are outlined below:

	Forecast year ending 30 June 2016 (\$'000)	Forecast year ending 30 June 2017 (\$'000)
<b>Statutory Net Income</b>	<b>3,286</b>	<b>3,256</b>
<b>Adjustments</b>		
Amortisation of incentives and leasing fees	268	372
Straight-lining of rental income	(177)	(122)
Amortisation of borrowing costs	101	101
<b>Amount Available for Distribution</b>	<b>3,478</b>	<b>3,607</b>
Units on Issue ('000)	43,000	43,000
<b>Amount Available for Distribution Per Unit (Cents)</b>	<b>8.09</b>	<b>8.39</b>
Amount available for distribution withheld	(38)	(59)
<b>Cash Distribution</b>	<b>3,440</b>	<b>3,548</b>
<b>Cash Distribution Per Unit (Cents)</b>	<b>8.00</b>	<b>8.25</b>
<b>Distribution Yield</b>	<b>8.00%</b>	<b>8.25%</b>
Forecast ICR <sup>1</sup>	3.59	3.59

1 Calculated in accordance with ASIC Regulatory Guide 46, see section 2.5.

## 6.2 Pro Forma Statement of Financial Position

The following table sets out a pro forma statement of financial position including the initial NTA and gearing for the Fund reflecting the Total Offer Amount applications set out in section 6.3:

	As at 30 June 2015 (\$'000)
<b>Assets</b>	
Cash	200
Other assets	304
Investment Properties <sup>1</sup>	70,850
<b>Total Assets</b>	<b>71,354</b>
<b>Liabilities</b>	
Borrowings	34,576
<b>Total Liabilities</b>	<b>34,576</b>
<b>Net Asset Value</b>	<b>36,778</b>
Units on Issue ('000)	43,000
<b>NTA Per Unit<sup>2</sup></b>	<b>\$ 0.86</b>
Gearing <sup>3</sup>	48.5%

1 The carrying value of investment properties includes \$1.25 million revaluation gain on City Centre Plaza reflecting the independent valuation of \$51.25 million, see section 4.

2 Calculated in accordance with ASIC Regulatory Guide 46.

3 Calculated in accordance with ASIC Regulatory Guide 46, see section 2.5.

### 6.3 Sources and applications of funds

The following table sets out the assumed application of the Total Offer Amount:

	Notes	(\$'000)
<b>Sources of funds</b>		
Proceeds from the Offer		43,000
Drawdown on Debt Facility		34,576
<b>Total Sources</b>		<b>77,576</b>
<b>Applications of funds</b>		
Purchase of the Properties <sup>1</sup>		69,600
Cash (Working Capital)		200
Property acquisition and transaction costs <sup>2</sup>		4,627
Offer Costs <sup>2</sup>		3,149
<b>Total Applications</b>		<b>77,576</b>

1 Purchase of Properties includes payment of any outstanding incentives on acquisition.

2 Includes fees payable to 360 Capital Group, see section 8 for further details.

### 6.4 Assumptions

The Directors' best estimate assumptions relating to the Forecast Financial Information are set out below.

#### 6.4.1 Key assumptions

- The Offer is completed as per the timetable as set out in this PDS. Should the Offer close early, Units will be issued and the Property Acquisitions will be settled at the first available opportunity. The first distribution for the Fund will be for the period ending on 31 July 2015 unless the Offer is closed early, in which case the first distribution period will be for the period ending on the last day of the first full calendar month following the close of the Offer; and
- Settlement of the Portfolio including all outstanding incentives for \$69.6 million funded from the Offer and Debt Facility occurs on 30 June 2015. Settlement of the Portfolio includes assumption of payment of all outstanding incentives at acquisition date.

#### 6.4.2 General assumptions

- No further property acquisitions in the Forecast Period;
- No material contract disputes or litigation in the Forecast Period;
- No material change in the competitive operating environment;
- No material changes to accounting policies or Corporations Act in the Forecast Period;
- No material changes in Australian income tax legislation;
- No significant change to legislative or regulatory environment;
- All existing leases are enforceable and perform in accordance with their terms;
- The Fund has enough working capital to carry out its stated objectives;
- There will be no underlying movement in the fair value of investment properties or other financial assets including any mark to market movements in relation to the interest rate swaps taken in respect of the debt, as the Directors do not believe such movements can be reliably forecast; and
- CPI rate ranging from 2.3% to 3.0% per annum during the Forecast Period.



### 6.4.3 Specific assumptions

#### Rental income

- Rental income has been forecast based on existing leases and assumptions for future occupancy rates, tenant turnover and market rentals.

#### Re-letting and vacancy

- All leases are enforceable and are performed in accordance with the lease terms;
- Lease incentives, down time, and leasing costs have been assumed on a Property-by-Property basis in line with the assumptions made in the independent external valuations.
- There are no major lease expires in the Forecast Period. In total, 22.4% of Portfolio income expires in the Forecast Period (FY16/17) as set out in section 4.1.

#### Outgoings

- Outgoings have been forecast with regard to the current outgoing expenses. Outgoings are forecast to increase in line with existing the forecast CPI rate.

#### Other expenses

- The Fund will incur operating expenses including registry fees, custodian fees, legal, audit and tax compliance fees, Unitholder reporting costs, valuation fees and other miscellaneous expenses. These costs have been forecast by taking into account factors likely to influence the level of these expenses, including the Fund's estimated GAV.

#### Responsible Entity fee

- Management Fee calculated as 0.6% of the GAV of the Fund per annum has been assumed. Responsible Entity fees are paid monthly in arrears.

#### Finance Costs

- At the date of debt drawdown an interest rate swap (floating to fixed) will be entered into to fix 100% of the initial drawn amount;
- The Fund's borrowings under the Debt Facility are forecast to incur an 'all-in' interest rate of 3.8% (inclusive of margin and forecast hedging arrangements); and
- Borrowing costs of \$0.3 million have been capitalised against the debt balance and will be amortised over the term of the Debt Facility.

#### Taxation

- The Fund is treated as a Fund for Australian tax purposes. Under the current Australian income tax legislation, the Fund is not liable for Australian income tax, including capital gains, provided that the Unitholders are presently entitled to the income of the Fund that has been determined in accordance with the Constitution. Accordingly, no allowance for income tax has been made; and
- Expected goods and services tax recoveries in respect of the transaction costs and ongoing operations which are appropriate to the activities of the entities have been forecast.

#### Stamp duty & property acquisition costs

- The Forecast Financial Information assumes the Fund will pay \$4.6 million in stamp duty, government charges and other costs in relation to the Property Acquisition assumed to occur on 30 June 2015. These amounts are expected to be written-off to net income through the revaluation of the Portfolio prior to the commencement of the forecast year ending 30 June 2016.

#### Fair value of investment property

- The fair value of the investment property is assumed to remain constant over the Forecast Period as the Directors of the Responsible Entity believe they cannot reliably predict future changes in fair value.

#### Fair value of derivatives

- No mark to market adjustments in relation to changes in the fair value of interest rate swaps.

### 6.4.4 Sensitivity Analysis

The Forecast Financial Information is based on a number of estimates and assumptions that are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Responsible Entity and its Directors and management.

Set out below is a summary of the sensitivity of the forecast Amount available for distribution Distributions to certain changes in a number of key variables. The changes in the key variables are not intended to be indicative of the complete range of variations that may be experienced.

	FY16		FY17	
	\$'000	cpu	\$'000	cpu
Amount available for distribution	3,478	8.09	3,607	8.39
25 basis point increase in average interest rate	3,478	8.09	3,606	8.39
5% increase in outgoings	3,413	7.94	3,542	8.24
5% increase in the Fund's operating expenses	3,474	8.08	3,603	8.38

#### 6.4.5 Debt Finance

The Responsible Entity has signed an agreement with St George Bank which provides for a \$37.0 million Debt Facility for a term of three years.

The key terms of the facility are as follows:

Facility limit	\$37.0m
Initial drawn amount	\$34.6m
Maturity date	Three years from initial draw down, forecast to be 30 June 2018
'All in' interest rate	3.8%
Initial hedged amount	\$34.6m
Initial LVR <sup>1</sup>	48.8%
LVR covenant	60.0%
Forecast FY16 ICR / FY17 ICR <sup>2</sup>	3.94 / 4.00
ICR covenant	1.75 times

1 Calculated in accordance with the Debt Facility (interest bearing liabilities divided by total property value).

2 Calculated in accordance with the Debt Facility (net rent divided by interest expense incurred).

### 6.5 Significant accounting policies

#### 6.5.1 Basis of preparation

The preparation of the Forecast Financial Information requires estimates, judgments and assumptions that affect the reported amounts of gross revenues, gross expenses, assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions. Revisions to estimates are recognised in the period in which the estimate is revised and in any future period affected.

The significant accounting policies outlined below apply estimates, judgments and assumptions which could materially affect the financial results or financial position reported in future periods. Policies are consistent with the requirements of the AAS and International Financial Reporting Standards.

#### 6.5.2 Property income

Rental income from operating leases is recognised as income on a straight-line basis over the lease term. Where a lease has fixed annual increases, the total rent receivable in respect of the lease is recognised as revenue on a straight-line basis over the lease term.

Lease incentives provided by the Fund to lessees are included in the measurement of fair value of investment property. The amounts are recognised on a straight line basis over the lease periods as reductions in rental income.

Contingent rents based on the future amount of a factor that changes other than with the passage of time, including CPI linked rental increases, are only recognised when contractually due.

All income is stated net of the amount of GST.

#### 6.5.3 Investment properties

Investment property is property which is held to earn rental income, or for capital appreciation, or for both.

Investment properties are initially recognised on acquisition at cost (including capitalised property acquisition costs) and then carried at fair value determined either by the Directors of the Responsible Entity or independent valuers. Investment properties are not depreciated and any gains or losses on the sale of investment properties are recognised in the changes to fair value included in the profit or loss.

The carrying amount of investment properties includes components relating to lease incentives, leasing costs and receivables on rental income that have been recorded on a straight-line basis. Rental guarantees provided in relation to the a Property are not included in the measurement of the fair value of a Property, rather they are recorded as separate assets

Property purchases are recognised when the Fund has entered into unconditional purchase contracts, and the majority of the significant risks and rewards of ownership have been transferred to the Fund. Property disposals are recorded when the Fund has entered into unconditional sales contracts, and the majority of the significant risks and rewards of ownership have been transferred to the buyer. Transfers of risks and rewards vary depending on the individual terms of the contracts.

#### 6.5.4 Financial instruments

Financial assets and financial liabilities are recognised when the Fund becomes a party to the contractual provisions of the instrument. Financial assets are recognised at the trade date (the date on which the Fund commits to sell or purchase the assets). Financial assets are derecognised when the right to receive cash flows from the financial asset have expired or have been transferred and the Fund has transferred substantially the risks and rewards of ownership. Financial instruments are designated on initial recognition.

#### 6.5.5 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently at amortised cost. They are classified as current assets except where the maturity is greater than 12 months after the balance date in which case they are classified as non-current.

Amounts not recoverable are assessed at each reporting date. Indicators that an amount is not recoverable include where there is objective evidence of significant financial difficulties, debtor bankruptcy, financial reorganisation or default in payment (generally over 90 days). Any allowances for non-recoverable receivables are recognised in a separate allowance account. Any bad debts which have previously been provided for are eliminated against the allowance account. In all other cases bad debts are written off directly to the profit or loss.

#### **6.5.6 Trade and other payables**

These represent liabilities for goods and services provided to the Fund prior to the balance date which are unpaid. Trade and other payables are recognised initially at fair value and subsequently at amortised cost. Management Fee liabilities will accrue when payable and are typically payable monthly in arrears.

#### **6.5.7 Issued Units**

The Fund issues Units which are classified as equity.

Should the terms or conditions of the Units change such that they no longer comply with the criteria for classification as equity under AAS, the Units would be reclassified to a financial liability from the date the instrument ceases to meet the criteria. The financial liability would be measured at the instrument's fair value at the date of reclassification. Any difference between the carrying amount of the equity instrument and the fair value of the liability at the date of reclassification would be recognised in equity.

Units on issue are recognised at the fair value of the consideration received by the Fund less directly attributable issue costs including fund establishment and equity issuance costs.

#### **6.5.8 Borrowings**

Interest-bearing loans are initially measured at fair value, net of transaction costs incurred, and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Fund has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

#### **6.5.9 Derivative financial instruments**

The Fund uses derivative financial instruments to hedge its risks associated with interest rate fluctuations. The Fund's policy is to convert a proportion of its floating rate debt to fixed rates by entering into interest rate swaps. The Fund does not use derivative financial instruments for speculative purposes.

Derivatives are initially measured at fair value on the date a derivative contract is entered into and are subsequently measured at fair value at each balance date and recorded as either a financial asset or financial liability.

#### **6.5.10 Finance costs**

Finance costs are recognised using the effective interest rate applicable to the financial liability.

#### **6.5.11 Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

#### **6.5.12 Income tax**

Under current legislation the Fund is not liable for income tax provided Unitholders are presently entitled to the income of the Fund each income year. For more detail, refer section 11.





# 07

## RISKS

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## 7 Overview

This section describes what the Responsible Entity believes to be some of the key risks associated with an investment in the Fund. It does not purport to be an exhaustive list of every risk, now or in the future, that may be associated with an investment in the Fund. The consequences associated with each risk are partially or completely outside the control of the Responsible Entity and, if they were to eventuate, may adversely affect the future operating performance of, and the value of an investment in, the Fund.

Before applying for Units, you should satisfy yourself that you have a sufficient understanding of the risks described in this section and consider whether the Fund is 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 Fund, you should seek advice from your broker, solicitor, accountant, tax adviser or other independent and qualified professional adviser before deciding whether to invest.

### 7.1 Property investment risks

#### Property values

The ongoing value of the Portfolio is influenced by changes in property market conditions including supply, demand, capitalisation rates and rentals. There is no guarantee that the Portfolio will achieve a capital gain on its sale or that the value of the Portfolio will not fall as a result of the assumptions on which the relevant valuations are based proving to be incorrect.

#### Property revenue

Distributions in respect of the Fund are largely dependent upon the rents received in connection with the Properties and tenants paying rent in accordance with their lease terms. There is a risk that tenants may default on the terms of their lease or that the Fund does not provide agreed minimum service standards, either of which could result in a reduction in rental income for the Fund and additional expenses associated with re-leasing the tenancy or enforcement action. Vacancy periods may have an adverse impact on the Fund's net income and distributions, a Property's capital value and potentially the Fund's NTA per Unit. This risk is reduced through the centres' strong established trading track records and by the Fund sourcing 49% of its income from its 'major' tenants Woolworths, Coles and Target.

Further, there is a risk that the demographics of areas surrounding the Properties may change. This change may affect the trading results of the shopping centres and adversely affect the leasing arrangements and rental income relating to the Properties and therefore the Fund.

#### Property liquidity

If it becomes necessary for the Fund to dispose of all or part of the Portfolio (for example, to reduce LVR) there is a risk that the Fund may not be able to realise a sufficient net sale proceeds in a timely manner or at an optimal sale price. This may adversely affect the Fund's NTA per Unit.

#### Capital expenditure

There is a risk that capital expenditure could exceed expectations, resulting in increased funding costs and potentially lower distributions.

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

There is a risk that natural phenomena may affect the Portfolio. There are certain events for which insurance cover is not available or for which the Fund does not have cover. If the Fund 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.

#### Property contamination

Property income, distributions or property valuations could be adversely affected by discovery of an environmental contamination or incorrect assessment of costs associated with an environmental contamination or with property preservation. This risk may occur irrespective of whether the contamination was caused by the Fund or prior owners.

#### Leasing risk

It may not be possible to negotiate lease renewals or maintain existing lease terms, which may also adversely impact the Fund's net income and asset values. The ability to lease or re-lease tenancies upon expiry of the current lease, and the rent achievable, will depend on the prevailing market conditions at the relevant time and these may be affected by economic, competitive or other factors.

#### Target leasing risk

A new 10 year lease to Target at City Centre Plaza has been approved by the Wesfarmers Board, however is not yet executed. Whilst the Responsible Entity considers it unlikely, there is a risk that the Target lease will not be executed. Should the Target lease not be executed by the earlier of the Closing Date and 30 June 2015, the Offer and the Fund will not proceed, all Application Monies will be returned to investors and any Units that have already been issued will be redeemed at the Issue Price and the proceeds returned to Unitholders. Unitholders will be entitled to retain any distributions paid in respect of their Units prior to such redemption.

### 7.2 Fund investment risks

#### Liquidity

The Fund is closed ended with a term of seven years (or longer if approved by Unitholders) and therefore does not allow any redemptions under normal circumstances, and Unitholder's investments are therefore illiquid. Subject to relief being granted by ASIC, the Responsible Entity may implement a hardship withdrawal policy. While Units may be transferred (subject at all times to the Responsible Entity's right pursuant to the Constitution to refuse to register a transfer of Units), there will be no liquid secondary market for Units.

## RISKS

(CONTINUED)

### 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 NTA per Unit.

### Refinancing risk and gearing

The Fund's ability to raise funds, including both debt and equity, on favourable terms (including fees and the interest rate payable) for future refinancing, capital expenditure, or acquisitions depends on a number of factors including general economic conditions and the reputation, performance and financial strength of the Fund. Any change in these factors could increase the cost of funding, or reduce the availability of funding, as well as increase the Fund's refinancing risk for maturing debt facilities. The Fund's ability to refinance its debt facilities as they fall due will depend upon market conditions, the performance of the Fund's assets and the financial position of the Fund's tenants. If the debt facilities are not refinanced, or need to be repaid it is possible that the Fund will need to realise assets for less than their fair value which would impact the Fund's NTA per Unit.

### Diversification

Generally, the more diversified a portfolio, the lower the impact that an adverse event affecting one property or lease will have on the income or capital value of an investment. The Fund will own two retail properties so will not be diversified by investment class or exposure to different property sectors. It will however be diversified by geographic location of the Portfolio.

### Breach of debt covenants

As at the date of this PDS, the Fund is in compliance with all covenants under the Debt Facility. The Fund's debt covenants have income and asset value tests and falling asset values, declining rental income or other unforeseen circumstances may cause covenants under the Fund's debt facilities to be breached. A breach of a debt facility covenant may result in a debt 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 a Property 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.

### Interest rates

There is a risk that a debt facility or an interest rate hedge (i.e. fixing the interest rate) may not be available on the same terms upon extension or refinancing, or when new finance or hedging strategies are sought. There is also a risk that interest rates may increase, however the Fund will enter into interest rate swap contracts to hedge 100.0% of the Fund's initial drawn debt balance through to January 2020. These risks may have a material, adverse impact on the Fund's activities, financial position and distributions in the future.

### Conflicts of interest

The Fund may be affected by certain inherent conflicts of interest. Despite adhering to best corporate governance practises there is a risk that these conflicts may not be managed appropriately.

### Responsible Entity risk

By investing in the Fund, investment decisions are delegated to the Responsible Entity. The performance of the Fund is affected by the performance of the Responsible Entity and that of the external service providers engaged by the Responsible Entity and is therefore not assured.

### Distributions may vary

The ability of the Fund to pay monthly distributions is dependent upon the Fund having sufficient cash resources and distributable income. Whilst the level of income derived by the Fund from year to year is expected to be relatively certain, default in payment of rent by any of the lessees of a Property, 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.

### Taxation treatment of Units may change

Unitholders should be aware that changes in Australian taxation law (including changes in interpretation or application of the law by the courts or taxation authorities in Australia) may materially affect the taxation treatment of an investment in Units, the holding or disposal of Units or the treatment of distributions and the financial performance, financial position, cash flows, distributions, growth prospects and the quoted price of Units.



## 7.3 Transaction risks

### Due diligence

It is possible that the due diligence undertaken to date in connection with the Portfolio has not revealed issues that will later have a materially adverse impact on the expected benefits to the Fund. For example, if such due diligence has failed to reveal required capital expenditure, that required capital expenditure could reduce the future returns.

### Completion

The completion of the Property Acquisitions is conditional on parties fulfilling their obligations under a number of contracts including the Property Acquisition Agreements and the Debt Facility documentation with the Lender. Any failure by a party to satisfy its obligations under, or any legal action commenced to injunct performance of, any such contract may adversely affect the Fund's ability to complete the Property Acquisition as proposed.

## 7.4 General investment risks

### Economy and market conditions

There is the risk that changes in economic and market conditions may affect asset returns and values and may decrease the Unit price. The overall performance of 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.

### Insurance

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

### 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.

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

### 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.



# 08

## FEES AND OTHER COSTS

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## 8 Fees and other costs of the Fund

### Consumer advisory warning

#### DID YOU KNOW?

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

For example, total annual fees and costs of 2% of your Fund balance rather than 1% could reduce your fund balance 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 Unitholder services justify higher fees and costs.

You may be able to negotiate to pay lower administration fees where applicable. Ask the Fund or your financial adviser.

#### TO FIND OUT MORE

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

### 8.1 Fees and other costs

This section shows fees and other costs that you may be charged. These fees and costs will be deducted from the Fund's monies prior to distribution of income to Unitholders unless specified otherwise. There is therefore no separate payment required in relation to any of the fees and costs listed below.

Information regarding tax is set out in section 11.

Except as otherwise stated, the fees and costs set out below show the net effect of GST i.e. inclusive of 10% GST less any input tax credits, including reduced input tax credits.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

A further description of the fees and costs outlined in the table below is provided in section 8.3.

Type of fee or cost	Amount	How and when paid
<b>Fees when your money moves in or out of the Fund</b>		
<b>Establishment fee</b> The fee to open your investment	Nil	There is no establishment fee.
<b>Contribution fee</b> The fee on each amount contributed to your investment	Nil	There is no contribution fee.
<b>Withdrawal fee</b> The fee on each amount you take out of your investment	Nil	There is no withdrawal fee.
<b>Exit fee</b> The fee to close your investment	Nil	There is no exit fee.

<sup>1</sup> Refer to section 8.3.1 for more detail. Other non-recurring fees may be payable to the Responsible Entity, for example, transaction fees, disposal fees and performance fees. Refer section 8.3.2 for more detail.



## FEES AND OTHER COSTS

(CONTINUED)

Type of fee or cost	Amount	How and when paid
<b>Management costs<sup>1</sup></b>		
<b>The fees and costs for managing your investment</b>	Estimated at 0.78% per annum of the GAV of the assets of the Fund comprising:  Management Fee of 0.60% per annum of the GAV during the relevant year plus expenses relating to the proper performance of the Responsible Entity's duties in connection with the Fund estimated to be approximately 0.18% per annum of the GAV of the Fund.	The Management Fee is payable to the Responsible Entity monthly in arrears.  Ongoing expenses are reimbursable to the Responsible Entity from the Fund's assets when incurred from time to time.
<b>Service fees</b>		
<b>Switching fee</b> The fee for changing investment options	Nil	There is no switching fee.

### 8.2 Example of annual fees and costs

The following table shows a breakdown of estimated ongoing Management Fees and costs for the 12 month period ending 30 June 2016.

You should use these tables to compare this product with other managed investment products.

Example	%	Balance of \$50,000 with a contribution of \$5,000 during the year
<b>Contribution fee</b>	Nil	Nil
<b>PLUS Management Costs</b>	0.78% per annum of the gross assets of the Fund <sup>1</sup>	For every \$50,000 you have invested you will be charged \$757 each year. <sup>2</sup>
<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 and expenses of between \$757 and \$832 for that year. <sup>2</sup>

<sup>1</sup> This amount has been estimated based on the Fund's expected costs of managing the Fund, and the expected GAV on completion of the Transaction. Based on a 48.5% gearing ratio, this represents an amount of 1.51% per annum of the NAV of the Fund.

<sup>2</sup> Other fees may apply in any particular year, including transaction fees, disposal fees and performances fees. Refer section 8.3.2 for more detail.

## 8.3 Additional explanation of fees and costs

Under the Constitution, the Responsible Entity is entitled to all of the fees and expenses described in the tables in section 8.1 and in this section 8.3.

### 8.3.1 Ongoing Management costs

#### Management costs

The management costs in the tables above are the fees and costs paid for general administration of the Fund and comprise the Management Fee and an estimate of all other expenses recoverable by the Responsible Entity.

#### Management fees

The Responsible Entity is entitled to a Management Fee of 0.60% per annum of the GAV of the Fund for its role in managing and administering the Fund.

#### Expense recoveries

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

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

The Responsible Entity estimates that the Fund will incur expenses of approximately 0.18% of the GAV of the Fund per annum. This estimate has been included in the tables set out in sections 8.1 and 8.2 above.

### 8.3.2 Additional information and other fees and costs

#### Custodian fees

At all times when the Responsible Entity holds the assets of the Fund, a custodian fee of 0.05% per annum of the GAV. For example, if the GAV of the Fund throughout a particular year was \$75,000,000, the Responsible Entity would be entitled to receive \$37,500 if it held custody of the Fund's assets that year.

#### Transaction fee

Upon completion of the acquisition of any property for the Fund, the Responsible Entity will be entitled to a transaction fee for its services in initially establishing the Fund and structuring and conducting the acquisition and any associated capital raising for the Fund equal to 2.5% of the gross acquisition price of the property, excluding the payment of any outstanding incentives on acquisition, acquired by the Fund. For example, upon the Fund acquiring the Portfolio for \$67.9 million, excluding outstanding incentives, the transaction fee payable to the Responsible Entity will be \$1.7 million.

#### Underwriting fee

On the Closing Date, the Underwriter will be entitled to receive an underwriting fee equal to 3.0% of the Total Offer Amount, being an amount of \$1.3 million. If any future capital raising is underwritten by the Responsible Entity or one of its related bodies corporate, an underwriting fee of 3.0% of the total offer amount will be payable.

#### Disposal fee

The Responsible Entity will be entitled to a disposal fee equal to 1.0% of the actual gross sale price of any property sold by the Fund upon the date of completion of the sale of the Property. For example, if a Property sells for \$50.0 million, the Responsible Entity will be entitled to a disposal fee of \$500,000.

#### Performance fee

The performance fee is paid in order to align the interests of the Responsible Entity with Unitholders by providing an incentive to maximise the capital value of the Properties on their sale. The Responsible Entity will be entitled to receive a fee of 20% of the outperformance of the Fund over an IRR of 10% per annum. The IRR is the annualised, compound rate of return received by Unitholders, taking into account all income and capital cashflows over the term of the investment.

The performance fee will be payable upon the sale of any property asset of the Fund. In addition, if, at any time, the term of the Fund is extended, the Responsible Entity is removed as the responsible entity of the Fund, a scheme or other arrangement affects the Fund whereby Unitholders holding greater than 80% of the Units on issue dispose of those Units, the performance fee provisions in the Constitution are amended without the consent of the Responsible Entity or the Fund is terminated or wound up, the performance fee will become payable (if owing) as if Units were redeemed at the prevailing Unit Price.

At each such time, the IRR calculation will reset so that the next calculation period will be from the end of the previous calculation period.

### Performance fee example

This example is provided for information purposes only to illustrate the calculation of the performance fee. Actual results may vary significantly from those in this example. For example, if the Fund:

- raised \$43.0 million at \$1.00 per Unit under the Offer;
- paid an average distribution per annum of 8.00 cents per Unit for seven years (representing total distributions to Unitholders of \$3.4 million per annum); and
- returned \$2.00 per Unit at its wind up (representing \$86.0 million),

then the Fund equity IRR for is calculated to be 14.8% per annum. The outperformance amount above the hurdle IRR of 10% per annum would be \$2.0 million, being the amount that, if included as an outflow at the wind up of the Fund, reduces the IRR to 10% per annum. Therefore, the performance fee payable would be \$0.4 million (being 20% of \$2.0 million as outperformance for the Fund, or \$0.01 per Unit).

### Leasing fee

Upon the granting of a new lease, or an extension of an existing lease, the Responsible Entity will be entitled to a leasing fee of 8.5% of the gross proceeds for the first year of the new or extended lease term (excluding any rental or other incentives provided in respect of the lease). For example, if the first year gross proceeds from a new lease are \$500,000, the Responsible Entity would be entitled to a leasing fee of \$42,500 in respect of the lease.

### Professional services fees

If the Responsible Entity or any of its associates provides additional services to the Fund in a professional capacity, it will also be entitled to receive fees for providing these services in accordance with the terms of the Constitution. These fees will be charged on an arms' length basis in accordance with the market rates for those services at the relevant time.

### GST

Unless otherwise stated, all fees in this section of the PDS show the net effect of GST (i.e. inclusive of GST less any input tax credits including reduced input tax credits). Where the Fund is entitled to an input tax credit or reduced input tax credit under the GST legislation for GST paid in respect of the services provided to it, the cost to the Fund of paying GST will be reduced proportionally. For additional information in relation to the taxation implications of an investment in the Fund please see section 11.

### Adviser remuneration

No upfront or trail commission is paid to advisers by the Fund or the Responsible Entity in respect of offers for Units.

If you have a financial advisor and wish to pay that advisor an Initial Advice Fee, you are able to direct the Responsible Entity to pay an amount out of your Application Monies to your advisor. Please complete the relevant section of the Application Form if you wish to make such a direction.

## 8.4 Other expenses

The Fund may enter into agreements with third parties (which may include 360 Capital or its wholly owned subsidiaries) to provide property management and other services to the Fund from time to time. All such arrangements will be entered into on arm's length terms. The material agreements that have been, or will be, initially entered into are summarised in section 12. Under these agreements, certain fees and expenses may be paid from the assets of the Fund to 360 Capital. These amounts are not included in the above tables as 'management costs' as they are of a kind that would typically be incurred if Unitholders acquired the Portfolio directly and not through the Fund.



# 09

## INDEPENDENT PROPERTY VALUATIONS

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Windsor Marketplace, Windsor, Sydney, NSW

## VALUATION &amp; ADVISORY SERVICES



CBRE Valuations Pty Limited  
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27 February 2015

The Directors  
360 Capital Investment Management Limited  
Level 8, 56 Pitt Street  
Sydney NSW 2000

Dear Sirs

**Summary of Valuation Report: City Centre Plaza, 24 Fitzroy Street, Rockhampton QLD 4700**

**Instructions**

CBRE Valuations Pty Limited ("CBRE") accepted instructions dated 20 February 2015 to prepare a market Valuation for the freehold interest in the property listed above. The Valuation is to be relied upon for Acquisition purposes and First Mortgage Security purposes only and is specifically addressed for use and reliance upon by the parties named in the full valuation report. The Valuation is prepared in accordance with the Australian Property Institute Australia and New Zealand Valuation and Property Standards January 2012, having regard to ANZVGN 8, Valuations for use in Offer Documents. The instructions specifically request us to provide our opinion of the market value of the property on the following basis:

**1. Market Value - As Is - Subject to existing occupancy arrangements.**

CBRE has been instructed to provide a full Valuation Report in addition to this Summary Letter which is included in the Product Disclosure Statement document. In accordance with ANZVGN 8, our Valuation Report draws attention to the key issues and considerations impacting value and provides a detailed Property Risk Assessment and SWOT Analysis, plus the report details our Critical Assumptions, Assumptions, Disclaimers, Limitations and Qualifications and our Recommendations. As commercial investments of this nature are inherently complex and the market conditions have changed and/or have been uncertain in recent times, it is considered prudent to consider the entire contents of our Valuation Report. Therefore, we recommend that this Summary Letter is to be read and considered together with the Valuation Report. We accept no responsibility for reliance upon the Summary Letter. We refer the reader to 360 Capital Investment Management Limited to obtain a copy of our Valuation Report.

**Brief Description of the Property and Tenancy Details**

City Centre Plaza comprises a fully enclosed sub-regional shopping centre which originally commenced trading in 1989 and has been periodically refurbished and upgraded, with a cosmetic refurbishment nearing completion at the date of valuation. On site car parking is provided for approximately 491 vehicles, including 339 covered or basement level parking bays.

City Centre Plaza is located on the north western fringe of Rockhampton's CBD, approximately 600 metres north west of Rockhampton's General Post Office. Rockhampton is a regional city of Central Queensland located approximately 634 kilometres by road north west of Brisbane.

Tenancies within the complex comprise Target, Coles and 40 specialty tenancies (including 4 ATMs, 1 monthly tenancy and 1 vacant tenancy).

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### Market Movement

The valuation referred to above represents the value of the property as at the date of valuation only. The value assessed may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property or particular property sector). CBRE is not liable for losses arising from any subsequent changes in value.

### Critical Assumptions and Reliance on Information Provided

A summary of select Critical Assumptions noted in the full Valuation Report are noted as follows:

- **New Target Lease:** Commercial terms have been reached for a new lease to Target commencing on 1 August 2015, immediately following expiry of the existing lease. We have adopted the advised commercial terms for the new Target lease within our calculations and have assumed that the final executed lease will reflect the commercial terms outlined within this valuation.
- **Specialty Leases:** For those leases which have not been sighted, we have assumed them to be executed or executable, and that individual lease provisions are in accordance with the tenancy information provided.
- **Heads of Agreement:** We have been provided with a signed heads of agreement for a new lease to Autograph (Tenancy S5) commencing 1 November 2014. We have adopted the commercial terms for this agreement within our calculations.
- **Target Incentive:** We have been instructed by 360 Capital Group to assume that the Target incentive of \$1,500,000 associated with the new lease has been paid and as such, no allowance for this outstanding incentive has been included within our calculations.
- **Outstanding Incentives:** As a condition of the proposed sale of the property to 360 Capital Investment Management Limited, the vendor is required to pay all outstanding incentives at the time of settlement. Accordingly, we have not included any allowances for outstanding incentives within our calculations.
- **Valuation Calculations:**
  - Our valuation calculations include rental growth assumptions throughout a defined cash flow period. These assumptions have been based on prevailing economic and market conditions as at the date of valuation. Market conditions will change over time influenced by internal and external factors against which a review of the assumptions may be warranted. Therefore reliance upon these projections must be made with full acceptance of their limited reliability and with due consideration of the commercial risks related to such forecasts.
  - The Discounted Cash Flow (DCF) method of valuation referred to in the Valuation Report has been undertaken for the purpose of assisting in the determination of the current market value of the interest in the property and we make no guarantees or warranty as to the accuracy of future rental income stream projections, as these can be impacted by a combination of unforeseen circumstances.
- We have relied upon tenancy information and income and expenditure data provided by 360 Capital Investment Management Limited at the time of preparing our valuation.
- Our valuation is based upon the most current information available at the time the valuation was prepared. CBRE accepts no responsibility for subsequent changes in information as to income, expenses or market conditions. Any subsequent change in lease terms may also have a corresponding change to the value.
- In the current market it is our view that a 3 month marketing period may be required to effect a disposal of the interest in the asset assuming a professional marketing campaign.

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 City Centre Plaza, 24 Fitzroy Street, Rockhampton QLD 4700  
 360 Capital Investment Management Limited  
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### Report Content

Our Valuation Report, in addition to the content noted earlier, contains detailed information and description pertaining to: Instructions, Reliance and Liability; Site Details including Location, Legal, Environmental and Town Planning; Building Improvements; and our analysis of the asset's Occupational and Financial attributes. This is followed by a comprehensive Economic, Investment Market and Retail Market Overview and details of the sales evidence regarded, along with our Investment Considerations. Finally, the report considers the value and marketability of the property. We again refer the reader of this letter to our Valuation Report for detail in respect of the above items.

### Market Commentary

Our overview focuses on 2 broad elements of the market, firstly the strength of capital markets and the associated impact on investment demand, and secondly the retail trading environment and flow through effects for rental and income growth. Key market observations include:

- Investors have focussed closely on the spread between retail property yields and both the local cash interest rates and long term bond rates. The margin between retail yields and bond yields was narrowing due to cap rate compression, however the margin has since widened due to falls in bond yields. Retail assets across all sectors currently provide yield accretive returns on a leveraged basis, and this, coupled with the relatively stable nature of income streams derived from these assets, has driven an increase in investor demand over the past 12 to 18 months.
- There are signs that retail spending growth is recovering towards longer-term trends of 5%-6% per annum in nominal terms. This is after 4 years of subdued retail growth. However, growth in spending has not been balanced, with food related categories outperforming and department stores continuing to underperform. There are a number of factors contributing to the brighter outlook for retail sales including low interest rates, population growth, rising wealth particularly from rising house prices, and a continued decline in the Household Saving Ratio. The ratio peaked at 12% of household incomes in 2011, but has since declined to under 10%, which is still well above levels of roughly 1% recorded prior to the GFC.
- The upward trend in Gross Occupancy Cost (GOC) ratios has moderated due to improved retail sales growth and continued negative re-leasing spreads across the various markets. However the downward pressure on rents will remain in the near term while fixed rent increases exceed sales growth, the risk of increased supply diluting retail sales productivity grows, and the lower \$AUD reduces retailer margins.
- Online retailing continues to grow as a percentage of total retail spending and this trend is expected to continue. The impact on each retail category will vary, with Groceries/ Liquor actually being one of the high growth categories.
- Despite positive retail sales growth momentum, we are still likely to observe ongoing negative re-leasing spreads as the fixed rental increases continue to exceed retail sales growth for the corresponding lease periods. On a positive note, we are observing a moderation in the trend towards higher occupancy costs which in turn is a positive sign for future rental growth.
- We are witnessing renewed interest in secondary and weaker assets as investors capitalise on the low interest rate environment and the significant weight of capital allocated to property seeks out investment opportunities. This is placing downward pressure on yields and IRRs despite retail fundamentals remaining relatively subdued, and we expect secondary assets will experience the greatest yield compression moving forward.
- Due to strong demand for retail assets, we are witnessing a tightening in investment parameters across all retail categories. Given the excess capital seeking investment options, we anticipate new benchmark yields and IRRs will be reported, consistent with global trends.

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- Despite the improvement in overall market conditions, we recognise that property markets are cyclical in nature and that property values rise and fall according to current economic and market conditions. Therefore market participants will continue to monitor both the investment markets and the retail trading environment when considering risks associated with the movements in property values.

### Investment Sales Evidence

In order to assess the appropriate market parameters for the subject property, we have considered a cross section of recent neighbourhood and sub-regional shopping centre transactions throughout Queensland, as summarised in table below. The sales analysis indicates:

- Equivalent yields of 6.95% to 7.76% and initial yields of 6.65% to 8.18%.
- Internal Rates of Return (on a 10 year cash flow basis) of 8.71% to 9.17%.
- Capital value rates of \$2,867 to \$6,496 per square metre of lettable area.

These sales demonstrate investment activity during the last 12 months. Not all of the sales are considered to be directly comparable, however they do provide a range of evidence and set the parameters upon which we have based our assessment of value of the subject property.

Centre Name	Sale Price	Sale Date	GLAR	Initial Yield	Equiv Yield	IRR	\$psm GLAR
Noosa Village Shopping Centre Noosaville	\$25,100,000	Nov 2014	4,689	7.97%	7.62%	8.71%	\$5,353
Brassall Shopping Centre Brassall	\$29,800,000	Oct 2014	10,393	7.01%	7.29%	8.74%	\$2,867
The Markets Shopping Centre West End	\$32,000,000	Oct 2014	4,965	7.08%	6.95%	8.81%	\$6,445
Kmart Plaza Townsville Cranbrook (50% interest)	\$20,550,000	Sep 2014	13,939	7.57%	7.76%	9.17%	\$2,949
Sugarland Shoppingtown Avoca	\$118,500,000	Sep 2014	22,775	7.87%	7.72%	9.17%	\$5,165
Northpoint Shopping Centre Harlaxton, Toowoomba	\$36,500,000	Sep 2014	6,868	6.65%	7.11%	8.77%	\$5,315
North West Plaza Everton Park	\$41,200,000	Sep 2014	9,306	7.60%	7.33%	8.94%	\$4,427
Marsden Park Marsden	\$58,500,000	Jul 2014	8,260	8.18%	7.51%	8.98%	\$6,496
Centro Springwood Springwood	\$53,250,000	Jun 2014	15,559	7.70%	7.76%	9.03%	\$3,422
Coomera City Centre Upper Coomera	\$59,200,000	Apr 2014	9,428	7.08%	7.23%	9.08%	\$6,279

### Valuation Rationale

In arriving at our opinion of value, we have considered relevant general and economic factors and in particular have investigated recent sales and leasing transactions of comparable properties.

We have placed primary emphasis on the capitalisation of net income approach and have additionally undertaken a DCF analysis as a supporting method of valuation. A detailed explanation of the assets investment credentials and the application of the capitalisation approach and DCF methodology are provided in the full Valuation Report.



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360 Capital Investment Management Limited  
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### Valuation Summary

In accordance with the instructions, we summarise our valuation conclusions for City Centre Plaza, as at 24 February 2015, as follows:

1. Market Value 'As Is' - Subject to existing occupancy arrangements:  
\$51,250,000 (Fifty-One Million, Two Hundred and Fifty Thousand Dollars) GST exclusive.

The table below outlines our valuation conclusion and provides a brief summary of the tenancy profile and key investment parameters for the complex as at 24 February 2015.

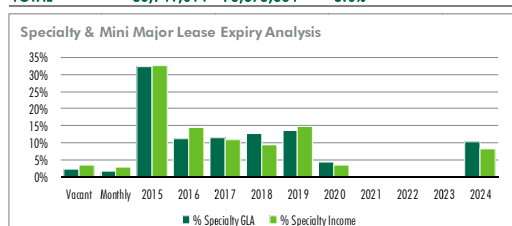
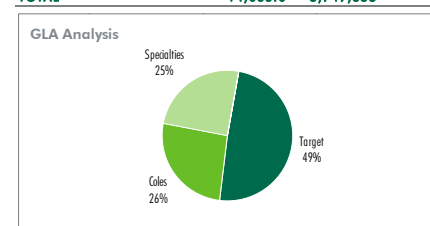
Yours sincerely  
CBRE Valuations Pty Limited

Tom Irving  
Senior Director – Valuation & Advisory Services

Valuation Summary (Freehold Interest)				Rental Analysis			
				Item	Passing Rent \$pa \$sqm	Market Rent \$pa \$sqm	
Gross Lettable Area	14,063.0 sqm			Tenant/Component			
Valuation Approach	Capitalisation & DCF			Majors - Gross Rent	2,716,887	257	2,716,887 257
Date of Valuation	24-Feb-15			Mini Majors - Gross Rent	-	-	-
Market Value	51,250,000			Specialties - Gross Rent	3,032,471	892	3,013,372 886
Net Passing Income	4,023,814			Gross Rent (as occupied)	5,749,358	411	5,730,259 410
Net Income, Fully Leased	4,127,564			Other Income	79,403	6	79,403 6
Net Market Income, Fully Leased	4,108,465			Gross Passing Income	5,828,761	414	5,809,662 413
Outstanding Tenant Incentives	Nil			Statutory Expenses	(364,625)	(26)	(364,625) (26)
Passing Initial Yield	7.85%			Operating Expenses	(1,329,907)	(95)	(1,329,907) (95)
Reversionary Yield	8.02%			Non Recoverable Expenses	(110,415)	(8)	(110,415) (8)
Adopted Capitalisation Rate	7.75%			Net Passing Income	4,023,814	286	4,004,715 285
Terminal Yield	8.00%						
Target IRR	8.75%			Future Income from Vacancies	103,750	1,250	103,750 1,250
Ten Year IRR (Indicated)	8.73%			Net Income (Fully Leased)	4,127,564	294	4,108,465 292
Value psm of GLA	\$3,644						
	By Area	By Income		Vacancy/Bad Debts Allowance	(78,406)	(6)	(78,406) (6)
Vacancy Allowance - Specialties		2.50%		<b>NET INCOME</b>	<b>4,049,158</b>	<b>288</b>	<b>4,030,059 287</b>
Current Vacancy - Specialties	2.38%	3.33%					
Current Vacancy - Whole Centre	0.59%	1.78%					

Note: Net income figures above are before deduction of vacancy/bad debts allowance.

Tenancy Profile				Moving Annual Turnover					
Tenant/Category	Area (sqm)	Gross Rent	Expiry	Tenant/Category	Last Year	This Year	% Var.	Current % GOC	Rev. % GOC
Target	6,910.0	1,630,568	Jul-25	Target	22,721,463	20,594,669	-9.4%	7.9%	7.9%
Coles	3,670.0	1,086,319	Oct-19	Coles	31,832,142	31,845,929	0.0%	3.4%	3.4%
Majors (2)	10,580.0	2,716,887		Total Majors	54,553,605	52,440,598	-3.9%		
Mini Majors (0)	0.0	0		Mini Majors	-	-	0.0%	0.0%	0.0%
Specialties (34)	3,342.0	2,902,907		Specialties	15,865,500	16,320,800	2.9%		
ATM (4)	4.0	38,074		Monthly Tenants	690,696	643,796	-6.8%		
Freestanding (0)	0.0	0		Previous Tenants	3,088,287	1,230,327	-60.2%	0.0%	
Office (0)	0.0	0		Total Specialties	19,644,483	18,194,923	-7.4%	16.8%	16.7%
Monthly (1)	54.0	91,489		Other Reporting	6,542,926	6,037,843			
Vacant (1)	83.0								
<b>TOTAL</b>	<b>14,063.0</b>	<b>5,749,358</b>		<b>TOTAL</b>	<b>80,741,014</b>	<b>76,673,364</b>	<b>-5.0%</b>		



Liability limited by a scheme approved under Professional Standards Legislation.



### Consent

CBRE provides its consent for the inclusion of this Summary Letter within the Product Disclosure Statement for 360 Capital Investment Management Limited subject to 360 Capital Investment Management Limited making recipients of the Product Disclosure Statement aware of the following liability disclaimers.

### Liability Disclaimer

- a) CBRE is not operating under an Australian Financial Services Licence when providing the full Valuation Report or this Summary Letter and those documents do not constitute financial product advice. Investors should consider obtaining independent advice from their financial advisor before making any decision to invest in/with 360 Capital Investment Management Limited.
- b) CBRE disclaims any liability to any person in the event of an omission from, or false and misleading statements included in the Product Disclosure Statement, other than in respect to this Summary Letter and the full Valuation Report.
- c) The Valuation Report and this Summary Letter are strictly limited to the matters contained within those documents, and are not to be read as extending, by implication or otherwise, to any other matter in the Product Disclosure Statement. Without limitation to the above, no liability is accepted for any loss, harm, cost or damage (including special, consequential or economic harm or loss) suffered as a consequence of fluctuations in the real estate market subsequent to the date of valuation.
- d) CBRE has prepared the full Valuation Report and this Summary Letter relying on and referring to information provided by third parties in including financial and market information ("Information"). CBRE assumes that the Information is accurate, reliable and complete and it has not tested the information in that respect.
- e) References to the Property's value within this Summary Letter or the Product Disclosure Statement have been extracted from CBRE's Valuation Report. The Valuation Report draws attention to the key issues and considerations impacting value and provides a detailed assessment and analysis as well as key critical assumptions, assumptions, disclaimers, limitations and qualifications and recommendations. As commercial investments of this nature are inherently complex and the market conditions have changed and/or have been uncertain in recent times, CBRE recommends that this Summary Letter and any references to value within the Product Disclosure Statement must be read and considered together with the Valuation Report. This Summary Letter is to be read in conjunction with our full Valuation Report dated 24 February 2015 and is subject to the Assumptions, Limitations, Disclaimers and Qualifications contained therein. We refer the reader to Folkestone Funds Management Limited to obtain a copy of the full report.
- f) No responsibility is accepted for any loss or damage arising as a result of reliance upon this Summary Letter.
- g) Neither this Summary Letter nor the full Valuation Report may be reproduced in whole or in part without prior written approval of CBRE.
- h) CBRE charges a professional fee for producing valuation reports, and the fee paid by 360 Capital Investment Management Limited for the Valuation Report and this Summary Letter was \$5,500 inclusive of GST. This fee represents an update fee following completion of a previous full valuation in December 2014.
- i) We confirm that the valuer does not have a pecuniary interest that would conflict with a proper valuation of the interest in the property.
- j) This document is for the sole use of persons directly provided with it by CBRE. Use by, or reliance upon this document by anyone other than those parties named above is not authorised by CBRE and CBRE is not liable for any loss arising from such unauthorised use or reliance.

3 December 2014

**Private & Confidential**

The Directors  
360 Capital Investment Limited  
Level 8  
56 Pitt Street  
SYDNEY NSW 2000

To whom it may concern,

**PROPERTY VALUATION**

**WINDSOR MARKETPLACE, WINDSOR, NEW SOUTH WALES (THE "PROPERTY")**

**1. Instructions**

In accordance with YOUR terms of engagement dated 1 December 2014, Jones Lang LaSalle Advisory Services Pty Limited ("JLL") has undertaken a valuation of the Property as at 3 December 2014. We provide this summary letter for inclusion in a Product Disclosure Statement (PDS). For further information, we refer you to our full valuation report held by 360 Capital Group ("360 Capital").

**2. Reliance on this Letter**

This letter summarises our full valuation report. This letter alone does not contain all of the data and supporting information which is included in our report. For further information, we recommend the reader review the contents of the complete, self-contained report held by 360 Capital.

**3. Basis of Valuation**

The purpose of the valuation was to assess the Property's "market value" as that term is defined by the International Valuation Standards Committee (IVSC) and endorsed by the Australian Property Institute (API):

*"Market Value is the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arms length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion."*

Included in our valuation are lessor-owned building fixtures, fittings, plant and equipment. Movable equipment, furniture, furnishings and tenant owned fit-out and improvements are excluded.

Our valuation is current as at the date of valuation only. The value as assessed may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the Property). We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of that statement, we do not assume any responsibility or accept any liability in circumstances where the valuation is relied upon more than 90 days from the date of valuation, or such earlier date if you become aware of any factors that have any effect on the valuation. However, it should be recognised that Property's value is not assured for that 90 day period; our valuation always remains a valuation at the date of valuation only.

#### **4. Brief Property Description**

The property, known as Windsor Marketplace, comprises a single level, predominately enclosed Neighbourhood Shopping Centre, which is anchored by Woolworths supermarket together with 10 specialty tenancies, 2 ATMs, a detached curves tenancy a detached residential cottage and a detached medical centre. The shopping centre, Curves tenancy, and cottage are located on one title while the medical centre is contained within 12 separate strata titles. The centre was fully let at the date of valuation.

The centre was completely refurbished circa 2009 and provides a total GLA of approximately 5,346.80m<sup>2</sup> (5,348.80m<sup>2</sup> including the ATMs) as well as undercroft and at-grade car parking for approximately 162 vehicles.

#### **5. Valuation Rationale**

In assessing the market value of the Property, we conducted various investigations including analysing available market evidence, and we applied that analysis to the capitalisation of income and discounted cash flow approaches.

In relation to the latter approach, we stress that the estimating of future rentals and values is a very problematic exercise, which at best should be regarded as an indicative assessment of possibilities rather than absolute certainties. The process of making forward projection of key elements includes assumptions regarding a considerable number of variables which are acutely sensitive to changing conditions, variation in any of which may significantly affect value.



## 6. Brief Market Commentary

### Market Performance

- IMF has observed a recovery in the global economy with World Output forecast to expand by 3.6% in 2014 and 3.9% in 2015, following growth of 3.3% in 2013. Advanced economies are expected to expand by approximately 2.2% in 2014 and 2.3% in 2015, following growth of 2.1% in 2013.
- China and a growing number of emerging market economies are forecast to come off cyclical peaks in 2014, with the IMF downgrading growth forecasts for many of these countries.
- The Japanese economy declined by -0.4% in Q3/2014 to reflect annualised growth of 1.6%, decreasing from 2.1% the previous quarter. Following the Q3 result the Bank of Japan announced a significant expansion in its program of quantitative easing.
- The ten-year bond rate currently sits at approximately 2.77%, decreasing in eleven of the past 12 months since the December 2013 peak.
- The Australian economy expanded by 0.3% in Q3/2014, an annual growth rate of 2.7% (seasonally adjusted).
- The December 2014 meeting of the Reserve Bank saw the cash rate kept on hold at 2.50%, the sixteenth consecutive month without change. This decision followed the RBA's decision in August 2013 to cut the official cash rate by 25 basis points after two unchanged months in June and July.
- The RBA notes that in Australia most data are consistent with moderate growth in the economy. Resources sector investment spending is starting to decline significantly, while some other areas of private demand are seeing expansion, at varying rates. Public spending is forecast to be subdued. Overall, the RBA still expects growth to be a little below trend for the next several quarters.
- The consumer price index (CPI) rose by 0.5% in Q3/2014, marginally above market expectations of a 0.4% rise. The result follows increases of 0.5% in Q2/2014 and 0.6% in Q1/2014. Despite the rise, annualised CPI declined to 2.3%, down from 3.0% in Q2/2014 and 2.9% in Q1/2014.
- The Australian labour market rose by 24,100 jobs in October 2014, above market expectations of a 20,000 increase, with increases in full-time employment offsetting decreases in part-time employment.
- Westpac Bank report that total employment growth is forecast to be 1.5% for 2014, with the pace of growth accelerating towards the end of the year.
- The Westpac/Melbourne Institute Consumer Sentiment Index fell by 5.7% in December 2014 from 96.6 to 91.1. The Index is now at its lowest level since August 2011.
- Retail sales grew by 0.4% in October 2014 following a strong increase in September of 1.2% to reflect annualised growth of 5.7% (seasonally adjusted).
- New South Wales is now one of the strongest markets in terms of retail sales growth following strong growth in June 2014 with a further 0.7% increase in October 2014. Queensland (0.4%), South Australia (1.2%), Western Australia (0.1%) and the Australian Capital Territory (0.4%) all increased in October with Victoria remaining largely unchanged, while Tasmania and the Northern Territory each decreased (-1.0% and -0.4% respectively).
- All categories except Cafes, Restaurants and Takeaway Food Services increased in October 2014, led by Household Goods Retailing (1.4%), Clothing, Footwear and Personal Accessory Retailing (1.1%), Department Stores (2.0%), Food Retailing (0.5%) and Other Retailing (0.2%).
- Retail project starts were low in the first half of 2014 but a large pipeline of potential projects remains, which could commence in the short-term. Total completions in 2014 and 2015 are expected to be relatively flat from 2013 levels with around 700,000 sqm (either completed, under construction or with plans approved for development) scheduled to complete in each year. Regional centres expansions are likely to make up the majority of completions over the next three years.
- Preliminary figures show that retail rents were generally stable across almost all markets and formats, consistent with the stabilisation evident in 3Q14.
- Retail transaction volumes have been stable throughout 2014, with approximately AUD 1.0 billion worth of transactions recorded in each of the first three quarters of the year. The volume of activity has fallen from levels recorded in 2012 and 2013, as lack of stock offered for sale has begun to limit market activity.
- Preliminary figures show some modest yield tightening across the regional sector, CBD and bulky goods sectors in 3Q14; but more significant yield compression was recorded in the sub-regional and neighbourhood sectors as more evidence of transactional activity emerged.

## 7. Sales Evidence Summary

Property	Date	Sale Price (\$ million)	Initial Yield	Equivalent Yield	IRR	Rate \$/sqm	WALE By Income (Years)
Ocean Village Shopping Centre, NSW	Nov-14	\$17.50	7.19%	7.08%	8.68%	\$3,116	5.14
Riverdale Shopping Centre, Dubbo NSW	Aug-14	\$14.00	8.82%	9.11%	8.90%	\$2,275	4.75
Bathurst City Centre, Bathurst NSW	Jun-14	\$62.00	-	7.50%*	9.25%*	\$5,067	5.64
Windsor Riverview Shopping Centre – Windsor, NSW	Jul-14	\$50.00	6.37%	6.88%	8.48%	\$5,995	6.17
Rutherford Shopping Centre, NSW	May-14	\$13.00	8.62%	8.63%	9.07%	\$3,093	6.75
Gunnedah Shopping Centre, NSW	May-14	\$11.50	8.80%	8.95%	9.62%	\$2,068	4.95
Tanilba Bay Shopping Centre, NSW	May-14	\$11.50	8.87%	8.92%	8.19%	\$2,995	6.06
Lake Munmorah Shopping Centre	Feb-14	-	7.75%*	7.75%*	8.50%*	-	-
Jordan Springs Shopping Centre	Feb-14	-	7.50%*	7.50%*	8.00%*	-	-
Ropes Central Village – Ropes Crossing NSW	Nov-13	\$11.50	7.82%	7.62%	-	\$3,422	13.93
The Ponds Shopping Centre, NSW	Nov-13	\$39.70	7.75%	-	-	\$5,599	-

\* As reported

## 8. Valuation Summary

We provide a summary of the properties valuation parameters overleaf.

**Executive Summary****Kable Street, Windsor NSW 2756****Final**

The property, known as Windsor Marketplace, comprises a single level, predominately enclosed Neighbourhood Shopping Centre, which is anchored by Woolworths supermarket together with 10 specialty tenancies, 2 ATMs, a detached curves tenancy, a detached residential cottage and a detached medical centre. The shopping centre, Curves tenancy and cottage are located on one title while the medical centre is contained within 12 separate strata titles. The centre was fully let at the date of inspection.

The centre was completely refurbished circa 2009 and provides a total GLA of approximately 5,246.80m<sup>2</sup> (5,348.80m<sup>2</sup> including the ATMs and cottage) as well as undercroft and at-grade car parking for approximately 162 vehicles.

The subject centre is located in the historical township of Windsor on the boundary of the Sydney metropolitan area, approximately 55 kilometres north west of the Sydney CBD and approximately 22 kilometres north of the Penrith CBD.

**Valuation**

<b>Address</b>	Kable Street, Windsor NSW 2756
<b>Zoning</b>	B2 Local Centre
<b>Client</b>	360 Capital Investment Management Limited as Responsible Entity for the 360 Capital Retail Fund No. 1.
<b>Prepared for</b>	360 Capital Investment Management Limited as Responsible Entity for the 360 Capital Retail Fund No. 1. & St George Bank, a division of Westpac Banking Corporation
<b>Valuation Purpose</b>	First Mortgage Security & Acquisition
<b>Date of Valuation</b>	3-Dec-14
<b>Interest Valued</b>	100% freehold
<b>Valuation Approach</b>	Capitalisation Approach and Discounted Cash Flow Approach
<b>Adopted Value</b>	<b>\$19,600,000 (GST Exclusive)</b> <b>Nineteen Million Six Hundred Thousand Dollars</b>

**Centre Particulars**

<b>Centre Type</b>	Neighbourhood Shopping Centre		
<b>Gross Lettable Area</b>	<b>Total</b>	5,346.8 sqm	
	Woolworths	3,651.7 sqm	
	Medical Centre	622.0 sqm	
	Specialties (incl. Curves & Cabin)	1,073.1 sqm	
	Other	0.0 sqm	
<b>Current Vacancy (% GLA)</b>	0 sqm	(0.00%)	
<b>Car Parking (Ratio)</b>	162 bays	(1:33)	
<b>Site area (Shopping Centre Only)</b>		8,498 sqm	

**Financial Summary**

<b>Gross Passing Income</b>	\$2,161,621
<b>Gross Passing Income (inc immediate reversions and vacancy rent)</b>	\$2,161,621
<b>Adopted Outgoings</b>	\$687,773
<b>Net Passing Income</b>	\$1,473,848
<b>Net Passing Income (inc immediate reversions and vacancy rent)</b>	\$1,473,848
<b>Weighted Lease Duration (by Income)</b>	11.73 years
<b>Weighted Lease Duration (by Area)</b>	13.80 years

**Capitalisation Approach Assumptions**

<b>Adopted Cap Rate</b>	7.50%
<b>Cap Rate - Majors Percentage Rent</b>	8.50%
<b>Cap Rate - Specialties Percentage Rent</b>	8.50%
<b>Cap Rate - Other Income</b>	7.50%
<b>Long Term Vacancy Allowance</b>	1.00%
<b>Allowances for Expiries occurring within</b>	12 months
<b>Allowances for Capex Occurring within</b>	1 years
<b>Value based on Capitalisation Approach</b>	\$19,647,110

**DCF Approach Assumptions**

<b>Discount Rate</b>	8.50%
<b>Terminal Yield</b>	7.75%
<b>Adopted Lease Term (Speciality)</b>	5 years
<b>CPI (Avg. 10yr)</b>	2.54%
<b>Speciality Growth Rate (Avg. 10yr)</b>	4.02%
<b>Outgoings Growth Rate (Avg. 10yr)</b>	2.54%
<b>Capital Expenditure Growth Rate (Avg. 10yr)</b>	2.54%
<b>Value based on DCF Approach</b>	\$19,075,516

**Valuation Summary**

<b>Adopted Value</b>	<b>\$19,600,000 (GST Exclusive)</b>
<b>Rate/sqm of GLA</b>	\$3,666
<b>Equivalent Yield</b>	7.52%
<b>Initial Yield (Passing)</b>	7.52%
<b>Initial Yield (Fully Leased)</b>	7.52%
<b>IRR (10 yr)</b>	8.07%
<b>IRR (5 yr)</b>	7.44%
<b>IRR (3 yr)</b>	7.14%

**DCF Partition**

<b>PV of Cashflows</b>	\$9,951,299	49.3%
<b>PV of Terminal Value</b>	\$10,221,058	50.7%
<b>Total DCF</b>	\$20,172,358	100.0%
<b>Acquisition Costs</b>	-\$1,096,842	
<b>Total PV</b>	<b>\$19,075,516</b>	



## Executive Summary

### Financial Details & Critical Analysis

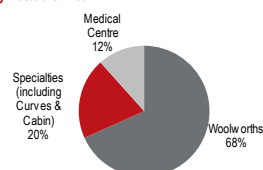
Final



#### Tenancy Overview

Tenant	Gross Passing Income	Area (sqm)	% of GLA
Woolworths	\$1,195,000	3,652	68.3%
Specialties (incl. Curves & Cabin)	\$733,959	1,073	20.1%
Medical Centre	\$190,027	622	11.6%
ATMs	\$20,436	N/A	N/A

#### Tenant by Lettable Area

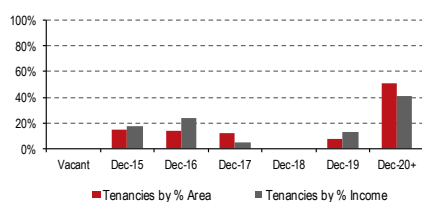


#### Income and Productivity Analysis

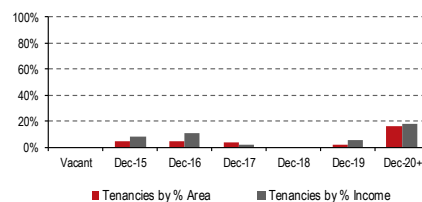
Tenant	Total Gross Income	% of Total	Rental Average	MAT as at 30-Sep-14	Occupancy Cost
Woolworths	\$1,195,000	55.9%	\$327	\$34,466,124	3.5%
Specialties (incl. Curves & Cabin)	\$733,959	34.3%	\$684	\$1,310,103	36.7%
Other Tenants	\$210,462	9.8%	\$338	N/A	N/A
Total	\$2,139,422	100.0%	\$400	\$35,776,227	6.0%

\*Please note the MAT figures shown above exclude sales by tenancies who have been trading less than 12 months, and are excluded from our occupancy cost analysis

#### Lease Expiry Profile - Non Majors



#### Lease Expiry Profile - Total Centre



#### Valuer

Jones Lang LaSalle Advisory Services Pty Ltd

*Jones Lang LaSalle*  
*Matthew McCoy*

Matthew W McCoy AAPI  
Certified Practising Valuer (Reg No. 15379)  
Director, Valuations & Advisory

*Robert W Schmidt*

Robert W Schmidt AAPI  
Certified Practising Valuer  
Valuer, Valuations & Advisory

This is a summary only. It must not be relied on for any purpose. JLL's valuation of this asset is subject to assumptions, conditions and limitations which are set out in the full valuation report prepared in relation to the asset.

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## 9. Qualification

JLL has been engaged by 360 Capital to provide a valuation of the Property.

We consent to the inclusion of this summary letter in the PDS on the following conditions:

- This letter is a summary of the valuation only and has not been prepared for the purpose of assessing the Property as an investment opportunity.
- JLL has not been involved in the preparation of the PDS nor have we had regard to any material contained in the PDS. This letter does not take into account any matters concerning the investment opportunity contained in the PDS.
- JLL has not operated under an Australian financial services licence in providing this letter and makes no representation or recommendation to a prospective investor in relation to the valuation of the properties or the investment opportunity contained in the PDS.
- The formal valuation and this letter are strictly limited to the matters contained within them, and are not to be read as extending, by implication or otherwise, to any other matter in the PDS. Without limitation to the above, no liability is accepted for any loss, harm, cost or damage (including special, consequential or economic harm or loss) suffered as a consequence of fluctuations in the real estate market subsequent to the date of valuation.
- Neither this letter nor the full valuation report may be reproduced in whole or in part without the prior written approval of JLL.
- JLL has prepared this letter solely in reliance upon the financial and other information (including market information and third party information) provided by the instructing party and has assumed that information is accurate, reliable and complete. We confirm that we have not tested the information in that respect.
- This summary letter is to be read in conjunction with our formal valuation report of 3 December 2014 and is subject to the assumptions, limitations and disclaimers contained therein. We refer the reader to 360 Capital to obtain a copy of the full report.
- JLL has received a fee from 360 Capital for the preparation of the valuation report and this summary letter.
- JLL are participants in the Australian Property Institute (API) limited liability scheme. This scheme has been approved under Professional Standards legislation and is compulsory for all API members.

## 10. Valuer's Experience and Interest

The valuer who prepared the valuation report, Mr Matthew McCoy has more than 8 years' valuation experience in a range of property types and is authorised under the requirements of the Australian Property Institute to practise as a valuer in New South Wales.

Mr McCoy has no pecuniary interest that could reasonably be regarded as being capable of affecting that person's ability to give an unbiased opinion of the Property's value or that could conflict with a proper valuation of the Property.

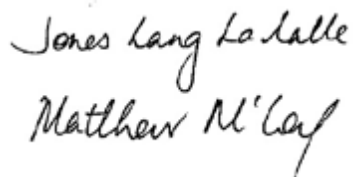
## 11. Liability Disclaimer

This letter has been prepared subject to the conditions referred to in Section 9 of the letter. Neither JLL nor any of its directors makes any representation in relation to the PDS nor accepts responsibility for any information or representation made in the PDS, other than this summary letter.

JLL was involved only in the preparation of this summary letter and the valuation report referred to herein, and specifically disclaims any liability to any person in the event of any omission from, or false or misleading statement included in, the PDS, other than in respect of the valuation report and this summary letter.

Yours faithfully

**Jones Lang LaSalle Advisory Services Pty Limited**



**Matthew W McCoy AAPI**  
Certified Practising Valuer (Reg No. 15379)  
Director, Retail  
Valuations and Advisory

*Liability limited by a scheme approved under Professional Standards Legislation.*

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JLL does not accept any liability in negligence or otherwise for any loss or damage suffered by any party resulting from reliance on this publication.



# 10

## INDEPENDENT LIMITED ASSURANCE REPORT

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Level 11, 1 Margaret St  
Sydney NSW 2000  
Australia

The Directors  
360 Capital Investment Management Limited  
Level 8  
56 Pitt Street  
SYDNEY NSW 2000

4 March 2015

Dear Sirs

## INDEPENDENT ACCOUNTANT'S REPORT

### INTRODUCTION

BDO Corporate Finance (East Coast) Pty Ltd (BDO) has been engaged by 360 Capital Investment Management Limited to prepare this Independent Accountant's Report (Report) in relation to certain financial information of 360 Capital Retail Fund No.1 (RF1) for inclusion in a product disclosure statement proposed to be dated on or about 4 March 2015 (PDS). The PDS is being issued in relation to an offer of up to 43,000,000 units in RF1 at \$1.00 per unit.

Unless stated otherwise in this Report, expressions defined in the PDS have the same meaning in this Report.

This Report has been prepared for inclusion in the PDS. We disclaim any assumption of responsibility for any reliance on this Report or on the financial information to which it relates for any purpose other than that for which it was prepared.

### SCOPE

This Report relates to the following financial information as set out in the PDS:

- The Pro Forma Statement of Financial Position as at 30 June 2015 of RF1 following the establishment of the fund - section 6 of the PDS.
- The Forecast Income Statement for the years ending 30 June 2016 and 30 June 2017 of RF1 following the establishment of the fund - section 6 of the PDS.

### PRO FORMA FINANCIAL INFORMATION

You have requested BDO to review the pro forma Statement of Financial Position as at 30 June 2015 of RF1 referred to as "the pro forma financial information".

The pro forma financial information has been prepared to reflect subsequent events and the effects of pro forma adjustments associated with the proposed transaction and capital raise. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the financial information and the events or transactions to which the pro forma adjustments relate, as if those events or transactions had occurred as at 30 June 2015. Due to its nature, the pro forma financial information does not represent RF1's actual or prospective financial position.

### Directors' Responsibility

The directors of 360 Capital Investment Management Limited are responsible for the preparation of the pro forma financial information, including the selection and determination of pro forma adjustments made to the financial information and included in the pro forma financial information. This includes responsibility for such internal

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controls as the directors determine are necessary to enable the preparation of financial information and pro forma financial information that are free from material misstatement, whether due to fraud or error.

#### **Our Responsibility**

Our responsibility is to express a limited assurance conclusion on the financial information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

#### **Review statement on the Forecast Financial Information**

##### *Pro forma forecast financial information*

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Statement of Financial Position for RF1 as at 30 June 2015 is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in section 6 of the document.

#### **FORECAST FINANCIAL INFORMATION**

This Report relates to the following financial information as set out in section 6 of the PDS being the forecast Income Statements of RF1 for the two financial years ending 30 June 2016 and 30 June 2017. The forecast financial information has been prepared on the basis that the transaction was completed on 30 June 2015.

The forecast financial Information is presented in an abbreviated form in the PDS insofar as it does not include all of the disclosures required by the Australian Accounting Standards (including the Australian Accounting Interpretations) applicable to annual financial reports prepared in accordance with the Corporations Act 2001 (Cth).

#### **Scope of Review of the Forecast Financial Information**

You have requested BDO to review the forecast Income Statements of RF1 for the two years ending 30 June 2016 and 30 June 2017, as described in section 6 of the PDS.

The directors' best-estimate assumptions underlying the forecast are described in section 6 of the PDS. The forecast financial information, to the extent possible, has been prepared on a consistent basis as the historical financial information and in accordance with the recognition and measurement principles contained in Australian Accounting Standards and RF1's adopted accounting policies.

#### **Directors' Responsibility**

The directors of 360 Capital Investment Management Limited are responsible for the preparation of the two year forecast for the two years ending 30 June 2017, including the best-estimate assumptions underlying the forecast. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of a forecast that are free from material misstatement, whether due to fraud or error.





#### **Our Responsibility**

Our responsibility is to express limited assurance conclusions on the forecast, the best-estimate assumptions underlying the forecast, and the reasonableness of the forecast themselves, based on our review. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our limited assurance procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

#### **Forecast Review Statement**

Based on our limited assurance engagement, which is not a reasonable assurance engagement, nothing has come to our attention which causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the forecast Income Statements of RF1 for the two years ending 30 June 2016 and 30 June 2017 do not provide reasonable grounds for the forecast; and
- in all material respects, the forecast:
  - is not prepared on the basis of the directors' best-estimate assumptions as described in section 6 of the PDS; and
  - is not presented fairly in accordance with the stated basis of preparation, being in accordance with the recognition and measurement principles contained in Australian Accounting Standards; and
  - RF1's adopted accounting policies; and
  - the forecast itself is unreasonable.

The forecast has been prepared by management and adopted by the directors in order to provide prospective investors with a guide to the potential financial performance of RF1 for the two years ending 30 June 2017 (the forecast financial information has been prepared on the basis that the transaction is completed on 30 June 2015). There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the forecast since anticipated events or transactions frequently do not occur as expected and the variation may be material.

The directors' best-estimate assumptions on which the forecast is based relate to future events and/or transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of 360 Capital Investment Management Limited. Evidence may be available to support the directors' best-estimate assumptions on which the forecast is based however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the directors' best-estimate assumptions. The limited assurance conclusion expressed in this Report has been formed on the above basis.



Prospective investors should be aware of the material risks and uncertainties in relation to an investment in RF1, which are detailed in the PDS, and the inherent uncertainty relating to the forecast. Accordingly, prospective investors should have regard to the investment risks as described in section 7 of the PDS.

We disclaim any assumption of responsibility for any reliance on this Report, or on the forecast to which it relates, for any purpose other than that for which it was prepared. We have assumed, and relied on representations from certain members of management of 360 Capital Investment Management Limited that all material information concerning the prospects and proposed operations of RF1 and accurate in all respects. We have no reason to believe that those representations are false.

#### **SUBSEQUENT EVENTS**

Apart from the matters dealt with in this Report, and having regard to the scope of this Report and the information provided by the Directors, to the best of our knowledge and belief, no material transaction or event outside of the ordinary business of RF1 not described in the PDS, has come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

#### **INDEPENDENCE**

BDO is a member of BDO International Ltd. BDO does not have any interest in the outcome of the PDS other than in connection with the preparation of this Report and participation in due diligence procedures, for which professional fees will be received.

#### **GENERAL ADVICE WARNING**

This Report has been prepared, and included in the PDS, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to be a substitute for professional advice and potential investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, potential investors should consider whether it is appropriate for their objectives, financial situation or needs.

Without modifying our conclusions, the purpose of the financial information is for inclusion in the PDS. As a result, the financial information may not be suitable for use for another purpose.

BDO has consented to the inclusion of this Report in the PDS in the form and context in which it is included. At the date of this Report this consent has not been withdrawn. However, BDO has not authorised the issue of the PDS. Accordingly, BDO makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from the PDS.

#### **FINANCIAL SERVICES GUIDE**

Our Financial Services Guide follows this Report. This guide is designed to assist retail clients in their use of any general financial product advice in our Report.

Yours faithfully

**BDO Corporate Finance (East Coast) Pty Ltd**

A handwritten signature in black ink, appearing to read 'Sebastian Stevens', is written over a faint, light blue circular stamp.

**Sebastian Stevens**

Director



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Level 11, 1 Margaret St  
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Australia

This Financial Services Guide is issued in relation to an independent accountant's report (IAR) prepared by BDO Corporate Finance (East Coast) Pty Ltd (ABN 70 050 038 170) (BDOCF) at the request of the Directors of 360 Capital Investment Management Limited (CIML).

#### Engagement

The IAR is intended to accompany the product disclosure statement and prospectus proposed to be dated on or about 4 March 2015 (PDS). The PDS is being issued in relation to an offer of up to 43,000,000 units in RF1 at \$1.00 per security.

#### Financial Services Guide

BDOCF holds an Australian Financial Services Licence (License No: 247420) (Licence). As a result of our IAR being provided to you BDOCF is required to issue to you, as a retail client, a Financial Services Guide (FSG). The FSG includes information on the use of general financial product advice and is issued so as to comply with our obligations as holder of an Australian Financial Services Licence.

#### Financial services BDOCF is licensed to provide

The Licence authorises BDOCF to provide reports for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues, to carry on a financial services business to provide general financial product advice for securities and certain derivatives (limited to old law securities, options contracts and warrants) to retail and wholesale clients.

BDOCF provides financial product advice by virtue of an engagement to issue the IAR in connection with the issue of securities of another person.

Our IAR includes a description of the circumstances of our engagement and identifies the party who has engaged us. You have not engaged us directly but will be provided with a copy of our IAR (as a retail client) because of your connection with the matters on which our IAR has been issued.

Our IAR is provided on our own behalf as an Australian Financial Services Licensee authorised to provide the financial product advice contained in the IAR.

#### General financial product advice

Our IAR provides general financial product advice only, and does not provide personal financial product advice, because it has been prepared without taking into account your particular personal circumstances or objectives (either financial or otherwise), your financial position or your needs.

Some individuals may place a different emphasis on various aspects of potential investments.

An individual's decision in relation to voting on the transaction described in the Documents may be influenced by their particular circumstances and, therefore, individuals should seek independent advice.

#### Benefits that BDOCF may receive

BDOCF will receive a fee based on the time spent in the preparation of the IAR in the amount of approximately \$35,000 (plus GST and disbursements). BDOCF will not receive any fee contingent upon the outcome of the proposed transaction, and accordingly, does not have any pecuniary or other interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased opinion in relation to the transaction.

#### Remuneration or other benefits received by our employees

All our employees receive a salary. Employees may be eligible for bonuses based on overall productivity and contribution to the operation of BDOCF or related entities but any bonuses are not directly connected with any assignment and in particular are not directly related to the engagement for which our IAR was provided.

#### Referrals

BDOCF does not pay commissions or provide any other benefits to any parties or person for referring customers to us in connection with the reports that BDOCF is licensed to provide.

#### Associations and relationships

BDOCF is the licensed corporate finance arm of BDO East Coast Partnership, Chartered Accountants and Business Advisers. The directors of BDOCF may also be partners in BDO East Coast Partnership, Chartered Accountants and Business Advisers.

BDO East Coast Partnership, Chartered Accountants and Business Advisers is comprised of a number of related entities that provide audit, accounting, tax and financial advisory services to a wide range of clients.

BDOCF's contact details are as set out on our letterhead.

BDOCF is unaware of any matter or circumstance that would preclude it from preparing the IAR on the grounds of independence under regulatory or professional requirements. In particular, BDOCF has had regard to the provisions of applicable pronouncements and other guidance statements relating to professional independence issued by Australian professional accounting bodies and Australian Securities and Investments Commission (ASIC).

#### Complaints resolution

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Complaints Officer, BDO Corporate Finance (East Coast) Pty Ltd, Level 11, 1 Margaret Street, Sydney NSW 2000.

On receipt of a written complaint we will record the complaint, acknowledge receipt of the complaint and seek to resolve the complaint as soon as practical. If we cannot reach a satisfactory resolution, you can raise your concerns with the Financial Ombudsman Service Limited (FOS). FOS is an independent body established to provide advice and assistance in helping resolve complaints relating to the financial services industry. BDOCF is a member of FOS. FOS may be contacted directly via the details set out below.

Financial Ombudsman Service Limited  
GPO Box 3  
Melbourne VIC 3001  
Toll free: 1300 78 08 08  
Email: info@fos.org.au

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# 11

## TAXATION

## AUSTRALIAN TAXATION OF AUSTRALIAN RESIDENT UNITHOLDERS

### 11.1 Tax implications

The comments provided in this section are of a general nature only in relation to the Australian income tax implications for Australian resident Unitholders who intend to participate in the Offer and hold their Units on capital account and not as trading stock or otherwise on revenue account. Each Unitholder's taxation position may vary depending on their individual circumstances. Accordingly, the information contained in this section, being of a general nature only, does not constitute taxation advice and cannot be relied upon as such. We disclaim all liability to any Unitholder for all costs, loss, damage and liability that the Unitholder may suffer or incur arising from or relating to the contents of this section.

Taxation is a complex area of law and the taxation consequences for each Unitholders may differ depending upon their own particular circumstances. Accordingly, Unitholders should seek appropriate independent professional taxation advice that considers the taxation implications of participating in the Offer in relation to their own specific circumstances.

### 11.2 Issue of Units under the Offer

The issue of Units to a Unitholder should not itself result in any amount being included in the assessable income of a Unitholder.

### 11.3 Acquisition of Units

Under the Offer, Unitholders will acquire a Unit in the Fund which will be a CGT asset under Australian income tax legislation.

Units will be treated for CGT purposes (including the CGT discount rules) as having been acquired when the Responsible Entity issues or allots the Units under the Offer.

Generally, the cost base (and reduced cost base) of the Units issued to a Unitholder will include the money paid in acquiring the Units (including any incidental costs incurred on the acquisition).

For Unitholders applying under the Offer this should broadly be equal to the total Issue Price of \$1.00 per Unit.

On any future disposal of Units, Unitholders may make a capital gain or capital loss, depending on whether the capital proceeds of that disposal are more than the cost base or less than the reduced cost base of those Units.

Any capital gain arising to Unitholders who are Australian tax resident individuals and Australian tax resident trusts (other than trusts that are complying superannuation funds) can generally be reduced by one-half (after first offsetting available current year or carried forward net capital losses from previous years) if the Units are held for at least 12 months between the date the Units are acquired and the date of disposal on the basis that the Unitholders are Australian tax resident at all times.

For Unitholders who are complying Australian tax resident superannuation funds, any capital gain can generally be reduced by one-third (after first offsetting available current year or carried forward capital losses from previous years) if the Units are held for at least 12 months between the date the Units are acquired and the date of disposal. The CGT discount is not available to Unitholders that are companies on the basis that the Unitholders are Australian tax resident at all times.

### 11.4 Taxation of Distributions

Under Australian income tax legislation, the Fund is treated as a flow-through trust under Division 6 of the Income Tax Assessment Act 1936 (Cth) such that the Fund is not liable to pay tax on the net income of the Fund provided that its Unitholders are presently entitled to the income of the Fund each year. It is intended that the Unitholders should continue to be presently entitled to the income of the Fund each year.

Unitholders will include their share of the net income of the Fund in their assessable income in the year in which they become presently entitled to their share of the income of the Fund.

To the extent that a Unitholder's share of the net income is attributable to a capital gain made by the Fund, the Unitholder will be treated as having made a capital gain equal to that amount. Where the capital gain is a discount capital gain, the Unitholder is treated as making a discount capital gain equal to twice the amount that is attributable to the discount capital gain. The Unitholder may be entitled to apply their relevant CGT discount percentage to the discount capital gain to the extent that it is included in a net capital gain made for the income year.

Where the cash distribution that a Unitholder receives exceeds their share of the net income of the Fund, the excess may include CGT concession or tax deferred amounts which will generally be non-assessable to the Unitholder. The tax deferred component generally results from the availability of tax deductions for capital allowances and depreciation amounts on the underlying property investments.

Tax deferred distributions will result in a reduction in the cost base and reduced cost base of the Units held by a Unitholder for tax purposes. In the event that any tax deferred amounts cumulatively exceed the cost base of the Unitholders' Units in the Fund, a capital gain may arise to the extent of the excess in the hands of the Unitholder.

To assist Unitholders in completing their income tax returns, the Fund will provide an annual distribution statement to each Unitholder which provides details on the components (such as amounts that are assessable income, capital gains and tax deferred amounts) which are included in a Unitholder's share of the income of the Fund.

### 11.5 Taxation of Financial Arrangements (TOFA)

Australian income tax law includes specific TOFA rules. In summary, the TOFA rules can operate to make assessable or deductible, gains or losses arising from certain 'financial arrangements'.

As the application of the TOFA rules is dependent on the particular facts and circumstances of the taxpayer, Unitholders should obtain their own advice in relation to the potential applicability of the TOFA rules, in light of their own individual facts and circumstances.

### 11.6 Other Australian Taxes

No GST or stamp duty should be payable in respect of acquisition of Units.

### 11.7 Tax File Numbers and Australian Business Numbers

Unitholders are not required by law to provide a Tax File Number (TFN). However, in the event that a Unitholder has not quoted a TFN, or no appropriate TFN exemption is provided, tax is required to be withheld from any income distribution entitlement at the highest marginal tax rate plus the Medicare levy.

An entity that makes their investment in the Units in the course of an enterprise carried on by it may quote their Australian Business Number rather than a TFN.

### 11.8 Proposed changes to taxation law

This summary is based on the taxation law, established interpretations of legislation, applicable case law and published Australian Tax Office statements of administrative practice as at the date of issue of this PDS.

Australian income tax legislation may be amended at any time and therefore the consequences discussed above may alter if there is a change in the taxation law after the date of issue of this PDS.

Such changes may have adverse taxation consequences on the Unitholders concerned. We note that Unitholders should continue to monitor the taxation consequences that may apply to their circumstances, and where in doubt, seek professional tax advice.

### 11.9 Distributions – Managed Investment Trust Withholding Tax Regime

The Fund is intended to be a Managed Investment Trust (MIT) for Australian tax purposes. As such, pursuant to the MIT withholding tax regime, the Responsible Entity is required to withhold tax at a rate of 15% from distributions of net taxable income (including rent and capital gains, but excluding amounts of interest which are subject to 10% interest withholding tax) made to New Zealand resident Unitholders.

The Fund is also required to provide a payment summary to such Unitholders which sets out the total of the withholding payments that the payment summary covers and the total of the amounts withheld by the Fund from those withholding payments. If the Fund does not qualify as an MIT, the tax treatment of your investment will differ.

We recommend that you seek independent taxation advice in this regard.

### 11.10 Taxation of Capital Gains

The redemption or transfer of any Units in the Fund may give rise to a taxable capital gain. For example, this will be the case in circumstances where a New Zealand resident Investor has, at the time of redemption or transfer, or throughout a twelve month period that began no earlier than 24 months before that time, an interest in the Fund (including any interests held by associates) of 10% or more. Non-residents are not entitled to discount capital gains treatment.



## NEW ZEALAND TAXATION OF NEW ZEALAND RESIDENT INVESTORS

### 11.11 GST

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

### 11.12 Tax Treatment under the Ordinary Tax Regime

A Unitholder can be taxed under the ordinary tax rules if the Unitholder is a New Zealand resident natural person or a particular type of family trust and does not hold offshore equities (including units in a unit fund but excluding, amongst other things, shares in most Australian resident companies listed on the ASX All Ordinaries Index) the total cost of which is more than NZ\$50,000. Under the ordinary tax rules:

- Any distributions will be dividend income for the Unitholder;
- Withdrawal by redemption of Units will give rise to dividend income for the Unitholder equal to the difference between:
  - the redemption proceeds; and
  - the average issue price of all the Units multiplied by the number of the Unitholder's Units which are redeemed; and
- A Unitholder will be taxed on any gains from the sale or redemption of Units only if the Unitholder acquired the Units either:
  - for the dominant purpose of resale; or
  - 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.

### 11.13 Tax Treatment under FIF Regime

Other Unitholders will be taxed under the Foreign Investment Funds regime (FIF Unitholders). 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 or redemption proceeds received are ignored (except as described in the following paragraphs).

If a FIF Unitholder bought and later sold Units in the same income year, then the FIF Unitholder has additional taxable income equal to the lesser of:

- 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).

A slightly different version of the FDR method is used by Investors that are managed Funds. 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 Unitholder can elect to be taxed on its actual realised and unrealised returns – including dividends (the comparative or CV method). This method must be applied across all the Unitholder's FIF interests.

A Unitholder will also need to make certain elections in respect of how amounts are converted to New Zealand dollars. The FIF regime described above is subject to various exceptions. Unitholders should seek specific tax advice if they believe the FIF regime may apply to them.

# 12

## MATERIAL AGREEMENTS

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## 12.1 Summary of Debt Facility

The Fund has agreed to enter into a Debt Facility with St George Bank with a facility limit of \$37.0 million.

The Debt Facility will be used to assist with:

- the Property Acquisitions;
- the Fund's working capital requirements; and
- the fees and costs associated with the Transaction (refer section 6).

### 12.1.1 Conditions precedent

The availability of funds under the Debt Facility is subject to a number of conditions precedent, which the Responsible Entity considers are customary and usual for a financing facility of this nature.

### 12.1.2 Availability Period

The Debt Facility will be available for a period of three years from initial drawdown.

### 12.1.3 Security

The Debt Facility is secured by securities which the Responsible Entity considers are customary and usual for a financing of this nature, including:

- first registered real property mortgages over all of the Properties in the Fund's portfolio;
- general security agreement provided by the Responsible Entity over all assets and undertakings of the Fund; and
- ISDA Master Agreement.

### 12.1.4 Undertakings

The Debt Facility contains a number of undertakings, representations and warranties. The Responsible Entity considers the undertakings, representations and warranties are customary and usual for financing of this nature.

In addition, the Debt Facility contains the following financial covenants:

- maintain the LVR so as not to exceed a maximum of 60% at all times. LVR is calculated as outstanding debt divided by the value of the Properties as given in the most recently approved valuations. This means that the value of the Portfolio would need to fall by 19% for the Fund to breach this LVR covenant; and
- maintain an Interest Cover Ratio (ICR) ratio of 1.75 times, calculated as Aggregate Net Passing Rent / Gross Interest Expense. This means that the operating income of the Fund would have to fall by 56% for the Fund to breach this ICR covenant.

### 12.1.5 Events of Default

The Debt Facility is subject to certain events of default which the Responsible Entity considers are customary and usual for a financing of this nature, including:

- failure to pay;

- breach of any undertakings, covenants or financial covenants;
- material adverse change;
- default or breach under any of the project, Transaction or financing documents;
- misrepresentation;
- insolvency;
- ceasing of business;
- termination or vesting of trust and other events applicable to the Responsible Entity's status as trustee/responsible entity; and
- termination or vitiation of a material project document.

## 12.2 Property Acquisition Agreements

The Responsible Entity has entered into put and call option deeds pursuant to which the Fund has obtained a right to acquire a 100% freehold interest in each of the Properties being:

- a) City Centre Plaza, Cnr Fitzroy Street & Bolsover Street, Rockhampton, QLD; and
- b) Windsor Marketplace, Kable Street, Windsor, NSW.

The main terms of the Property Acquisition Agreements are as follows:

- the Responsible Entity is relying on its own enquiries and investigations in relation to the quality and condition of the Properties and is buying the Properties on an 'as is where is' basis, subject to certain warranties provided by the Vendor;
- the Properties are being acquired subject to the relevant tenancies for the Properties;
- except in certain circumstances, the Vendor must seek the Responsible Entity's consent to deal with any of the tenancies after the date of the Property Acquisition Agreements and prior to completion;
- all fixtures and fittings in the Properties (other than those of the existing tenants) are included in the sale; and
- the purchase of the Properties are the supply of a going concern for GST purposes.

The main points in relation to exchange and completion are as follows:

- Windsor Marketplace was unconditionally exchanged on 19 December 2014 for a purchase price of \$19,600,000 (subject to adjustment for outstanding incentives).
- The Windsor Marketplace call option pursuant to the relevant Property Acquisition Agreement commences 31 March 2015 and expires 9 June 2015. The put option pursuant to the relevant Property Acquisition Agreement commences 10 June 2015 and expires 30 June 2015. Settlement must occur 14 days after the date the option is exercised.



- City Centre Plaza was conditionally exchanged on 24 December 2014 for a purchase price of \$48,250,000 (subject to adjustment for outstanding incentives). The City Centre Plaza Property Acquisition Agreement is subject to and conditional upon a new lease being entered into by Target. Upon Target entering into a new lease, or validly exercising its option to renew, the put and call option will become unconditional.
- The City Centre Plaza call option pursuant to the relevant Property Acquisition Agreement will commence 31 March 2015 and expire 1 June 2015. The put option pursuant to the relevant Property Acquisition Agreement will commence 1 June 2015 and expire 10 June 2015. Settlement must occur 14 days after the date the option is exercised, but no later than 24 June 2015. These dates are subject to extension in the event that moderate or substantial damage occurs to the Property before completion.
- The Property Acquisition Agreements are not interdependent.

### 12.3 Underwriting Agreement

On 22 December 2014, the Responsible Entity entered into the Underwriting Agreement with the Underwriter, pursuant to which the Underwriter has agreed to fully underwrite the Offer.

The key terms of the Underwriting Agreement are as follows:

- the underwriter subscribed for 3,912,500 Underwrite Units in December 2014 to enable the Fund to make payment of the deposit required pursuant to the Property Acquisitions;
- on 30 June 2015 or on such other date as agreed between the Responsible Entity and the Underwriter, the Underwriter will subscribe for Underwrite Units in an amount equal to the shortfall under the Offer to ensure settlement of the Property Acquisitions occurs;
- the Underwriter is not required to underwrite the shortfall of the Offer if the Debt Facility has not been entered into or if there is a material change in the term of the Fund which is adverse to the Underwriter, or to the timetable, which was agreed between the Responsible Entity and the Underwriter; and
- upon the earlier of the date of settlement of the Property Acquisitions and the Closing Date, the Underwriter will be entitled to an underwriting fee of 3.0% of the Total Offer Amount, being amount of \$1.29 million. The Underwriter has agreed to waive this fee so that the Fund can pay distributions in respect of Units issued prior to the settlement of the Property Acquisitions at a rate of 8.00% p.a. (annualised).

As the Underwriter and the Responsible Entity are both members of the 360 Capital Group, the Underwriting Agreement is a related party transaction. In entering into the Underwriting Agreement, the Responsible Entity complied with the Fund's Conflicts Policy. For more details on the Fund's Conflicts Policy, please refer to section 13.6.

### 12.4 Summary of the Fund's Constitution

The Fund is governed by the Constitution. The Constitution binds the Responsible Entity and all Unitholders. The Constitution sets out, amongst other things, the rights attaching to the Units. Those rights are, in certain circumstances, also regulated by the Corporations Act and general law. The Constitution is available for inspection at the offices of the Responsible Entity.

Some important features of the Constitution are summarised below.

- the Responsible Entity may issue Units and Units of different classes at the price and terms determined in accordance with the Constitution;
- subject to law, the Responsible Entity has all the powers in respect of the Fund which it would have if it was the owner of the Fund's assets;
- if the Fund is wound up, Unitholders will be entitled to participate, subject to the terms of any particular class of Unit, pro rata in any surplus Fund assets;
- the Responsible Entity and its related bodies corporate may hold Units and contract with itself in another capacity and may contract with related entities for the provision of services to the Fund and paid for by the Fund;
- the Constitution provides that the Responsible Entity will be entitled to be paid out of the income or capital of the Fund certain fees which are detailed in section 8 of this PDS; and
- the Responsible Entity is entitled to be indemnified out of the assets of the Fund for any liability incurred by it in properly performing or exercising its powers.

### 12.5 Compliance Plan

The Fund has adopted a compliance plan which identifies the Fund's key compliance obligations and the measures in place to address them. The compliance plan is audited annually by the Fund's auditor, Ernst & Young, in accordance with the provisions of the Corporations Act. The compliance plan is the document which outlines the systems, measures and procedures that have been adopted by the Responsible Entity to enable it to comply with the provisions of the Corporations Act, ASIC policy and the Constitution. It deals with a range of issues including compliance monitoring by the Board which meets periodically to oversee the Responsible Entity's compliance activities.

Matters covered in detail in the compliance plan include procedures for complaints handling, the processing of applications, transfers and distributions, the monitoring and resolution of suspected breaches of the Corporations Act, accounts and record keeping, valuations, registry systems, audits, related party transactions, conflicts of interest and disclosure reporting requirements.

# 13

## ADDITIONAL INFORMATION

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### 13.1 Underwrite Units

The Offer will be underwritten by the Underwriter. If at the Closing Date the amount raised is less than the Total Offer Amount the Underwriter or its nominee will acquire the balance of the Units available under the Offer as Underwrite Units.

Whilst on issue Underwrite Units will rank equally with other Units except that the proceeds from the Allotment of other Units may be used to redeem Underwrite Units at the prevailing Issue Price and Underwrite Units will not be eligible to receive any distributions paid prior to settlement of the Properties.

### 13.2 Distributions prior to settlement of the Property Acquisitions

The Fund will pay distributions in respect of Units issued prior to settlement of the Property Acquisitions from the date of allotment of such Units at a rate of 8.00% p.a. (annualised).

To the extent that the income of the Fund is not sufficient to make distributions at that level, the 360 Capital Group will fund the balance up to 8.00% p.a. (annualised) through the waiver by the Underwriter of a portion of its underwriting fee. This arrangement will be in place until settlement of the Property Acquisitions occurs.

### 13.3 Cooling off

No cooling off period is applicable to an investment in the Fund.

### 13.4 Consents

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

- be named in this PDS in the form and context in which they are named;
- the inclusion of their respective reports or statements noted next to their names and the references to those reports or statements in the form and context in which they are included in this PDS; and
- the inclusion of other statements in this PDS which are based on or referable to statements made in those reports or 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	Report or Statement
BDO Corporate Finance Pty Ltd	Investigating Accountant	Independent Limited Assurance Report in section 10
Jones Lang LaSalle	Valuer	Summary in section 9
CBRE	Valuer	Summary in section 9
Clayton Utz	Legal Advisor	N/A
St George Bank	Lender	See sections 2, 6 and 12

Each of the parties referred to in this section:

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



### 13.5 Accessing information about the Fund

The Responsible Entity provides regular communication to Unitholders. The Fund has a dedicated website at [www.360capitalinvestments.com.au/retail](http://www.360capitalinvestments.com.au/retail) 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.

### 13.6 Fund Conflicts Policy

There are a number of related party transactions described in this PDS in relation to the Fund, including fees payable by the Responsible Entity to the Underwriter under the Underwriting Agreement.

The Responsible Entity may also seek professional services for the Fund from qualified service providers, including from related parties of the Responsible Entity. The fees for these services will be charged at normal commercial rates to the Fund. All parties and the fees chargeable for these services are subject to the approval of the Responsible Entity's independent directors. Examples of areas in which related parties may provide services to the Fund are:

- property, development and project management;
- accounting, taxation and compliance;
- debt arrangement;
- financial structuring and underwriting;
- product distribution; and
- corporate advice.

Actual or potential conflicts and related party matters will be considered by the Board of the Responsible Entity in accordance with the Responsible Entity's written Fund Conflicts Policy which the Responsible Entity maintains and complies with.

The Fund Conflicts Policy addresses conflicts of interest, including:

- dealings with related parties;
- any proposal to acquire property for the Fund or dispose of property of the Fund, where any counterparty having a direct or indirect interest in the applicable property is either:
  - a related body corporate of any 360 Capital entity or any director of a 360 Capital entity or their associates; or
  - any Fund or fund managed by a related body corporate of a 360 Capital entity; and
- any agreements between the Fund and a 360 Capital entity.

To obtain more detail on the Responsible Entity's policy and procedures for related party transactions, please contact the Responsible Entity.

### 13.7 Fund Valuation Policy

360 Capital has a framework in place for the valuation of all investment properties it manages as set out in the written Valuation Policy adopted by the Board of the Responsible Entity which the Responsible Entity maintains and complies with. The policy outlines the process of how 360 Capital determines the fair market value of these assets.

Investment properties are generally carried at their fair market value in accordance with applicable accounting standards. Independent external valuations of direct property investments are obtained before a property is purchased (on an as is basis) and at least once in a two year period or earlier if an internal valuation differs materially from the current carrying value of a property. A property must also be externally valued within two months after the Directors form a view that there is a likelihood that there has been a material change in the value of a property. A formal selection process applies with an approved panel of valuers. The panel of valuers must meet pre-determined criteria (including that they be independent and be registered or licensed in the relevant state or territory) required by the Responsible Entity. A rotation and diversity policy is embedded into the valuation process. As such, an external valuer may undertake the valuation on a property no more than three consecutive times after which a new external valuer must be appointed. Properties that are part of a portfolio of assets may be staggered throughout the two year period so as long as each property is externally valued once.

At each reporting period an internal valuation (Responsible Entity's valuation) will be performed. To the extent that an external valuation has been undertaken, reliance can be placed on that valuation, however the Responsible Entity must consider all inputs into that valuation and confirm whether they are still appropriate and valid. A property purchased within the most current financial year can be valued either externally or via a Responsible Entity's valuation.

The Valuation Policy also includes procedures to be followed for dealing with any conflicts of interest.

To obtain a copy of the full Valuation Policy, please contact the Responsible Entity.

## 13.8 Disclosure to Unitholders

The Responsible Entity's disclosures to Unitholders will be guided by industry best practice and ASIC guidelines.

In addition to this PDS, Unitholders will be able to access current information on the Property and the Fund from the Fund's website and regular publications and Unitholder updates.

ASIC Regulatory Guide 46 'Unlisted property schemes: Improving disclosure for retail investors' and Regulatory Guide 198 'Unlisted disclosing entities: Continuous disclosure obligations' contain the benchmarks and disclosure principles currently recommended by ASIC. These benchmarks and disclosures have been incorporated, or it has been described how the Responsible Entity will meet these obligations, within this PDS.

The following tables show the benchmarks and disclosure principles set out in ASIC Regulatory Guide 46:

Benchmark	PDS section(s) reference	Does the Fund meet the Benchmark?
1 Gearing policy	2.5	Yes
2 Interest cover policy	2.5	Yes
3 Interest capitalisation	2.5	Yes
4 Valuation policy	13.7	Yes
5 Related party transactions	13.6	Yes
6 Distribution practices	2.6	Yes <sup>1</sup>

Disclosure Principle	PDS section(s)
1 Gearing ratio	2.5
2 Interest cover ratio	2.5
3 Scheme borrowing	2.5 and 12.1
4 Portfolio diversification	4.1
5 Related party transactions	12.3 and 13.6
6 Distribution practices	2.6
7 Withdrawal arrangements	7.2
8 Net tangible assets	6.2

## 13.9 Ethical considerations

The Responsible Entity 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.

## 13.10 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).

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.

<sup>1</sup> The Fund will meet this Benchmark upon settlement of the Properties (anticipated to occur in June 2015). In the introductory period prior to settlement of the Properties, distributions will be funded by the 360 Capital Group and will be at no cost to the Fund. Refer to section 13.2.

### 13.11 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 customers' 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 1800 182 257 (free call from within Australia) or +61 2 9290 9600 (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 Investment Management 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 may raise the matter directly with the Financial Ombudsman Service (FOS). Its contact details are:

**Financial Ombudsman Service**  
GPO Box 3  
Melbourne VIC 3001

Telephone: 1300 780 808 (within Australia)  
or +61 3 9613 7366 (from outside Australia)

Fax: +61 3 9613 6399

Email: [info@fos.org.au](mailto:info@fos.org.au)

Please note that a complaint must have gone through the Responsible Entity's complaints handling process before it can be referred to FOS.

### 13.12 Privacy and use of personal information

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

By completing the Application Form, you agree to us:

- collecting, holding and using your personal information to process your Application as well as administering and managing the Fund. This includes monitoring, auditing and evaluating the Fund, modelling data, testing data, communicating with you and dealing with any complaints or enquiries;
- providing your personal information to other entities in the 360 Capital Group as well as to external service providers situated in Australia or offshore, which provide services in connection with the Fund provided they agree to treat your information in accordance with the *Privacy Act 1988* (Cth) (Privacy Act). These may include for example, mail houses or professional advisers;
- using your personal information to offer products or services that may be of interest to you unless you request us not to (including for the purposes of the *Spam Act 2003* (Cth), via commercial emails);
- supplying your financial adviser with information about your investment, if a financial adviser's stamp appears on an Application Form or there is evidence of their status; and
- disclosing your personal information to other parties if we believe that the law requires or permits us to do so, or to any person proposing to acquire an interest in our business, provided they agree to treat your information in accordance with the Privacy Act,

Other entities in the 360 Capital Group may use your personal information to offer products or services that may be of interest to you unless you request us not to allow this. Should you not wish to receive this information, please email [investor.relations@360capital.com.au](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 in the Application Form is collated by Boardroom (Victoria) Pty Limited as the Fund's Registry provider. Their 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 Investment Management Limited  
GPO Box 5483  
Sydney NSW 2001

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

### 13.13 New Zealand investors

The Fund is available for investment by New Zealand investors – please refer to the Important Notice below.

#### IMPORTANT NOTICE FOR NEW ZEALAND INVESTORS

##### GENERAL

The offer of Units (offer) in the 360 Capital Retail Fund No. 1 ARSN 601 486 668 (Fund) is made by 360 Capital Investment Management Limited ACN 133 363 185 AFSL 340304 (Responsible Entity) to New Zealand investors. New Zealand investors should note the following additional information which the Responsible Entity is required to provide under New Zealand law:

- a) This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 and Regulations. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008.
- b) This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 and Regulations (Australia) set out how the offer must be made.
- c) There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime.
- d) The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

- e) Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.
- f) The taxation treatment of Australian securities is not the same as for New Zealand securities.
- g) If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

#### CURRENCY EXCHANGE

- a) The offer may involve a currency exchange risk. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.
- b) If you expect the securities 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.

#### DISPUTE RESOLUTION

The dispute resolution process described in this offer document is only available in Australia and is not available in New Zealand.

The above warning statement is required pursuant to the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008.

#### CONTACT

The Responsible Entity can be contacted in New Zealand at:

**C/- Tim Williams, Partner**  
Chapman Tripp  
23-29 Albert Street  
PO Box 2206  
Auckland 1140  
New Zealand

Term	Definition
\$ or A\$ or cents	Australian currency
360 Capital or 360 Capital Group	360 Capital Group, the stapled entity comprising 360 Capital Group Limited ACN 113 569 136 and 360 Capital Investment Fund ARSN 104 552 598 and each of their subsidiaries
AAS	Australian Accounting Standards
AFSL	Australian Financial Services License
Allotment	The allotment of Units to an Applicant
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
Amount available for Distribution	Statutory net profit after tax excluding specific non-cash adjustments such as fair value adjustments of investment properties (including write-off of acquisition costs) and derivative financial instruments, straight-lining of rental income, amortisation of incentives, leasing fees and borrowing costs
Applicant	A person who subscribes for Units under the Offer
Application	An application to subscribe for Units under the Offer, made by an Applicant using an Application Form
Application Form	The paper and electronic application form attached to or accompanying this PDS
Application Monies	Monies paid by an Applicant in respect of their subscription for Units in the Fund
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited ACN 008 624 691 or the securities market operated by it as the context requires
Board or Board of the Responsible Entity	Board of Directors of the Responsible Entity
Business Day	Days (other than weekends or public holidays) on which banks are open for business in Sydney, NSW Australia
CBD	Central business district
CGT	Capital gains tax
Closing Date	24 April 2015
Constitution	The constitution of the Fund, as amended from time to time
Corporations Act	<i>Corporations Act 2001</i> (Cth) as amended from time to time
CPI	Consumer price index
CPU	Cents per Unit
Debt Facility	The debt facility agreement to be entered into between the Fund and the Lender
Director/s	A director of the Responsible Entity
Distribution Yield	The rate of return derived by dividing the distribution per Unit by the Issue Price of the Unit
DPU	Distributions per Unit
EBITDA	Earnings before interest, tax, depreciation and amortisation
EPU	Earnings per Unit
Financial Information/ Forecast Financial Information	The information contained in section 6 of this PDS
Forecast Period	Financial years ending 30 June 2016 and 30 June 2017
FOS	Financial Ombudsman Service
Fund	360 Capital Retail Fund No. 1 ARSN 601 486 668
FY	Financial year
GAV	Gross asset value
GLA	Gross lettable area
GST	Goods and services tax (Australia)
ICR	Interest Cover Ratio – calculated in accordance with ASIC Regulatory Guide 46, see section 2.5
Initial Distribution	A distribution paid monthly in arrears, at a rate of 8.00% p.a., on units issued prior to the Closing Date.
IFRS	International Financial Reporting Standards
Investigating Accountant	BDO Corporate Finance (East Coast) Pty Ltd ACN 050 038 170, the provider of the Independent Limited Assurance Report as detailed in section 10

## GLOSSARY

(CONTINUED)

Term	Definition
IRR	Internal rate of return
Issuer	The Responsible Entity
Issue Price	\$1.00 per Unit
Lender	St George Bank
LVR	Loan to ratio – calculated in accordance with ASIC Regulatory Guide 46, see section 2.5
Management Fee	The Fee for which the Responsible Entity is entitled pursuant to the Constitution to for its role in managing and administering the Fund
Minimum Application Amount	\$10,000.00 (10,000 Units), and thereafter in increments of \$2,500.00 (2,500 Units).
NLA	Net Lettable Area
NTA	Net Tangible Assets
Offer	The offer of Units under this PDS
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
PDS	This product disclosure statement
Privacy Act	Privacy Act 1988 (Cth)
Portfolio	See "Properties"
Properties	Two properties to be acquired by the Fund being the City Centre Plaza, Corner of Fitzroy & Bolsover Street, Rockhampton QLD (City Centre Plaza) and the Windsor Marketplace, Kable Street, Windsor NSW (Windsor Marketplace).
Property Acquisition Agreement	The agreements the Responsible Entity has entered into with the Vendors pursuant to which the Fund will acquire the Properties
Property Acquisition	The proposed acquisition by the Fund of the Properties
Registry	Boardroom (Victoria) Pty Limited ACN 110 851 333
REIT	Real Estate Investment Trust
Responsible Entity	360 Capital Investment Management Limited ABN 38 133 363 185 AFSL 340 304
sqm	square metres
St George Bank	St George Bank, a Division of Westpac Banking Corporation, ABN 33 007 457 141
TFN	Tax File Number
TGP	The ASX code of 360 Capital Group
Total Offer Amount	\$43 million
Transaction	The completion of the Property Acquisitions and the Offer
Underwriter	360 Capital Group Limited ACN 113 569 136 or its nominee
Underwrite Units	The class of Unit described in section 13.1
Underwriting Agreement	The underwriting agreement entered into between the Underwriter and the Responsible Entity summarised in section 12.3
Unit	A unit in the Fund
Unitholder	The holder of a Unit in the Fund
Unit Price	The price at which a Unit is priced as determined pursuant to the Constitution
Vendors	Mirvac Group comprising Mirvac Limited ABN 92 003 699 and its controlled entities (including Mirvac Property Trust (ARSN 086 780 645) and its controlled entities). Charter Hall Retail Management Limited ABN 46 069 709 468 and its controlled entities.
WACR	Weighted Average Capitalisation Rate
WALE	Weighted Average Lease Expiry



The background features a dark blue-grey gradient. On the left side, there are two concentric circular elements. The outer one is a solid light green line, and the inner one is a dashed light green line. Both curves start from the top left and sweep towards the bottom right.

# APPLICATION FORM AND INSTRUCTIONS

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# APPLICATION FORM AND INSTRUCTIONS

## 360 Capital Retail Fund No. 1

ARSN 601 486 668

This Application Form relates to the offer of Units in the 360 Capital Retail Fund No. 1 ARSN 601 486 668, made under the Product Disclosure Statement dated 4 March 2015 (PDS) issued by 360 Capital Investment Management Limited ACN 133 363 185 AFSL 340304 (360 Capital IM or Responsible Entity).

### Completing the Application Form

Please complete this form using BLACK INK and write clearly within the boxes in CAPITAL LETTERS. Mark appropriate answer boxes with a cross as indicated. Please ensure that you complete all necessary parts of the Application Form, including the sections relating to the Foreign Account Tax Compliance Act (FATCA) Form. Please read the PDS in full before completing this Application Form. This Application Form must be accompanied by the PDS when provided to any person.

Unless otherwise indicated, capitalised terms in this Application Form have the meaning given to them in the PDS.

### Lodging your Application Form

If you have a question in relation to your Application Form please contact the Registry:

Boardroom (Victoria) Pty Limited ABN 65 110 851 333

Investor Services: 1800 182 257 (toll free)  
+61 2 9290 9600 (from outside Australia)

Adviser Services: +61 2 8405 8868

Facsimile: +61 2 9279 0664

Email: 360capital@boardroomlimited.com.au

Website: www.boardroomlimited.com.au

Application Forms can be provided to the Registry by:

#### Mail:

GPO Box 3993  
Sydney NSW 2001

### Privacy

In completing the Application Form to invest in the Fund, you provide the Responsible Entity with your contact details (name, address, email and phone numbers). We use this information to establish and manage the investment for you. We may also use such information to forward to you, from time to time, details of other investment opportunities available from the Responsible Entity or any entity associated with 360 Capital. By completing the Application Form, you consent for the purposes of the Spam Act 2003 (Cth) to receiving commercial electronic messages from the Responsible Entity or any other entity associated with 360 Capital. However, if you request, no information of that nature will be sent to you. You may access personal information about you held by us except in limited circumstances, and let us know if you think the information is inaccurate, incomplete or out of date. You can also tell us at any time not to pass on your personal information by advising us in writing. If you do not provide us with your contact details and other information we may not be able to affect your investment.

Under various superannuation and tax laws we may be obliged to pass certain information on to other organisations including the Australian Tax Office. 360 Capital's Privacy Policy sets out the policies on management of personal information. If you would like information about, or a copy of, our Privacy Policy or if you have a complaint, please visit [www.360capital.com.au](http://www.360capital.com.au). To find out more about your rights and remedies for breaches of privacy, you can visit the Privacy Commissioner's web site at [www.privacy.gov.au](http://www.privacy.gov.au) or contact the Privacy Commissioner's hotline on 1300 363 992.

### Registerable Names

Only legal entities are allowed to hold Units in the Fund. Applications must be in the name(s) of natural person(s), companies or other legal entities acceptable to the Responsible Entity. At least one full given name and the surname are required for each natural person. The name of the beneficiary or any other non-registerable name may be included by way of an account designation if completed exactly as described in the example of correct forms of registerable title shown below.

Type of Investor	Correct format of Registerable Name	Incorrect format
<b>Individual</b> Use given names, not initials	Jack Peter Jones	J P Jones
<b>Company</b> Use company name, not abbreviations Director(s) names must be completed within the Applicant(s) Details section	ABC Pty Ltd	ABC P/L or Test Co
<b>Trust<sup>1</sup></b> Use trustee(s) names Use name of the trust in the account designator section	John Smith John Smith Family Trust	John Smith Family Trust John Smith
<b>Superannuation Funds</b> Use name of trustee of fund Use name of fund in the account designator section	Jane Brown Pty Ltd Jane Brown Super Fund	Jane Brown Super Fund Jane Brown Pty Ltd

1 If there are two or more trustees, please name each trustee. All trustees should sign.

# Application Form

This Application Form relates to the offer of Units in the 360 Capital Retail Fund No. 1 ARSN 601 486 668.

Please complete this form using BLACK INK and write clearly within the boxes in CAPITAL LETTERS. Mark appropriate answer boxes with a cross (X). Please read the PDS in full before completing this Application Form. This Application Form must be accompanied by the PDS when provided to any person.

## PART 1. Investor Identification

*If you have invested in a 360 Capital fund previously, we already have your AML information on record.*

Has the person/entity investing in the Fund invested in a 360 Capital managed fund previously?

☐

Yes, investor number:

☐

No *You also need to complete the Investor Identification Form appropriate to the type of investor you are, as detailed below.*

*Please mark with a cross (X) one of the boxes to indicate who is making the investment.*

☐

Individual/Joint investor

*If "NO" above, also complete Investor Identification Form 1 (pages v-vi)*

☐

Company

*If "NO" above, also complete Investor Identification Form 2 (pages vii-viii)*

☐

Trusts and Trustees

*If "NO" above, also complete Investor Identification Form 3 (pages ix-xiv)*

☐

Executors of an Estate

*If "NO" above, also complete Investor Identification Form 3 (pages ix-xiv)*

## PART 2. Investment Amount & Applicant(s) Details

*Minimum application is \$10,000 (and in increments of \$2,500 thereafter).*

*Payment instructions are detailed on page iii of this Application Form.*

Investment amount:

\$    ,    ,    . 0  0

### A Individual Investor, Joint Investor 1, Company Director 1, Executor 1 or Trustee 1

Title

Full given name(s)

Surname

Date of birth (day/month/year)

 /  / 

### B Joint Investor 2, Company Director 2, Executor 2 or Trustee 2

Title

Full given name(s)

Surname

Date of birth (day/month/year)

 /  / 

*Please include your TFN in the space provided to ensure tax is not deducted from distributions.*

### C Tax File Number(s) (Individual and Joint Investors only)

A

B

If any of the investors above are exempt from providing a TFN, please provide the reason for the exemption (e.g. Sole Parent Benefits, Service Pension, etc.)

*Please fill in this section if you are investing on behalf of a Company.*

### D Name of Investing Company, Association, Body or Trustee Company if applicable

ABN

TFN

*Individual investors may designate E an investment on behalf of another individual.*

### E Account Designator (name of Super Fund, Trust, Deceased Estate or other entity or person)

ATF

ABN

TFN

If exempt from providing a TFN and/or ABN, please provide the reason for the exemption

*Required by foreign residents for tax purposes.*

### F If the investing entity is a foreign resident for tax purposes, please specify the country of tax residency

## APPLICATION FORM (CONTINUED)

### PART 3. Applicant(s) Contact Details (must not be Adviser details)

Please enter contact details, including phone numbers in case we need to contact you in relation to your application.

Adviser details are not acceptable unless your Adviser holds a power of attorney, a copy of which must be provided.

These contact details will be used for all administration correspondence.

Address

Suburb

State

Postcode

Phone

After hours phone

Mobile

Facsimile

Email

### PART 4. Communication Preferences

Nominating to receive communications electronically reduces admin cost for the Fund.

Would you like unitholder communications to be sent to the email address nominated in Part 3 above?

☐

Yes

☐

No

Indicate if you would like to be sent Annual Financial Reports?

☐

Yes

☐

No

Tick this box if you **do not** want to receive marketing related material or calls from 360 Capital.

☐

### PART 5. Adviser Details

If you use a financial adviser, please have them sign this section and stamp the application form to confirm they hold a current AFSL and are authorised to deal in and/or advise on managed investment products. If an Initial Advice Fee is nominated, you direct us to deduct this amount from your application amount and pay this fee to your Adviser.

Adviser given name(s)

Adviser surname

Adviser Company (if applicable)

Adviser email

Licensed Dealer

Licence No

Initial Advice Fee (if applicable):  % (incl. GST)

ADVISER SIGNATURE

### PART 6. Additional Investment Enquirer

If you would like someone other than the Contact or your Adviser to be able to enquire about this investment, please provide us with their details here.

Full given name(s)

Surname

Date of birth (day/month/year)

Company (if applicable)

### PART 7. Distribution Payments

You are required to provide your bank account details for payment of distributions. Distributions will not be made by cheque.

Account name

Financial institution

BSB

Account number





# Investor Identification Forms

In 2006 the Federal Government enacted the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF). The purpose of this legislation is to enable Australia's financial sector to maintain international business relationships, detect and prevent money laundering and terrorism financing by meeting the needs of law enforcement agencies and to bring Australia in line with international standards.

## Why does this legislation affect 360 Capital Investment Management Limited ("360 Capital IM")?

As 360 Capital IM is the responsible entity for investment products, we have to meet stringent investor identification and verification requirements. This means that prior to units in any 360 Capital managed fund being issued, we must be 'reasonably satisfied' that investors are who they claim to be.

## What do you need to do?

If you invest in the Fund through a financial adviser or an IDPS facility then they will request and collect any verification materials. If you are investing directly, you need to complete the identification form which relates to the type of entity making the investment:

Type of Entity Investing	Forms to be completed	Pages
Individual/Joint Investors (each applicant must complete a form)	Individuals/Joint Investors/Individual Trustees/Joint Trustees/Partners	v-vi
Australian Companies	Australian Companies	vii-viii
Trusts, Trustees and Self Managed Super Funds	Superannuation Funds/Trusts	ix-xiv

## Not on the list?

If you are investing via a type of entity not listed above, please telephone 360 Capital on 1800 182 257 to discuss which form is appropriate for your needs.

We may request additional information from you where we reasonably consider it necessary to satisfy our obligations under the AML/CTF Act, and applications will not be processed until the necessary information is provided.

## Who is allowed to certify AML/CTF Identification documents?

- A Justice of the Peace
- A member of the Institution of Chartered Accountants Australia, CPA Australia or the National Institute of Accountants
- A person who is enrolled on the roll of the Supreme Court of a State or Territory, or High Court of Australia, as a legal practitioner (however described)
- A judge of a court or magistrate
- A permanent employee of Australia Post employed in an office supplying postal services to the public with five years continuous service
- A full time teacher at a school or tertiary institution
- A police officer
- A person who, under a law in force in a State or Territory, is currently licensed or registered to practice one of the following occupations: Chiropractor, Dentist, Medical practitioner, Nurse, Optometrist, Pharmacist, Physiotherapist, Psychologist, Veterinary surgeon
- An officer with, or authorised representative of, a holder of an Australian financial services license, having two or more continuous years of service with one or more licensees
- Any other persons mentioned in Part 1 and Part 2 of the Statutory Declarations Regulations 1993 – Schedule 2

# Identification Form 1: Individuals and Sole Traders

## Guide to completing this form

- Complete one form for each individual nominated on your application form. Complete all applicable sections of this form in BLOCK LETTERS.
- Contact 360 Capital on 1800 182 257 if you have any queries.

### Section 1A. Personal Details/Individual 1

Surname										Date of birth (day/month/year)									
<input type="text"/>										<input type="text"/> / <input type="text"/> / <input type="text"/>									
Full given name(s)																			
<input type="text"/>																			
Residential/street address (PO Box is NOT acceptable)																			
<input type="text"/>																			
Suburb										State		Postcode			Country				
<input type="text"/>										<input type="text"/>		<input type="text"/>			<input type="text"/>				
<b>Complete this part if individual is a sole trader</b>																			
Full Business name (if any)										ABN (if any)									
<input type="text"/>										<input type="text"/>									
Principal place of business (if any) (PO Box is NOT acceptable)																			
<input type="text"/>																			
Suburb										State		Postcode			Country				
<input type="text"/>										<input type="text"/>		<input type="text"/>			<input type="text"/>				

### Section 1A. Personal Details/Individual 2

Surname										Date of birth (day/month/year)									
<input type="text"/>										<input type="text"/> / <input type="text"/> / <input type="text"/>									
Full given name(s)																			
<input type="text"/>																			
Residential/street address (PO Box is NOT acceptable)																			
<input type="text"/>																			
Suburb										State		Postcode			Country				
<input type="text"/>										<input type="text"/>		<input type="text"/>			<input type="text"/>				
<b>Complete this part if individual is a sole trader</b>																			
Full Business name (if any)										ABN (if any)									
<input type="text"/>										<input type="text"/>									
Principal place of business (if any) (PO Box is NOT acceptable)																			
<input type="text"/>																			
Suburb										State		Postcode			Country				
<input type="text"/>										<input type="text"/>		<input type="text"/>			<input type="text"/>				

(Go to Section 2)

## IDENTIFICATION FORM 1 (CONTINUED)

### Section 2. Identification Documents (Originally certified copies to be provided)

- Please complete Part I (if you do not own a document from Part I, the complete Part II or III).
- Contact 360 Capital on 1800 182 257 if you are unable to provide the required documents.

#### Part I – Acceptable primary ID documents

Tick ✓ **Select ONE valid option from this section only**

- ☐ Australian State/Territory driver's licence containing a photograph of the person
- ☐ Australian passport (a passport that has expired within the preceding 2 years is acceptable)
- ☐ Card issued under a State or Territory for the purpose of proving a person's age containing a photograph of the person
- ☐ Foreign passport or similar travel document containing a photograph and the signature of the person\*

#### Part II – Acceptable secondary ID documents – *should only be completed if you do not own a document from Part I*

Tick ✓ **Select ONE valid option from this section**

- ☐ Australian birth certificate
- ☐ Australian citizenship certificate
- ☐ Pension card issued by Centrelink
- ☐ Health card issued by Centrelink

Tick ✓ **AND ONE valid option from this section**

- ☐ A document issued by the Commonwealth or a State or Territory within the preceding 12 months that records the provision of financial benefits to the individual and which contains the individual's name and residential address
- ☐ A document issued by the Australian Taxation Office within the preceding 12 months that records a debt payable by the individual to the Commonwealth (or by the Commonwealth to the individual), which contains the individual's name and residential address
- ☐ A document issued by a local government body or utilities provider within the preceding 3 months which records the provision of services to that address or to that person (the document must contain the individual's name and residential address)
- ☐ If under the age of 18, a notice that: was issued to the individual by a school principal within the preceding 3 months; and contains the name and residential address; and records the period of time that the individual attended that school

#### Part III – Acceptable foreign ID documents – *should only be completed if you do not own a document from Part I*

Tick ✓ **BOTH documents from this section must be presented**

- ☐ Foreign driver's licence that contains a photograph of the person in whose name it is issued and the individual's date of birth\*
- ☐ National ID card issued by a foreign government containing a photograph and a signature of the person in whose name the card was issued\*

\* Documents that are written in a language that is not English must be accompanied by an English translation prepared by an accredited translator.

#### IMPORTANT:

Please attach an **originally certified**, legible copy of the ID documentation you are relying upon to confirm your identity (and any required translation).





IDENTIFICATION FORM 2 (CONTINUED)

1.5 Shareholders (only needs to be completed for companies that are not regulated companies as selected in Section 1.2)

Provide details of **ALL individuals** who are beneficial owners through one or more shareholdings of more than 25% of the company's issued capital

Please supply originally certified copies of the identification documents listed on page vi for each beneficial owner who is an individual.

Shareholder 1

Surname																					Date of birth (day/month/year)			
Full given name(s)																								
Residential/street address (PO Box is NOT acceptable)																								
Suburb											State			Postcode				Country						

Shareholder 2

Surname																					Date of birth (day/month/year)			
Full given name(s)																								
Residential/street address (PO Box is NOT acceptable)																								
Suburb											State			Postcode				Country						

Shareholder 3

Surname																					Date of birth (day/month/year)			
Full given name(s)																								
Residential/street address (PO Box is NOT acceptable)																								
Suburb											State			Postcode				Country						



IDENTIFICATION FORM 3 (CONTINUED)

1.4 Trustee Details (only complete if "Other trust type" is selected in Section 1.2 above)

DO NOT complete if the trust is a registered managed investment scheme, regulated trust (e.g. SMSF) or government superannuation fund.

How many trustees are there?

Provide full name and address of each trustee below

Trustee 1

Full given name(s) or Company name

Surname

Residential/street address if an individual trustee or company registered office address (PO Box is NOT acceptable)

Suburb

State

Postcode

Country

Trustee 2

Full given name(s) or Company name

Surname

Residential/street address if an individual trustee or company registered office address (PO Box is NOT acceptable)

Suburb

State

Postcode

Country

Trustee 3

Full given name(s) or Company name

Surname

Residential/street address if an individual trustee or company registered office address (PO Box is NOT acceptable)

Suburb

State

Postcode

Country

Trustee 4

Full given name(s) or Company name

Surname

Residential/street address if an individual trustee or company registered office address (PO Box is NOT acceptable)

Suburb

State

Postcode

Country

Trustee 5

Full given name(s) or Company name

Surname

Residential/street address if an individual trustee or company registered office address (PO Box is NOT acceptable)

Suburb

State

Postcode

Country

Trustee 6

Full given name(s) or Company name

Surname

Residential/street address if an individual trustee or company registered office address (PO Box is NOT acceptable)

Suburb

State

Postcode

Country

X



**Section 1B. Trust Identification Documents (Originally certified copied to be provided)**

For a registered managed investment scheme, regulated trust (e.g. SMSF) or government superannuation fund (as selected in 1.2 above) **AND** if the Trust has an Australian Business Number (ABN):

No Trust documentation is required

**If “other trust” (as selected in 1.2 above) OR the Trust does not have an Australian Business Number (ABN):**

Tick ✓ **Acceptable Documents**

☐

An originally certified copy of the Trust Deed

*Documents that are written in a language that is not English must be accompanied by an English translation prepared by an accredited translator.*

**IMPORTANT:**

Please attach an **originally certified**, legible copy of the ID documentation, used to verify the Trust.

Complete **ONLY ONE** of the following sections, as required, to collect the additional information about the identity of **ONLY ONE** of the trustees:

- Section 2 (applicable parts) – where the selected trustee is an individual.
- Section 3 (applicable parts) – where the selected trustee is an Australian Company.

**Section 2A. Individual Details (to be completed if selected trustee is an individual)**

Surname

Date of birth (day/month/year)

 /  / 

Full given name(s)

Residential/street address (PO Box is NOT acceptable) Only provide address details if not provided in section 1.4 above.

Suburb

State

Postcode

Country

## IDENTIFICATION FORM 3 (CONTINUED)

### Section 2B. Individual Trustee Identification Documents (Originally certified copies to be provided)

- Complete Part I (or if the trustee does not own a document from Part I, then complete either Part II or III).

#### Part I – Acceptable primary ID documents

Tick ✓ **Select ONE valid option from this section only**

- ☐ Australian State/Territory driver's licence containing a photograph of the person
- ☐ Australian passport (a passport that has expired within the preceding 2 years is acceptable)
- ☐ Card issued under a State or Territory for the purpose of proving a person's age containing a photograph of the person
- ☐ Foreign passport or similar travel document containing a photograph and the signature of the person\*

#### Part II – Acceptable secondary ID documents

– *should only be completed if the individual does not own a document from Part I*

Tick ✓ **Select ONE valid option from this section**

- ☐ Australian birth certificate
- ☐ Australian citizenship certificate
- ☐ Pension card issued by Centrelink
- ☐ Health card issued by Centrelink

Tick ✓ **AND ONE valid option from this section**

- ☐ A document issued by the Commonwealth or a State or Territory within the preceding 12 months that records the provision of financial benefits to the individual and which contains the individual's name and residential address.
- ☐ A document issued by the Australian Taxation Office within the preceding 12 months that records a debt payable by the individual to the Commonwealth (or by the Commonwealth to the individual), which contains the individual's name and residential address. *Block out the TFN before scanning, copying or storing this document.*
- ☐ A document issued by a local government body or utilities provider within the preceding 3 months which records the provision of services to that address or to that person (the document must contain the individual's name and residential address).

#### Part III – Acceptable foreign ID documents

– *should only be completed if the individual does not own a document from Part I*

Tick ✓ **BOTH documents from this section must be presented**

- ☐ Foreign driver's licence that contains a photograph of the person in whose name it is issued and the individual's date of birth\*
- ☐ National ID card issued by a foreign government containing a photograph and a signature of the person in whose name the card was issued\*

\* Documents that are written in a language that is not English must be accompanied by an English translation prepared by an accredited translator.

#### IMPORTANT:

Please attach an **originally certified**, legible copies of the ID documentation used to verify the individual trustee (and any required translation).

**If the selected trustee is an individual, the form is now COMPLETE.**



IDENTIFICATION FORM 3 (CONTINUED)

3.5 Shareholders (only needs to be completed for companies that are not regulated companies as selected in Section 3.2)

Provide details of **ALL individuals** who are beneficial owners through one or more shareholdings of more than 25% of the company's issued capital.

Please supply originally certified copies of the identification documents listed on page vi for each beneficial owner who is an individual.

Shareholder 1

Surname

Date of birth (day/month/year)

Full given name(s)

Residential/street address (PO Box is NOT acceptable)

Suburb

State

Postcode

Country

Shareholder 2

Surname

Date of birth (day/month/year)

Full given name(s)

Residential/street address (PO Box is NOT acceptable)

Suburb

State

Postcode

Country

Shareholder 3

Surname

Date of birth (day/month/year)

Full given name(s)

Residential/street address (PO Box is NOT acceptable)

Suburb

State

Postcode

Country



# Foreign Account Tax Compliance Act (FATCA)

## Guide to completing this section

- This form is required to be used as part of your application for units in the 360 Capital Retail Fund No. 1.
- Please ensure that you have completed the application form and have read the PDS before signing and returning this form along with your application form.
- Complete one form for each entity. Complete the applicable sections of this form in BLOCK LETTERS.
- Contact 360 Capital or your financial adviser if you have any queries.
- Please complete all relevant sections, use black ink and mark boxes with an X.

Section 1. Type of entity

☐ Individual and joint

Go to Section 2

☐ Australian companies

Go to Section 3

☐ Foreign companies

Go to Section 4

☐ Australian regulated trusts or trustees

Go to Section 5

☐ Unregulated trusts or trustee

Go to Section 6

☐ Partnerships

Go to Section 7

Section 2. Details of the individual or joint applicants

Are any of the individuals or joint applicants citizens or residents of the US for tax purposes?

☐ No

Go to Section 8

☐ Yes, provide the name, address and US Taxpayer Identification Number (TIN) of each partner who is a US citizen or resident of the US for tax purposes. Addresses are only required if they have not already been provided in this form. If there are more than four US individuals or joint applicants, provide the details of the additional US individuals or joint applicants on a separate sheet.

US individual or joint applicant 1

Surname

US TIN

Full given name(s)

Residential address (PO Box is NOT acceptable)

US individual or joint applicant 2

Surname

US TIN

Full given name(s)

Residential address (PO Box is NOT acceptable)

US individual or joint applicant 3

Surname

US TIN

Full given name(s)

Residential address (PO Box is NOT acceptable)

US individual or joint applicant 4

Surname

US TIN

Full given name(s)

Residential address (PO Box is NOT acceptable)

## FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA) (CONTINUED)

### Section 3. Details of the Australian company

This section is for Australian companies only. For companies incorporated outside of Australia, complete Section 3 instead.

A Full name as registered by ASIC:

B Is the company a financial institution?

☐

No (Go to C)

☐

Yes, please provide the company's Global Intermediary Identification Number (GIIN), if applicable:

If the company does not have a GIIN, please provide its FATCA status:

(Go to Section 8)

C Is the company a non-financial public company?

☐

Yes (Go to Section 8)

☐

No, is the company a non-financial proprietary company?

☐

No

☐

Yes

Are any of the beneficial owners US citizens or residents of the US for tax purposes?

☐

No (Go to Section 8)

☐

Yes, provide the name and US Taxpayer Identification Number (TIN) of each beneficial owner who is a US citizen or resident of the US for tax purposes.

#### Beneficial owner 1

Surname

US TIN

Full given name(s)

Residential address (PO Box is NOT acceptable)

#### Beneficial owner 2

Surname

US TIN

Full given name(s)

Residential address (PO Box is NOT acceptable)

#### Beneficial owner 3

Surname

US TIN

Full given name(s)

Residential address (PO Box is NOT acceptable)

(Go to Section 8)

### Section 4. Details of the foreign company

This section is for foreign companies only. For companies incorporated within Australia, complete Section 2 instead.

A Full name of the foreign company:

Country of formation/incorporation/registration:

B Is the company a United States company?

☐

No (Go to C)

☐

Yes, please provide the company's US Taxpayer Identification Number (TIN):

Is the company an exempt payee for US tax purposes?

☐

No

☐

Yes

If the company is a United States company, go to Section 8.

## Section 4. Details of the foreign company (continued)

**C** Is the company a financial institution?☐

No (Go to D)

☐Yes, please provide the company's Global Intermediary Identification Number (GIIN), if applicable: If the company does not have a GIIN, please provide its FATCA status: 

(Go to Section 8)

**D** Is the company a non-financial public company?☐

Yes (Go to Section 8)

☐

No, is the company a non-financial proprietary company?

Are any of the beneficial owners US citizens or residents of the US for tax purposes?

☐

No (Go to Section 8)

☐

Yes, provide the name and US Taxpayer Identification Number (TIN) of each beneficial owner who is a US citizen or resident of the US for tax purposes.

**Beneficial owner 1**

Surname

US TIN

Full given name(s)

Residential address (PO Box is NOT acceptable)

**Beneficial owner 2**

Surname

US TIN

Full given name(s)

Residential address (PO Box is NOT acceptable)

**Beneficial owner 3**

Surname

US TIN

Full given name(s)

Residential address (PO Box is NOT acceptable)

(Go to Section 8)

## Section 5. Details of the Australian regulated trusts or trustees

This section is for Australian regulated trusts and trustees only. Regulated super funds (self managed superannuation funds (SMSF), APRA regulated super funds, government super funds or pooled superannuation trusts) are not required to complete this form.

For trusts that are not subject to the oversight of an Australian regulator, complete [Section 6](#) instead.

**A** Full name of the trust: Provide the trust or trustee's Global Intermediary Identification Number (GIIN), if applicable: If neither the trust or trustee has a GIIN, please provide the Trust's FATCA status: 

(Go to Section 8)

## FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA) (CONTINUED)

### Section 6. Details of the unregulated trusts or trustee

This section is for unregulated trusts and trustees only. Deceased estates are not required to complete this form. For trusts that are subject to the oversight of an Australian regulator, complete [Section 5](#) instead.

**A** Full name of the trust:

Country where trust established:

**B** Is the trust a United States trust?

☐

No (Go to C)

☐

Yes, please provide the trust's US Taxpayer Identification Number (TIN):

Is the company an exempt payee for US tax purposes?

☐

No

☐

Yes

If the trust is a United States trust, go to Section 8.

**C** Is the trust or trustee a financial institution?

☐

No (Go to D)

☐

Yes, please provide the trust or trustee's Global Intermediary Identification Number (GIIN), if applicable:

If the trust or trustee does not have a GIIN, please provide its FATCA status:

(Go to Section 8)

**D i.** Is the trustee a non-financial public company?

☐

Yes, provide details below

☐

No

ii. If the trustee is a company, are any of this company's beneficial owners US citizens or residents of the US for tax purposes?

☐

Yes, provide details below

☐

No

If yes, provide the name, address and US Taxpayer Identification Number (TIN) of each beneficiary, trustee, settlor or beneficial owner who is a US citizen or resident of the US for tax purposes. Addresses are only required if they have not already been provided in this form. If there are more than three US persons, provide the details of the additional US persons on a separate sheet.

#### Beneficial owner 1

Surname

US TIN

Full given name(s)

Residential address (PO Box is NOT acceptable)

#### Beneficial owner 2

Surname

US TIN

Full given name(s)

Residential address (PO Box is NOT acceptable)

#### Beneficial owner 3

Surname

US TIN

Full given name(s)

Residential address (PO Box is NOT acceptable)

(Go to Section 8)



## Section 7. Details of the partnership

This section is for partnerships and partners only.

A Full name of the partnership: 

B Is the partnership a United States partnership?

☐

No (Go to C)

☐Yes, please provide the partnership's US Taxpayer Identification Number (TIN): 

Is the partnership an exempt payee for US tax purposes?

☐

No

☐

Yes

If the partnership is a United States partnership, go to Section 8.

C Is the partnership a financial institution?

☐

No (Go to D)

☐Yes, please provide partnership's Global Intermediary Identification Number (GIIN), if applicable: If the partnership does not have a GIIN, please provide its FATCA status: 

D Are any of the partners US citizens or residents of the US for tax purposes?

☐

No (Go to section 8)

☐

Yes, provide the name, address and US Taxpayer Identification Number (TIN) of each partner who is a US citizen or resident of the US for tax purposes. Addresses are only required if they have not already been provided in this form. If there are more than three US partners, provide the details of the additional US partners on a separate sheet.

**Beneficial owner 1**

Surname

US TIN

Full given name(s)

Residential address (PO Box is NOT acceptable)

**Beneficial owner 2**

Surname

US TIN

Full given name(s)

Residential address (PO Box is NOT acceptable)

**Beneficial owner 3**

Surname

US TIN

Full given name(s)

Residential address (PO Box is NOT acceptable)

(Go to Section 8)

## FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA) (CONTINUED)

## Section 8. Declaration

By completing and signing this form that forms part of my application for units in 360 Capital Retail Fund No. 1 I/we declare that:

- the information provided by me/us in this form, which forms part of my/our application for units in 360 Capital Retail Fund No. 1 to enable 360 Capital Investment Management Limited to comply with the US Foreign Account Tax Compliance Act, its supporting regulations and any related laws designed to implement those laws in Australia (FATCA) is correct and where relevant reflects my/our tax status for the purposes of FATCA
- I/we will promptly notify 360 Capital Investment Management Limited and provide 360 Capital Investment Management Limited with any changes to the information provided by me/us in connection with FATCA and on request with any further information which is necessary or desirable for 360 Capital Investment Management Limited to comply with any obligations it may have in connection with FATCA.

**Signatures**

If the application is signed by more than one person, who will operate the account? ☐ Any to sign ☐ All to sign together

If the application is signed by more than one person, who will operate the account? ☐ Any to sign ☐ All to sign together

If the application is signed by more than one person, who will operate the account? ☐ Any to sign ☐ All to sign together

SIGNATURE A		Date			/			/		
SIGNATURE B		Date			/			/		

SIGNATURE A		Date			/			/		
SIGNATURE B		Date			/			/		

[illegible][illegible]

If a company Officer, you MUST specify your corporate title: \_\_\_\_\_

If a company Officer, you MUST specify your corporate title: \_\_\_\_\_

Director	Sole Director		Director	Sole Director	
----------	---------------	--	----------	---------------	--

Director	Sole Director		Director	Sole Director	
----------	---------------	--	----------	---------------	--

Trustee	Other	Trustee	Other

Trustee	Other	Trustee	Other

Director	Sole Director		Director	Sole Director	
----------	---------------	--	----------	---------------	--

Director	Sole Director		Director	Sole Director	
----------	---------------	--	----------	---------------	--

Trustee	Other	Trustee	Other

Trustee	Other	Trustee	Other

SIGNATURE C		Date			/			/		
SIGNATURE D		Date			/			/		

SIGNATURE C		Date			/			/		
SIGNATURE D		Date			/			/		

[illegible][illegible]

If a company Officer, you MUST specify your corporate title: \_\_\_\_\_

If a company Officer, you MUST specify your corporate title: \_\_\_\_\_

Director	Sole Director		Director	Sole Director	
----------	---------------	--	----------	---------------	--

Director	Sole Director		Director	Sole Director	
----------	---------------	--	----------	---------------	--

Trustee	Other	Trustee	Other

Trustee	Other	Trustee	Other

Director	Sole Director		Director	Sole Director	
----------	---------------	--	----------	---------------	--

Director	Sole Director		Director	Sole Director	
----------	---------------	--	----------	---------------	--

Trustee	Other	Trustee	Other

Trustee	Other	Trustee	Other

# CORPORATE DIRECTORY

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## Responsible Entity

### **360 Capital Investment Management Limited**

ABN 38 133 363 185, AFSL 340304

### **Directors of Responsible Entity**

David van Aanholt

Andrew Moffat

John Ballhausen

Graham Lenzner

Tony Pitt

### **Company Secretary**

Alan Sutton

## Registered Office

Level 8

56 Pitt Street

Sydney NSW 2000

## Legal Adviser

### **Clayton Utz**

Level 15

1 Bligh Street

Sydney NSW 2000

## Fund Auditor

### **Ernst & Young**

680 George Street

Sydney NSW 2000

## Registry

### **Boardroom (Victoria) Pty Limited**

GPO Box 3993

Sydney NSW 2001

