



**PROPOSED APPOINTMENT OF 360 CAPITAL FM LIMITED
AS RESPONSIBLE ENTITY OF AUSTRALIAN ENHANCED INCOME FUND (AYF)**

VOTE IN FAVOUR







**CURRENTLY AYF HAS NO CLEAR STRATEGY TO CONTINUE TO DRIVE
VALUE FOR MEMBERS**

IF APPOINTED RESPONSIBLE ENTITY, 360 CAPITAL WILL SEEK TO:

- ✓ DEVELOP A STRATEGIC FUTURE FOR THE FUND
- ✓ EXPECTED INCREASED DISTRIBUTION FREQUENCY
- ✓ \$0.15 PER UNIT SPECIAL PAYMENT FROM 360 CAPITAL TO MEMBERS

Benefits of Voting for 360 Capital FM Limited as your new Responsible Entity



Fund characteristic	Under AYF management	Under 360 Capital management
14 years underperformance	 <ul style="list-style-type: none"> 14 years of value destruction with an investment IRR of 1.7%¹, Unit price reduction from \$10.10 at IPO to \$5.44 at 14 July 2020² 	 <ul style="list-style-type: none"> Track record of turning underperforming funds around for the benefit of all Members
Strategy and proactive management	 <ul style="list-style-type: none"> No future strategy apart from costly wind up 	 <ul style="list-style-type: none"> 360 Capital intends to capitalize on the growing opportunity in fixed income and private credit markets 360 Capital Group has identified a pipeline of prospective transactions with a forecast yield of 7% to 9% p.a.⁵
Distributions	 <ul style="list-style-type: none"> Cash distributions decreased from \$0.70 per unit in FY08 to \$0.275 per unit in FY20³ - a distribution reduction of ~61% under current management 	 <ul style="list-style-type: none"> Expected distributions of ~\$0.36⁴ per annum paid on a monthly basis⁵. This represents a ~31%⁶ increase on FY20 distributions of \$0.275 per unit

1. 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.
2. Closing unit price of one AYF unit as at 14 July 2020.
3. Calculated comparing the cash distributions per year between FY08 and FY20.
4. Expected annual per unit cash distributions based on the forecast pipeline of transactions.
5. Based on 360 Capital's pipeline of prospective transactions and following implementation of its strategy.
6. 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.

Benefits of Voting for 360 Capital FM Limited as your new Responsible Entity



Fund characteristic	Under AYF management		Under 360 Capital management	
Special Payment		<ul style="list-style-type: none"> No special payment to Members, incurrance of wind up costs continuing to destroy Member's capital 		<ul style="list-style-type: none"> Proposed special payment of \$0.15 per unit (which is to be paid by 360 Capital not out of the Fund) for those Members that hold units on the record date as set out in the Explanatory Memorandum
Alignment with Members		<ul style="list-style-type: none"> Current directors own ~\$0.3m in units, representing a 1.55%¹ holding 		<ul style="list-style-type: none"> 360 Capital is aligned to AYF Members having spent >\$3.4m on acquiring an 18.7%² holding
Independent governance and compliance		<ul style="list-style-type: none"> Existing Responsible Entity has no independent directors - this does not meet ASX governance recommendations 		<ul style="list-style-type: none"> Independent and experienced Responsible Entity will provide oversight and governance – external Credit Committee, Investment Committee and accords with practice governance principles

1. Calculated based as the Directors' unit holdings per the Investor Registry provided by Elstree Investment Management Ltd as at 23 July 2020.

2. Calculated based on 360's unit ownership per the Investor Registry provided by Elstree Investment Management Ltd as at 23 July 2020.



14 Years Underperformance

46.1% decrease
in the share price since listing¹

\$4.66 per unit
capital loss

For those Members that invested in the IPO if AYF was wound up on 14 July 2020²

1.7% IRR

If you invested in the IPO Members would generate an **unacceptable 1.6% IRR** from their investment³

6.9% increase

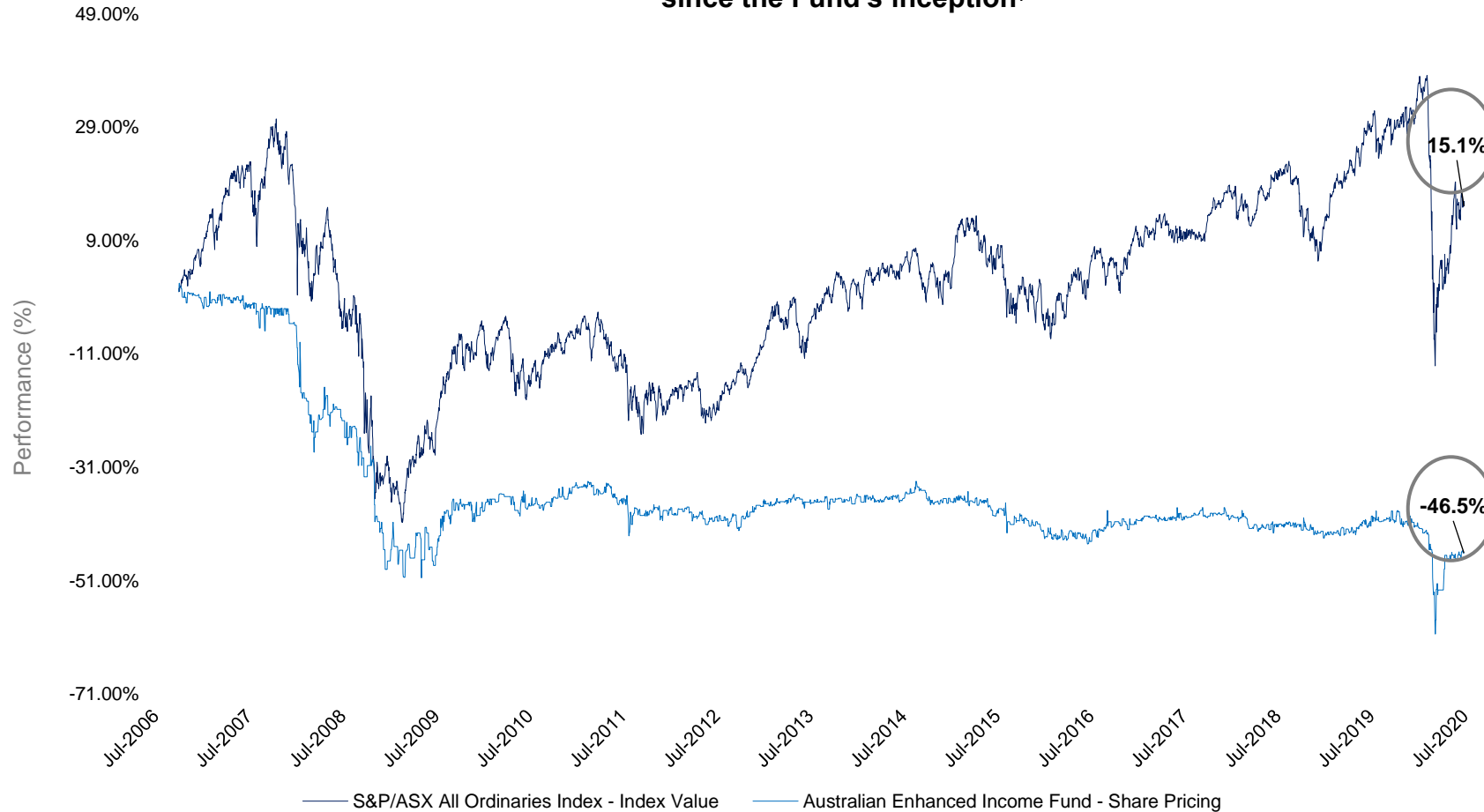
Unit price improvement since 360's initial investment on 15-Jul-20⁴



1. Calculated based on a comparison of the IPO price of \$10.10 per unit against the \$5.44 per unit trading price as at 14 July 2020.
 2. Calculated based on an initial capital investment of \$10.10 per unit during the IPO and assuming a theoretical wind-up date of 14 July 2020 and an exit price of \$5.44.
 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 since inception of the Fund.
 4. Calculated based on a comparison of the unit price prior to 360's initial investment (14 July 2020), versus the unit trading price as at 4 August 2020 of \$5.82.

14 Years Underperformance (cont'd)

The AYF share price has underperformed the ASX All Ordinaries Index by 61.6% since the Fund's inception¹



1. Comparing the AYF unit price performance of on AYF unit against the performance of the ASX All Ordinaries Index from the Fund's inception to 14 July 2020.

360 Capital's Proposed Active Strategy and Proactive Management

Key Strategic Pillars		First 90 Days Active Management under 360	
1	Proactively market the Fund – increase awareness, liquidity, share price and distributions	<ul style="list-style-type: none">• Actively market the Fund via Cambridge Investment Partners - 360's exclusive distribution partner• Increased marketing will deepen liquidity• Amend the frequency of distributions from quarterly to monthly	
2	Diversify the Fund's credit investments	<ul style="list-style-type: none">• Focus on Private Credit investments - senior secured loans to mid-market Australian corporates; providing investors regular income, capital preservation, and loss minimisation at attractive risk-adjusted returns	
3	Stabilise and improve returns through repositioning the portfolio	<ul style="list-style-type: none">• Private credit return spreads are in excess of current hybrid spreads• Underlying loans and loan terms result in predictable investor returns	
4	Establish independent governance and risk processes	<ul style="list-style-type: none">• New responsible entity board is chaired by an independent Chairman and the majority of directors are independent• Appoint an independent Credit Committee and Investment Committee	

Private Credit Characteristics

Elstree Strategy		360 Strategy	
X	OTC traded securities with volatility in price similar to that of equities	✓	Illiquid underlying – bespoke loans structured to protect the lender
X	Distributions can be ceased at the issuer’s discretion	✓	Regular and consistent distributions (driven by interest payments)
X	Complicated debt instruments with a combination of debt and equity characteristics	✓	Senior ranking in the capital structure
X	\$40.7b ¹ local market with limited number of issuers	✓	\$965b ² local business lending market
X	Limited diversification - predominantly financial services organisations	✓	Diversified by industry, borrower, risk-profile, loan type, geography and maturity

1. Bloomberg and IRESS Hybrid market as at 6 August 2020
 2. APRA Monthly authorised deposit-taking institution statistics, October 2019.
 3. Prejin, Alternatives in 2019, September 2019..

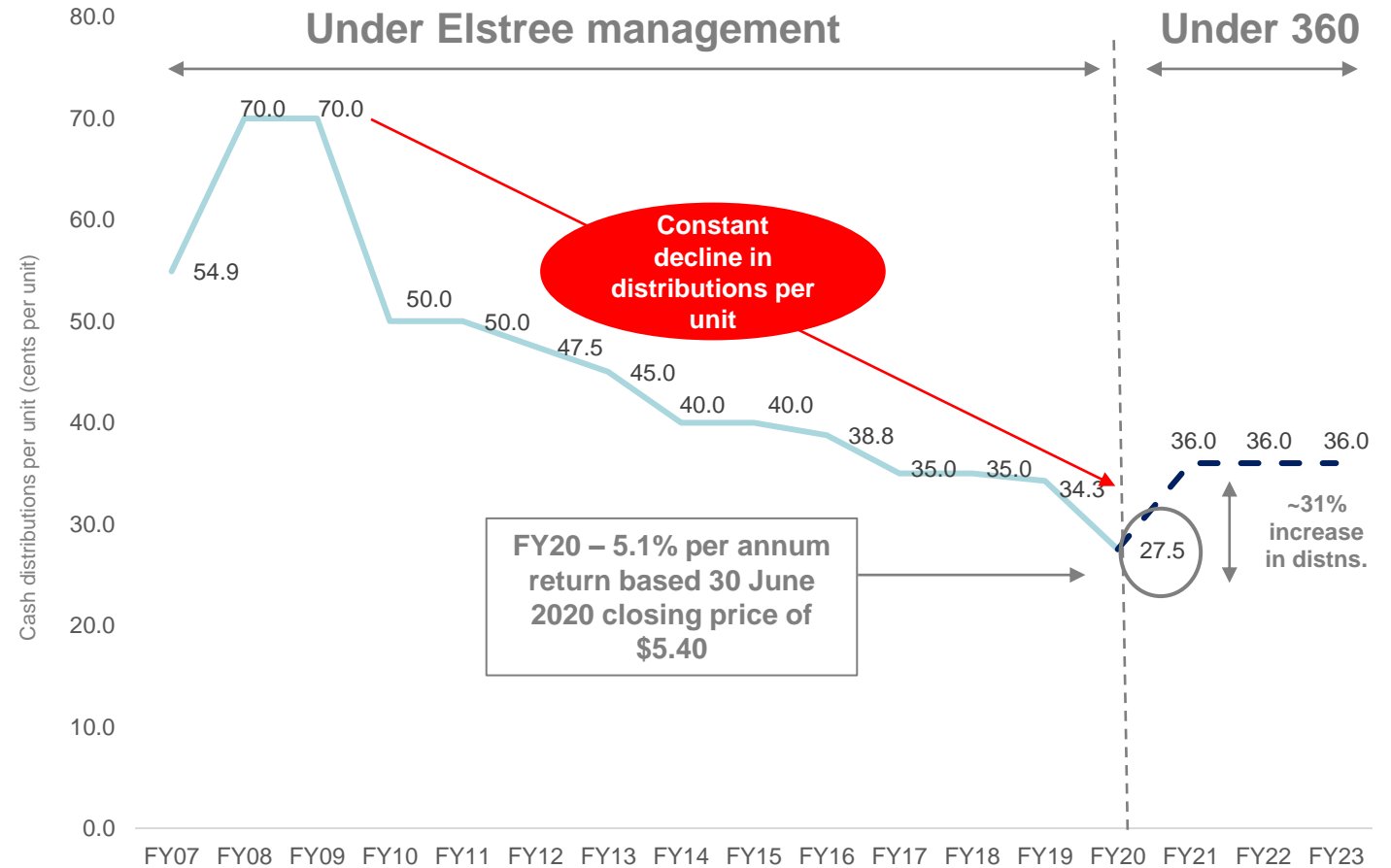
Fund Distributions



1 **70c - 27.5c per unit**
Reduction in cash distributions from 2008 to 2020¹

2 **5.1% yield**
FY20 distribution yield compared to 30 June 2020 closing price²

3 **6.6% yield**
Proposed 360 Capital cash distribution return to Members³



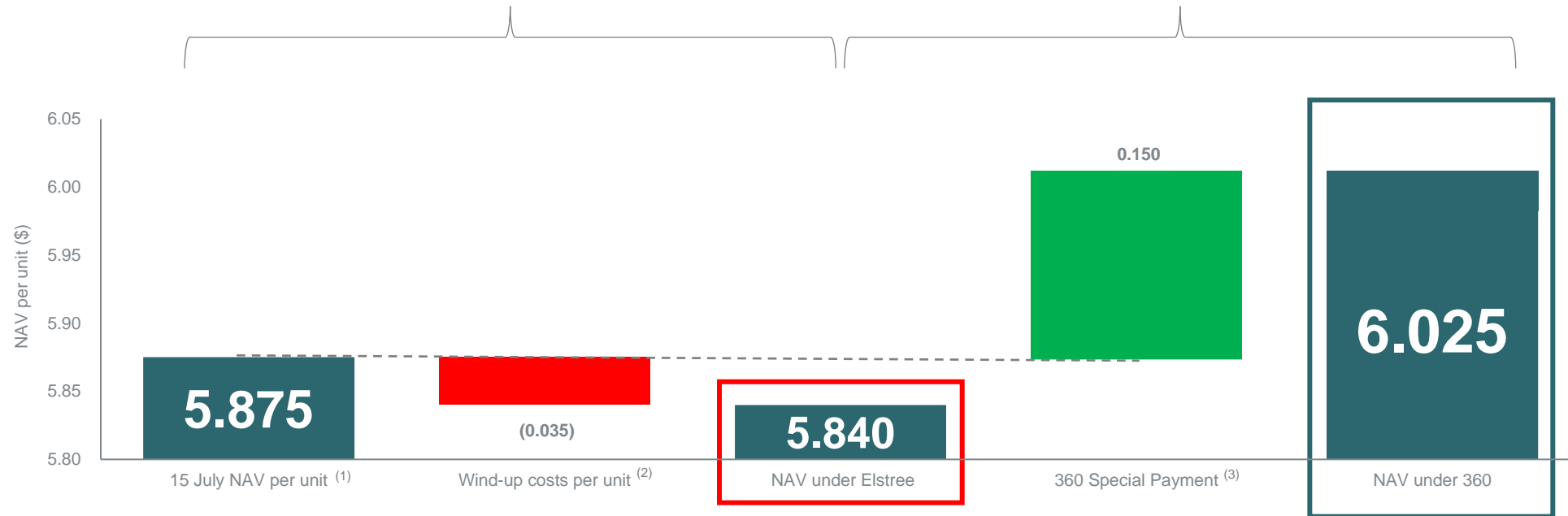
1. Cash distributions paid to Members across the period FY08 to FY20, ignoring the franking credit enhancement.
 2. FY20 cash distribution yield calculated on the annual distribution of \$0.21 divided by the 30 June 2020 closing price of \$5.40 per unit.
 3. Forecast yield paid to members on the pipeline of transactions based on the 30 June 2020 closing price of \$5.40 per unit.

Special Payment



Current management strategy is to wind
AYF up – continuing to destroy
unitholder value

360 Capital will make a special payment
to improve Unitholder value and grow
AYF



1. NAV per unit as published by Elstree Investment Management Limited on 22 July 2020.
2. Assumed winding up costs per unit.
3. Proposed special payment to Members as set out in the 360 Capital FM Notice of Meeting.

Alignment with Members



Elstree have taken \$3.6m in management fees from the Fund since its IPO to 30 June 2020. 360 has invested \$3.4m alongside investors and will grow the Fund for the benefit of all Members – WE ARE AN ALIGNED INVESTOR AND MANAGER

\$3.6m

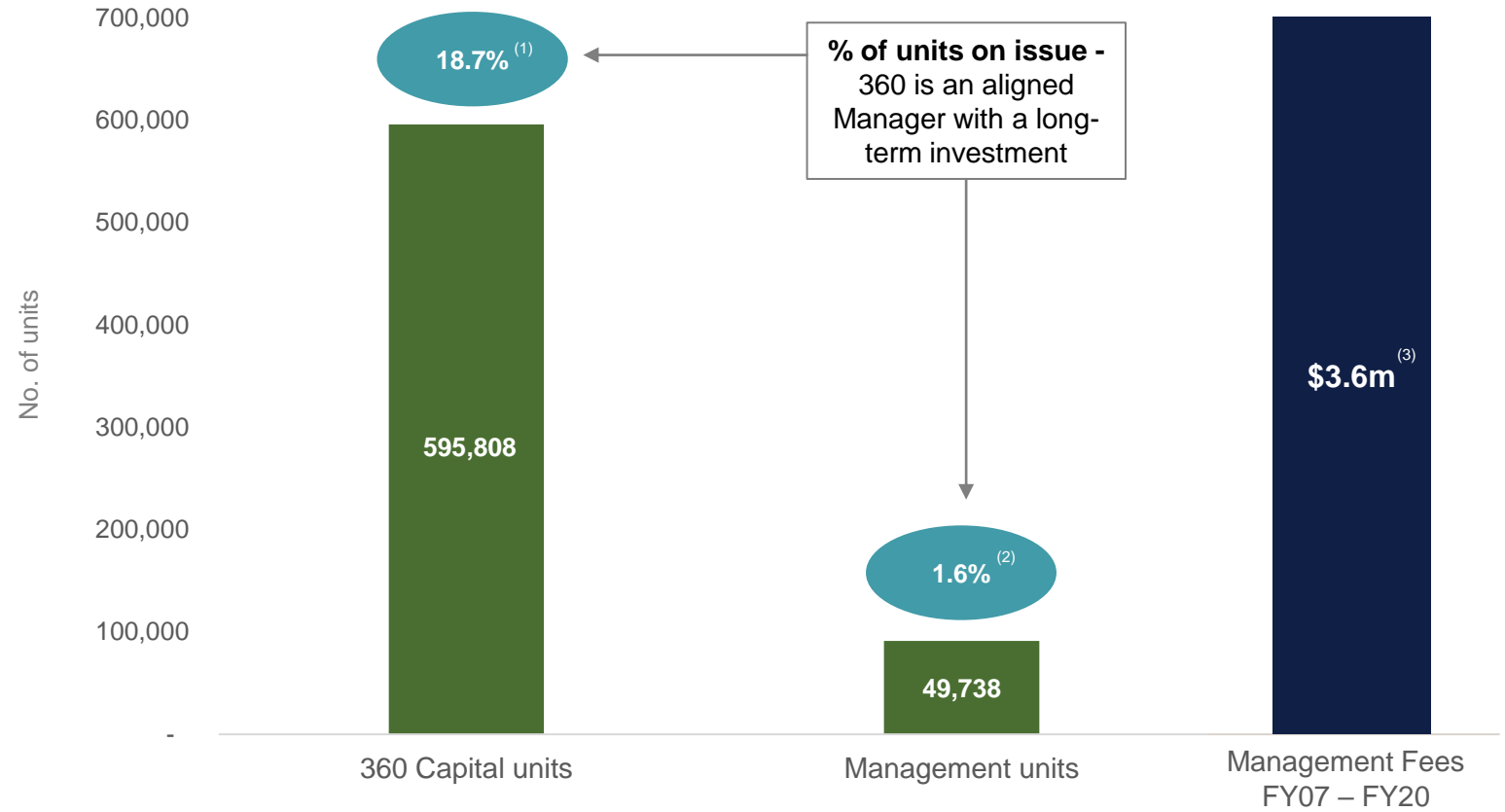
Management fees collected by Elstree

1.6% of Units

Owned by Directors – *poor Member alignment*

18.7% of Units

\$3.4m owned by 360 – *strong alignment with ALL Members*



1. 360 Capital's unit holding in AYF based on 3,215,865 units on issue.
 2. AYF Directors' unit holding in AYF based on 3,215,865 units on issue.
 3. Based on the management fees and administration expense charged by Elstree Investment Management Limited since inception of the Fund.

Independent Governance and Compliance



Under Elstree Investment Management

Responsible Entity

Campbell Dawson

Not independent

Norman Derham

Not independent

John Abbott

Not independent

Investment Committee

External, independently chaired Investment Committee does not exist

Credit Committee

External, independently chaired Credit Committee does not exist

ALL directors are executives and are NOT INDEPENDENT

Best Practice

ASX Recommendation 2.4

A majority of the board of a listed entity should be independent directors

AYF

Directors of AYF are not independent

360 Capital

360 Capital FM Limited comprises a majority of Independent Directors

ASX Recommendation 2.5

The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity

The Chair of the listed entity is also the CEO

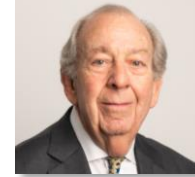
The Chair of 360 Capital Group is an independent director

Under 360 Capital

Responsible Entity



David van Aanholt
Independent Chairman



Graham Lenzner
Independent Director



Andrew Moffat
Independent Director



John Ballhausen
Independent Director



Tony Pitt
Executive Director and MD

Investment Committee



Andrew Moffat
Independent Director



Tony McGrath
Independent Director



Dennison Hambling
Executive Director



Glenn Butterworth
Executive Director

Credit Committee



Andrew Moffat
Independent Director



Brett Palmer
Independent Director



Phil McEwen
Independent Director



2. 360 Capital Track Record

360 Capital Track Record of Building Value





3. Resolution



An Ordinary Orderly Resolution to remove Elstree Investment Management Limited as the responsible entity of the Fund

“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.”

Proxy form – how to vote



If you cannot attend the meeting and would like to appoint 360 Capital as your proxy, please tick this box

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

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. 360 Capital FM Limited recommends you vote in favour of the Resolution	<input checked="" type="checkbox"/> For	<input type="checkbox"/> Against	<input type="checkbox"/> Abstain*
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If you are in favour of replacing the responsible entity, please tick the "For" box above



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Appendix 1: Responsible Entity



David van Aanholt
Non-executive Chairman

David has over 30 years' 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). David holds a Bachelor of Business (Land Economy), a Post Graduate Diploma in Management, a Masters in Business Administration and he is a Fellow of the Australian Property Institute.

David is a non-executive Director and Chair of Kennard's Self Storage Group and a Councillor at the University of New England where he sits on the Audit and Risk, Finance and Infrastructure, Innovation and Remuneration Committees



Tony Pitt
Executive Director

Tony is a founding Director of 360 Capital Group and has worked in the property and property funds management industries for over 20 years. As Managing Director, Tony is responsible for the Group's investments, 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 various 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 Jones Lang LaSalle and CB Richard Ellis. He graduated from Curtin University with a Bachelor of Commerce (Property), has a Graduate Diploma in Applied Finance and Investment from the Financial Services Institute of Australasia.



Graham Lenzner
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.



John Ballhausen
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.



Andrew Moffat
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, iX Group Limited and Infomedia Limited.



Appendix 2: Management Team



Chris Chase
Head of Credit
Proposed AYF Fund Manager

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

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

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

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

Chris holds a Bachelor of Business (Finance & Accounting) from the University of Technology and is a CPA



Mitchell Peasley
Proposed Assistant AYF Fund Manager

Mitchell joined 360 Capital in January 2020 and has 9 years experience in financial restructuring, corporate finance and the provision of mid-market corporate credit.

Prior to joining 360, Mitchell spent 3 years with mid-market stressed and distressed lender and investor, Remagen Capital, where he gained extensive experience originating, structuring and executing complex transactions. Mitchell also gained experience in the provision of growth capital to mid-market borrowers across a range of sectors.

Prior to Remagen Capital, Mitchell spent 6 years with THM Partners in London, and McGrathNicol in Sydney.

Mitchell holds a Bachelor of Business (Finance and Accounting) from the University of Technology, is a CA and is a Level 1 holder of the CAIA program



Scott Morgan
Origination Manager

Scott has 20 years' experience in credit investments and is skilled in strategy, deal origination, execution, management and investor relations.

Prior to his current role, Scott was a Director with Newground Capital Partners responsible for originating real estate transactions, capital raising, fund management and reporting to investors.

Scott has a Bachelor of Commerce from the Australian National University and holds a Graduate Diploma in Applied Finance and Investment from the Financial Services Institute of Australasia. He is also a Chartered Accountant and former Director of industry body, Property Funds Australia.



Fleur Graves
Senior Analyst

Fleur has over 11 years experience in the investment industry. Prior to joining 360 Capital this year, Fleur was an equities and investment analyst with First Samuel. This encompassed analysis of industries and companies, and providing input and guidance into investment decisions. Fleur was also the Portfolio Manager for listed property/ infrastructure investments. Previously,

Fleur worked in the aerospace industry, principally in Project Management roles. Fleur has a Bachelor of Engineering (Aerospace, Honours), Bachelor of Business (Business Administration), and Master's degrees in Commercial Law (Monash University) and International Business (University of Melbourne)..



Jonathon Nguyen
Analyst

Jonathon joined 360 Capital as an Analyst in 2018 and is responsible for underwriting and analytics of Group investment initiatives.

Prior to this, Jonathon was a Treasury Analyst (ALM) for a mutual bank, responsible for the liquidity/funding requirements and management of fixed income investments in the banking portfolio. He initially started his career as a Graduate at State Street Bank & Trust Co., working in the Global Markets Division.

Jonathon holds a Bachelor of Commerce from the University of New South Wales.



Glenn Butterworth
Chief Financial Officer

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

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

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



Ainslie Ebejer
Financial Controller

Ainslie has over 8 years' experience in investment and asset management.

Previously at Mirvac for 4 years, Ainslie was part of the finance team responsible for the Mirvac Property Trust, and prior to this she worked for the prestigious asset management firm Harrods Estates in London.

Ainslie is a qualified Chartered Accountant, holding a Bachelor of Commerce (Accounting & Finance) from the University of Wollongong and a Graduate Diploma of Chartered Accounting.



Libby Langtry
Investor Relations Manager

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.



Fraser Matthews
Business Development Manager

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

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

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



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