TierONE Capital

TierONE Capital Mortgage Fund

Information Memorandum

For sophisticated investors and wholesale clients only

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TRUSTEE
AUS Finance Group Pty Ltd
ABN 48 168 482 433
AFSL No. 470573

MANAGER
Tier One Capital Pty Ltd
ABN 69 619 800 752
AR No. 1279013

www.tieronecapital.com.au

STRICTLY PRIVATE AND CONFIDENTIAL

Notices, Acknowledgements, Disclaimers

IMPORTANT INFORMATION

This Information Memorandum (IM) for the TierONE Capital Mortgage Fund (Fund) is issued by AUS Finance Group Pty Ltd, ABN 48 168 482 433, AFSL No. 470573 (Trustee) in its capacity as trustee of the AUS Finance Group Investment Trust (Trust). A copy of the Trust deed (Trust deed or constitution) is available to investors upon request. In the event of any inconsistency between the Trust deed and this IM, then the Trust deed will prevail to the extent of the inconsistency.

The Trustee has appointed Tier One Capital Pty Ltd, ABN 69 619 800 752, Authorised Representative No. 1279013 (TierONE Capital or Manager) to provide investment management and associated services in respect of the Fund.

This IM sets out general information about the Fund to assist any person to whom this document is provided in assessing whether to invest by subscribing for units in the Trust. This IM is strictly confidential and is for the sole use of prospective investors in the Fund and their advisers. It must not be provided to any other party without the prior written consent of the Trustee, which may be withheld in its absolute discretion. Each recipient of this document represents and warrants that they are, and at all times will be, a wholesale client as defined by section 761G of the Corporations Act 2001 (Cth) (the Act) and/or a sophisticated investor as defined by section 761GA of the Act; or any other investor to whom a disclosure document is not required to be given pursuant to part 7.1 of the Act. The offer is not open to retail clients in financial products (as defined in the Act). Participation in the offer is contingent on investors meeting all eligibility criteria of the Trustee.

INVESTOR TO UNDERTAKE OWN DUE DILIGENCE

Information contained in this IM has been provided to prospective investors to assist them to assess whether to invest in the Fund. In relation to the information contained in this IM, the Trustee, Manager, or their related parties, officers, employees, consultants, advisers or agents do not warrant or represent that:

- all information which is relevant to the making of an investment in the Fund has been provided in this IM; or
- all information provided under this IM is accurate or correct.

Whilst the Manager has undertaken due diligence in relation to the Fund and the information which has been presented in this IM, it is possible that due to factors such as the passage of time or the uncertainty in forecast details that the information contained in this IM may be inaccurate at the date of release of the IM or at a later time. Further, this IM is not a Product Disclosure Statement (PDS) or other offer or disclosure document regulated by ASIC under the Corporations Act, and may not contain all of the information that would usually be contained in a PDS or other regulated offer or disclosure document. This IM is not required to be lodged, and has not been lodged, with ASIC. ASIC takes no responsibility for the content of this IM.

None of the Trustee, the Manager, or their related parties, officers, employees, consultants, advisers or agents have carried out an independent audit or independently verified any of the information contained in this IM.

Prospective investors are strongly encouraged to:

- undertake their own due diligence in relation to the Fund before making an investment;
- read this IM in its entirety; and
- seek independent professional advice as to the financial, taxation and other implications of investing in the Fund and the information contained in this IM.

Any expenses incurred by the investor in relation to the investment are to be borne by the investor.

This document contains general information and does not contain personal advice or financial product advice (nor investment, tax or legal advice). The information contained in this document has been prepared without taking account of individual objectives, financial situation or needs.

To the maximum extent permitted under the law, the Trustee and the Manager disclaim any liability arising from any information provided in this IM.

By making an investment in the Fund, an Investor warrants and represents to the Trustee and Manager that they have undertaken their own due diligence in relation to investment in the Fund, including without limitation, in relation to the structure of the Fund, its investments and the likelihood of returns from the Fund.

IMPORTANT WARNING STATEMENTS

No performance guarantee and risks

None of the Trustee, the Manager, or their related parties, officers, employees, consultants, advisers, agents or any other person, guarantees the performance or success of the Fund, the repayment of principal invested in the Fund or any particular rate of return on investments in the Fund. To the extent permitted by law, the Trustee and its officers disclaim all liability that may otherwise arise due to any information contained in this document being inaccurate or due to information being omitted from this document, whether by way of negligence or otherwise.

There can be no assurance that the Fund will achieve results that are forecast in the IM or comparable to the track record of the Trustee or Manager and their advisers in the past. An investment in the Fund does not represent a deposit with, an investment in, or a liability of, the Trustee, Manager, or any of their associates.

An investment in the Fund is subject to investment risks which are described in Section 7 of this IM, including possible delays in repayment and loss of some or all of your interest distribution or principal invested. The risks associated with an investment in the Fund are different to a cash deposit or investment in an approved deposit-taking institution (ADI). This IM contains forward looking statements relating to future matters which are subject to known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of a particular investment to be materially different from those expressed or implied by such statements. Any comments on future distributions, capital growth, property value movements or general commentary on property markets are made as a guide only.

Past performance should not be perceived as an indication of future performance.

Investors acknowledge that the Trustee may withdraw the offer at any time and for any reason, without liability.

Images

Any images in this IM do not depict assets of the Trust unless otherwise indicated.

Forward-looking statements

Certain information contained in this IM constitutes “forward-looking statements” that can be identified by the use of forward-looking terminology such as “may”, “will”, “should”, “expect”, “anticipate”, “estimate”, “target”, “intend”, “continue”, or “believe” or the corresponding negatives of those terms or other comparable terminology. Any estimate, forecast, projection, feasibility, cash flow or words of a similar nature or meaning in this IM are forward-looking statements and subject to this disclaimer. Further, any projections or other estimates in this IM, including estimates of returns or performance, are forward-looking statements and are based upon certain assumptions that may change. Due to various risks and uncertainties, including those contained under Risks in Section 7, actual events or results or the actual performance of the Fund may differ materially from those reflected or contemplated in such forward-looking statements. The forward-looking statements included in this IM involve subjective judgment and analysis and are subject to uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to, the Trustee and Manager. Actual future events may vary materially from the forward-looking statements and the assumptions on which those statements are based. Given these uncertainties, prospective investors are cautioned to not place undue reliance on such forward-looking statements.

Confidentiality

Neither this IM nor any other information provided by the Trustee or Manager may be disclosed to any other party, except for the purpose of obtaining independent advice in connection with the consideration of an investment in the Fund, or used for any purpose other than the consideration of an investment in the Fund, unless the express prior written consent of the Trustee is obtained. Any reproduction of all or part of this IM is strictly prohibited without the written consent of the Trustee. In the event that the recipient does not participate in the Fund, this IM, along with all related materials, must be returned to the Trustee immediately upon demand.

No representation other than this IM

No person is authorised to give any information or to make any representation in connection with the offer or the Fund, whether described in the IM or not. To the extent of any inconsistency, this IM supersedes any prior IM or marketing materials given prior to the issue of this IM.

Further, any information or representation in relation to the offer or Fund not contained in this IM or any Supplementary IM may not be relied upon as having been authorised by the Trustee, the Manager or their associates.

Registration form

Investors (investors, you, your) need to complete a registration form described in this IM to invest in the Fund. This IM is not to be marketed or distributed in jurisdictions outside of Australia where the marketing or distribution of this IM in that jurisdiction is not permitted by its laws and regulations. You can access registration forms from your adviser or via tieronecapital.com.au/register-online.

The Manager reserves the right to evaluate any registration to invest in the Fund under this IM and to refuse any or all registrations submitted, without giving reasons for the refusal. TierONE Capital is not liable to compensate you or any prospective or intending investor for any costs or expenses you incur reviewing, investigating or analysing any information in relation to the Fund, in making an application to invest in the Fund, or otherwise.

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1. Introduction

The Fund is a contributory mortgage fund. In essence, the Manager, on behalf of the Trust, sources funds from suitably qualified investors and syndicates those funds into a single loan which is then advanced to an approved borrower. All loans are secured by a registered mortgage over Australian real estate and may also include other forms of registrable security including corporate and individual guarantees from the borrower.

The objective of the Fund is to provide investors with real estate backed investment opportunities providing income from the interest paid by the borrower. The interest rate paid by the borrower reflects a number of considerations including, but not limited to, the borrower's profile, security pledged, location of security and loan purpose. Loans are only advanced for commercial purposes, such as, financing property development, land with the intention of development, and property investment. The Fund endeavours to maintain a balanced portfolio between loan types however this may not always be the case given varying loan terms and availability of new loan opportunities.

Investors can choose the loans (also referred to as mortgage investments) which best suit their individual risk appetite and investment criteria. Investors are provided the details of each investment in a separate document, called a Supplementary Information Memorandum (Supplementary IM).

Investors are paid income on their investment as and when the Trust receives interest from the borrower or as described in the Supplementary IM. The forecast income on an investment is generally expressed as an annualised percentage and paid either monthly, quarterly or at the beginning or end of the investment term.

All assets of the Trust are held by a custodian in favour of the Trust. Day to day investment decisions, including loan due diligence and ongoing management, are made by the Manager.

We have an Investment Services team available to answer any questions you may have. You may reach them by calling 1800 287 346 during business hours. Alternatively, you can email info@tieronecapital.com.au.

2. Summary

Area	Description	Section(s)
NAME OF FUND	TierONE Capital Mortgage Fund (the Fund)	-
STRUCTURE OF FUND	Unregistered managed investment scheme	Section 1
NAME OF TRUST	AUS Finance Group Investment Trust (the Trust)	-
STRUCTURE OF TRUST	Australian domiciled and Australian dollar denominated unit trust	Section 9
CUSTODIAN	Perpetual Corporate Trust Limited (the Custodian)	-
TRUSTEE	AUS Finance Group Pty Ltd (the Trustee)	-
MANAGER	Tier One Capital Pty Ltd (the Manager)	-
AUDITOR	William Buck is the auditor for the Trust, Trustee and Manager	-
REGISTRY	Fund administration services are provided by the Trustee	-
AIM OF THE FUND	The Fund provides opportunities for investors to access investments and derive income from in respect to loans secured by registered mortgages held over real property in Australia. The Fund is a contributory mortgage fund and provides investors with the ability to participate through the subscription of Mortgage Investment Units specific to a particular loan.	Section 1
INVESTMENT STRATEGY	The Fund's investment strategy is to generate returns through commercial mortgage loans held by the Trust. The loans held by the Trust are for the purposes of assisting borrowers to finance property development, refinance completed properties, and property investment. The Fund endeavours to maintain a balanced portfolio of loan types and jurisdictional exposure as part of its risk management over a longer period.	Section 1 and Section 4.2
INVESTMENT PROCESS	Upon investing in the Fund, investors will be allocated Cash Units. Cash Units offer a return comparable with cash management accounts offered by the four major banks. At various times, investors will be offered the opportunity to invest in loans secured by registered mortgages held over Australian property.	Section 3.1

	If an investor chooses to participate in a loan investment, Cash Units equivalent to their dollar amount will be converted into an equal number of Mortgage Investment Units relating to that specific mortgage investment.	
CASH UNITS	Cash Units are an investment in a cash management account held with a major Australian bank, currently ANZ. The monthly rate of return offered by the Fund on Cash Units is based on the official cash rate (OCR) and can be viewed on your Investor Portal.	Section 3.3
MORTGAGE INVESTMENT UNITS	Mortgage Investment Units and the performance of these units is linked to individual loans. Mortgage Investment Units have differing terms and target returns as disclosed in the Supplementary IM relevant to each mortgage investment.	Section 3.4
JOINING THE FUND	To join the Fund, you can complete an online registration form at tieronecapital.com.au/register-online.	Section 8.1
TERM	An investment in Cash Units has no minimum term. An investment in Mortgage Investment Units is typically for the term which is specified in the Supplementary IM, generally between 6 to 18 months. Notwithstanding what is specified in the Supplementary IM, the actual investment term may be longer or shorter than originally forecast. Early redemption of Mortgage Investment Units: some mortgage investments may have a minimum interest period which will be specified in the Supplementary IM. In the event of an early redemption of a mortgage investment, the investor may be entitled to a minimum amount of interest as specified in the Supplementary IM. Late redemption of Mortgage Investment Units: some mortgage investments may continue beyond the term specified in the Supplementary IM for a variety of reasons including, but not limited to, delays in: construction, finalising and issuing of occupancy certificates and titles, the sale of the underlying asset, and refinancing. In the event a mortgage investment goes beyond the forecast term specified in the Supplementary IM, subject to the terms and conditions contained in the borrower's finance documents, a default rate will be applied to the loan and added to the investor rate.	Section 3.5
MINIMUM INVESTMENT	There is no minimum amount required to be held, or invested, in a Cash Unit Account. The minimum investment into a class of Mortgage Investment Units is $100,000, unless otherwise stated in the Supplementary IM. However, the Manager may, at its sole discretion, accept applications from investors for less than $100,000.	Section 3.2
DISTRIBUTIONS	Cash Units: interest distribution is credited to your Cash Unit Account monthly. Mortgage Investment Units: interest distribution is credited to your Cash Unit Account either upfront, monthly or quarterly in arrears, at the end of the investment term, or as specified in the Supplementary IM. The forecast return is expressed as an annualised percentage rate, will vary by investment, and will always be specified in the Supplementary IM.	Section 3.6
HOW DISTRIBUTIONS ARE PAID	All distributions are reinvested into the Fund as additional Cash Units.	Section 3.6

	On request, investors can elect to have distributions from Mortgage Investment Units distributed to a nominated external bank account.	
WITHDRAWALS AND REDEMPTIONS	Investors can elect to redeem their Cash Units at any time and funds will be credited to the investor's nominated bank account within five business days. There is no minimum amount required for redemption requests. Investors will not be able to redeem Mortgage Investment Units during the term of the investment unless specified otherwise in the Supplementary IM, or with approval from the Manager.	Section 3.9
RISKS	An investment in the Fund is subject to: ▪ general investment risks; ▪ risks relating to investing in managed funds; and ▪ risks relating to mortgage-backed investments.	Section 7
NOT CAPITAL PROTECTED	This is not a capital protected investment.	Section 4.8 and Section 7.1
MORE INFORMATION	You can contact a member of our Investor Services team on 1800 287 346 or email info@tieronecapital.com.au.	-
ELIGIBLE INVESTORS	The Fund is open to wholesale clients as defined by section 761G of the Corporations Act 2001 (Cth) (the Act); sophisticated investors as defined by section 761GA of the Act; or any other investor to whom a disclosure document is not required to be given pursuant to section 708(8)-(11) of the Act. Investors will be asked to provide evidence of their eligibility on registration and on an ongoing basis. Approval of an investor to participate in the Fund is at the absolute discretion of the Manager.	-

3. Investing in the Fund

3.1 HOW TO INVEST

Step 1: Investors should read this IM in full and contact us if uncertain about any detail. Investors should pay particular attention to the risks set out in Section 7, and consider their particular investment objectives, financial situation, and needs. Investors should seek financial advice from a licensed adviser before investing.

Step 2: Investors can complete the registration form, which can be found online at tieronecapital.com.au/register-online. Investors will need to provide certain documents depending on the type of investing entity being registered (for example, individual, trust or company). Investors can choose to specify an initial amount to invest into their Cash Unit Account.

Step 3: We will review the registration form and, if applicable, send payment instructions (either BPAY or EFT) for the investor's initial investment. The initial investment will appear as Cash Units until the investor allocates funds to a mortgage investment.

Step 4: Once the initial onboarding has been completed with the investor, the investor will receive a password and login details to the TierONE Capital Investor Portal, where investment opportunities can be viewed and pledges submitted.

Step 5: Once a pledge has been accepted and the loan is active, Cash Units equivalent to the investment amount will be converted into Mortgage Investment Units which relate to that specific loan.

Key dates:

- **Financial Close:** the date when the borrower will be liable for interest regardless of whether the loan has settled or not.
- **Loan Settlement:** the date the loan is settled, the funds have been advanced to the borrower and the Fund's security interest is registered.
- **Funds Required:** the date when an investor must ensure that there are available funds in their Cash Unit Account to cover their accepted pledge. This may occur prior to Financial Close or during the course of a loan as funds are raised.

3.2 MINIMUM INVESTMENT AMOUNT

The initial investment in the Fund is in Cash Units. There is no minimum amount required to be held, or invested, in a Cash Unit Account.

The minimum investment in any one class of Mortgage Investment Units is $100,000. However, the Manager may at its sole discretion accept applications for less than $100,000. Applications for such Mortgage Investment Units will be considered on a case-by-case basis.

3.3 CASH UNITS

Cash Units are a class of unit assigned to investors who have registered to join the Fund and hold a balance in the Fund. Each investor will have a Cash Unit Account. One unit is equivalent to $1,000, and there is no minimum or maximum balance that can be held in this account.

Funds relating to Cash Units are held in a cash management account with a major Australian bank, currently the Australia and New Zealand Banking Group (ANZ). Holders of Cash Units have investment exposure only to cash, however, an investment in Cash Units is not the same as a cash deposit. This means that an investment in Cash Units is not protected by the Australian Government Bank Guarantee.

Investors will earn a monthly return on Cash Units comparable with cash management accounts offered by the four major banks. The monthly rate can be viewed on your Investor Portal. The monthly

distribution will be calculated daily and distributed to investors monthly in arrears. All distributions on Cash Units are reinvested into Cash Units.

Investors can elect to redeem their Cash Units at any time.

3.4 MORTGAGE INVESTMENT UNITS

Mortgage Investment Units represent investments in loans (mortgage investments) made by the Trust to approved borrowers. One unit is equivalent to $1,000.

Loans are secured by registered mortgages and borrowers are charged an interest rate and loan fees. The securities behind each loan (that is, the mortgages, guarantees, and other security instruments) are held by the Custodian on behalf of the Trust. In turn, the Trust holds the asset for the benefit of unitholders (investors).

Through the Investor Portal, investors can select the loan in which they wish to participate. Each investment will be accompanied by a Supplementary IM, setting out the terms of the investment, the target return of the investment, key dates, and information about the borrower and the security.

By pledging to invest, the investor is instructing the Manager to redeem Cash Units and subscribe to the equivalent dollar amount of Mortgage Investment Units. As investments are sometimes oversubscribed, the acceptance of an amount pledged in a particular Mortgage Investment Unit remains, at all times, at the discretion of the Manager. Investors are notified when pledges are accepted. This notification will include details of the amount accepted and the Funds Required date.

If the investor does not hold sufficient Cash Units in their Cash Unit Account to cover the equivalent dollar amount of Mortgage Investment Units, then the investor is responsible for transferring additional funds to their Cash Unit Account by the Funds Required date.

3.5 INVESTMENT TERM

There is no minimum investment term for Cash Units.

The investment term for Mortgage Investment Units will usually reflect the term of the underlying loan and will be specified in the Supplementary IM.

If, for any reason, an investment is made after the loan has commenced, the term applies from the commencement of the loan not the date of the investor's subscription to Mortgage Investment Units.

The expected term is a forecast only and may be longer or shorter than anticipated, for example:

- Investment term shorter than forecast: A borrower may repay the underlying loan prior to the documented loan expiry whereby investors will receive principal and interest calculated to the date of loan repayment. Should the Supplementary IM specify a minimum term, then this will be taken into consideration when distributions are calculated.

- Investment term longer than forecast: A borrower may repay the loan after the documented loan expiry. The investor's entitlement to interest distribution continues to accrue until the loan is repaid. Where the Trust collects default interest on the loan, this will be distributed to investors in full.

A loan may also be shortened or extended if the Manager believes it a necessary measure to procure full repayment of the loan. In this case, the term of the Mortgage Investment Units may also be varied. Without limitation, the Manager reserves the right to vary the term of the Mortgage Investment Units from the forecast term.

3.6 INCOME / DISTRIBUTIONS

Distributions will be made to investors holding Cash Units and Mortgage Investment Units from Trust income derived from:

- interest received from the cash management account, currently with ANZ; and
- interest received from borrowers in respect of loans.

Investors will only be eligible to receive the interest distribution which relates to their class of units, for the duration of their unitholding, whether that be Cash Units or Mortgage Investment Units.

Cash Unit distributions

The interest on Cash Units is expressed as an annualised interest rate. It is calculated and accrued daily based on the number of units held by an investor. The interest rate applicable to Cash Units may change from month to month.

The interest on Cash Units will be distributed monthly in arrears. Distributions are automatically reinvested into Cash Units in the name of the investor.

For example, if an investor holds $100,000 in Cash Units (100 units) and accrues $167 of income on the units during the month, this income will be reinvested into additional Cash Units. That is, at the beginning of the next month, the investor will have $100,167 in Cash Units. As each unit has a value of $1,000, the unit value expressed in your Cash Unit Account will be 100.167 units.

Mortgage Investment Unit distributions

The interest on Mortgage Investment Units is expressed as an annualised interest rate. It is calculated and accrued daily based on the number of units held by an investor. The forecast interest rate applicable to a particular class of Mortgage Investment Units will be specific to the underlying investment, and will be disclosed in the Supplementary IM. The Supplementary IM will also disclose whether the interest rate is fixed for the term of the investment or whether it may change throughout the term. The interest rate applicable on any subsequent raisings during a loan may differ to the initial interest rate expressed in the Supplementary IM due to changes in market conditions.

The Supplementary IM will also specify the frequency of interest distributions. For example, the interest distribution on Mortgage Investment Units may be:

- upfront;
- monthly or quarterly in arrears;
- at the end of the investment term; or
- a combination of the above.

Interest distributions are automatically reinvested into the investors Cash Unit Account. For example, in an investment where interest is distributed at the end of an investment term:

- An investor holds $100,000 in Mortgage Investment Units (100 units).
- $8,000 of interest has accrued during an investment term of 12 months (8 units).
- The initial investment of 100 Mortgage Investment Units will be redeemed and returned to the Cash Unit Account in the form of Cash Units.
- The 8 units of accrued interest will be credited to the Cash Unit Account in the form of cash units.
- In summary, at the end of the investment term and redemption of the Mortgage Investment Units, the investor will have a total of 108 Cash Units ($108,000) comprising:
    - 100 Cash Units ($100,000), being the redemption of the initial investment; and
    - 8 Cash Units ($8,000), being the interest distribution received from the Mortgage Investment Units.

Subject to the Manager's approval, an investor can request in writing to have distributions for Mortgage Investment Units distributed to a nominated external bank account.

3.7 UNIT PRICING

Cash Units: Unless there is an impairment on the underlying cash investment made by the Trust, the unit price of Cash Units is expected to remain at $1,000 per unit.

Mortgage Investment Units: The unit price of Mortgage Investment Units is expected to remain at $1,000, unless:

- there is an impairment on the underlying loan made by the Trust;
- scheme assets are required to be valued as per section 601FC(1)(j) of the Corporations Act; or
- the Trustee causes scheme assets to be revalued to reflect the performance of the underlying loan investment.

3.8 ADDING TO YOUR INVESTMENT

Investors may, at any time, increase an investment in Cash Units by logging into the Investor Portal and selecting "Deposit Funds" which will indicate to the Manager that funds are being transferred by that investor. The investor will be provided with EFT and BPAY instructions, and can then arrange to transfer the funds.

3.9 WITHDRAWALS, REDEMPTIONS, AND TRANSFERS

Investors may make withdrawals from the Fund by redeeming their investment in Cash Units. This can be done at any time providing that the investor has Cash Units available. Investors may make a withdrawal by logging into the Investor Portal and selecting "Withdraw Funds". Funds will be credited to the investor's nominated bank account within five business days following the withdrawal request.

Investments in Mortgage Investment Units are illiquid and can only be redeemed when the underlying loan is repaid, the underlying asset is liquidated, or at the Manager's discretion. There is no secondary market for Mortgage Investment Units and no financial hardship provisions. Investors cannot withdraw from Mortgage Investment Units.

Although Mortgage Investment Units cannot be redeemed, the Trustee can update records to reflect off market transfers of Mortgage Investment Units in certain circumstances, for example, if units need to be transferred to the beneficiary of a deceased estate. The transferee must first be successfully registered with the Fund (refer to registration process set out in Section 3.1). The Trustee and Manager take no responsibility for the documentation for the transfer of units, nor any tax consequences resulting from the transfer of units.

3.10 REPORTING AND KEEPING YOU INFORMED

Reports and information relating to your Cash Units and Mortgage Investment Units will be available via the Investor Portal. In the case where this is not possible, information will be provided to investors by email.

Investors can also request the following documents by contacting us on 1800 287 346 or emailing info@tieronecapital.com.au:

- the annual audited financial report most recently lodged with ASIC; and
- the Trust deed.

4. About the Trust's Loans

4.1 KEY PARAMETERS OF A LOAN

The Manager will assess each loan opportunity against the following principles:

PARAMETER	COMMENT
Security	All loans must be secured by a registered first or second ranking mortgage over real property. Additional security may include charges over company shares, personal guarantees and corporate guarantees, and other security as advised by our lawyers from time to time.
Sector	Security must be Australian real property which may include, without limitation, office, retail, industrial, residential, National Disability Insurance Scheme (NDIS) and boarding accommodation, specialist property, unimproved land and land intended for, or in the process of, being developed.
Loan Value Ratio (LVR)	The loan amount extended to a borrower will typically not exceed 80% of the value of the security including capitalised interest for the period of the loan.
Minimum size of loan	$250,000
Target loan term	Between six to eighteen months.
Target borrower rate	The interest rate will depend on the risk profile of the loan and market conditions including, but not limited to, Reserve Bank of Australia (RBA) Cash Rate, inflation, and competitor interest rates.
Purpose of loan	The loan must be for a commercial purpose.
Servicing ability and exit strategy	The borrower must be able to demonstrate their ability to service and repay the loan. Acceptable exit strategies include using proceeds from the sale of the property, third party refinance, or proceeds from the sale of other assets.

4.2 INVESTMENT STRATEGY

Our investment premise is that the debt market in Australia has undergone a significant shift, where banks are discouraged from lending due to RBA imposed exposure limits and capital restrictions. This has created an opportunity for non-bank lenders to expand their potential borrower pool to include quality borrowers who otherwise would have sought loans from the banks.

Typical loans include:

- Investment Loans: loans over income and non-income producing assets.
- Construction Loans: loans to facilitate the construction and development of a property.
- Pre-development Loans: loans to secure land for redevelopment and working capital for early development activation including working capital to fund planning permits, architectural plans, and consulting reports.
- Residual Stock Loans: loans made to developers post construction, secured by unsold stock.

Most loans in the Fund are secured by first ranking registered mortgages, however the Manager will consider loans secured by a registered second ranking mortgage as an exception, and where the credit and risk assessment justifies the decision. In all instances, the Manager will specify the type and ranking of security in a Supplementary IM.

The Trustee's investment strategy is to generate strong risk adjusted returns through investing in commercial mortgages to be held by the Trust until repayment of the loan and redemption of the Mortgage Investment Units.

4.3 LOAN ASSESSMENT AND APPROVAL

The Manager assesses each loan against TierONE Capital's Credit Policy. All loans are reviewed and approved by the Manager's Credit Committee before a loan may proceed. The members of the Credit Committee are skilled credit professionals, and their knowledge and experience is set out in Section 9.

The following are examples of factors considered relevant when evaluating a loan:

ASSET RISK	BORROWER RISK	SERVICING AND EXIT RISK
▪ Market demand ▪ Site specific characteristics ▪ Location and demographics ▪ Zoning and permissible use ▪ Legal considerations (caveats and easements)	▪ Experience and business history ▪ Financial track record ▪ Financial position ▪ References and background checks ▪ If the loan is for a development, the risk relating to the builder will also be considered	▪ Ability to refinance ▪ Existing presales and appeal of asset in the marketplace ▪ Repayment from other sources

4.4 VALUATIONS

The Manager has a process to review the qualifications, experience, and professional indemnity insurance held by a valuer before accepting a valuation. Valuation reports used in evaluating a security for a loan must be less than three months old, however the Credit Committee may approve an exception if there are mitigating factors. The valuation circumstances in respect of an investment opportunity will be set out in the Supplementary IM.

4.5 LOAN AND SECURITY DOCUMENTATION

Proper loan and security documentation is an essential part of managing risk in lending. The Manager maintains a list of approved panel solicitors for the preparation of facility agreements and security documentation.

4.6 DEVELOPMENT LOANS

Most property development loans will be monitored on a cost to complete basis, where the cost of construction is assessed by a qualified and independent quantity surveyor. Payments are only released to the borrower when works are completed to an agreed stage and recommended by the quantity surveyor.

For smaller property development loans with staged building contracts, funds may be provided to the borrower without independent evidence of the progress of the development. In these cases, the Manager will arrange inspections during the term of the loan by a qualified property specialist.

4.7 LOAN MANAGEMENT

The Manager is responsible for the ongoing management of each loan. Loan management activities include:

- regular communication with the borrower;
- monitoring payments where the interest is to be paid on a regular basis;
- visits to development sites to inspect progress;
- review of construction progress against the forecast programme; and
- attending status meetings with the developer, builder, project manager and quantity surveyor.

Leading up to loan expiry, the Manager will review the loan with the borrower and make the necessary arrangements for loan repayment. Loans are often repaid through a refinance by a third-party lender

or from the proceeds from the sale of property, whether that be the security property or other assets owned by the borrower.

In the event there is a change to the forecast loan repayment date described in the Supplementary IM, the Manager will communicate to investors and:

1. inform them of the change of date; and
2. provide details as to why there is a change in the loan repayment date and actions taken to remedy the situation.

Loan repayment dates can vary from what is represented in the Supplementary IM for a variety of reasons including, but not limited to:

1. Investment loans: delays with incoming lender to refinance our loan or sale of the secured asset.
2. Construction loans: delays in construction program, sale and settlement of completed lots, delays in occupancy certificates, and issuance of titles.

When a loan is not repaid by the due date, the Manager will assess the situation and determine the best course of action for the Fund, which may include one or more of the following options:

1. Offering the borrower a new loan with a new loan expiry date.
2. Negotiating forbearance terms with the borrower to defer any action permitted under the securities and loan documentation.
3. Appointing a Receiver and Manager, and liquidating assets.

Option 1 - New Loan: in this event, the investors holding Mortgage Investment Units in the loan will usually be given first right of refusal to participate and invest in a new loan with the same borrower. The terms and conditions for the new loan will be specified in a new Supplementary IM and may vary from the terms and conditions of the original loan. An existing investor's participation in the new loan is voluntary and, if they choose to not participate in the new loan, their investment will be redeemed.

Option 2 - Forbearance Terms: this option applies in circumstances where the delay in repaying the loan is not the result of fundamental credit or risk issues, but from delays in construction works, processing of titles, sale of lots, or delays from the incoming lender finalising their loan documentation. In this situation, allowing an extended period for the borrower to finalise the repayment of their loan is preferred to the Manager exercising its rights under its security documentation, and liquidating the assets securing the loan (see Option 3). Typically, forbearance terms would be considered where the borrower requires an extension of the loan expiry date for no more than three months beyond the original forecast loan expiry date.

Option 3 - Appointment of Receiver and Manager: this option applies to those loans that have exceeded their loan expiry date and, in the Manager's opinion, there is low prospect the borrower is able to repay the loan through their own resources and capabilities. In this situation, the Manager will appoint a Receiver and Manager, pursuant to its rights under the securities and loan documentation, who will then proceed to act on behalf of the Trustee as the secured creditor and liquidate the assets. The Fund will have priority over liquidated funds after payment to the Receiver and Manager.

4.8 MANAGEMENT OF LOANS IN DEFAULT

The performance of all loans is regularly monitored by the Manager. This includes monitoring:

- interest payments;
- substantial changes in market conditions leading to a drop in property prices; and
- for development loans:
    - requests to use contingency without clear support from the quantity surveyor;
    - delays in construction; and
    - lengthy delays between progress claims.

Examples of actions that may be taken by the Manager to manage underperforming loans include:

- Appointing a solicitor to commence recovery procedures.

- Ordering a new valuation of the security property.
- Enforcement proceedings, which could include appointment of a qualified Receiver and Manager and liquidation of any real property assets securing the loan.
- For development loans relating to an incomplete construction, the Manager may appoint third parties to complete the development of the property before placing the property on the market for sale.

The Manager reserves the right to not charge penalties or a default rate to the borrower.

If a loan is in default, investors may not receive distributions in respect of that loan as described in the Supplementary IM. If the loan is not repaid by the borrower, the Manager will collect funds from the sale assets securing the loan and where possible, commence legal action against the borrower and guarantors. Funds recovered will be applied in the following order:

1) any prior ranking charges (for example a higher-ranking mortgage or payments to government bodies); then
2) all management costs and disbursements*; then
3) any outstanding fees to the Manager; then
4) investor principal relating to that class of Mortgage Investment Unit**; then
5) investor interest relating to that class of Mortgage Investment Unit**.

* Any borrowings or expenditure by the Manager to fund recovery action in respect of defaulting loans will have priority in terms of repayment and distribution to investors.

** Where an investment has A and B class units, A class units will rank above B class units for both investor principal and interest payments. If not specified in the Supplementary IM, units offered will be deemed A class units.

If there are insufficient funds for the full repayment of the loan, then available funds will be distributed on a pro-rata basis between investors in each unit class according to the above rankings. There is no guarantee that investors will be paid income on investments, nor is there a guarantee on the return of principal invested in the Fund.

4.9 AMOUNTS PAID TO LOAN INTERMEDIARIES

The Manager may pay upfront and ongoing commissions to external advisors and intermediaries, such as mortgage brokers. If a person refers a loan to the Manager, they may be eligible to receive an upfront or ongoing payment. The Manager will pay this fee out of the income received from the borrower.

4.10 CO-LENDING AND INVESTMENT BY THE MANAGER AND RELATED PARTIES

Co-lending

The Manager may arrange for another lender to be a co-lender on a loan. A co-lender may be a registered or unregistered managed investment scheme or another type of investment company. A co-lender may be a related party of the Manager.

Any such loan must meet the general lending criteria set out in this IM. Each of the co-mortgagees will be entitled to register their mortgages, and management and enforcement of the loan will be as agreed between the co-lenders.

In addition, the Manager or related parties may provide mezzanine funding to a borrower, provided the legal documentation and security position taken by the Trust is acceptable.

Co-investment

The Manager and related parties may invest in a loan as unitholders in the Trust alongside investors. Refer to Section 10.8 for other related party disclosures.

5. Fees and Costs

5.1 NO ENTRY FEE	No entry fee is payable by an investor to the Manager or Trustee.
5.2 TRUSTEE FEES	The Trustee is not paid any fees out of the assets of the Trust. The Trustee is paid a monthly sum by the Manager, representing a reimbursement of operational costs paid by the Trustee including compliance consulting, custody, ASIC, audit, and bank fees. The Custodian is entitled to a minimum fee of $20,000 per annum.
5.3 MANAGER FEES	The Manager is entitled to be paid a Residual Return Fee calculated as the difference between the target return offered to investors on a particular loan and the interest paid by the borrower on the loan. The Residual Return Fee is paid to the Manager at the same frequency that investors receive distributions. The amount received by the Manager is generally no higher than 1% of the total loan amount per annum.
5.4 OPERATING COSTS AND EXPENSES	The Trustee and Manager are entitled to be paid or reimbursed for all costs and expenses properly incurred in connection with performing their duties and obligations in the day-to-day operation of the Trust. Such expenses include, but are not limited to, any additional costs associated with the administration or distribution of income, asset management, and the management of borrower defaults and arrears. Expenses may also include fees to other service providers and other expenses properly incurred in connection with performing their duties and obligations in the day-to-day operation of the Trust. Expenses may be charged specifically to a loan or charged pro rata across all loans at the discretion of the Trustee.
5.5 CHANGE TO FEES AND OTHER COSTS	The Trustee may change the above fees and expenses, subject to any fee limits in the Trust Deed.
5.6 GOODS AND SERVICES TAX	Unless otherwise stated, all fees quoted in this IM are quoted exclusive of GST.
5.7 WAIVER, DEFERRAL OR REBATE OF FEES	The Trustee or Manager may waive, defer, rebate or accept lower fees than it is entitled to receive under the Trust Deed, or may defer payment of those fees for any time. If payment is deferred, then the fee will accrue until paid.
5.8 INVESTMENT ADVISORS	Investors may invest in the Fund on the recommendation and with the assistance of a professional advisor. If your adviser charges you a fee in connection with an investment in the Fund, your adviser is obligated to inform you about this fee, including the amount. As instructed by the adviser, adviser commission may be deducted from the investor's share of the net interest received from the borrower.

6. Trust and Manager Income

The Trust and Manager will receive income from providing loans to borrowers. These amounts are regulated by the loan Facility Agreements between the Trustee and the borrower.

Loan interest and line fees

The borrower will pay the Trust interest, and in some cases, a line fee. Interest and line fees may be charged with reference to the facility limit or the loan balance.

Loan establishment and management fees

The borrower may pay the Trustee or the Manager establishment and management fees.

7. Risks

Investors should be aware that an investment in the Fund involves various risks. This section identifies some of the major risks associated with:

- an investment in the Fund; and
- investments in mortgage investments generally.

There may also be specific risks associated with a particular mortgage investment.

Investors should also be aware of general investment risks, not specific to an investment in the Fund or investments in mortgage investments. For example, changes to the regulatory environment relating to financial services, taxation and other regimes may have a range of negative impacts on your investment. Government policies can affect the Fund in a number of ways that could be detrimental or beneficial to investors in the Fund. The general economic and political climates in which the Fund operates are outside the control of the Manager and the Trustee.

This section is a guide only and does not constitute an exhaustive list. Investors should seek professional financial advice before making an investment.

7.1 RISKS TO CONSIDER BEFORE INVESTING IN THE FUND

PRINCIPAL RISK	An investment in the Fund is not capital guaranteed. The units may decrease in value. Should this occur, investors may suffer a loss of principal.
INCOME / DISTRIBUTION RISK	Income distributions to investors rely on income the Trust receives from its loans. Suggested returns in this document, and forecast returns described in Supplementary IMs, are target returns only and the Fund does not guarantee nor underwrite the performance of any loan. Income distribution is sourced from either the interest paid by the borrower, repayment of the loan or liquidation of the asset securing the loan. There is no guarantee the performance of the loan will be such that there will be sufficient funds to distribute all or any income to an investor as forecast in the Supplementary IM. Further, the Manager may withdraw a loan after an investor has pledged funds but before the settlement of the loan with a borrower if, in the Manager's opinion, there has been material changes to the risk profile of the loan such that the Manager no longer considers it prudent or acceptable to advance funds to the borrower. In that situation, the investor's pledge will be rescinded, and their funds will remain in their Cash Unit Account. There is no obligation on the Fund to distribute interest to an investor for the period of time the investor funds are held pending loan settlement.
DOCUMENTATION RISK	If there is a deficiency in the documentation, for example, the loan facility or the mortgage documentation, this could adversely impact the recoverability of money invested by the Trust and reduce the value of the investment. As a mitigant to this risk, the Manager requires each loan to be documented by one of its of approved panel solicitors.
INSURANCE RISK	There is a risk that a borrower may have inadequate or no insurance over a secured property, or may cancel such a policy once obtained, without notification to the Trustee or Manager. Additionally, a claim may be denied due to a number of circumstances, including the failure of the borrower to make proper disclosure to its insurer.
OPERATIONS RISK	There is an element of operating risk when investing in the Fund, as the Manager and Trustee may experience system failures, errors, fraud or other criminal activity, and events that might disrupt the business of the Manager and Trustee and may lead to delays or other impacts. This includes risks

associated with the Manager and Trustees' reliance on third party service providers. The Manager and Trustee manage these risks by having appropriate systems and controls in place, and by using external service providers.

TRUSTEE AND MANAGER RISK

There is a risk that the Trustee and Manager fail to effectively manage risks or execute the Fund's strategy. The Trustee and Manager may elect to retire or may be replaced, or the services of key personnel of the Trustee and Manager may become unavailable. Further, the Trustee and Manager may be involved in disputes including litigation.

The above risks could impact the value of the Trust, and in turn, the investor's investment.

RELATED PARTY RISK

Investment opportunities offered by the Fund may be originated by a related party of the Trustee or Manager. Borrowers may also be a related party of the Trustee or Manager.

Any related party and conflict of interest issues will be disclosed to the investors on a transaction-by-transaction basis in the Supplementary IM.

TAX RISK

Tax regulations can change, and changes can be adverse. Investors should consider their own circumstances and are encouraged to speak to a financial professional before investing.

7.2 RISKS TO CONSIDER BEFORE INVESTING IN MORTGAGE INVESTMENTS

PROPERTY MARKET RISK

A decline in the property market or a particular sector in the property market may impact your investment and the ability of the Manager to recover the full amount owing on the mortgage.

The Manager manages this risk by imposing loan to valuation ratios (LVR) on loans made by the Trust. The Manager may also impose additional loan covenants requiring the borrower maintains sufficient security to withstand a downturn in the property market.

The Manager assesses the value of an asset using a variety of sources including:

- A sworn valuation report typically not older than three months from the date of loan application and completed by a certified valuer.
- A bona fide and arm's length executed contract of sale accompanied by a deposit of not less than 5% of the sale price.
- Certified Real Estate Agents with experience in the particular asset class and jurisdiction.

Typically, the LVR expressed in a Supplementary IM will be based on the value of the asset described in a sworn valuation report unless stated otherwise.

CONSTRUCTION RISK

In a construction and development loan, the Trust is exposed to all the risks relating to property developments. This includes risks such as increased cost of materials and labour, delays due to weather events, supply chain restrictions, and planning and regulatory issues.

There is also a dependency on the developer and builder remaining solvent and completing the development. The developer and builders' solvency may be impacted by failures of other projects unrelated to the Trust's mortgage investment.

If development costs are significantly more than estimated, or an event causes the developer, borrower or builder to become insolvent, the Manager may have to take control of the development or otherwise protect the interest of investors. There are usually delays and additional costs associated with this. These extra costs may affect the money recovered from the sale of the completed asset and can negatively impact the forecast return to the investor, or even cause a loss of investor principal.

BORROWER RISK

A borrower may default on a loan for a wide range of reasons, including:

- a change in the borrower's financial standing;
- a downturn in the economy or a particular market sector; and/or
- property market conditions.

An investor can only receive distributions relating to their Mortgage Investment Units if a borrower services and repays the underlying loan from its own resources, sale of the property or refinance from another lender. This means that a borrower's non-payment or a delay in the repayment of the loan and/or interest may negatively impact the investor's forecast return on Mortgage Investment Units. The Manager will seek to reduce borrower risk through ongoing review and examination of the borrower's serviceability and financial position as part of initial loan due diligence and loan term.

Borrowers may repay loans more quickly than anticipated, causing less interest to be accrued than expected. Early repayments by the borrowers of a loan can impact on the expected returns of the Fund.

LIQUIDITY RISK

Before investing in the Fund, investors should understand that there is no secondary market for units in the Trust and there is no secondary market for loans. Further, the underlying property may require an extended selling period to liquidate and clear the loan.

This means that investments in Mortgage Investment Units are illiquid for the duration of the investment, unless specified in the Supplementary IM. Mortgage investments are typically between six and eighteen months in duration. Investors may redeem Cash Units at any time.

The Manager will endeavour to provide investors with a range of investments that vary in term and maturity dates.

VALUATION RISK

There is a risk that a valuer may incorrectly value a security property such that the property is worth less than the amount stated in the relevant valuation. There is also the risk that a valuer who provides an inaccurate valuation does not have, or no longer has, adequate professional indemnity insurance to cover the valuation on which the Manager relies. This may impact your investment and the ability of the Manager to recover the full amount owing on the mortgage.

DIVERSIFICATION RISK

Investments will be concentrated in property finance transactions and will offer little sector diversification for investors.

The Manager will seek to offer a range of investments differentiated on factors including geography, borrower, and project type. As investments are typically not pooled, investors elect to invest in individual investments. Investors should seek independent financial advice with regards to achieving the desired level of diversification within the Fund and in their overall investment portfolio.

8. Online Account Management

8.1 ONLINE REGISTRATION

Investors can register to invest in the Fund by completing a form at https://tieronecapital.com.au/register-online/.

Investors may submit a registration to invest as:

- an individual;
- a joint account (that is, two individuals);
- an Australian company; or
- a trust, including a self-managed super fund.

We will conduct electronic identity verification by sending a text message to the investor's phone. This process takes less than five minutes, and the investor will need to have identification documents on hand. Alternatively, TierONE Capital can arrange a manual verification of identity documents.

As part of an investor's registration, a Cash Unit Account in the investing entity's name will be opened.

8.2 ONLINE ACCOUNT MANAGEMENT

Investors can manage their investment in the Fund through TierONE Capital's Investor Portal, which can be accessed through www.tieronecapital.com.au via the "Investor Portal" button.

On completion of successful registration, the investor will be emailed login details. The Investor Portal provides investors the ability to:

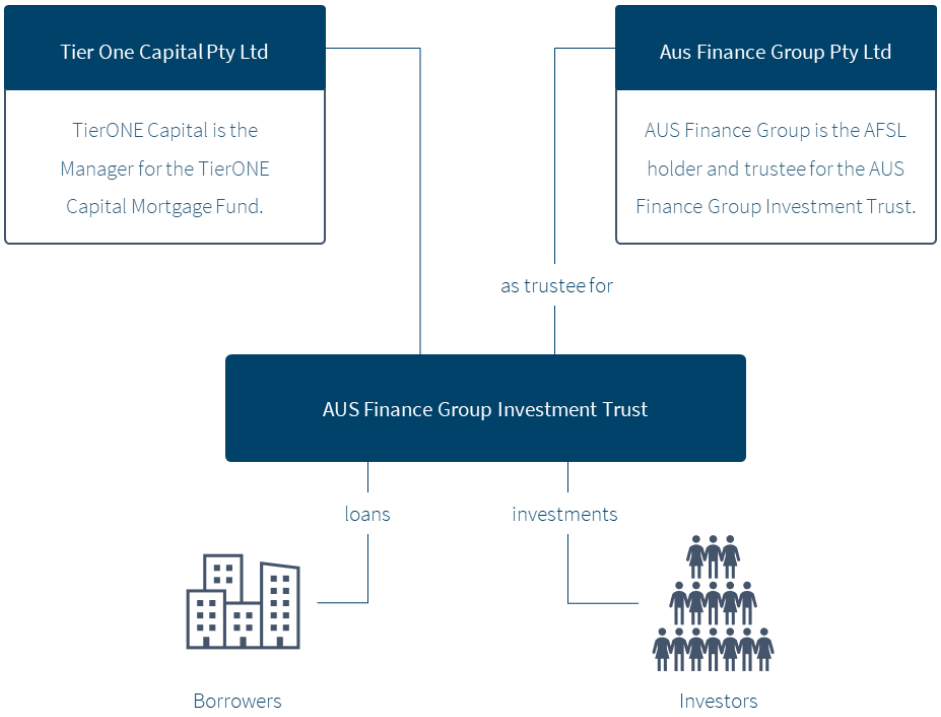
- invest in Cash Units;
- view investment opportunities and select an investment;
- track and manage their portfolio; and
- redeem Cash Units, directing funds to a nominated bank account.

Our Investment Services team is available on the phone and to meet virtually or face-to-face at our offices. Investors can set up an appointment or ask a question by calling 1800 287 346 or emailing info@tieronecapital.com.au.

9. Structure

9.1 THE TRUST

The Trust is governed by a constitution, also known as a Trust deed, which sets out, amongst other things, the rights attached to units. Those rights are, in certain circumstances, also regulated by the Act and general law.



9.2 THE TRUSTEE

The role of AUS Finance Group Pty Ltd in acting as the trustee of the Trust is to ensure that trust assets are managed and dealt with in accordance with the Trust deed, the Act and this IM. The directors of AUS Finance Group Pty Ltd are Frank Durso and Kevin Said, who are also directors of the Manager.

9.3 THE MANAGER

The Trustee has entered into an investment management agreement with a related party, Tier One Capital Pty Ltd. Under this agreement, Tier One Capital Pty Ltd acts as the Manager, with responsibility for all aspects of administrating and managing the Fund, including:

- sourcing suitable investments;
- managing loan due diligence and credit acceptance;
- loan administration, operations, and managing any events of default;
- compliance functions including complaints handling; and
- funding transactions and managing investor relations.

The Manager's Credit Committee comprises the directors and senior managers of TierONE Capital.

9.4 DIRECTORS OF TIERONE CAPITAL

Kevin Said, Director and Chief Investment Officer

Kevin's career spans over 30 years in banking and finance with senior roles in lending, wealth management and risk with Citibank, ANZ and Deloitte in Australia and Singapore. Kevin's expertise covers development finance, financial re-engineering, investor syndication, private equity, joint venture and mezzanine finance. Kevin is an AFSL Responsible Manager and a member of Australian Institute of Company Directors, Law Institute of Victoria and the Australian Institute of Credit Management.

Frank Durso, Director

Formerly with Citibank, holding both state and national senior lending roles, Frank has over 40 years of industry experience encompassing all aspects of lending. Frank specialises in credit structuring and managing complex transactions. He has a deep understanding of real estate as an asset class, having worked as loan originator, lender, property manager, real estate investor and developer.

9.5 KEY PERSONNEL

Ingrid Gyles, Executive Manager, Investment Services

Ingrid has over 30 years' experience in the finance industry, specialising in credit, mortgage broking, risk and compliance, project management, aggregation, quality control, NCCP and responsible lending. Ingrid's recent positions include senior management and executive leadership roles with PLAN Australia and National Australia Bank.

Wayne McGregor, Executive Manager, Origination

Wayne has extensive business development, relationship management and leadership experience gained over 20 years in financial services spanning SME, mid-market and corporate banking segments. He is a collaborative and customer focused leader with excellent credit structuring and risk management skills. Most recently, Wayne was a senior executive with NAB, responsible for leading a large commercial broker distribution business across Victoria and Tasmania.

Julie Kwan, Executive Manager, Finance

Prior to joining the team, Julie had four years' experience at a global accounting and advisory firm and six years' experience in aid and development organisations both domestically and in the UK, which also included assignments in Hong Kong, Uganda and Papua New Guinea.

10. Additional Information

10.1 MANAGED INVESTMENT TRUST AND ATTRIBUTION MANAGED INVESTMENT TRUST

Managed Investment Trust

The Trust qualifies as a Managed Investment Trust (MIT).

The Trust intends to make a capital account election. A capital account election will operate to treat gains on the disposal of certain assets to be on capital account. Accordingly, unitholders who are eligible for the capital gains tax (CGT) discount may apply the discount to these capital gains distributed to them by the Trust, where the gains relate to property held for more than 12 months.

The Trust does not intend to carry on a trading business or be treated as a public trading trust for tax purposes. A trust may be a public trading trust where the trust carries on a business of property investment activity that extends beyond receiving rent pursuant to Division 6C of Part III of the Income Tax Assessment Act (Cth) 1936 (ITAA). Where a trust is held to be a public trading trust, the trust will broadly be taxed as a company and distributions will be made to investors on an after-tax basis.

As the Trust does not intend to fall within the public trading trust provisions, the Trust will instead be taxed on a flow through basis under Division 6 of Part III of the ITAA 1936. This will mean distributions will be made on a pre-tax basis, whereby you will be liable for the annual income tax liability in accordance with your applicable rates.

The tax status of the Trust may change over time. We will inform you if the taxation status of the Trust changes.

The following summary has been prepared on the basis that the Trust will be taxed as a trust on a flow through basis.

Attribution Managed Investment Trust

The Trust has opted into the Attribution Managed Investment Trust (AMIT) regime, which means:

- The Trust is a fixed trust.
- The unitholders have a vested and indefeasible interest in a share of the income and capital of the Trust proportionate to their holding interest.
- Amounts related to income and tax offsets of the Trust determined by the Manager to be of a particular tax character (e.g. assessable income, exempt income, non-assessable non-exempt income, tax losses, capital gains, net capital losses, tax offsets, discount capital gains, gross up for franking credits), are attributed to the unitholders and generally retain that tax character in the hands of the unitholder.
- Each unitholder is treated as if the above amounts had been derived, received, made by or paid to them directly, rather than through the Trust, and in the same circumstances as the Manager to the extent those circumstances gave rise to the particular tax character.
- As a result, the unitholder will be taxable in respect of the attributed amounts in the unitholder's own right, rather than as a unitholder of the Trust.
- Cost base adjustment rules apply to increase (as well as decrease) the cost base of units for CGT purposes.

10.2 TAX

This taxation information is of a general nature only. The Manager will provide unitholders with a tax statement of income during a financial year.

Distributions

An investor is required to pay tax on their proportionate share of both realised (paid) and unrealised (unpaid) interest income earned from the Trust. Investors are strongly advised to seek professional and personalised tax advice about the applicable Australian tax consequences that may apply. Neither the Trustee nor Manager will pay tax on behalf of investors. Investors will be able to identify

the various categories of distributions from the annual tax statement, which will be issued by the Trustee each year.

Disclosure of tax file number

Investors will be asked to provide a tax file number (TFN) during the registration process. If a TFN or exemption details are not provided, we must withhold tax at the highest marginal rate plus Medicare levy and other applicable Government charges from distributions.

The collection of TFNs is authorised, and the use of such information is regulated by the tax laws and the Privacy Act. It is not, however, against the law for investors to choose not to quote their TFN or exemption.

Non-resident investors

If an investor has an overseas address or if a payment is made to a bank account outside Australia, withholding tax may be deducted from the investor's distribution. Where withholding tax has been deducted, the investor may be entitled to claim a credit for withholding tax in their country of residence. Investors should seek professional taxation advice prior to investing in the Trust.

10.3 FOREIGN TAX COMPLIANCE DISCLOSURES

The Trust must comply with obligations under:

- the Foreign Account Tax Compliance Act (FATCA);
- the Tax Laws Amendment (Implementation of the Common Reporting Standard (CRS)) Act 2016.

FATCA is a United States (US) tax law which imposes certain due diligence and reporting obligations on foreign (non-US) financial institutions and other financial intermediaries, to prevent tax evasion by US citizens and US tax residents using non-US domiciled investments or accounts.

CRS requires reporting to the Australian Taxation Office (ATO) on foreign investors and their investments.

To comply with these regimes, the Trustee and Manager will require certain information and documentation on investor registration, and possibly during the investment. This includes information regarding tax residence and tax identification number(s) of entities and individuals associated with an investment in the Trust.

The Trustee will report information in respect of certain investors and their units in the Trust to the ATO and to the US Internal Revenue Service. Information shared with the ATO may then be provided to tax authorities of jurisdictions party to the Organisation for Economic Co-operation and Development (OECD) CRS regime.

10.4 PRIVACY POLICY

TierONE Capital is committed to protecting the privacy of its investors. We are bound by the Privacy Act 1988 (Privacy Act) as amended from time to time and the principles and procedures to be adopted under that legislation. Our full Privacy Policy can be accessed online at www.tieronecapital.com.au.

10.5 COMPLAINTS POLICY

Investors may lodge complaints in relation to the Trust by contacting TierONE Capital at info@tieronecapital.com.au or writing to Level 7, 256 Queens Street, Melbourne 3000 VIC.

On receipt of a complaint, TierONE Capital shall acknowledge the complaint and investigate the complaint. Our full Complaints Policy can be accessed online at www.tieronecapital.com.au.

10.6 ANTI-MONEY LAUNDERING

The Trustee is required to comply with the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) (AML/CTF Law). This means that, during the registration process, investors will be asked

to provide identification, other personal information and documentation for the investing entity and all beneficial owners relating to the investment in the Trust. In some circumstances, the Trustee may need to re-verify this information and may request additional information.

By applying to invest in the Fund, investors acknowledge that the Trustee and Manager may decide to delay or refuse any request or transaction if there is a concern that it may breach any obligation, or cause the Trustee to commit, or participate in, an offence under any AML/CTF Law. In such circumstances, the Trustee, Manager, or any of its related bodies corporate, affiliates, associates or officers will incur no liability.

10.7 SERVICES PROVIDED BY RELATED PARTIES

Various related parties provide services to the Trustee and Manager in respect of the Trust for which those parties receive fees on normal commercial terms. For example, related parties provide in-house fund accounting, compliance, risk management, human resources, communications, marketing and distribution services and advice.

The directors and certain executives of related parties to the Trustee and Manager may hold interests in the entities that earn fees directly or indirectly from the Trust and therefore may be said to benefit from any fees derived by it.

Employees of the Manager or its related parties may be eligible to receive incentives or bonuses based on increasing new business. This may include being paid a percentage of the Manager's remuneration.

10.8 OTHER RELATED PARTY DISCLOSURES

Directors, employees and related parties of the Trustee and Manager may hold units in the Trust. Employees of related parties may hold units in the Trust.

10.9 KEY DOCUMENTS

The Trust deed contains important information relating to the management and administration of the Trust and is available on request.

11. Glossary

AFSL	Australian financial services licence
AML/CTF Act	Anti-Money Laundering and Counter-Terrorism Financing Act 2006
ASIC	Australian Securities and Investment Commission
Borrower	The legal entity obtaining a loan facility from the Trust.
Cash Management Account	An account with a major Australian bank, currently ANZ, in the name of the Trust, where investor funds relating to Cash Units are held.
Cash Unit	Means a class of unit held by investors who have registered to join the Fund and hold a positive balance in their Cash Unit Account. Holders of Cash Units have investment exposure only to the cash management account.
Cash Unit Account	An investor's Cash Unit Account will show the balance of Cash Units that the investor holds. It may include funds invested by an investor, interest earned on their Cash Units, and distributions from Mortgage Investment Units reinvested into the Fund.
Contributory Mortgage Fund	In a contributory mortgage fund, investors can decide which specific mortgage(s) to invest in and receive distributions based only on the income derived from those specific loans.
Custodian	Perpetual Corporate Trust Limited, an external custodian which holds the assets of the Trust.
Information Memorandum or IM	This document, issued to provide certain information about the Fund to potential investors in connection with their consideration of an investment in the Fund.
Investment Term	The forecast term of the Mortgage Investment Unit as set out in the Supplementary IM.
Investor	A person who holds an active Cash Unit Account, Cash Units or Mortgage Investment Units in the Fund.
Investor Portal	The secure, web-based application providing access to investors to manage their investments.
LVR	The ratio of the loan facility to the value of the security property, expressed as a percentage.
Mortgage Investment	Investment in a loan facility secured by a registered mortgage and may include cash retained for pre-payment of interest, construction funding or repayment (in full or in part) of the loan facility.
Mortgage Investment Unit	A class of unit held by investors who have elected to seek exposure to a mortgage investment. There will be a separate class of Mortgage Investment Unit for each mortgage investment and in some cases there will be multiple Mortgage Investment Units for a specific mortgage investment. Unless specified otherwise in the Supplementary IM, all Mortgage Investment Units will rank pari passu to all other Mortgage Investment Units in that investment. An investor has no rights or obligations to Mortgage Investment Units outside that investment.
Registration Form	The form which must be completed to become an investor in the Fund. The registration form can be found at www.tieronecapital.com.au.
Supplementary Information Memorandum or Supplementary IM	A document issued to investors which supplements this IM. It is issued in respect to a particular Mortgage Investment and provides information on the terms of that investment.
Unit	Means any unit of any class in the Trust.