



ASX Release

10 August 2020

REAL ASSETS
PRIVATE EQUITY
PUBLIC EQUITY
CREDIT

360 Capital Group (ASX: TGP)

AYF Notice of Meeting

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360 Capital FM Limited has issued a Notice of Meeting ('NoM') to Australian Enhanced Income Fund (ASX AYF) ARSN 115 632 990.

This NoM seeks to approve one resolution to remove Elstree Investment Management Limited as Responsible Entity ('RE') of AYF and appoint 360 Capital FM Limited as responsible entity.

Documentation to further explain the proposed change of RE notes for unitholders of AYF can be found at www.360capital.com.au/investment-strategies/credit/ayf-2020/.

NoM and supporting documentation will be posted to all AYF unitholders on 13 August 2020.

This NoM and Explanatory Memorandum contains important information and requires your immediate attention. It should be read in its entirety. If you do not understand the documents in this Notice of Meeting and Explanatory Memorandum or are in doubt as to what you should do, it is recommended you consult your financial adviser.

Important Dates

Date of Notice of Meeting	13 August 2020
Return date and time for receipt of Proxy Forms	5:00pm AEST, 4 September 2020
Date and time of Meeting	2:00pm AEST, 9 September 2020
Record Date	5.00pm AEST, 9 September 2020
Withdrawal Request End Date	5.00pm AEST, 16 September 2020
Special Payment Condition Date	5.00pm AEST, 21 October 2020

Any questions can be directed to investor.relations@360capital.com.au or 1300 082 130.

Authorised for release by, Tony Pitt, Managing Director.

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360 Capital



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

Alternatively, TGP investors can contact:

Tony Pitt

Managing Director
360 Capital Group
T: (02) 8405 8860

Chris Chase

Head of Private Credit
360 Capital Group
T: (02) 8405 8860

About 360 Capital Group (ASX: TGP)

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

Notice of Meeting and Explanatory Memorandum Australian Enhanced Income Fund

VOTE IN FAVOUR

With respect to the appointment of 360 Capital FM Limited as the responsible entity of the Australian Enhanced Income Fund in place of Elstree Investment Management Limited.

This notice is issued to Members of the Australian Enhanced Income Fund ARSN 115 632 990.

This Notice of Meeting and Explanatory Memorandum contains important information and requires your immediate attention.

It contains information about a proposal to change the responsible entity of Australian Enhanced Income Fund.

It should be read in its entirety. If you do not understand the documents in this Notice of Meeting and Explanatory Memorandum or are in doubt as to what you should do, it is recommended you consult your financial adviser immediately.

The Meeting of Members is to be held at 2pm AEST on Wednesday, 9 September 2020.

Your vote is important. Please complete and return the enclosed proxy form to Boardroom Limited using the reply paid envelope as soon as possible and by the latest 5:00pm AEST on Friday, 4 September 2020.

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

Corporate Adviser
Cambridge Investment Partners

Australian Legal Adviser
Clayton Utz

360 Capital



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What is this document?

This Notice of Meeting and Explanatory Memorandum is dated 13 August 2020 and is issued by 360 Capital FM Limited ACN 090 664 396 (360 Capital FM).

You are receiving this document as the Meeting has been convened by 360 Capital FM (which holds 18.7% of the securities in the Australian Enhanced Income Fund ARSN 115 632 990 (Fund)) in accordance with sections 252D and 601FM(1A)(b) (as inserted by ASIC Class Order 13/519) of the Corporations Act.

Under section 252F of the Corporations Act at least 21 days' notice must be given of a meeting of members of a registered managed investment scheme and this document provides that notice. Further, this Notice of Meeting and Explanatory Memorandum is to provide information about the proposed change of responsible entity of the Fund and to provide such other information considered material to the decision of Members in determining how to vote on the Resolution.

All information in this document forms part of the Notice of Meeting.

360 Capital FM is not the responsible entity of the Fund.

No investment advice

The information contained in this Notice of Meeting and Explanatory Memorandum does not constitute financial product advice and has been prepared without reference to your particular investment objectives, financial situation, taxation position and needs. It is important that you read the Notice of Meeting and Explanatory Memorandum in its entirety before making any investment decision and any decision on how to vote on the Resolution.

Defined terms

Capitalised terms used in this Notice of Meeting and Explanatory Memorandum are defined in the Glossary in section 5. All times expressed in this Notice of Meeting and Explanatory Memorandum refer to Australian Eastern Standard Time (AEST) and references to dollars, \$, cents or ¢ are to Australian dollars.

Any questions?

If you have any questions about the Resolution, please contact the 360 Capital Investor Services on 1300 082 130. If you are in any doubt on how to vote on the Resolution or the action to be taken, you should contact your financial, legal, tax or other professional adviser without delay.

Important Dates*

Date of Notice of Meeting	13 August 2020
Return date and time for receipt of Proxy Forms	5pm AEST, 4 September 2020
Date and time of Meeting	2pm AEST, 9 September 2020
Record Date	5pm AEST, 9 September 2020
Withdrawal Request End Date	5pm AEST, 16 September 2020
Special Payment Condition Date	5pm AEST, 21 October 2020

*All dates are indicative only and subject to change by lodging an announcement on ASX.

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Benefits of appointing 360 Capital FM as responsible entity

If the Resolution is approved 360 Capital FM will replace Elstree as responsible entity of the Fund and will seek to deliver the following benefits to Members:

- ✓ **Appointment of an experienced and highly aligned management team** – the Fund will benefit from a highly aligned management team with extensive experience across fixed income and private credit markets.
- ✓ **Turning around 14 years underperformance** – Elstree has a 14 year track record of value destruction with the Unit price of the Fund reducing from \$10.10 at IPO to \$5.44 as at 14 July 2020¹, underperforming the ASX All Ordinaries Index by 61.6%² and achieving a low internal rate of return (IRR) after fees of 1.7%³. 360 Capital Group has a track record of turning underperforming funds around for the benefit all unitholders.
- ✓ **Strategy and proactive management** – Elstree has no defined strategy for the Fund other than to wind it up. 360 Capital Group is actively in market and has identified a pipeline of prospective transactions with a forecast yield of 7% to 9% p.a.⁴.
- ✓ **Distributions** – Elstree's cash distribution regime has declined from 70c per Unit per annum (p.a.) in FY08 to 27.5c per Unit p.a. in FY20, representing a 61%⁵ reduction across the period. Based on the pipeline of prospective transactions and following implementation of its strategy, 360 Capital FM expects distributions to increase to approximately \$0.36 per Unit p.a.⁶, paid on a monthly basis, representing an approximate 31%⁷ increase on FY20 distributions.
- ✓ **Special payment** – if the Resolution is passed, 360 Capital Group will make a special payment of \$0.15 per Unit, which is to be paid by 360 Capital Group and not out of the Fund, for the Members that hold Units on the Record Date and continue to hold those Units until the Special Payment Condition Date. Refer to section 1.3 for further details in respect of the special payment. Elstree will not make any special payment to Members and has proposed winding up the Fund.
- ✓ **Alignment with Members** – Elstree directors currently own only 1.55% of the Fund⁸. 360 Capital FM is already considerably more aligned with Members having spent \$3.4m to own 18.7%⁹ of the Fund.
- ✓ **Independent governance and compliance** – Elstree has no independent directors. 360 Capital FM is an independent and experienced responsible entity that provides oversight and governance to listed and unlisted fund vehicles. 360 Capital FM has external members on its Credit Committee and Investment Committee and accords with best practice governance principles.
- ✓ **Opportunity to exit** - 360 Capital FM will offer all Members who do not wish to be invested under new management an opportunity to redeem their units. Refer to section 1.3 for further details.

Footnotes

1. Closing unit price of one AYF unit as at 14 July 2020.
2. Comparing the unit price performance of one AYF unit against the performance of the ASX All Ordinaries Index from the Fund's inception to 14 July 2020.
3. Calculated based on an initial investment of \$10.10 per unit during the IPO and assuming a theoretical wind-up date of 14 July 2020, after accounting for distributions.
4. Based on 360 Capital's pipeline of prospective transactions and following implementation of its strategy.
5. Calculated comparing the cash distributions per year between FY08 and FY20.
6. Expected annual per unit cash distributions based on the forecast pipeline of transactions.
7. Calculated as the expected difference in the AYF FY20 cash distribution of \$0.275 per unit versus the expected cash distribution of \$0.36 per Unit by 360 Capital.
8. Calculated based as the Directors' individual unit holdings per the Investor Registry provided by Elstree Investment Management Ltd as at 23 July 2020.
9. Calculated based on 360's unit ownership per the Investor Registry provided by Elstree Investment Management Ltd as at 23 July 2020.

Why should you vote to appoint 360 Capital FM as the responsible entity of the Fund?

	Under Elstree	Under 360 Capital FM
Performance	<p>x 14 years of value destruction with an IRR of 1.7%³, Unit price reduction from \$10.10 at IPO to \$5.44¹ as at 14 July 2020, representing a 61.6%² underperformance against the ASX All Ordinaries Index.</p>	<p>✓ Track record of turning underperforming funds around for the benefit of all unitholders.</p>
Strategy and proactive management	<p>x No future strategy apart from a costly wind up.</p>	<p>✓ 360 Capital Group has identified a pipeline of prospective transactions with a forecast yield of 7% to 9% p.a.⁴.</p>
Distributions	<p>x Cash distribution regime has declined from 70c per Unit p.a. in FY08 to 27.5c per Unit p.a. in FY20, representing a 61%⁵ reduction.</p>	<p>✓ 360 Capital Group expects distributions to increase to \$0.36⁶ p.a., paid on a monthly basis, representing an approximate 31%⁷ increase to FY20 distributions.</p>
Special payment	<p>x Will not make any special payment to Members, only incur wind up costs which will continue to destroy Members capital.</p>	<p>✓ 360 Capital Group is proposing a special payment of \$0.15 per Unit, which is to be paid by 360 Capital Group and not out of the Fund, for those Members that hold Units on the Record Date and continue to hold those Units until the Special Payment Condition Date. Refer to section 1.3.</p>
Alignment with Members	<p>x Directors currently own only 1.55% of the Fund⁸.</p>	<p>✓ 360 Capital FM is already considerably more aligned with Members having spent \$3.4m owning 18.7%⁹ of the Fund.</p>
Independent governance and compliance	<p>x Has no independent directors which does not accord with ASX governance recommendations.</p>	<p>✓ 360 Capital FM is an independent and experienced responsible entity that provides oversight and governance. 360 Capital FM has external members on its Credit Committee and Investment Committee and accords with best practice governance principles.</p>

If 360 Capital FM Limited is appointed responsible entity

1. Overview

1.1. Background to the Meeting

The Fund is an Australian registered managed investment scheme that was listed on the Australian Securities Exchange in 2006.

360 Capital Group has undertaken a strategic review of the Fund (based on available public information) and believes that the Fund is not being proactively managed, lacks strategic direction and is sub-scale.

360 Capital Group believes there is a significant opportunity to enhance Member returns by growing the Fund and capitalising on opportunities across fixed income markets, particularly in private credit, that will deliver stronger returns, deeper liquidity in the Fund and diversification in the investment class.

Accordingly, 360 Capital FM has convened a meeting of members of the Fund to consider the replacement of Elstree as responsible entity of the Fund with 360 Capital FM in order to achieve the benefits outlined below.

1.2 Benefits of passing the Resolution

360 Capital FM has prepared a proposal for Members which is designed to achieve the following, if the Resolution is passed:

- **A new highly aligned management team** – the Fund will benefit from a highly aligned management team with a track record of turning underperforming funds around and extensive experience across fixed income and private credit markets;
- **Proactive strategy** – 360 Capital Group will seek to implement a clearly defined strategy to capitalise on growth opportunities available to the Fund in fixed income and private credit markets in Australia and New Zealand which is a growing asset class with dynamics including:
 - unique asset class with historically limited access for retail and wholesale investors;
 - sector that has historically been dominated by traditional financial institutions but is now becoming more open to alternative financiers;
 - senior secured lending arrangements that provide strong capital protection; and
 - 360 Capital FM has the expertise, origination capability and access to a pipeline of transactions to enable it to successfully pursue its strategies across Australia and New Zealand.

Further details on the strategy can be found in the “360 Capital Proposal to the Members of the Australian Enhanced Income Fund” circulated with this Notice of Meeting and Explanatory Memorandum.

- **Improved distribution frequency** – 360 Capital FM intends to provide distributions on a monthly basis, compared to the current quarterly arrangement, based on the pipeline of prospective transactions and following implementation of its strategy 360 Capital Group expects distributions to increase to \$0.36⁶ per Unit p.a., an increase of approximately 31%⁷ on FY20 cash distributions per Unit;
- **Special payment** - of \$0.15 to Members who hold Units on the Record Date and continue to hold those Units until the Special Payment Condition Date. This will be paid by 360 Capital Group and not out of the assets of the Fund. Refer to section 1.3;
- **Alignment between management and Members** – the Management Changes will result in the appointment of a management team which is highly aligned with its fellow Members through 360 Capital FM’s 18.7%⁹ holding in the Fund;

Explanatory memorandum continued

- **Independent and experienced responsible entity** - that will provide oversight and governance with an external independent Credit Committee and Investment Committee, which accords with best practice governance principles; and
- **Opportunity to exit** – should Members not wish to be invested after the Management Changes, 360 Capital FM will offer all Members the ability to redeem their Units. Refer to section 1.3.

As an important first step in this proposal, 360 Capital FM has convened a meeting of the Fund to replace Elstree with 360 Capital FM as the responsible entity of the Fund.

1.3 Details of special payment and opportunity to exit

The special payment and opportunity to exit are subject to the Resolution being passed and 360 Capital FM being appointed the responsible entity of the Fund.

Persons that are the registered holders of Units on the date of the Meeting (Record Date) will be entitled to apply to have the Units of which they are registered as the holder on the Record Date redeemed in accordance with the Fund constitution by lodging a withdrawal request by the Withdrawal Request End Date, being a date which is 5 business days after the Meeting. 360 Capital FM will use reasonable endeavours to redeem those Units, subject to their being sufficient liquidity in the Fund.

Members will receive a special payment of \$0.15 per Unit in respect of each Unit which is held on the Record Date and which continues to be held until 21 October 2020 (Special Payment Condition Date) and which is not the subject of a redemption or withdrawal request. It is expected that Members will receive the special payment within 10 business days of the Special Payment Condition Date.

1.4 Ongoing redemptions

In addition to the above, the current arrangement in respect of redeeming Units off market will continue to apply, noting that under the Constitution of the Fund and while the fund is liquid, the responsible entity has the discretion to redeem some or all of the Units to which a redemption request relates.

360 Capital FM intends to actively deploy capital in a mixture of fixed income investments, which will include certain illiquid instruments. Investments in illiquid instruments may adversely impact 360 Capital FM's ability to offer off market redemptions and to meet redemption requests. This is mitigated by Members' ability to trade their Units on the ASX and the potential for the increased returns from the revised strategy to increase the price on which Units trade on the ASX.

1.5 Why is the proposal to replace Elstree with 360 Capital FM as responsible entity superior to the Elstree winding up proposal?

If the Fund is wound up per Elstree's winding up proposal, Member capital will continue to be destroyed via additional winding up costs being incurred by the Fund. This outcome exacerbates the Member value destruction that has occurred over the last 14 years.

360 Capital FM's proposal seeks to implement a strategy to provide Members with attractive ongoing returns plus a \$0.15 per Unit special payment to Members, which would not be paid under the Elstree winding up proposal. Additionally, Members will benefit from a management team that is highly aligned with Members.

1.6 What is the purpose of the Resolution?

The Resolution provides for the removal of Elstree as the responsible entity of the Fund and the appointment of 360 Capital FM as the replacement responsible entity of the Fund. Further information in relation to 360 Capital FM is set out in section 2.

The Resolution is an ordinary resolution which will be passed if more than 50% of the votes cast by or on behalf of Members entitled to vote on the Resolution are in favour of the Resolution.

1.7 Who is 360 Capital Group?

360 Capital Group (ASX: TGP) is an ASX-listed Australian alternative asset manager, with investments across Real Assets, Equities and Credit. 360 Capital Group has a market capitalisation of approximately \$190 million and manages listed and unlisted funds on behalf of investors. 360 Capital Group is debt free and has approximately \$100 million cash on balance sheet and is actively exploring transactions across each of its core strategies. Prior to realising a significant portion of its previous real estate portfolio in late 2017, 360 Capital Group was responsible for managing in excess of \$1.5 billion of real estate assets across multiple asset classes.

360 Capital Group's investment approach is to actively manage assets to maximise returns for investors. 360 Capital Group has significant capability in funds management and has a strong track record in enhancing value for investors.

360 Capital Group's philosophy is to co-invest alongside its investors and over 35% of 360 Capital Group is owned by its staff and directors.

360 Capital Group has continued this philosophy and has invested more than \$3.4 million in the Fund, representing approximately 18.7%⁹ of all Units. Accordingly, 360 Capital Group is highly aligned with Members of the Fund. For more information on the 360 Capital Group, please see section 3 below.

If the Resolution is passed and 360 Capital FM is appointed responsible entity of the Fund other entities in the 360 Capital Group may provide services to 360 Capital FM in respect of the Fund from time to time.

1.8 360 Capital Group credit credentials

Chris Chase is the proposed Fund Manager of the Fund and he will be assisted by Mitchell Peasley, who is the proposed Assistant Fund Manager of the Fund. Additionally, Chris and Mitchell will be supported by internal resources across origination, due diligence, transaction execution and portfolio management.

Chris has spent 14 years in banking institutions in Australia and Asia including senior roles with ANZ, CBA and Macquarie Bank. During his career Chris has held corporate and institutional portfolio management roles and has extensive mid-market corporate origination experience structuring and executing large acquisition and corporate finance transactions.

Mitchell has extensive experience in the mid-market and most recently worked for an asset manager that invested in special situations and turnaround transactions. Mitchell also has strong restructuring experience and has performed hands-on management roles within portfolio companies.

Chris and Mitchells' biographies can be found at section 2.4.

1.9 Who is paying for the Meeting?

In accordance with section 252D of the Corporations Act, 360 Capital FM is responsible for the expenses of calling and holding the Meeting and distributing this document.

1.10 What do Members need to do?

Members should read this document in its entirety before voting. If you are in any doubt about what to do, you should consult your legal, investment, taxation and other professional adviser without delay.

Your vote is important. 360 Capital FM encourages Members to vote on the Resolution by lodging a proxy online prior to 5pm on 4 September 2020. Alternatively, Members will have the opportunity to vote live at the meeting by using the online log-in details outlined on the proxy form.

Due to current COVID-19 restrictions, this Meeting will have an online option for Members to attend, vote and ask questions of the Management Team.

Explanatory memorandum continued

1.11 What happens if the Resolution is not approved?

If the Resolution is not approved, Elstree will remain responsible entity of the Fund.

Members will not receive the benefits from appointing 360 Capital FM as responsible entity of the Fund. In particular, the special payment will not be made, operating costs are likely to remain high and the Fund may continue to miss out on opportunities within the growing private credit market.

1.12 What are the disadvantages and risks of the Proposal

The risk of the proposal is that 360 Capital FM is unable to implement the strategy or the Fund's investments do not deliver the returns anticipated. Members are directed to previous Fund product disclosure statements to the types of risks that are relevant to the Fund's investment strategy under 360 Capital FM Limited.

In addition, in pursuing greater returns, the Fund may invest in illiquid investments which may impact on Members' ability to redeem. However, this is mitigated by Members' ability to trade their Units on the ASX and the potential for the increased returns from the revised strategy to increase the price at which Units trade on the ASX.

1.13 Queries

If you have any questions regarding the Resolution, or what action you should take, please consult your legal, investment, taxation and other professional adviser or contact 360 Capital Investor Services on 1300 082 130 or email investor.relations@360capital.com.au.

2. Information about 360 Capital FM and 360 Capital Group

2.1 360 Capital FM

360 Capital FM is a wholly-owned subsidiary of 360 Capital Group and holds an AFSL (AFSL 221 474) issued by ASIC which authorises 360 Capital FM to act as the responsible entity of the Fund.

360 Capital FM is the Fund's largest Member having spent in excess of \$3.4 million and now owns approximately 18.7%⁹ of all Units on issue. 360 Capital FM is highly aligned with fellow Members.

2.2 360 Capital Group

360 Capital Group is an ASX-listed (ASX:TGP) alternative asset manager with a market capitalisation of approximately \$190 million. The 360 Capital Group senior management team and Board has an average of over 25 years' experience across Australian real estate, public and private equities and credit. Additionally, the Board and senior management have extensive funds management, risk and compliance experience.

360 Capital Group is debt free and has \$100 million cash on balance sheet and manages listed and unlisted funds on behalf of investors. The Group's investment approach is buying or investing in assets or platforms and maximising investor returns, via active asset management, or by providing scale via initial investment and growth in the underlying fund strategy.

The 360 Capital Group has a philosophy of co-investing alongside our partners/investors and over 35% of the 360 Capital Group is owned by its staff and directors demonstrating we are personally aligned to investors interests.

2.3 Board of Directors of 360 Capital FM Limited

The board of 360 Capital FM Limited comprises five directors, four of whom are independent non-executive directors, including the Chairman.



David van Aanholt, Chairman & Independent Director

David has over 30 years' of experience in the property and funds management industry. Prior to establishing his own property group in 2007, David worked for the ASX listed Goodman Group where he was the Chief Executive Officer (Asia Pacific) and was responsible for Goodman's operations in Australia, New Zealand, Hong Kong and Singapore.

Prior to working for Goodman, David held senior roles at Paladin Australia and CDH Properties (acquired by KPMG).



Tony Pitt, Managing Director

Tony is a founding Director of 360 Capital and has worked in the property and property funds management industries for over 20 years.

As Managing Director, Tony is responsible for the performance of 360 Capital's various investments and funds, strategic direction and overall Group strategy.

He has overseen the IPO on the ASX of three AREITs since 2012 as well as the creation of various unlisted funds, undertaken corporate acquisitions and disposals, mergers and acquisitions and the ASX listing of 360 Capital Group.

Tony has formerly held numerous senior roles and directorships at Mirvac Group, James Fielding Group and Paladin Australia. He also held positions at Paladin Australia Limited, Jones Lang LaSalle and CB Richard Ellis.



Andrew Moffat, Independent Non Executive Director

Andrew has in excess of 23 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 principal of Cowoso Capital Pty Ltd, a company providing corporate advisory services.

Andrew is also a Director of Pacific Star Network Limited and a Director of ICP Funding Pty Ltd. His past public company directorships include Rubik Financial Limited, Keybridge Capital Limited, CCK Financial Solutions Limited, itX Group Limited and Infomedia Limited.



John Ballhausen, Independent Non Executive Director

John is a financial services professional with over 35 years' experience. He is a founder of Quay Fund Services Limited providing trustee and responsible entity services to fund managers. He is also a non-executive director of Arctic Intelligence.

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 HIH Insurance, with responsibility for more than \$3 billion of funds across fixed interest, equities and property asset classes. John has a Bachelor of Commerce from the University of NSW, is a Fellow of the Financial Services Institute of Australasia and a Graduate of the Australian Institute of Company Directors.



Graham Lenzner, Independent Non Executive 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 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.

Explanatory memorandum continued

2.4 Senior management team of 360 Capital Group

360 Capital FM Limited will also draw on broader resources of 360 Capital, including the following executives.



Tony Pitt, Managing Director

Tony is a founding Director of 360 Capital and has worked in the property and property funds management industries for over 20 years.

As Managing Director, Tony is responsible for the performance of 360 Capital's various investments and funds, strategic direction and overall Group strategy.

He has overseen the IPO on the ASX of three AREITs since 2012 as well as the creation of various unlisted funds, undertaken corporate acquisitions and disposals, mergers and acquisitions and the ASX listing of 360 Capital Group.

Tony has formerly held numerous senior roles and directorships at Mirvac Group, James Fielding Group and Paladin Australia. He also held positions at Paladin Australia Limited, Jones Lang LaSalle and CB Richard Ellis.



Chris Chase, Head of Private Credit, Fund Manager

Chris has over 14 years' experience in banking and corporate finance across Australia and Asia with significant experience in origination, structuring and portfolio management of diversified loan portfolios for mid-market and institutional borrowers. Chris has experience structuring and executing complex corporate lending transactions, including growth capital and leverage and acquisition finance across a range of industries including Healthcare, Telecommunications, Retail, Transport & Logistics, Business Services, Technology and Diversified Industrials.

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



Glenn Butterworth, Chief Financial Officer & Company Secretary

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 and commenced his career at Deloitte.



James Storey, Head of Real Assets

James has over 12 years' experience in real estate funds management including areas such as asset management, capital transactions, analytics and valuations. Prior to his current role, James was the Fund Manager of the 360 Capital Office Fund (ASX: TOF) and 360 Capital Industrial Fund (ASX: TIX) with combined gross assets of over \$1.1b. Prior to his tenure at 360 Capital Group, James held the role of Investment Manager at Brookfield Office Properties, Senior Analyst at Valad Property Group and worked for Ernst & Young within its Transaction Advisory Services team.

James has a Bachelor of Business (Property Economics) from the University of Western Sydney and a graduate certificate of applied finance and investment. He is also a licensed real estate agent.

Explanatory memorandum continued



Dennison Hambling, Head of Public and Private Equity

Dennison has over 20 years' experience in the investment and funds management industry. Dennison is responsible for 360 Capital Group's Public and Private Equity Strategies.

Dennison joined 360 in 2019 having been Chief Investment Officer of First Samuel limited, holding this position for 12 years. Prior to this, Dennison was a Portfolio manager at Cooper Investors. Dennison began his career in New Zealand working as an Analyst for NZ Funds Management and Goldman Sachs JBWere covering a range of industries.



Mitchell Peasley, Assistant Fund Manager

Prior to joining 360, Mitchell was with mid-market special situations investor, Remagen Capital Management, where he developed extensive experience originating, structuring and executing complex distressed and turnaround transactions. Mitchell also gained experience in the provision of growth capital to mid-market borrowers across a range of sectors.

Prior to his time at Remagen, Mitchell spent 3 years in London working with financial restructuring consultancy THM Partners, and he commenced his professional career with leading local restructuring and insolvency firm McGrathNicol.



Matt Bowden, Financial Controller

Matt has worked in finance and professional services since 2005. His most recent role was as an Associate Director in Macquarie Capital's financial management group focused on providing financial transaction advice. Prior to that he was based in London and had various financial controllership roles with GE Capital Real Estate, GIC and Logicor Europe.



Libby Langtry, Investor Relations

Libby oversees Investor Relations for the group, focused on ensuring that all investor and stakeholder communications to the market are clear, on time and effective. Additionally, Libby oversees all registry related requirements and assists on corporate actions and corporate positioning. She has 13 years' experience across a variety of related disciplines including business development, pursuit management, marketing and communications within the Australian Funds Management Sector. Prior to 360 Capital Group, Libby worked at CBRE, Propertylink, Forum Partners, AMP Capital and ING Real Estate.

Explanatory memorandum cont.

Glossary

360 Capital	360 Capital Group Limited ACN 113 569 136.
360 Capital Group	360 Capital Group, the stapled entity comprising 360 Capital Group and 360 Capital Investment Trust (ARSN 104 552 598) and each of their subsidiaries.
360 Capital FM	360 Capital FM Limited (ACN 090 664 396) a wholly-owned subsidiary of 360 Capital which is the proposed responsible entity of the Fund.
AEST	Australian eastern standard time.
ASX	Australian Securities Exchange.
Corporations Act	means the Corporations Act 2001 (Cth)
Elstree	Elstree Investment Management Limited (ABN 20 079 036 810) (AFSL No. 225721)
Explanatory Memorandum	this document.
Fund	Australian Enhanced Income Fund (ASX: AYF).
IRR	Internal rate of return expressed as a percentage annual return
Management Changes	means the replacement of Elstree with 360 Capital FM as responsible entity of the Fund.
Meeting	the meeting of Members of the Fund convened by the Notice of Meeting.
Member	means a holder of a Unit.
NAV	Net asset value of the Fund.
Notice of Meeting	the notice of meeting on page 14.
Special Payment Condition Date*	means 21 October 2020.
Record date*	means the date of the Meeting, including any date to which the meeting is adjourned.
Resolution	the resolution set out in the Notice of Meeting.
Unit	a unit in the Fund.
Withdrawal Request End Date*	means the date which is 5 Business Days after the Meeting

*any dates may change by lodging an announcement on ASX.

AUSTRALIAN ENHANCED INCOME FUND

NOTICE IS HEREBY GIVEN by 360 Capital FM under sections 252D and 601FM(1A)(b) (as inserted by ASIC Class Order 13/519) of the Corporations Act that a meeting of Members of the Fund will be held at the time, date and place detailed below, or such later time and date as notified to Members, to consider and vote on the Resolution in this Notice of Meeting.

Time: 2pm AEST

Date: Wednesday, 9 September 2020

Place: **360 Capital, Level 8, 56 Pitt Street, Sydney NSW 2000**

Online: Unitholders who wish to participate in the Meeting online may do so:

1. From their computer, by entering the URL into their browser: <https://web.lumiagm.com/349860764>
2. From their mobile device by either entering the URL in their browser: <https://web.lumiagm.com/349860764> or
3. Using the Lumi AGM app, which is available by downloading the app from the Apple App Store or Google Play Store.

Please log into the Meeting by entering the following details:

1. Meeting ID: <349-860-764>
2. Your Login ID, which is located on your proxy form or on your notification email.
3. Your postcode, which is the postcode registered to your holding if you are an Australian shareholder or your country code if you are an overseas shareholder.

Due to COVID-19 restrictions, we request that all Members who want to attend this Meeting do so virtually via the online link above.

Attending the Meeting online enables shareholders to view the Meeting live and to also ask questions and cast direct votes at the appropriate times whilst the Meeting is in progress.

Your vote is important. Please complete and return the enclosed proxy form to Boardroom Limited at the address stated on the proxy form, using the reply paid envelope as soon as possible and before 5pm AEST on Friday, 4 September 2020.

Proxy forms will be provided to Elstree, the existing responsible entity of the Fund no later than 2:00pm AEST, 7 September 2020, to be valid. Votes received by Elstree after this date will not be included in the Meeting results.

Alternatively, if you attend the Meeting online via the above link, you will be able to vote in real time.

Notice of meeting continued

Business of the Meeting

Resolution—Change of Responsible Entity

To consider and, if thought fit, pass the following Resolution as an ordinary resolution:

“That, for the purposes of section 601FM of the Corporations Act and for all other purposes, Elstree Investment Management Limited (ACN 079 036 810) be removed as the responsible entity of the Australian Enhanced Income Fund (ARSN 115 632 990) (Fund) and 360 Capital FM Limited (ACN 090 664 396) be appointed as the responsible entity of the Fund.”

360 Capital FM Recommendation

The directors of 360 Capital FM believe the Resolution is in the best interests of the Members and therefore recommend Members vote in favour of the Resolution.

By order of the Board



David van Aanholt

Independent Chairperson

360 Capital FM Limited

ACN: 090 664 396

Dated: 13 August 2020

Changing the time and date of the Meeting

360 Capital FM reserves the right to postpone or adjourn the Meeting to a later time or date. If 360 Capital FM makes such a determination, it will notify all Members by lodging an announcement on the ASX and by placing an announcement on 360 Capital's website at www.360capital.com.au.

360 Capital FM will endeavour to notify Members of any such postponement prior to the original date and time of the Meeting, however, the postponement of the Meeting will not be invalidated by the failure to do so. If the Meeting is adjourned for one month or more, 360 Capital FM will give new notice of the adjourned Meeting.

Quorum

The quorum necessary for the Meeting is at least 2 Members present in person or attending virtually, by proxy together holding at least 10% of all Units.

Chairperson

In accordance with section 252S(3) of the Corporations Act, the Members present at the Meeting will elect a Member present at the Meeting to chair the Meeting.

Resolution

The Resolution is an ordinary resolution and will be decided by a poll. The Resolution will be passed if more than 50% of the votes cast by or on behalf of Members entitled to vote on the Resolution are in favour of the Resolution.

Voting

Voting on the Resolution will be decided by a poll. On a poll, every person present who is a Member or a proxy, attorney, personal representative or body corporate representative has one vote for each dollar of the value of the Member's total Units held by the person, or in respect of which the person is appointed as proxy, attorney, personal representative or body corporate representative. A Member entitled to two or more votes does not have to exercise its votes in the same way and does not have to cast all its votes. You may vote by attending the Meeting online and submitting votes in real time at the Meeting via the log-in details outlined in the Notice of Meeting and on the Proxy Form. Alternatively you may effectively vote before the meeting by completing and returning a directed Proxy Form.

Discussion and Asking Questions

Discussion will take place on the business of the Meeting as set out in the Notice of Meeting. This Explanatory Memorandum provides further information relating to the business of the Meeting.

Members will have the opportunity to ask questions at the Meeting.

To ensure that as many Members as possible have the opportunity to ask questions at the Meeting, Members are requested to observe the following guidelines:

- Please keep questions as brief as possible and relevant to the matters being discussed; and
- If a Member has more than one question, please ask all questions at the one time.

Members will need their Unitholder Reference Number (URN) as shown on the Proxy Form to register and ask questions at the meeting.

Members who are unable to attend the Meeting or who prefer to register questions in advance are invited to do so by sending your questions via email to investor.relations@360capital.com.au

Notes about the meeting and how to vote continued

Bodies corporate

A body corporate may appoint an individual as its representative to exercise any of the powers the body corporate may exercise at meetings of Members of the Fund. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body corporate could exercise at a meeting or in voting on the Resolution. An original or certified copy of the representative's appointment should be delivered or presented to Boardroom Limited before the Meeting commences.

Jointly held Units

If a Unit in the Fund is held jointly, and more than one Member votes in respect of that Unit, only the vote of the Member whose name appears first in the register of Members counts.

Appointment of proxy

If you have been nominated as a third party proxy, please contact Boardroom on 1300 737 760 or proxy@boardroomlimited.com.au for login details to the Meeting.

If you are entitled to vote at the Meeting you have a right to appoint a proxy to attend and vote at the Meeting on your behalf and may use the Proxy Form enclosed with the Notice of Meeting. The notes on the Proxy Form explain how the form should be completed. The proxy does not need to be a Member of the Fund.

If you wish to appoint someone other than David van Aanholt as your proxy, please write the name of that person in the appropriate box. Members cannot appoint themselves. If you do not name a proxy, or your named proxy does not attend the Meeting, David van Aanholt, or if he does not attend the Meeting, Tony Pitt will be your proxy and vote on your behalf. Your proxy has the same rights as you to speak at the Meeting and to vote to the extent you allow on the Proxy Form.

Appointing a second proxy

If you are entitled to cast two or more votes you may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

If you appoint two proxies and the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes (ignoring fractions).

Voting directions to your proxy

You may direct your proxy on how to vote on the Resolution. If it does, your proxy does not have to vote, but if your proxy does vote, your proxy must vote as directed. If your proxy is the Chairperson, the Chairperson must vote on a poll and must vote that way.

If you do not direct your proxy how to vote, your proxy will vote as it chooses. If you mark more than one box relating to the Resolution any vote by your proxy on that item may be invalid.

Signing instructions

A Proxy Form must be signed by the Member or the Member's attorney. Instructions for signing are on the Proxy Form. If a proxy is signed by an attorney and you have not previously lodged the power of attorney for notation, please attach an original or a certified copy of the power of attorney to the Proxy Form when you return it.

Appointment of proxy under a power of attorney

If a proxy is signed under a power of attorney on behalf of a Member, an original or a certified copy of the power of attorney must be lodged with the Proxy Form.

Notes about the meeting and how to vote continued

Lodgement of proxies and other authorities

Proxy Forms and other authorities should be returned by posting them in the reply paid envelope provided or delivering them to one of the addresses below:

By post: Boardroom Pty Limited, GPO Box 3993, Sydney NSW 2001

By facsimile: (02) 9290 9655

By hand: Boardroom Pty Limited, Level 12, 225 George Street, Sydney NSW 2000

Boardroom will ensure all Proxy Forms are delivered to Elstree as, to be valid, all Proxy Forms must be received by the existing responsible entity of the Fund no later than 2:00pm AEST, 7 September 2020. Documents received after that time will not be valid for the Meeting.

To enable 360 Capital FM to ensure all Proxy Forms are lodged in accordance with the above directions and delivered to Elstree by that date, 360 Capital FM recommends that Members return their Proxy Forms as soon as practical, but no later than 5pm AEST on 4 September 2020.

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Investor Enquiries

360 Capital Information Line

Callers within Australia (toll free): 1300 082 130

Callers outside Australia: +61 2 8405 8860

Email: investor.relations@360capital.com.au

Postal Address for Lodgement of Proxies

Boardroom Pty Limited, GPO Box 3993 Sydney NSW 2001

360 Capital FM Limited
Level 8, 56 Pitt Street, Sydney NSW
2000
www.360capital.com.au

360 Capital



AUSTRALIAN ENHANCED INCOME FUND

All Correspondence to:

 **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

 **By Fax:** +61 2 9290 9655

 **Online:** www.boardroomlimited.com.au

 **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 5pm on Friday, 4 September 2020.**

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the David van Aanholt as your proxy, mark the box. If you wish to appoint someone other than the David van Aanholt as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, David van Aanholt will be your proxy or if David van Aanholt does not attend, Tony Pitt will be your proxy and vote on your behalf. A proxy need not be a Member of the Fund. Do not write the name of the issuer company or the registered Member in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the fund's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the Fund's securities registry.

If you have been nominated as a third party proxy, please contact Boardroom on 1300 737 760 or proxy@boardroomlimited.com.au for login details to the Extraordinary General Meeting.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the Member.

Joint Holding: where the holding is in more than one name, all the Members should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

360 Capital will ensure all Proxy forms (and any Power of Attorney under which it is signed) received by it are delivered to Elstree Investment Management Limited as, to be validated, all Proxy Forms must be received by the existing responsible entity of the Fund no later than 48 hours before the commencement of the meeting, therefore by 2.00pm on Monday, 7 September 2020. Any Proxy Form received after that time will not be valid for the scheduled meeting.

To enable 360 Capital to ensure all Proxy Forms are lodged in accordance with the above directions are delivered to Elstree Investment Management Limited by that date, 360 Capital FM Limited recommends that Members return their Proxy Forms as soon as practical, but no later than **5pm on Friday, 4 September 2020**

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

 **By Fax** + 61 2 9290 9655

 **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia

 **In Person** Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

Attending the virtual Meeting

Please see participation details for a virtual meeting, outlined in the Notice of Meeting dated 13 August 2020. If you wish to attend the meeting please have this form available to assist registration.

Australian Enhanced Income Fund

ARSN 115 632 990

Your Address

This is your address as it appears on the Fund's unit register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Members sponsored by a broker should advise their broker of any changes.

Please note, you cannot change ownership of your securities using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Australian Enhanced Income Fund** ARSN 115 632 990 (**Fund**) and entitled to attend and vote hereby appoint:

David van Aanholt (**mark box**)

OR if you are **NOT** appointing David van Aanholt as your proxy, please write the name of the person or body corporate (excluding the registered Member) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, David van Aanholt or if he does not attend the Meeting, Tony Pitt as my/our proxy at the Meeting of the Fund to be held at the office of 360 Capital Group as outlined in the Notice of Meeting, and at any adjournment or postponement of that Meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

The David van Aanholt and Tony Pitt intend to vote undirected proxies in favour of the Resolution.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

Resolution

"That, for the purposes of section 601FM of the Corporations Act and for all other purposes, Elstree Investment Management Limited (ACN 079 036 810) be removed as the responsible entity of the Australian Enhanced Income Fund (ARSN 115 632 990 (Fund) and 360 Capital FM Limited (ACN 090 664 396) be appointed as the responsible entity of the Fund."

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

360 Capital FM Limited recommends you vote in favour of the Resolution

STEP 3 SIGNATURE OF MEMBER/S

This form must be signed to enable your directions to be implemented.

Individual or Member 1

Sole Director and Sole Company Secretary

Member 2

Director

Member 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2020