



Lambert Capital

Partner. Fund. Manage.

**LAMBERT  
CAPITAL  
PROPERTY  
CREDIT  
FUND  
A CLASS  
UNITS**

**INFORMATION  
MEMORANDUM**

**TRUSTEE**

Guildfords Funds  
Management Pty Ltd  
ACN 602 779 993  
AFSL 471379

**INVESTMENT MANAGER**

Lambert Capital Investment  
Management Pty Ltd  
ACN 651 160 780

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# IMPORTANT NOTICES

This information memorandum ("**Information Memorandum**" or "**IM**") is prepared and issued by Guildfords Funds Management Pty Ltd ACN 602 779 993, AFSL 471379 ("**Guildfords**", "**Trustee**", "**we**", "**us**", "**our**") as the trustee of the Lambert Capital Property Credit Fund ("**Fund**") in respect of the offer of A Class Units.

The Trustee is the issuer of units in the Fund, including the A Class Units ("**Units**"). Lambert Capital Investment Management Pty Ltd ACN 651 160 780, authorised representative number 001289102, is the investment manager of the Fund ("**Lambert Capital Investment Management**" or "**Investment Manager**"). The Investment Manager has been appointed as an authorised representative of the Trustee.

The offer of A Class Units under this IM is exclusive to qualifying clients of Partners Private Pty Ltd ACN 134 627 375, authorised representative of Partners Wealth Group Investments Pty Ltd ACN 162 823 083 AFSL 483842.

You should read this IM in its entirety before making a decision about whether to invest in the Fund. This IM sets out general information about the Fund for the recipient of this IM ("**Recipient**") to consider in making a decision as to whether the Recipient should acquire an interest in the Fund.

## DATE

This IM is dated 7 June 2024 ("**IM Date**"). Its delivery at any time after the IM Date does not imply that the information contained in it is accurate, timely and complete at any time after the IM Date.

## GLOSSARY

Certain words and expressions used in this IM are defined in Section 15 ("**Glossary**").

## CONDITIONS OF RECEIPT

This IM is not made available generally to the public but rather is supplied personally to the Recipient on the conditions set out below, which are taken to be accepted and agreed by the Recipient as evidenced by the retention of this IM by the Recipient, in part consideration of the supply of this IM. If these conditions are not acceptable, this IM must be returned immediately.

## ELIGIBLE INVESTORS

The Offer is only open to wholesale clients (within the meaning of that term under the Corporations Act 2001

(Cth)) receiving this IM within Australia and who accept the conditions of receipt of this IM.

## DISCLOSURE DOCUMENT STATUS

This IM is intended to provide potential Investors with information only and does not constitute a Product Disclosure Statement or disclosure document as defined under the Corporations Act 2001 (Cth).

## ORDINARY UNITS

The Fund has a separate ordinary class of units on issue and continuing to be issued to other investors. The ordinary unit class carries different entitlements to the A Class Units offered under this IM.

This IM has not been, and is not required to be, lodged with the Australian Securities and Investments Commission ("ASIC") or any other government body.

## RESTRICTIONS ON DISTRIBUTION

The Offer is an offer which is available to persons receiving this IM within Australia but does not constitute an offer of interests in the Fund in any jurisdiction where, or to any persons to whom, it would be unlawful to make the Offer.

This IM does not constitute an offer to sell or the solicitation of an offer to buy any securities or other financial products other than Units.

It is the responsibility of any person located in a jurisdiction other than Australia to ensure compliance with all laws of any country relevant to the Offer. The return of a duly completed Application Form will be taken to constitute a representation and warranty that there has been no breach of any relevant laws and that all approvals and consents have been obtained.

## INVESTORS TO UNDERTAKE OWN DUE DILIGENCE

Information contained in this IM has been provided to Investors to assist them to assess whether or not to invest in the Fund. In relation to the information contained in this IM, none of the Trustee or Investment Manager or their officers, employees, related parties, associates, consultants, advisers and agents, warrant or represent that:

- all information which is relevant to the Offer or to the acquisition of Units has been provided in this IM; or
- all information provided under this IM is accurate, correct or complete or does not contain misleading or deceptive statements.

## IMPORTANT NOTICES

Whilst the Trustee 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, the information contained in this IM may be inaccurate at the date of release of this IM or at a later time.

Except where expressly disclosed, the information contained in this IM has not been independently verified or independently audited. To the maximum extent permitted by law, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Trustee or Investment Manager and their associates or advisers as to the accuracy or completeness of any part of this IM, nor will they have any responsibility to update or supplement this IM.

The Trustee has not sought to verify any statements contained in this IM about the investments proposed by the Investment Manager, the Investment Manager's business or the business of any other parties named in this IM.

This IM has been prepared without considering the objectives, financial situation or needs of any particular person. Investors are strongly encouraged to undertake their own due diligence in relation to the Fund before making an investment. In addition, Investors should 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.

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

By making an investment in the Fund, an Investor warrants and represents to the Trustee and Investment Manager that they have undertaken their own due diligence in relation to the Offer, Units, and an 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.

### **NO PERFORMANCE GUARANTEE**

None of the Trustee or Investment Manager or their officers, employees, related parties, associates, consultants, advisers and agents, or any other person, guarantees the performance or success of the Fund, the repayment of capital invested in the Fund by an Investor or any particular rate of return on investments in the Fund.

There can be no assurance that the Fund will achieve results that are comparable to the track record of the Trustee or the Investment Manager, or that the Fund's investment objectives will be achieved.

An investment in the Fund does not represent a deposit with, or a liability of, the Trustee or the Investment Manager or any of their associates. The Trustee is not authorised under the Banking Act 1959 (Cth) and is not supervised by APRA, and investments in the Fund are not covered by the depositor protection provisions available to depositors that make a deposit with an Australian Authorised Deposit-Taking Institution ("ADI") under that Act.

An investment in the Fund is subject to investment risks which are described in Section 8 ("Risk Factors") of this IM, including possible delays in repayment and loss of some or all of your income or capital invested. The risks associated with an investment in the Fund are different to a cash deposit or investment in an ADI.

### **ILLIQUID INVESTMENT**

Recipients acknowledge that the Fund will invest in Loans, which may be illiquid in nature, and on terms described in this Information Memorandum.

### **NO PERSONAL ADVICE**

Investors should read the whole of this IM before deciding about whether to invest in the Fund.

The information contained in this IM is general information only and is not personal financial product advice. It does not take into account the individual objectives, financial situation, needs or circumstances of any person.

Investors should not construe the contents of this IM as tax or investment advice.

### **NO REPRESENTATION OTHER THAN THIS IM**

No person is authorised to give any information or to make any representation in connection with the Offer which is not set out in this IM.

This IM supersedes any other information memorandum, disclosure document or marketing materials given prior to the issue of this IM to the extent of any inconsistency. Any information or representation in relation to the Offer not contained in this IM may not be relied on as having been authorised by the Trustee, the Investment Manager or their advisers.

## IMPORTANT NOTICES

### FORWARD-LOOKING STATEMENTS

Certain information contained in this IM constitutes 'forward-looking statements' that can be identified by forward-looking terminology such as 'may', 'will', 'should', 'expect', 'anticipate', 'estimate', 'target', 'intend', 'continue', or 'believe' or the negatives or other variations of those words or comparable terminology.

Furthermore, any projections or other estimates in this IM, including estimates of returns or performance, are 'forward-looking statements' and are based on certain assumptions that may change.

Due to various risks and uncertainties, including those set out in Section 8 ("Risk Factors"), actual events or results or the actual performance of the Fund may differ materially from those reflected or contemplated in any 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 Investment Manager. Actual future events may vary materially from the forward-looking statements and the assumptions on which those statements are based. Given these uncertainties, Investors are cautioned to not place undue reliance on any forward-looking statements.

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.

### PAST PERFORMANCE INFORMATION

Where this IM sets out any past performance in respect of the Fund, the Fund's strategy, or other funds or investment vehicles operated or managed by the Trustee or Investment Manager, Investors must not interpret that information as a representation about the future performance of the Fund. Past performance is not a reliable indicator of future performance.

### CONFIDENTIALITY

The contents of this IM are confidential. Neither this IM nor any other information provided by the Trustee or Investment 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, and may only be reproduced in accordance with that consent. 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 on demand.

### SUMMARY OF KEY DOCUMENTS ONLY

This IM contains a summary of the terms of the Fund and certain other material documents. However, Investors should refer to the complete legal documentation for the Fund (available on request from the Trustee). Investments in the Fund are governed by the Trust Deed and associated documents and nothing in this IM limits or qualifies the powers and discretions conferred on the Trustee and the Investment Manager under those documents. This IM should be read in conjunction with the Trust Deed and associated documents for the Fund. In the event of any inconsistency between the Trust Deed and associated documents and this IM, then the Trust Deed will prevail to the extent of the inconsistency.

### APPLICATIONS MAY BE REJECTED

The Trustee reserves the right to evaluate any applications or subscriptions to acquire Units and to reject any or all of them (in whole or in part), without giving reasons for rejection. Neither the Trustee nor the Investment Manager is liable to compensate the Recipient or any Investor for any costs or expenses incurred by any person in reviewing, investigating or analysing any information in relation to the Offer, the Fund or otherwise.

### NO COOLING-OFF RIGHTS

No cooling-off applies to the issue of Units.

### TRUSTEE LIMITATION OF LIABILITY

Except in certain circumstances prescribed by law, the Trustee enters into transactions in respect of the Fund in its capacity as trustee of the Fund only, not in its own capacity, and its liability in relation to those transactions is limited to the assets of the Fund.

### UPDATED INFORMATION

Information in this IM may change. Updated information regarding this IM may be made available by the Trustee; however, the Trustee is not required to, and may not, update, supplement or replace this IM.

## IMPORTANT NOTICES

### CURRENCY

In this IM any reference to currency, 'A\$' or 'AUD' is to Australian Dollars, unless otherwise indicated.

### LANGUAGE

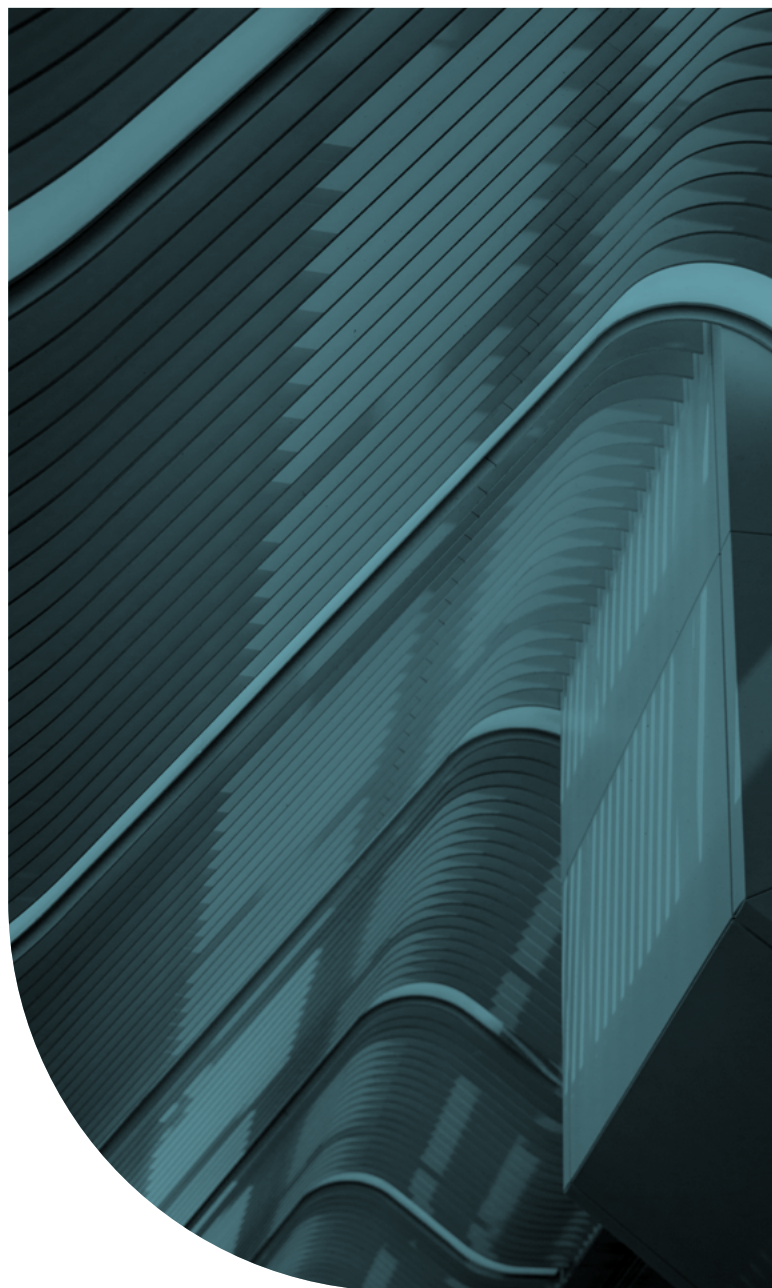
The primary language of this IM is English. This IM may be translated into different languages, with the consent of the Trustee. Any translations provided or procured by the Trustee are for reference purposes only. If there is any inconsistency or conflict between the English version of this IM and versions of this IM in any other language, the English version prevails.

### IMAGES

Any photographs, images, charts and diagrams in this IM are for illustrative purposes only.

### QUESTIONS

Any questions regarding this IM should be directed to the Trustee, whose contact details are set out in Section 16 ("Directory").





*The Fund will actively participate in the mid-market commercial property lending space and fill the funding gap left by banks for loans to quality borrowers. Loans will be for the construction, development, investment, acquisition or improvement of property.*

*As an experienced lender with strong relationships and robust lending standards, Lambert Capital will continue to provide access to exceptional quality risk graded investment opportunities for its select group of wholesale investors.*

## SECTION 1

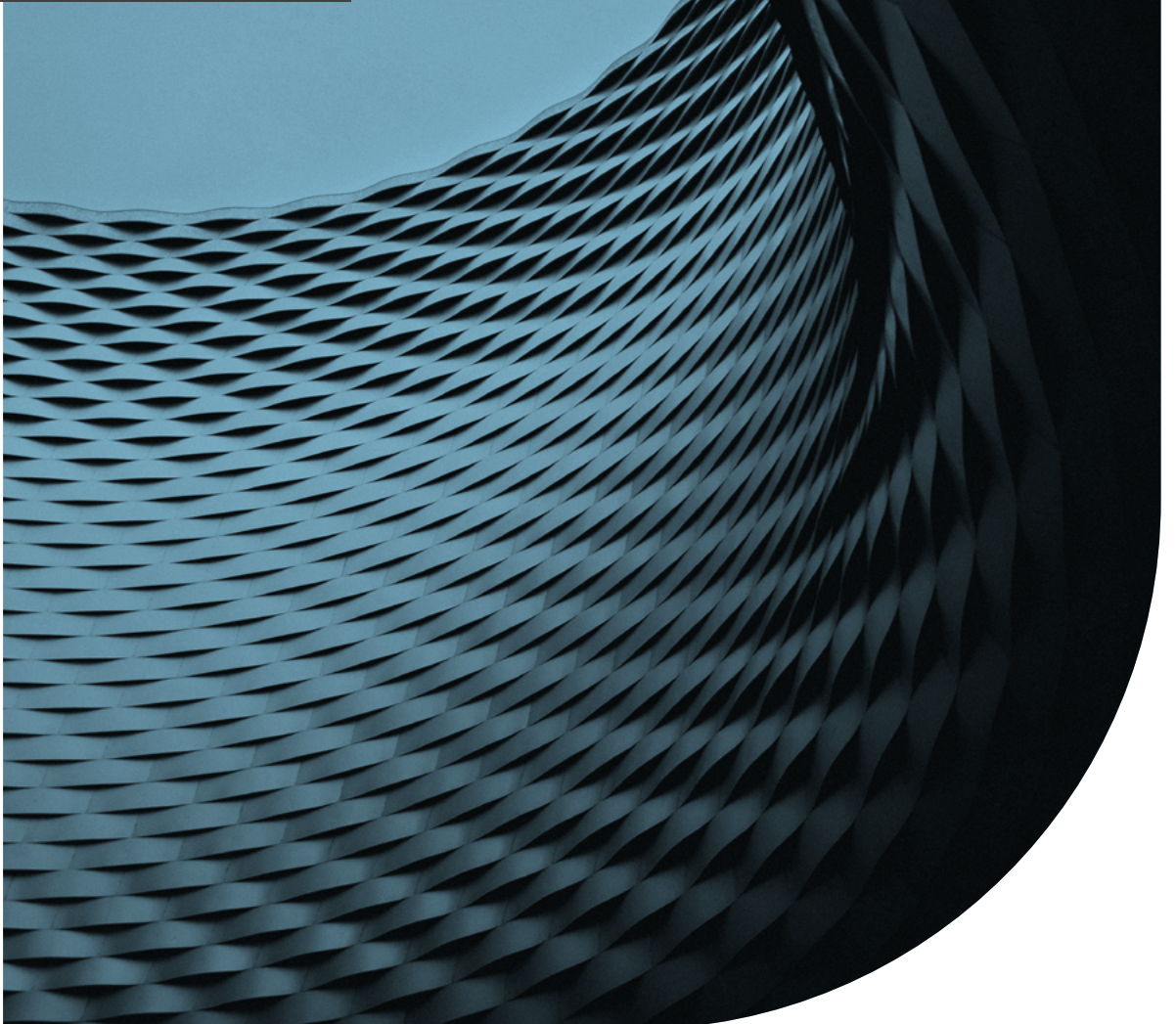
# HIGHLIGHTS OF THE OFFER

Guildfords Funds Management Pty Ltd as trustee of the Fund, is pleased to offer investors the opportunity to invest in the Lambert Capital Property Credit Fund A Class Units.

The Fund will focus on residential and commercial projects in capital cities and major regional cities throughout Australia. This compliments the Melbourne/Victorian based transactions which have been originated by Lambert Capital Pty Ltd ("Lambert Capital") and managed by the Investment Manager. Lambert Capital Holdings Pty Ltd is the parent entity of the Investment Manager.

Lambert Capital approaches the capital stack with a flexible attitude which allows it to deliver bespoke end to end solutions for its clients and above average returns for investors.

LAMBERT CAPITAL  
PROPERTY CREDIT FUND  
A CLASS UNITS  
INFORMATION MEMORANDUM





## HIGHLIGHTS OF THE OFFER

### INVESTORS IN THE FUND MAY BENEFIT FROM THE FOLLOWING:



#### ATTRACTIVE RETURNS

Lambert Capital property credit transactions have consistently delivered a return to investors of 11% per annum (weighted average IRR) since inception. The Fund has a target IRR (net of fees and costs before tax) of 7%-10% per annum.



#### STABLE INCOME

The Fund is expected to provide Investors with an income stream with predictable reliable returns on a half yearly basis, and as individual loans mature.



#### CAPITAL PRESERVATION AND GROWTH

Lambert Capital has a proven track record of preserving and growing investors' capital on the back of its extensive due diligence, robust portfolio management and maintaining appropriate LVR's. Lambert Capital ensures that appropriate security is required on all transactions with a strong focus on capital preservation.



#### EXTENSIVE EXPERIENCE

The Lambert Capital team has over 50 years' direct experience in delivering above average risk adjusted returns, whilst preserving investors' capital. With backgrounds in Chartered Accounting, Banking & Finance and Funds Management, Lambert Capital undertakes an efficient, risk mitigated and controlled process.



#### RISK MANAGEMENT

The Fund's Investment Committee will only approve transactions that meet strict credit criteria. Transactions will be diversified across a portfolio of assets including townhouses, residential apartments, land subdivisions, and mixed use sites incorporating other commercial and retail offerings, with a spread of borrowers and locations.



#### ALIGNMENT OF INTEREST

The Investment Manager or entities directly associated with Lambert Capital will coinvest on each transaction. This includes an intended co-investment value of a minimum \$20 million (and up to \$40 million).



#### PARTNERSHIP WITH EXPERIENCED DEVELOPERS

Opportunity to invest in a fund that partners with experienced developers with a focus on the mid-market property sector.



#### TEAM APPROACH

The board of the Investment Manager and Investment Committee includes some of Australia's leading experts in their fields of Property Law, Funds Management and Litigation/Compliance.



**SECTION 2**

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**SUMMARY  
AND KEY  
FEATURES  
OF THE  
FUND**

The information contained in this section is summary information only. Please read the rest of this IM before making a decision in respect of acquiring Units in the Fund.

LAMBERT CAPITAL  
PROPERTY CREDIT FUND  
A CLASS UNITS  
INFORMATION MEMORANDUM

## SUMMARY AND KEY FEATURES OF THE FUND

ITEM	DETAIL
<b>Fund name</b>	Lambert Capital Property Credit Fund (A Class Units)
<b>Class</b>	A Class Units
<b>Trustee</b>	Guildfords Funds Management Pty Ltd ACN 602 779 993, AFSL 471379
<b>Investment Manager</b>	Lambert Capital Investment Management Pty Ltd ACN 651 160 780  Authorised Representative (001289102) of Guildfords Funds Management Pty Ltd ACN 602 779 993, AFSL 471379
<b>Fund structure</b>	<p>The Fund is an unlisted, open-ended unregistered unit trust.</p> <p>By making an investment in the Fund, Investors will invest, through the Fund, in a pool of Loans secured by Australian property. Investors whose applications are accepted will be issued with Units.</p> <p>The Trustee will apply all application money from A Class Unitholders to issue A Class Units in the Fund. While A Class Units are on issue, they will rank equally with ordinary units for all purposes including (but limited to) voting, distributions and priority in the winding up of the Fund.</p> <p>Loans made by the Fund will generally be made to special purpose vehicles. Each special purpose vehicle will on-lend the Loan amount to a borrower. It is intended that borrowers will be unrelated to both the Trustee and the Investment Manager, however transactions may involve related parties. Please refer to Section 8.1 ("Related Party Transactions Risk") and Section 14.3 ("Related Party Investments and Transactions") for further information. The Investment Manager may make Loans via other structures where it believes it is appropriate to achieve the Fund's objectives.</p>
<b>Objective and strategy</b>	<p>For more information about the Fund's structure see Section 3.2 ("Structure").</p> <p>The Fund's strategy is to provide Investors with strong risk adjusted returns by providing loan facilities for property investment and development in major cities, with a primary focus within the Melbourne metropolitan area as well as key Victorian regions ("<b>Underlying Investments</b>") including (but not limited to):</p> <ul style="list-style-type: none"> <li>• First mortgage debt – secured land, residual stock and/or construction loans</li> <li>• Second mortgage debt – secured land, residual stock and/or construction loans</li> <li>• Tactical transactions of a similar or related nature secured by property</li> <li>• Cash and other money market investments,</li> <li>• together, the ("Investment Mandate").</li> </ul> <p>Investment guidelines include consideration of concentration risk and appropriate limits on geographical exposure, single investment exposure, term of individual transactions, and single borrower exposure ("<b>Investment Guidelines</b>").</p> <p>Upon maturity of the Underlying Investments, the Fund is repaid capital (which is recycled), and any interest payments are distributed to Investors on a half yearly basis (subject to availability).</p> <p>The Trustee will generally make Loans only to such special purpose vehicles and in such circumstances that meet the Investment Mandate and Investment Guidelines. However, the Investment Manager may change the Investment Mandate and Investment Guidelines if it believes that it is appropriate to achieve the Fund's objective.</p> <p>Investors' subscription money are 'pooled' and invested collectively into the Fund. For further information regarding the pooling of subscription money see Section 3 ("How the Fund Operates") and for further information regarding the Fund's lending and management process see Section 7.4 ("Lending and Management Process").</p>
<b>Target return</b>	The IRR is the target return intended to be achieved by the Fund. The target IRR for the Fund is 7 - 10% per annum (net of fees and costs and before tax). This is a target only and not a guaranteed return to Investors (" <b>Target Return</b> ").

## SUMMARY AND KEY FEATURES OF THE FUND

ITEM	DETAIL
<b>Default Rate</b>	The Trustee intends to include a proportion of the default interest paid by borrowers as either income or capital of the Fund, which will be available for distribution to Class A and ordinary unitholders. The usual policy of the Trustee is to pay 50% of default interest paid by borrowers to the Fund.
<b>Co-Investment Rights</b>	If the Investment Manager offers any Fund co-investment opportunities, A Class Units will receive co-investment rights as a proportion of commitments in the overall Fund. For the holders of A Class Units, this co-investment right will be limited to A Class Unitholders who invest at least \$500,000 in the A Class Units. For example, if the Investment Manager offers investors in the Fund a co-investment opportunity then A Class Units will be offered the same opportunity on a pari passu basis i.e. if the Investment Manager makes an offer of \$1,000,000 to co-invest and A Class Units are 40% of the total Fund FUM then A Class Units will have \$400,000 to allocate amongst their investors that hold \$500,000 or more in A Class Units on a proportionate basis.
<b>Transfer of Units</b>	Transfers shall occur in line with the ordinary process for transfers under the Trust deed and in accordance with this IM. Notwithstanding anything else contained in the Trust Deed, no transfer fee will apply to transfers of A Class Units.
<b>Reinvestment</b>	If a Distribution Reinvestment plan is made available to A Class Unitholders, the Trustee must not require Distribution Reinvestment (as that term is defined in the Trust Deed) in respect of A Class Units unless a holder has made an election to participate on an 'opt in' basis.

## SUMMARY AND KEY FEATURES OF THE FUND

ITEM	DETAIL
<b>Target fund size</b>	<p>\$100 million</p> <p>The Trustee reserves the right to accept oversubscriptions or undersubscriptions. There is no minimum amount required to be raised for the Fund to proceed.</p>
<b>Distribution frequency</b>	<p>Distributions are expected to be paid half yearly.</p> <p>Refer to Section 11 ("Distributions") for more information.</p>
<b>Minimum initial investment</b>	<p>\$100,000 (unless otherwise determined by the Trustee at its discretion).</p>
<b>Commitments</b>	<p>Investors are required to nominate a commitment amount ("<b>Commitment</b>") in the Application Form.</p> <p>The Commitment Period will be for two years from the date of acceptance of the Commitment. Any Commitments which remain uncalled following the two year period will expire and cannot be called by the Trustee. It is intended that there will be progressive calls on Investor Commitments. Further details on expected progressive calls on an Investor's Commitment are outlined in Section 10 ("How to Invest in the Fund").</p> <p>The Trustee can make calls on Commitments in any proportion and at any time by providing not less than 5 Business Days' written notice to Investors and may also revoke or postpone a call on a Commitment at any time.</p> <p>Once an Investor has paid the call amount, they will be issued Units at the current applicable issue price.</p>
<b>Fund currency</b>	<p>Australian Dollars (AUD) only.</p> <p>All amounts in this Information Memorandum are quoted in AUD.</p> <p>The financial records of the Fund will be maintained in Australian Dollars.</p>
<b>Term</b>	<p>The Fund is an open-ended unit trust, meaning that the Trustee will continuously issue and redeem Units on terms set out in the Trust Deed and this Information Memorandum.</p> <p>For more information about the Term, see Section 3.4 ("Term of the Fund").</p>
<b>Minimum Investment Term and withdrawals</b>	<p>Unit Holders may make a partial or full withdrawal request to the Trustee by providing at least 30 days' notice prior to the first Business Day of the relevant month during which the Unit Holder wishes to redeem their Units. The Trustee, however, is not obliged to accept a withdrawal request and retains absolute discretion whether to approve any withdrawal requests.</p> <p>See Section 12 ("Withdrawals from the Fund") for information on withdrawing from the Fund.</p>
<b>Eligible Investors</b>	<p>This Fund is only open to investment by Wholesale Clients receiving this IM within Australia and who accept the conditions of receipt of this IM.</p>
<b>Management and Performance fees</b>	<p>No management or performance fees are payable to the Trustee or the Investment Manager.</p> <p>The Investment Manager is entitled to an administration fee of 1.00% plus GST per annum on the Loan portfolio value of the Fund, to be calculated and charged on a monthly basis. The SPVs that the Fund will lend to (which are related parties of the Investment Manager) are entitled to various fees payable by the borrowers and an interest differential. Please refer to section 9.6 of this IM for more information.</p> <p>The SPVs that the Fund will lend to are entitled to various fees payable by the borrowers and an interest differential.</p> <p>There are also other fees that may apply. Refer to Section 9 ("Fees and Other Costs") for more information.</p>

## SUMMARY AND KEY FEATURES OF THE FUND

ITEM	DETAIL
<b>Key risks</b>	<p>Investments in the Fund are subject to varying degrees of risk. Some of the key risks of investing are set out below:</p> <ul style="list-style-type: none"><li>• <b>investment risk:</b> distributions may or may not be paid and capital may or may not be returned, and there may be delays in the payment of distributions and returns;</li><li>• <b>default and credit risk:</b> a borrower under a Loan may not be able to pay principal and interest payments due under the Loan and this may adversely impact Fund returns;</li><li>• <b>priority risk:</b> the Fund may invest in Loans which are subordinated to senior lenders. The Fund will only be capable of distributing capital and income payments in respect of a Loan once the senior lenders have been repaid in full; and</li><li>• <b>security enforcement risks:</b> the Loans may be secured by a first ranking or second ranking mortgage over property and other forms of security. There is a risk that the sale or other enforcement of the security would not be sufficient to cover capital and income repayment obligations of the borrower or that the sale or other enforcement of the security would take a significant amount of time.</li></ul> <p>Refer to Section 8 ("Risk Factors") for more information.</p>
<b>Lambert Capital investment opportunities</b>	<p>There are a number of potential benefits to participating in the Fund, notably:</p> <ul style="list-style-type: none"><li>• Subject to any applicable tax, legal or counterparty requirements, the Fund is granted access to participate in Lambert Capital investment opportunities, subject to the Investment Guidelines, capacity of the opportunity and available liquidity; and</li><li>• Subject to capacity, Investors in the Fund may be offered access to co-invest in Loans in which the Fund has also invested, as well as investment opportunities that fall outside the Fund's Investment Mandate or Investment Guidelines.</li></ul> <p>Also, the directors and/or associated entities of Lambert Capital will personally invest in investments of the Fund via the Fund and/or alongside the Fund by investing into the same special purpose vehicle as the Fund. An initial minimum commitment of \$20 Million aligns the interests of the Investment Manager to Investors.</p>



**SECTION 3**

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# HOW THE FUND OPERATES

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## HOW THE FUND OPERATES

### 3.1 INVESTMENT OBJECTIVE

The investment objective of the Fund is to provide Investors with strong risk adjusted returns by providing loan facilities for property investment and development. Locations will be mainly in major Australian cities with a strong focus on the Melbourne metropolitan area as well as key Victorian regions and secured by a first mortgage across a variety of real estate asset classes. The Fund will seek to achieve this objective by generally lending to special purpose vehicles that will be investing in loans originated by Lambert Capital and managed by the Investment Manager. In addition to first mortgage loans, the Loans may include second mortgage loans and other loans of a similar or related nature with property mortgage or caveat security and other money market investments. Upon maturity of the Loans, the Fund is repaid capital which will be recycled. The Fund also aims to provide cash distributions to Investors on a half yearly basis in accordance with the distribution policy for the Fund – please refer to Section 11 ("Distributions") for further information.

The partners, directors, staff and associated entities of Lambert Capital will personally invest in investments of the Fund via the Fund and/or alongside the Fund by investing into the same special purpose vehicle as the Fund. The co-investment value is intended to be a minimum of \$20 Million.

While the above reflects the Trustee's current intentions, it may change the model (in any way it wishes) so that it does not necessarily lend to the SPVs but may, for example, lend directly to the ultimate borrower.

All subscription money received from Investors will be pooled together and invested collectively, and applied by the Trustee for the making of Loans. No individual has a beneficial interest in any particular Loan or any other investment or asset of the Fund.

The Target Return is 7% - 10% IRR per annum (net of fees and costs and before tax). The IRR is the target return intended to be achieved by the Fund. The IRR is not guaranteed.<sup>1</sup>

<sup>1</sup> Actual return of the Fund will depend on the performance of the Fund and the income of the Fund.

The Trustee will generally only approve investments and Loans which meet the investment selection criteria. However, the Investment Manager may change the Investment Mandate if it believes that it is appropriate to achieve the Fund's objective. The Fund may make Loans to or investments in third parties as well as to related parties of the Investment Manager.

Apart from Loans, the Fund will hold one or more bank accounts comprising cash money of the Fund, including principal and interest payments made under the Loans pending the distribution of net receipts to Unit Holders in accordance with the requirements of the Trust Deed.

While the Trustee has a broad power of investment under the Trust Deed, the Trustee intends to invest only in assets contemplated under this IM.

The Trustee will generally not use derivatives for interest rate management in respect of the Loans.

*For further information regarding the Investment Manager's investment selection process, see Section 7 ("Investment Strategy and Loan Management Process").*



# HOW THE FUND OPERATES

## 3.2 STRUCTURE

The Fund is an unlisted, unregistered unit trust established under, and governed by, Australian law. The Fund is not required to be registered with ASIC.

The Fund will be granted access to participate in Lambert Capital transactions that fall within the Investment Guidelines, subject to capacity to take up the opportunity and available liquidity. The Trustee, in its absolute discretion, determines whether the Fund takes up an investment opportunity to which it is granted access. These investments are overseen by the Investment Committee.

The Trustee will apply all application money from A Class Unitholders to issue A Class Units in the Fund. While A Class Units are on issue, they will rank equally with ordinary units for all purposes including (but limited to) voting, distributions and priority in the winding up of the Fund.

The Fund seeks to raise capital under the Offer for the purpose of investing in a pool of Loans selected in accordance with the investment selection criteria and secured by first or second ranking mortgages over Australian property and other forms of security and/or money market securities (if required). All subscription money received from Investors will be pooled together and invested collectively and applied by the Trustee for the making of Loans. Under the Trust Deed, no individual has a

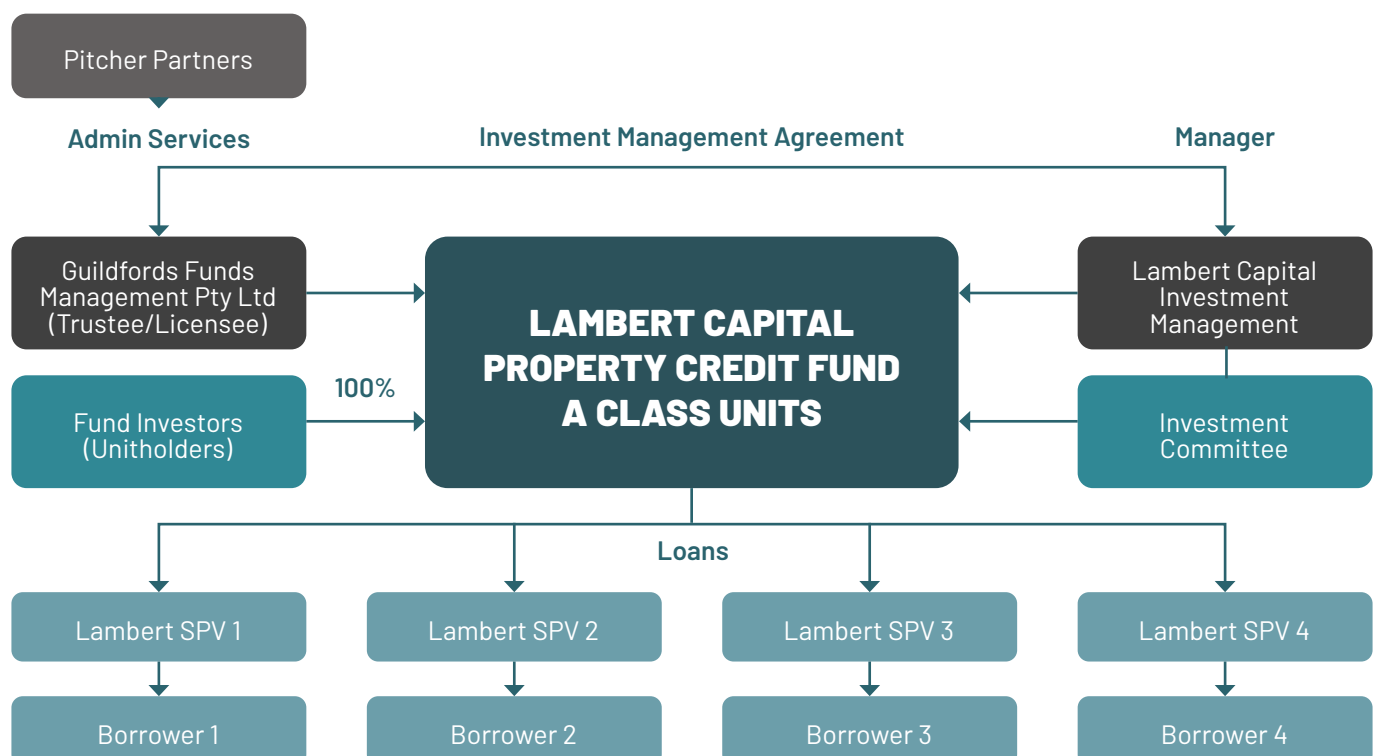
beneficial interest in any particular Loan or other investment or asset of the Fund.

The Fund is established under and governed by the Trust Deed and applicable laws. Under the Trust Deed, the Trustee may issue different classes of Units. Each Unit in a particular Class gives the holder of a Unit of that Class an entitlement to a share of the capital and income of the assets of that Class, subject to the terms and conditions of the Trust Deed. A Unit Holder's returns will be referable only to the assets of the Class of which they hold Units. Each Class may have segregated assets and liabilities, but is not intended to constitute a separate trust. Holders of Units in different Classes will be treated fairly.

The Trustee intends to only issue one Class of Units to Investors subscribing under the Offer. The Trustee may issue Units of another Class to investors on terms different to the Units offered under the Offer, (including priority of payment and fee structure).

Income may be distributed to holders of Units of a Class as and when the principal and interest/income payments are made under a Loan or an investment.

*For more information about the Trust Deed, see Section 14.1 ("Trust Deed"). For more information about the Trustee and the Investment Manager, see Section 4 ("Key Parties") of this Information Memorandum.*



## HOW THE FUND OPERATES

### 3.3 BENEFIT OF INVESTING IN THE FUND

The following are expected key benefits for Investors in the Lambert Capital Property Credit Fund A Class Units:

<b>Mid-market focus</b>	<ul style="list-style-type: none"><li>• Mid-market focus has less competition leading to outperformance</li><li>• Less complex completion risk</li><li>• Generally shorter duration reduces market risk</li><li>• Underpenetrated, undercapitalised mid-market sectors</li></ul>
<b>Enhanced Investor returns</b>	<ul style="list-style-type: none"><li>• Management track record generating a weighted average IRR to investors on property transactions of 11% per annum</li><li>• Lending to the mid-market with lower competition</li><li>• Income stream with predictable reliable returns</li><li>• Lambert Capital's investment principles and active asset management has enabled Lambert Capital to more effectively 'price risk'</li></ul>
<b>Access to Dealflow</b>	<ul style="list-style-type: none"><li>• Ability to gain exclusive access to primarily Melbourne based property credit transactions sourced through Lambert Capital's origination network including: finance brokers, corporate advisers, industry consultants, builders and developers.</li><li>• Trusted and reliable origination network formed over many years and numerous successful transactions, with a diverse and loyal client base</li></ul>
<b>Capital preservation</b>	<ul style="list-style-type: none"><li>• Focus on property credit transactions secured with a first mortgage to preserve capital and reduce settlement risk</li><li>• Deep due diligence and conservative property credit transaction structuring minimises risk</li><li>• Opportunities with multiple, clearly defined exit strategies with reference to market leading independent valuers and quantity surveyors</li><li>• Meticulous attention to detail from loan approval stage, during loan management to ensure ultimate repayment of loans</li></ul>
<b>Alignment</b>	<ul style="list-style-type: none"><li>• The directors and/or associated entities of Lambert Capital invest alongside Investors via the Fund and/or directly via special purpose vehicles</li><li>• Initial commitment of a minimum of \$20 Million reflects true alignment and confidence for Investors</li></ul>
<b>Structuring and management</b>	<ul style="list-style-type: none"><li>• Ensuring each transaction incorporates sufficient credit protection in the form of covenants, asset security, hard maturities, among others, as well as clearly identified multiple lender repayment strategies</li><li>• Rigorous review of each prospective property credit transaction, with a bias on lending to well secured property projects</li><li>• Due diligence includes detailed reviews of borrower, builder, pre-sales and sales agent reviews</li><li>• Experienced management team, proactively managing throughout the life of each loan</li><li>• Leveraging the management team's extensive global mid-market credit financing expertise, as well as tapping into local industry and market expertise</li></ul>

## HOW THE FUND OPERATES

### 3.4 TERM OF THE FUND

The Fund is an open-ended continuous offer Fund. This means that the Trustee will continuously issue and redeem Units on terms set out in the Trust Deed and this Information Memorandum.

The Trustee will usually accept new investments on a monthly basis. The Trustee will determine the amount of new investments accepted, based on internal guidelines aimed at maximising Fund performance, minimising excessive cash holdings and having regard to the Fund's forecast cashflow requirements based on factors which include:

- Current transactions (i.e. construction facilities);
- New investment opportunities approved by the Investment Committee;
- Withdrawal requests;
- Forecast distributions; and
- Cash inflows from interest and capital repayments.

The Trustee reserves the right to close or re-open the Fund to new investment at any time.

### 3.5 UNIT PRICING

**The issue price of Units under the initial Offer will be \$1.00 per Unit.** The issue price of Units for subsequent issues of Units will be based on the net asset value of the Fund as defined in the Trust Deed, which includes adjustments for accrued income and transaction costs. The Fund will use a unit day pricing mechanism which means that Unit Holders will be entitled to distributions based on the number of days they have held Units in a half year (or other distribution period as determined by the Trustee). In determining the net asset value of the Fund and the net asset value per Unit of each Class, ordinary valuation policies and procedures will be followed.

When investments are withdrawn from the Fund via a redemption request that has been accepted by the Trustee, they are redeemed at the relevant Unit redemption price for the Fund or the relevant Class where there is more than one Class of Units on issue. The redemption price is calculated based on the net asset value as defined in the Trust Deed. While the Trust Deed permits the Trustee to charge a buy/sell spread on applications and redemptions, the Trustee does not currently intend to do so for the term of the Fund.

### 3.6 CAPITAL NOT GUARANTEED

None of the Trustee or the Investment Manager, or their officers, employees, related parties, associates, consultants, advisers and agents, or any other person, guarantee:

- the performance of a Loan or any of the Fund's other investments, or any target IRR;
- the value of any asset of the Fund, or all of the Fund's assets as a whole;
- the return or income or capital invested by a holder of a Unit in the Fund; or
- a borrower's payment of any principal or interest repayments of a Loan.

The investments of the Fund do not represent a deposit or other liabilities of the Trustee or any of its related bodies corporate, and none of these entities is an ADI or subject to prudential supervision by APRA.

*The investment objective of the Fund is to provide Investors with strong risk adjusted returns by providing loan facilities for property investment and development primarily secured by a first mortgage across a variety of real estate asset classes.*

*7%-10% return net p.a. for senior secured loans continues to be an excellent risk adjusted return in the current climate.*

**SECTION 4**

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# KEY PARTIES

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4.2	Investment Manager	21
4.3	Administrator	21

## KEY PARTIES

### 4.1 TRUSTEE

#### (a) About the Trustee

Guildfords Funds Management Pty Ltd has been appointed as the trustee and is responsible for the overall operation of the Fund. The Trustee holds AFSL number 471379.

#### (b) Governance and compliance

The Trustee is in charge of the overall operation and management of the Fund, and will be guided by the investment objective and parameters of the Fund specified in Section 3.1 ("Investment Objective"), by the Fund's governing Trust Deed, and by Trustee's duties under general law. Under the Fund Trust Deed, the Trustee is indemnified and entitled to be reimbursed from Trust property, to the extent permitted by law, for costs incurred in the performance of its duties, exercise of its powers, in the course of its office or in relation to the administration or management of the Fund.

### 4.2 INVESTMENT MANAGER

Lambert Capital Investment Management Pty Ltd ("**Lambert Capital Investment Management**") has entered into an investment management agreement with the Trustee, under which Lambert Capital Investment Management has been appointed as the investment manager of the Fund and as such is responsible for managing the property credit transactions of the Fund. The Investment Manager may only be removed in accordance with the terms of the investment management agreement between the Trustee and the Investment Manager.

Lambert Capital Investment Management will be responsible for the day to day management of the property credit transactions of the Fund, which includes:

- presenting potential Fund property credit transactions to the Investment Committee; and
- monitoring the property credit transactions including reporting to the Investment Committee in relation to the status of the Fund's property credit transactions

Lambert Capital Investment Management will appoint the Investment Committee which will decide, according to the investment brief, on which property credit transactions the Fund will invest in, and how much will be invested. Lambert Capital Investment Management may delegate some of its investment management duties to third parties including its related entities and bodies corporate.

Under the investment management agreement between the Trustee and the Investment Manager, the Investment Manager is indemnified by the Trustee against losses or liabilities incurred by the Investment Manager and its directors, officers, employees, agents and delegates except where the relevant

loss or liability is caused by a breach of the investment management agreement by the Investment Manager, or the negligence, fraud or dishonesty of the Investment Manager or its directors, officers, employees, agents and delegates.


The key personnel of the Investment Manager, including background and experience, is included in Section 6 ("Lambert Capital"), and Section 7.5 ("Investment Committee & Management Team")

### 4.3 ADMINISTRATOR

The Investment Manager has appointed an administrator, Pitcher Partners Advisors Proprietary Limited ("**Administrator**"), to provide registry services and administrative support to the Fund. The Administrator will be a third-party service operator unrelated to the Lambert Capital Group and have extensive experience providing fund registry services.

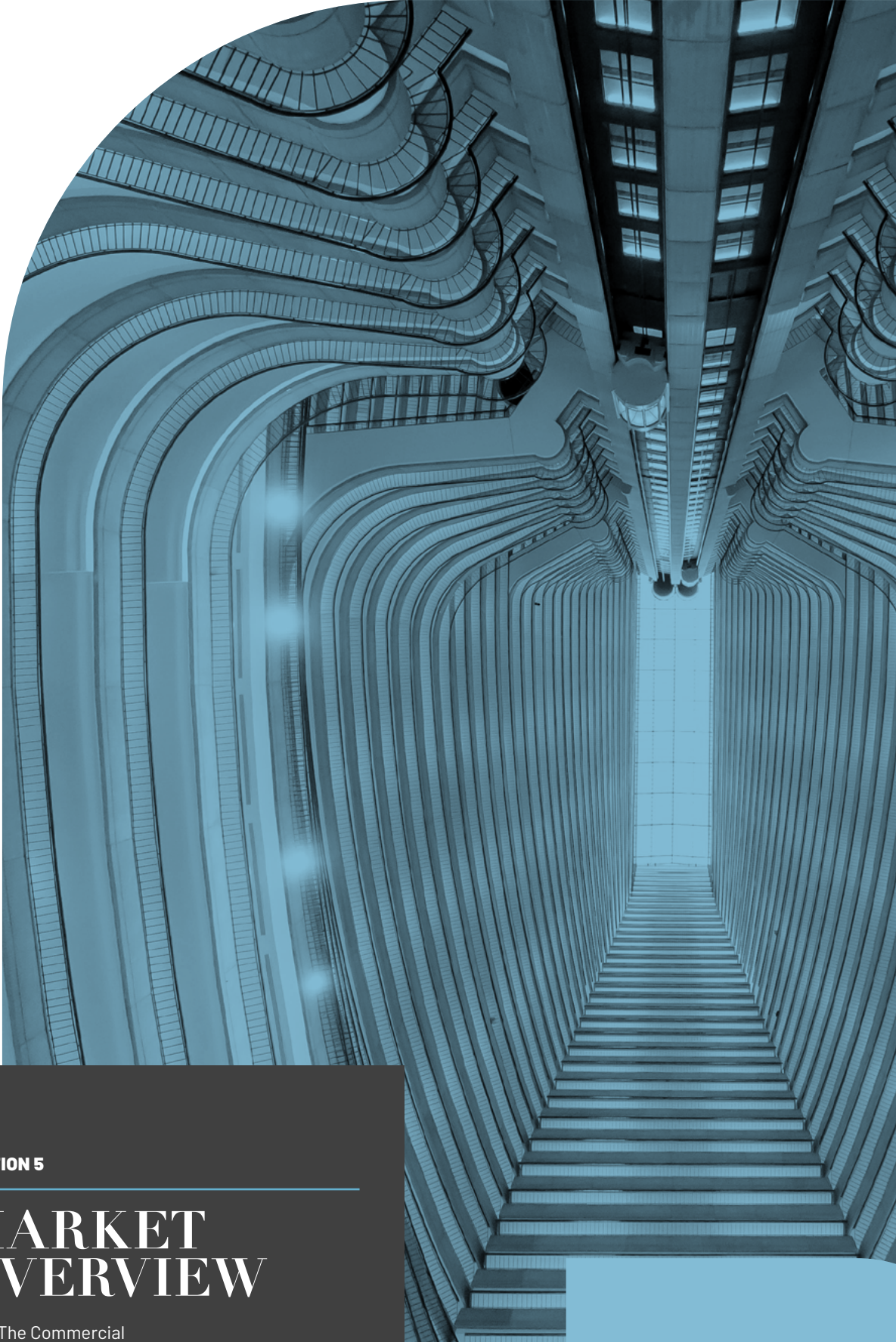
The Administrator will acknowledge receipt of any application or redemption request on behalf of the Fund, and in the event no acknowledgement is received from the Administrator within five (5) days of submitting the request, the applicant should assume that the application or redemption request has not been received and they should contact the Administrator via email or telephone to confirm the status of their request. See Section 16 ("Glossary") for contact details.

None of the Administrator, Trustee or their duly appointed agents will be responsible to an applicant for any loss resulting from the non-receipt or illegibility of any fax or email notice or for any loss caused in respect of any action taken as a consequence of such fax or email believed in good faith to have originated from properly authorised persons.



*Lambert Capital have an excellent track record of providing strong risk adjusted returns across all property asset classes which provides diversification and comfort to investors.*

*Property is an asset class which generally provides enhanced returns relative to the risk taken*



**SECTION 5**

# MARKET OVERVIEW

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5.4	Strategic Positioning	25

**LAMBERT CAPITAL  
PROPERTY CREDIT FUND  
A CLASS UNITS  
INFORMATION MEMORANDUM**

## MARKET OVERVIEW

### 5.1 THE COMMERCIAL PROPERTY CREDIT MARKET

The Fund will participate in the commercial property credit market which includes the provision of loans to commercial borrowers for the construction, development, investment, acquisition or improvement of property. This type of finance also includes the refinancing of existing debts owed against commercial and residential property, as well as the refinancing of debt which is secured against existing property but is for another business purpose.

The main property sectors in which commercial borrowers seek financing are residential (including apartments, townhouses and land subdivisions), office, retail, industrial, and other specialised property assets.

Typical secured property credit transactions across the commercial property market include:

- **Construction loans:** provided to fund development and construction costs of property development projects. They are secured against land, or property that is soon to be or is under construction.
- **Investment loans:** secured against real estate assets that are income generating or have the potential to generate income on a going-concern basis (e.g. commercial property or residual stock loans).
- **Land loans:** secured against vacant land with the potential for development. This includes undeveloped land that is capable of subdivision into smaller lots, or land that will be approved for future development.
- **Other loans:** secured against property and/or land for which the purpose does not fit within the above categories. This could include owner occupier loans, working capital loans, short term loans (i.e. bridging loans), pre-development early works loans, warehouse loans over pools of smaller loans.

### 5.2 PARTICIPANTS IN THE COMMERCIAL PROPERTY CREDIT MARKET

Borrowers in the Australian commercial property credit market are typically privately owned third-party corporate entities, with an equity or economic interest in property that can be provided as security (via a property mortgage) in favour of the lender as mortgagee.

Finance in the commercial property market is provided by:

1. ADIs including banks, credit unions and building societies;
2. Financial institutions that are not ADIs (e.g. foreign banks that do not take deposits in Australia);
3. Private and public debt capital markets; and
4. Non-ADI lenders, including the Lambert Capital Group and other private specialist lenders, superannuation funds and international funds.

A key difference between ADIs and non-ADI lenders is that ADIs can accept and make loans with deposits from the general public. Accordingly, this attracts a level of regulatory oversight by APRA in Australia. By contrast, non-ADI lenders privately raise funds that they can provide to borrowers under their own lending criteria, and this is currently largely unregulated by APRA. For example, non-ADI lenders, whilst maintaining discipline, are reported to accept lower levels of pre-sales and allow greater leverage. In recognition of these risks, investors typically demand higher premiums. Furthermore, loans secured by second ranking mortgages (e.g. mezzanine loans) are typically only provided by non-ADI lenders.



## MARKET OVERVIEW

### 5.3 MARKET TRENDS

Non-bank lenders' share of the commercial real estate ("CRE") debt market is set to surge over the next three years and hit more than \$50 billion by 2024, as the big banks reduce their exposure. It is estimated the total CRE bank lending hit a record high of \$259.6 billion at the end of June 2020, rising 5.9 per cent over the year. The four big banks, which once controlled 85 per cent of the market, have shrunk their exposure to 71.6 per cent – the lowest level since the Global Financial Crisis – in response to tighter regulations, the Banking Royal Commission and higher capital holding requirements.

With their share of the market expected to fall to 65 per cent over the coming years and with Asian banks also expected to grow at a slower pace, it is non-bank lenders that will "pick up the slack". The four major Australian banks will continue to reweight their commercial real estate debt portfolios, and focus on funding prime assets at low-leverage levels given the impending increased capital requirements to be implemented by APRA.

Non-bank lenders, which are not subject to the same capital requirements and which have started to attract high levels of institutional capital in addition to their stable of high-net-worth investors and family offices, will be required to fund more than \$50 billion in the Australian CRE debt market by 2024.

In the residential development space where banks' exposure has fallen 10 per cent in two years, many developers have turned to non-bank lenders for construction finance. This is despite non-banks' financing costs for residential development typically being double those of the big banks, as developers value the speed, certainty and added flexibility of higher loan-to-value ratios and lower pre-sales requirements.

Low interest rates and stable asset prices will ensure valuations remain well supported which means that we anticipate being in a position to continue providing attractive, risk adjusted returns for investors.

Lambert Capital believes that:

- The market for specialist private lenders will increase as the banks continue to tighten credit to the commercial real estate finance market. The COVID-19 pandemic has increased the market awareness and acceptance for specialist private lenders as banks continue to focus on managing risk with existing clients and loan books rather than growth;
- The property market especially in the affordable housing segment continues to strengthen with demand exceeding supply for most of the Lambert Capital's developer's pipeline; and
- as a result, high-quality investment opportunities will be accessible to experienced lenders with strong relationships and sound governance practices.

### 5.4 STRATEGIC POSITIONING

Lambert Capital has strategically positioned itself to target loan sizes between \$2 million & \$20 million and is continuing to attract investment opportunities which meet its robust credit policy. It continues to nurture its work-in-progress pipeline of over \$125 million in transactions to be funded over the next 18-24 months<sup>1</sup>.

By positioning itself as a high quality lender targeting lower and mid-market borrowers, Lambert Capital has been able to capitalise on an underserved segment of the market. Lambert Capital's market positioning has demonstrated the ongoing opportunity available for the Fund to procure property credit transactions that fit within its Investment Mandate.

The Trustee has discretion to lend outside of these parameters to meet the Fund's objectives.

<sup>1</sup> Refer to Section 6.3 ("Pipeline")

**SECTION 6**

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**LAMBERT  
CAPITAL**

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# LAMBERT CAPITAL

## 6.1 OVERVIEW

Lambert Capital provides funding solutions for experienced property developers/owners and excellent investment opportunities for investors.

Typical transactions that will be in the Fund:

- Loan sizes between \$2 million & \$20 million
- Loan term between 12 to 18 months
- Diversification of asset class – lower rise residential apartments, medium density townhouses and land subdivisions, with some mixed use sites incorporating other commercial & retail offerings
- Majority secured by first mortgages and/or limited exposure to second mortgages against property.
- Clearly defined exit/loan repayment strategy

The Lambert Capital Investment Management team will continue to uphold the following **core investment principles**:

- ☑ **Capital preservation** is a fundamental priority at all times
- ☑ **Alignment of goals** between the Investment Manager and Investors
- ☑ No pressure to take on transactions that do not fit **solid credit principles**
- ☑ **Small-mid market focus** to differentiate its leading offering in the market
- ☑ A steadfast discipline based on **experience management** and thorough due diligence

The Lambert Capital Investment Management team has over 50 years' direct experience in delivering above average risk adjusted returns whilst preserving and growing investors' capital. Lambert Capital prides itself in guaranteeing speed and certainty to borrowers, as well as open communication pathways with all stakeholders, leading to an efficient, risk mitigated and controlled process.

Lambert Capital's team have developed expertise across diverse real estate sectors and geographic markets, investment and management of real estate debt funds, joint ventures, structured real estate finance and debt arrangement, hands on property development, project & development management, real estate advisory services and mandates.

Investments managed by Lambert Capital are typically secured by first or second mortgages against residential & commercial property within capital cities, with a strong focus on the Melbourne metropolitan area as well as key Victorian regions.

## 6.2 INVESTMENT TRACK RECORD

Lambert Capital has a strong track record of sourcing, settling, managing and returning principal and interest across property debt transactions. In recent years, Lambert Capital has arranged and settled over 50 loans totaling approximately \$250 million, which have generated an average return to investors of 11% p.a. consistently throughout this period.

Lambert Capital adopts a diversified approach to property, not dependent on just one type of property asset. Identifying the right borrowers and development is a critical component in this strategy whilst also ensuring that the portfolio has appropriately leveraged positions backed by first and/or second mortgage security.

Lambert Capital transactions have historically been secured by first mortgages against real property. The transactions have been originated by Lambert Capital and diversified across residential apartments, medium density sites and land subdivisions with some mixed use sites incorporating other commercial offerings such as offices and retail.

The LVR distribution across Lambert Capital's portfolio is primarily situated within the 60%-70% LVR bracket, which is consistent with acceptable lending standards for first (and indeed second) mortgage security.

Lambert Capital Lending Portfolio	
Loan Term (Scheduled)	14 months
Loan to Valuation Ratio	62.2%
Loan to Cost Ratio	76%
Opening Presales (Debt Cover)	70%
Loans with 1st mortgage security	95%

Source: Lambert Capital Lending Portfolio – Property Transactions – as at June 2021

Lambert Capital's property credit transactions have consistently outperformed other similar cash investments over recent years.

# LAMBERT CAPITAL

## 6.3 PIPELINE

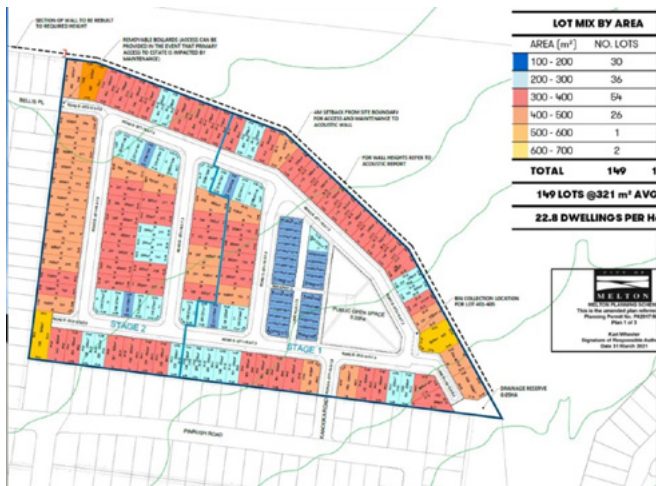
Lambert Capital has a strong pipeline of mandated and prospective investment opportunities. The Lambert Capital team has undertaken extensive due diligence on each transaction to ensure that they meet its investment criteria. Lambert Capital takes into consideration the strengths, weaknesses, opportunities, and threats of each deal which gives investors confidence that the transaction meets the investment guidelines. Lambert Capital works with experienced developers and has a preference for projects aimed at the affordable segment of the market, including residential sub-divisions and townhouse developments.

As at 30th April 2024 Lambert Capital had loans under management of ~\$103 million.

In addition Lambert Capital currently has more than ~\$26 million in mandated opportunities and ~\$29 million in prospective opportunities, totaling ~\$55 million. Each prospective property credit transaction in the mandated and prospective pipeline is consistent with the Fund's Investment Mandate and Investment Guidelines.

#### 6.4 SAMPLE TRANSACTIONS

The following are examples of historical Lambert Capital transactions that are indicative of those that fit the Fund's Investment Mandate. Please note that they do not represent any prospective investment opportunities of the Fund.



BROOKFIELD, VIC	
Status	Repaid within the loan term
Type	First Mortgage Construction Facility
Location	Brookfield, VIC
Facility Amount	\$18.5 million
LVR	63%
Presales	60%
Term	17 months
Return	9%
Description	Construction loan for 149 residential lots. The borrower is a repeat client of Lambert Capital.



BARGARA, QLD	
Status	Repaid within the loan term
Type	First Mortgage Bridging Loan
Location	Bargara, QLD
Facility Amount	\$3.8 million
LVR	38%
Presales	100%
Term	6 months
Return	11%
Description	Bridging loan secured by 32 residential lots nearing completion and two development sites.



#### MUCKLEFORD, VIC

Status	Repaid within the loan term
Type	First Mortgage Construction Loan
Location	Muckleford, VIC
Facility Amount	\$9.2 million
LVR	46%
Presales	100%
Term	12 months
Return	13%
Description	Construction loan for 48 residential lots. The borrower is a repeat client of Lambert Capital.



#### OXENFORD, QLD

Status	Active
Type	First Mortgage Residual Stock Loan
Location	Oxenford, QLD
Facility Amount	\$5.9 million
LVR	65%
Presales	60%
Term	12 months
Return	13%
Description	CResidual stock loan secured by 58 residential lots. As of May 2024, the loan has been progressively paid down to below 20% residual LVR. Full repayment and/or extension is anticipated within loan term.



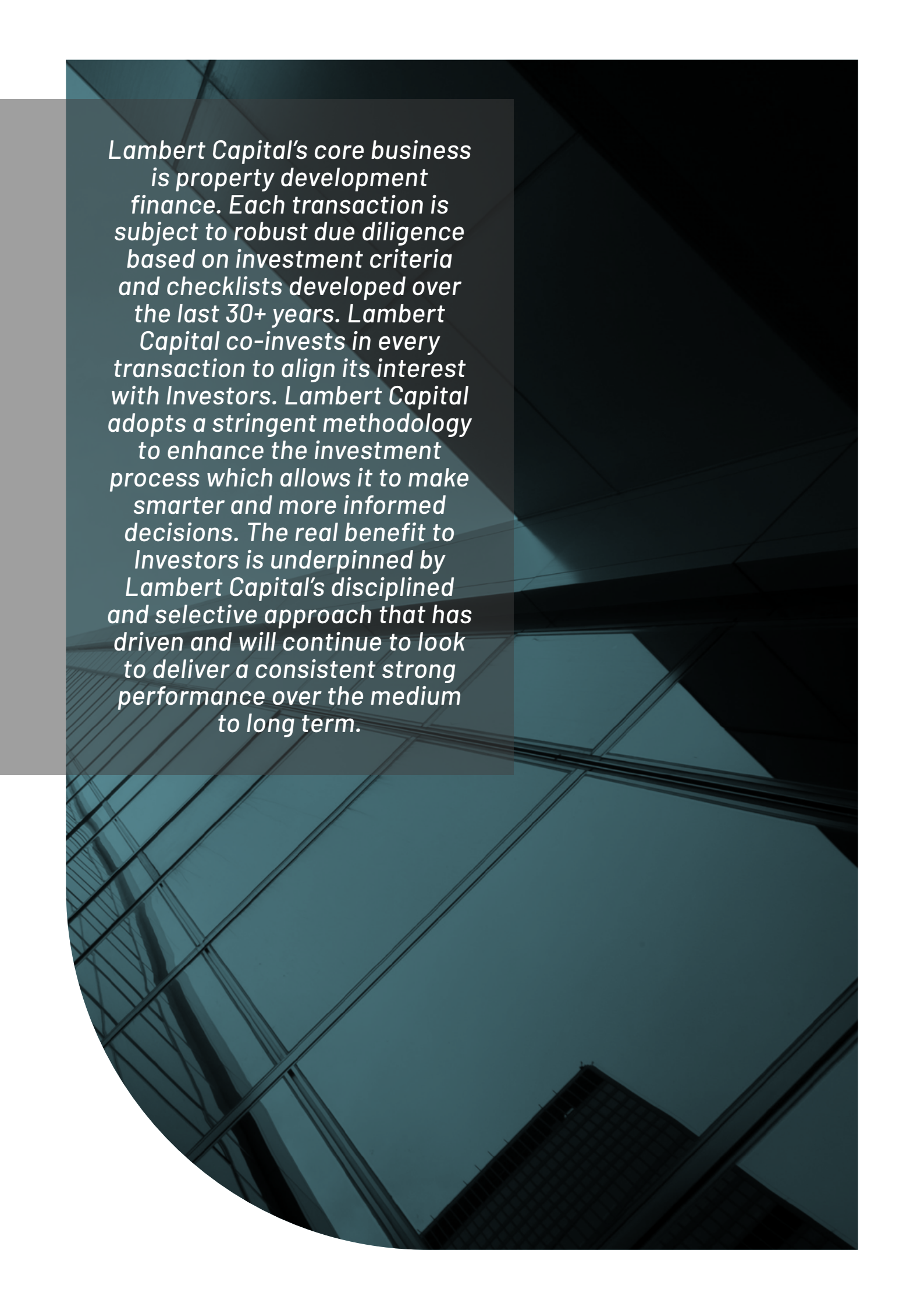
#### BRIGHTON, VIC

Status	Active
Type	First Mortgage Construction Loan
Location	Brighton, VIC
Facility Amount	\$7.7 million
LVR	68%
Presales	43%
Term	18 months
Return	10%
Description	Construction of five luxury apartments to appeal to the owner occupier downsizer market.



#### MITCHAM, VIC

Status	Active
Type	First Mortgage Construction Loan
Location	Mitcham, VIC
Facility Amount	\$13.3 million
LVR	70%
Presales	55%
Term	20 months
Return	10%
Description	Construction of 18 townhouses. The borrower is a repeat client of Lambert Capital.



*Lambert Capital's core business is property development finance. Each transaction is subject to robust due diligence based on investment criteria and checklists developed over the last 30+ years. Lambert Capital co-invests in every transaction to align its interest with Investors. Lambert Capital adopts a stringent methodology to enhance the investment process which allows it to make smarter and more informed decisions. The real benefit to Investors is underpinned by Lambert Capital's disciplined and selective approach that has driven and will continue to look to deliver a consistent strong performance over the medium to long term.*



SECTION 7

# INVESTMENT STRATEGY AND LOAN MANAGEMENT PROCESS

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# INVESTMENT STRATEGY AND LOAN MANAGEMENT PROCESS

## 7.1 INVESTMENT STRATEGY

The Fund will provide funding solutions for experienced developers that adhere to the Fund's Investment Guidelines. The Fund's investments will include:

- First mortgage debt – secured over land, investment properties, residual stock and/ or for construction loans, typically 60-70% LVR
- Second mortgage debt – secured over land, investment properties, residual stock and/ or for construction loans, to a maximum of 70% LVR
- Transactions of a similar or related nature with property security

Typically, these property credit transactions will be sourced through Lambert Capital's existing repeat customers/clients, and less frequently supplemented via an extensive origination network including: finance brokers, corporate advisers, industry consultants, builders and developer client referrals. The Investment Manager may decide to invest in other similar transactions in order to achieve the Fund's investment strategy at an acceptable level of risk.

The Fund will hold any non-deployed cash in an at call account and/or term deposits with a major Australian bank or suitable proxy. It is envisaged that this will be a bare minimum for short term purposes – e.g. to take advantage of opportunistic loans/ investments, and/or to provide adequate working capital and liquidity.

The Investment Manager will rely upon Investment Guidelines which include consideration of concentration risk and appropriate limits on geographical exposure, single investment exposure, term of individual transactions, and single borrower exposure, to manage the Fund's underlying property credit transaction risk.

Upon maturity of the underlying property credit transactions, the Fund is repaid capital which is then recycled. The Fund also aims to provide Investors with an income stream by offering half yearly distributions, subject to cashflow availability.

There is no guarantee the Fund will achieve its investment objective.

Under the Trust Deed, the Trustee may, in its absolute discretion, borrow or raise money. Where the Trustee borrows money in respect of a Class the recourse under those borrowings will generally be limited to the assets of the relevant Class.

## 7.2 INVESTMENT PROCESS

The Investment Manager will continue the proven investment due diligence process of Lambert Capital to evaluate prospective transactions.

The investment process will focus on the preservation of capital and achieving strong risk-adjusted returns. The Lambert Capital team is known for its rigorous approach to reviewing prospective transactions, performing a detailed analysis on the transaction through intensive due diligence including but not limited to feasibilities, cashflows, presentations and background research on the key sponsors and ability of the builder and key consultants involved.

The prospective property credit transaction is then presented to the Investment Committee as part of the Investment Manager's iterative review process. The Investment Committee is responsible for critically evaluating the credit, adopting a conservative review and approach to each opportunity, and is comprised of experienced credit managers with a combined 50+ years' direct experience.

Unanimous approval is required from the Investment Committee before a prospective property credit transaction proceeds to the structuring and loan execution phase. Following loan execution and financial close, the property credit transaction is actively managed by the Investment Manager throughout its ordinary life cycle (typically up to 18 months) to ensure ongoing compliance with covenants and other financial conditions. The Investment Manager's active management of the property credit transaction thorough the life cycle helps generate improved risk-adjusted returns upon repayment.

The Investment Manager adopts an "end to end" approach to managing property credit transactions, with members of the Investment Manager responsible for each phase of the underlying property credit transaction. From sourcing, reviewing and monitoring of the property credit transaction to repayment/exit, each member of the Investment Manager is responsible for the success of the Fund's portfolio of Loans.

# INVESTMENT STRATEGY AND LOAN MANAGEMENT PROCESS

## 7.3 TARGET PORTFOLIO

Investment into the Lambert Capital Property Credit Fund A Class Units provides Unit Holders with access to transactions which have a strong focus on Melbourne/Victoria based residential & commercial projects supported by property security. The Trustee can also invest in other states of Australia if the transaction meets the Fund's objectives. In keeping with the Fund's conservative nature the following Investment Guidelines are intended to be adhered to once the targeted size of funds under management is reached:

- A maximum of 20% of the Net Asset Value of the Fund will be invested in any one investment
- At least 80% of the portfolio will be allocated to first mortgage property secured senior debt
- 100% of the Fund will be secured by mortgage and/or caveats over property
- A maximum of 20% of the Net Asset Value of the Fund will be allocated to a single borrower
- A maximum of 70% of the portfolio will be allocated to any one geographical location

In practice, the Investment Manager will aim to construct the Fund's portfolio incorporating a range of property transactions. For example, a sample targeted portfolio may consist of a mix of Construction (60%-70%), Investment Property/Residual Stock (10%-20%), Land (10%-20%) and other opportunities (5%-15%) transactions.

The portfolio will target a geographic spread which will help diversify the Fund's exposure across the Australian states and territories. In addition to each property credit transaction being originated and managed by the Lambert Capital Group, the Fund will incorporate a strong preference towards senior secured mortgages. The following target portfolio composition<sup>1</sup> is indicative only and remains subject to tactical changes in the Fund's investment strategy:

**Investment Type:** Construction 65%; Land 15%; Investment Property/Residual Stock 15%; other opportunities 5%

**Geographical Spread:** Melbourne/VIC 70%-90%; Other 10-30%

**Security:** 1st Mortgage 80-90%; 2nd Mortgage 10-20%

<sup>1</sup> Subject to variation at the Trustee's discretion in order to be able to meet the target returns. The Trustee will provide 30 days' notice to Investors before it implements any change to this allocation.

## 7.4 LENDING AND MANAGEMENT PROCESS

The Investment Manager's lending and management processes are as follows:

- (a) the Investment Manager will ensure at all times that the risk profile of each Loan or investment is appropriate having regard to the quality and value of the Loan or investment, underlying security property and the risk analysis process;
- (b) all Loans or investment decisions will be based on a credit risk assessment conducted by the Investment Manager;
- (c) all Loans or investments, borrowers and property mortgages are assessed and managed by the Investment Manager; and
- (d) in addition, each Loan or property credit transaction will be properly documented and appropriately secured following an assessment by the Investment Manager of the purpose, servicing/repayment capability of a borrower, valuation, insurance and management protocols proposed for each Loan or property credit transaction.

The Trustee will rely on the Investment Manager's confirmation that it has complied with its lending guidelines and management processes outlined in this Information Memorandum but will not otherwise undertake any independent review, except where it has reason to suspect that the Investment Manager is not properly performing its obligations. Investors should be aware that the Investment Manager's mandate includes the ability for it to lend money to and invest in entities that may involve a related party on commercial terms – please see Section 8.1 ("Related Party Transactions Risk") for more information.

# INVESTMENT STRATEGY AND LOAN MANAGEMENT PROCESS

## 7.5 INVESTMENT COMMITTEE & MANAGEMENT TEAM

For a particular transaction recommended by the Investment Manager to be accepted into the Fund, unanimous consent from the Investment Committee is required. The vetting and approval process of all proposed credit transactions in the Fund will be thoroughly reviewed by the Investment Committee. The Investment Committee will be made up of up to 4 members, initially consisting of current Lambert Capital Director – Mark Greenberg, head of Property at Thorney Investment Group – Bronson Ritterman, and Property Developer & Investor – Jack Rosen. Each member has extensive experience in property lending having settled over \$1 billion in loans as a group.

The Investment Committee will consider, among other factors, whether the proposed investment adheres to the Investment Guidelines. The appropriateness of any given property credit transaction will ultimately be determined by the Investment Committee, taking into account the investment objective and Investment Mandate

The Lambert Capital team is further strengthened by the independence of Non-Executive Director and leading Property Law expert – Michael Mammen.

The Credit Team is headed by senior finance executives with a mix of property, finance and funds management experience, providing flexibility and responsiveness to changing market conditions. This has enabled Lambert Capital to deliver strong, well managed and risk mitigated returns to its investors.

### Directors:

- Mark Greenberg (Managing Director)
- Bronson Ritterman (Non-Executive Director)
- Michael Mammen (Non-Executive Director)

### Investment Committee:

- Mark Greenberg (Credit)
- Bronson Ritterman (Credit)
- Jack Rosen (Compliance)



### MARK GREENBERG – DIRECTOR

#### Investment Committee Member; Founder

Mark founded Lambert Capital in 2009, after a career spanning over 20 years as a Chartered Accountant, General Manager, Funds Manager and Banking & Finance Executive with direct property development and investment experience.

Mark is a member of the Institute of Chartered Accountants in Australia who previously held senior management roles at both ANZ and Ashe Morgan Winthrop, where he managed \$300 million portfolios in corporate property and business banking.

Mark also holds a Bachelor of Commerce degree from Melbourne University (majoring in Accounting & Commercial Law), an MBA from the Melbourne Business School, and Diplomas of Financial Services and Financial Planning.

## INVESTMENT STRATEGY AND LOAN MANAGEMENT PROCESS



### **BRONSON RITTERMAN - DIRECTOR**

#### **Investment Committee Member**

Bronson has been a long term co-investor with the Lambert Capital Group through his current role as Head of Property at Thorney Investment Group.

Since 2014, he has run the property division at Thorney, with a prime focus on private sector property investment in debt & equity projects, across all sectors.

Prior to joining Thorney, Bronson worked as a Civil Engineer for over 10 years for a top tier contractor on major projects across Victoria, Australia, and internationally on a world-class shopping centre project in London, United Kingdom.

His appointment to the Board of Lambert Capital Investment Management recognises the strategic importance and support of Thorney as a cornerstone investor in the Lambert Capital Property Credit Fund.

Bronson has a Bachelor of Engineering (Civil Engineering) from the University of Melbourne.



### **MICHAEL MAMMEN - DIRECTOR**

#### **Non-Executive Director**

Michael is a welcome addition to the Board of Lambert Capital Investment Management, having been consistently recognised by his peers as a leading Property Lawyer in Australia.

He is currently a Senior Partner at HWL Ebsworth Lawyers in their Real Estate and Projects team. Michael has ~20 years' experience as a Property Lawyer, and specialises in providing straightforward, clear and commercial advice on residential, commercial and mixed-use property development, as well as the creation and establishment of structures for funding and undertaking property development.

Michael works with all parties involved in the property development industry – developers (private and publicly listed), vendors, purchasers, landlords, tenants, managers, agents, consultants and advisors.

Michael has a Bachelor of Laws and Bachelor of Commerce from Melbourne University and is regularly named in Best Lawyers™ Australia for Real Property Law.

## INVESTMENT STRATEGY AND LOAN MANAGEMENT PROCESS



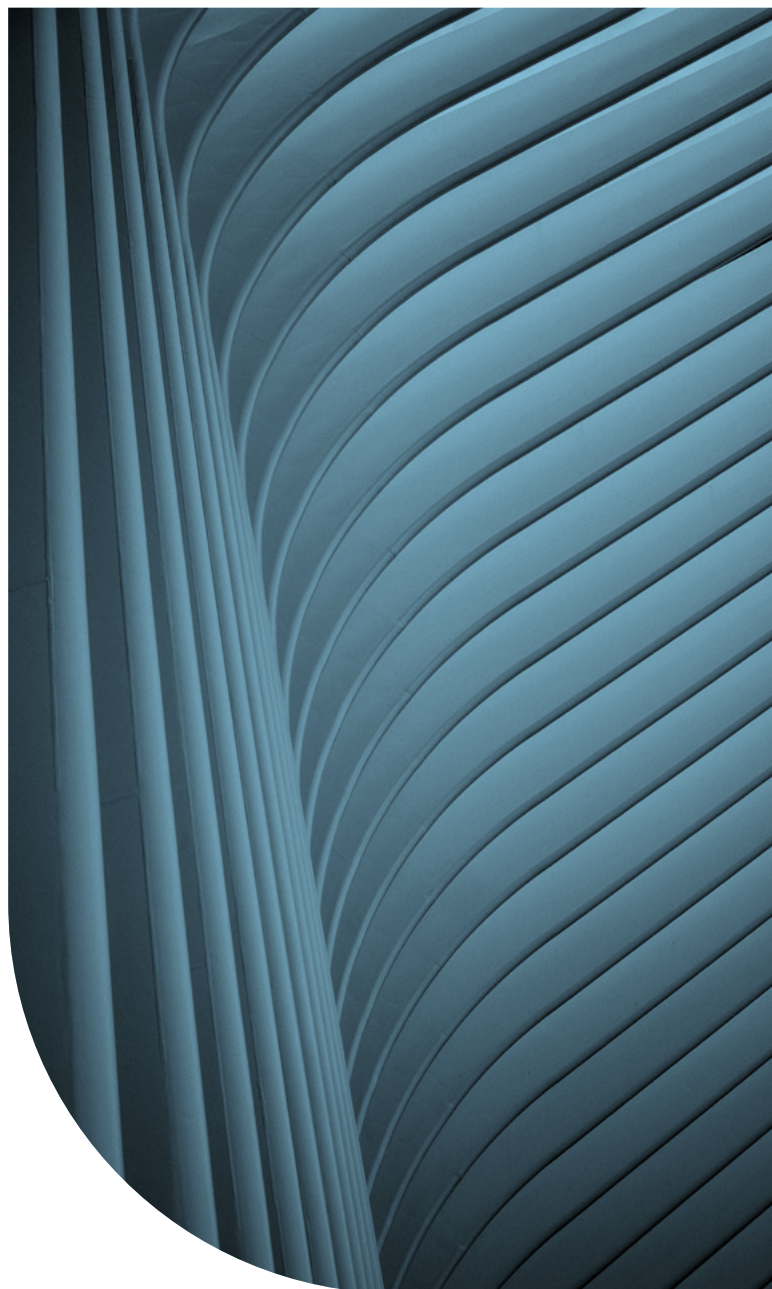
### **JACK ROSEN - COMPLIANCE**

#### **Investment Committee Member**

Jack is an integral member of the Lambert Capital team, and is responsible for overseeing ongoing compliance and handling in-house legal matters.

Jack's career in the legal profession spans several decades as a leading Litigation Lawyer and for the past 22 years, Jack has also managed a large commercial property portfolio for the Rosen Group (including commercial and residential developments), which has co-invested up to \$20 million with the Lambert Capital Property Credit Fund.

He was admitted to practice as a Barrister and Solicitor of the Supreme Court of Victoria in 1972.



## INVESTMENT STRATEGY AND LOAN MANAGEMENT PROCESS

### 7.6 CHANGE OF INVESTMENT SELECTION CRITERIA

Depending on the market conditions and property credit transaction opportunities which are available, the Trustee reserves the right to change the investment objective and the investment selection criteria of the Fund.

### 7.7 COMPLIANCE MANAGER AND TRUSTEE

Guildfords have been appointed as the compliance manager and Trustee.

With over a decade of experience, Guildfords offers corporate advisory, trustee and custodial services to a broad range of small to medium clients in a variety of industries, including property, agriculture, industrial and financial services clients. Recently, Guildfords has expanded to specialise in four service areas: Corporate Advisory, Trustee & Incidental Custodian, Compliance Management, and Compliance Reviews for the Insurance Industry.

Based in Australia, Guildfords operates throughout the Asia Pacific region, with strong business partnerships particularly in Singapore, China and nationally across Australia and New Zealand. Its core belief is that success is achieved by creating collaborative and inclusive partnerships with clients, delivering a quality and world class service.

Guildfords has developed an excellent team with a broad range of experience and knowledge. For each client, a team based on the priorities and objectives of the clients' business is tailored. Guildfords has strong traditional values, coupled with a modern and innovative outlook. As a result, the Guildfords team achieves results through designing and implementing objective and practical strategies, with a focus on producing desired and agreed business outcomes.



**SECTION 8**

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# RISK FACTORS

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## RISK FACTORS

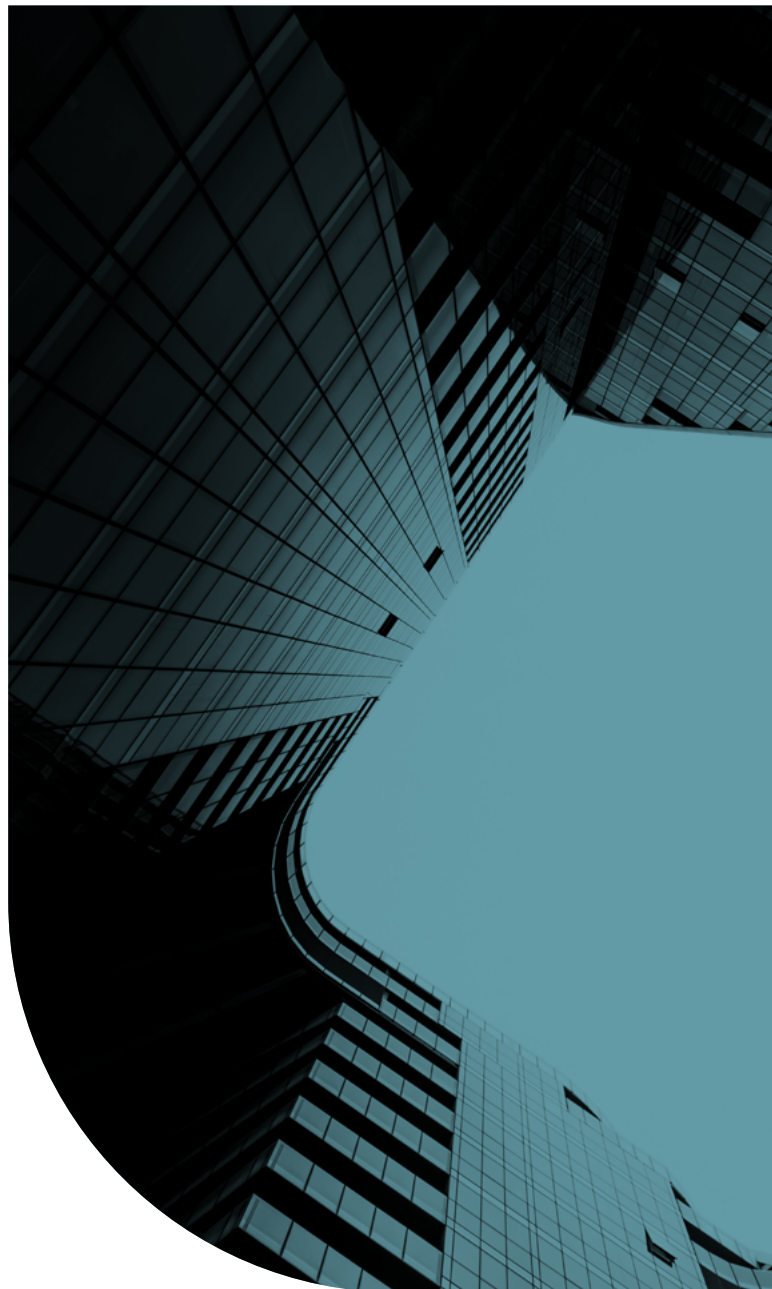
### RISK FACTORS

All investments involve varying degrees of risk. There are a number of risk factors that could affect the performance of the Fund, the making of distributions and the repayment of Investor's capital. Many risk factors fall outside of the Trustee's and the Investment Manager's control and cannot be completely mitigated. While there are many factors that may impact on the performance of any investment, this Section 8 ("Risk Factors") summarises some of the major risks that Investors should be aware of when investing in the Fund.

Before investing, Investors should consider whether the Fund is a suitable investment, having regard to their personal investment objectives, financial position, and particular needs and circumstances. Investors should also consider and take into account the level of risk with which they are comfortable, the level of returns they require, as well as their frequency and nature, and their investment time horizon. Investors should seek professional advice in setting their investment objectives and strategies.

The risks described below are not exhaustive and whether a risk is specifically referred to in this section or not, that risk may have a material effect on the performance and value of the Fund. Importantly, Investors should note that the value of an investment in the Fund, and income received by Investors, may rise or fall and, consequently, Investors may suffer losses (including the loss of all of their capital investment in the Fund or a loss of an investment return relating to their investment in the Fund). Distributions and indicative rate of returns are not guaranteed and neither is the return of Investor's capital.

Neither the Trustee, the Investment Manager, Lambert Capital or any related bodies corporate that are part of the Lambert Capital group of companies, nor any other party, guarantee the performance or success of the Fund, any level of capital or other return from or the repayment of, investments in the Fund. The Lambert Capital Group does not guarantee that there will be no capital loss nor does the Lambert Capital Group guarantee any particular taxation consequence of investing in the Fund.



## RISK FACTORS

### 8.1 RELATED PARTY TRANSACTIONS RISK

The success of the Fund is dependent on the Investment Manager identifying suitable Loans for the Fund and then managing those Loans to ensure that the Loans are repaid. If the Investment Manager is unable to achieve this, then this may adversely affect the Fund's returns.

The Investment Manager is not a related party of the Trustee. Contractual arrangements between the Trustee and the Investment Manager are negotiated at arm's length between the parties.

An entity related to the Investment Manager or the Trustee may from time to time enter into transactions with the Investment Manager or Trustee. For example, the SPV's that the Fund will lend to may be related to the Investment Manager, and/or have some level of co-investment at the SPV level.

By making an investment in the Fund, Investors acknowledge that the Fund can make investments in or to related parties of the Trustee or the Investment Manager. For information about related party investments and transactions see Section 14.3 ("Related Party Investments and Transactions").

The Trustee has appointed the Investment Manager to identify suitable credit-worthy borrowers and to manage the entering into and administration of Loans. Under this arrangement, while the Trustee has the fiduciary oversight of the Fund and its investments, the Trustee will not assess the merits of each investment recommended by the Investment Manager, but rather will review that each investment is contemplated by this Information Memorandum and the Trust Deed and will not conduct any independent review that the Loan is otherwise in the interests of the Investors.

The Trustee will rely on the Investment Manager's confirmation that it has complied with its lending guidelines and management processes outlined in this Information Memorandum but will not otherwise undertake any independent review, except where it has reason to suspect that the Investment Manager is not properly performing its obligations.

By investing in the Fund, Investors acknowledge that:

- the Investment Manager is responsible for making investment decisions for the Fund;
- Loans to related parties will be commercial, but may not be on arm's length terms; and
- they have made their own independent investigations to satisfy themselves of the benefit of becoming an Investor in the Fund.

### 8.2 GENERAL RISKS

#### Investment risk

An investment in the Fund involves investment risk. For example, the value of a Unit Holder's investment in the Fund may rise or fall, investment returns may fluctuate, distributions may or may not be paid and a Unit Holder's capital may or may not be returned.

#### Underlying Investment risk

There may be external influences from time-to-time, including unforeseen items of expenditure which have not been budgeted for and loss of revenue, which adversely affect the income of the Fund. These may result in a reduction of distributions and returns.

It is not the responsibility of the Trustee to assess the merits of each investment recommended by the Investment Manager, but rather to review that each investment is contemplated by this Information Memorandum and the Trust Deed.

#### Allocation risk

The Fund's investment strategy relies on the Investment Manager's flexible mandate to allocate funds to underlying credit investment opportunities. Any delay in the Investment Manager's allocation of funds to investments will delay the Fund's ability to achieve the Target Return (which is not guaranteed).

Contributions and withdrawals of other Unit Holders may adversely affect the Fund's performance. Units in the Fund may be compulsorily acquired by the Trustee where, in the Trustee's opinion, in doing so is in the best interests of Unit Holders. This may extend to the Trustee delaying or staggering the exercise of redemption of Units.

#### Return risk

The Fund seeks to deliver the Target Return to Investors. The Fund is designed for Investors seeking a return greater than the interest paid on basic deposit and saving products offered by an ADI. The Fund is targeting returns which are significantly higher than interest paid on basic deposit products. However, as a general rule, higher potential returns have higher levels of uncertainty (high risk) than investments with lower potential returns and low levels of uncertainty (low risk).

The Target Return is not a forecast. The Trustee or Investment Manager may not be successful in meeting this objective. None of the Trustee, the Investment Manager or any other person or entity guarantees any income or capital return from the Fund. Investors should also note that Fund operating expenses, including administration fees, may exceed income or realised

## RISK FACTORS

profits therefore requiring the difference to be paid from the Fund's capital.

Investors should note that an investment in the Fund is not an investment in an ADI (such as a bank) regulated by APRA and an investment in the Fund carries greater risk than an investment in a bank.

### **No guarantee of performance or representations made by Trustee**

None of the Trustee, the Investment Manager nor any other person or entity guarantees any income or capital return from the Fund. See Section 3.6 ("Capital Not Guaranteed") for more information.

### **Concentration risk**

Concentration risk is the risk that the investment portfolio of the Fund may lack a diversification of assets. While the Fund will be invested in a range of Loans secured by mortgages and other forms of security in relation to property across Australia, there is a risk associated with the Fund's assets not being sufficiently diversified by sector, geography or risk profile or number of borrowers (including related parties) or Loans or investments which may expose the Fund to any events which have an adverse effect on the value of assets in the property sector and/or a specific investment. Additionally, it may take some time before a sufficient number of Loans and other investments are entered into to provide genuine diversification of investments.

There is possibility of an increased risk associated with Loans that are highly concentrated in terms of particular types of Loans, location, activities or borrowers.

### **Liquidity risk**

There are restrictions on withdrawals from the Fund. See Section 12 ("Withdrawals from the Fund") for more information. The Fund is an illiquid investment. Investors may only withdraw in accordance with the terms of issue of the Units (noting that withdrawal entitlements may differ between different Classes of Units). Also, where a redemption request is accepted, there may be a delay from the time the Trustee accepts a redemption request and when the Investor's Units are redeemed. This may impact the price of the redeemed Units.

There is currently no secondary market for Units in the Fund and it is unlikely that any active secondary market will develop. There are substantial restrictions on the transferability of Fund interests under the Trust Deed and applicable securities laws.

### **Legal, regulatory and compliance risk**

Changes in government legislation, regulation and policies generally could materially adversely affect the operating results of the Fund. Although unable to predict future policy changes, the Trustee intends to manage this risk by monitoring and reacting to any potential regulatory and policy changes.

The operation of a funds management business in Australia is subject to significant regulation by Australian government authorities including without limitation ASIC, the Australian Transactions Reporting and Analysis Centre, the Foreign Investment Review Board and the Australian Competition and Consumer Commission. There is a risk that the Fund may not comply at all times with its various obligations under government regulations and policies and this may result in the loss of authorisations under the AFSL held by the Trustee thereby preventing the continued operation of the Fund.

Furthermore, legal risks arise where contracts used by the Fund to make the Loans or other investments are found to be defective or unenforceable against counterparties. To manage this risk, the Trustee and the Investment Manager will ensure that a reputable legal practitioner is engaged to prepare and finalise legal agreements.

### **Tax risk**

Tax and duty laws, and the regulatory interpretation or enforcement of them, can change and changes can be adverse. Investors should consider their own circumstances before investing. Although unable to predict future policy changes, the Investment Manager intends to manage this risk by monitoring and reacting to any potential regulatory and policy changes.

### **Documentation risk**

A deficiency in documentation could, in certain circumstances, adversely affect the return on a Loan. This may make it difficult for the Fund to enforce a Loan, its real property mortgage (if any) and other security (if any) in respect of the Loan and may also affect the ability to recover any penalties imposed against the borrower.

### **Fees and expenses risk**

The Fund will incur fees and expenses regardless of whether it is successful. The Fund will pay fees whether or not it receives its returns.

There is a risk that the Trustee does not ensure that there is sufficient liquidity maintained in order to meet these and other expenses.

## RISK FACTORS

The Investment Manager expects to incur significant costs and expenses in seeking to source, evaluate, structure, negotiate, close, monitor and exit the investment including, but not limited to, financial, legal, technical, regulatory and commercial advisers which are engaged to assist the Investment Manager in seeking to source, evaluate, structure, negotiate, close, monitor and exit the investment. There can be no assurance that the Fund will be successful in being able to recover these fees and expenses from a successfully closed investment. These amounts may be significant and could have an adverse impact on the return that Investors might otherwise realise.

### **Currency risk**

The Fund's investment will be domiciled in Australian dollars and therefore the weakening of a country's currency relative to the Australian dollar will negatively affect the value of the Fund's assets from the perspective of an international Investor.

### **Thinly-capitalised management**

The Investment Manager does not have any material independent financial resources. If an action or claim is brought against the Investment Manager and that claim is not covered by the professional indemnity or directors' and officers' insurance policies arranged by or on behalf of the Investment Manager, the Fund cannot assure that the Investment Manager will have sufficient financial resources to cover any amounts payable under any claim.

The Fund is reserved to certain Wholesale Clients who are required to be aware of the risks involved in an investment such as the Fund and who accept that they will have recourse only to the Fund's assets in existence at any given time.

### **Operating history risk**

The Fund has no operating history on which Investors may base an evaluation of its likely performance. The success of the Fund's investment activities will depend almost entirely on the Investment Manager's ability to carry out the proposed investment strategy successfully. There can be no assurance that the Fund's investments will achieve the Target Return.

### **Risk associated with key parties**

The Trustee and Investment Manager may elect to retire or may be replaced as the Trustee or Investment Manager, or the services of key personnel of the Trustee or Investment Manager may become unavailable for any reason. The Fund is relying on the ability of the Investment Manager, its systems, processes, internal & external oversight, and its investment professionals to achieve the Fund's investment objectives. If the Investment Manager or its investment professionals were

not to continue in their respective roles, or be replaced by suitably qualified and experienced professionals, the Fund may not be able to achieve its objectives.

There is also a risk that the Trustee and Investment Manager may fail to identify and adequately manage the investment risks in the Fund's portfolio or execute the investment strategy effectively, affecting the ability to pay distributions or reduce the value of the Units.

Operational risks of the Trustee and the Investment Manager include the possibility of systems failure, cyber- attacks, documentation risk, fraud, legal and regulatory risk and other unforeseen circumstances.

The Investment Manager, and any other delegates of the Trustee, may also fail to adequately perform their contractual and other legal obligations.

### **Counterparty risk**

The risk that the other party to a contract fails to perform its contractual obligations, either in whole or in part.

### **Conflicts of interest risks**

The Investment Manager and its directors may develop advisory and other relationships with a wide variety of clients and investors. As a result of obligations that arise from those relationships, including obligations of confidentiality, certain potentially suitable investment opportunities of which the Investment Manager becomes aware may not be offered or disclosed to the Fund. In addition, the Fund may invest in products or assets managed by a related party of the Investment Manager.

### **Cyber risk and exposure**

Investors should be aware that while the Trustee has implemented technologies, processes, and practices designed to protect its networks, devices, programs, and data (or information technology systems) those information technology systems may still be subjected to malicious attack, damage, or unauthorised access.

Information technology systems may include the storage of information concerning an Investor's identity, financial interests or other personal details provided to the Trustee in connection with their investment in the Fund.

In the event serious harm is a likely outcome of a breach of the Trustee's information technology systems, the Trustee or Investment Manager (as may be required) will notify the affected individuals and recommend steps that ought to be taken in response to the breach. The Trustee may also be

## RISK FACTORS

required to notify a government or regulatory authority as required by law.

### **Information not complete or accurate**

The Trustee is not in a position to confirm the completeness, genuineness or accuracy of any information or data included in this Information Memorandum. A significant amount of the material provided in this Information Memorandum was supplied by third parties including the Investment Manager. Whilst extensive external advice with respect to matters such as legal, taxation and compliance issues has been received, this information has not been audited or independently reviewed.

### **8.3 RISKS RELATING TO LOANS AND INVESTMENTS**

#### **Default and credit risk**

There is a risk that a borrower under a Loan does not meet its obligations to pay interest and repay capital or other financial obligations on time under the Loan documentation. This risk may result in the delay to or loss of income or capital to Unit Holders.

In the event that a borrower defaults on a Loan and recovery action is undertaken, Unit Holders may not receive all income distributions for that investment, affecting the rate of return achieved. In addition, the value of the Loan or other fixed income investment might become impaired. Further, there will be no rights to recover the debt by seeking to take control or sell any real property of the Investment Manager.

Examples of credit risk include where the borrower is:

- an individual and becomes bankrupt, or dies; or
- a company, and becomes insolvent or under external administration.

#### **Priority risk**

Where Loans are secured by second and subsequent ranking mortgages, or otherwise subordinated to senior lenders, these Loans are riskier than other Loans because they rank behind first or preceding mortgages, or senior Loans, in priority. The first mortgage must be paid out before the second mortgage can be paid out and so on, exposing Unit Holders in the second and subsequent mortgages to the risk of capital and/or interest loss where there are insufficient funds to pay the Trustee under a Loan.

#### **Security risk**

In the event of default, the Fund will take all necessary action to remedy the default and recover capital and income outstanding under the relevant Loan or investment by seeking

to enforce relevant securities provided. These securities may include mortgages, guarantees, charges or other forms of security interests. However, there is a risk that securities provided to the Fund by the borrower may not be enforceable or sufficient on a sale to fully repay all outstanding capital and income.

In particular, an Investor should be aware that:

- the value of the security may fall during the term of the Loan;
- in accordance with the terms of the relevant Class, security may be released for the purposes of obtaining senior debt funding or development funding for projects;
- guarantees and other forms of security interests provided may not carry sufficient value due to the lack of assets in the guaranteeing persons or entities; and
- security interests may not be enforceable due to priority arrangements entered into with other lenders to the borrower.

#### **Security enforcement risks**

There are risks that in respect of a security over property given in respect of a Loan:

- may not be enforceable at law;
- taking recovery or enforcement action may involve protracted legal processes;
- selling a security property may take a significant amount of time, including on account of poor market conditions;
- selling a security property results in additional costs being incurred relating to the sale, such as real estate agent's fees, legal fees and potentially also taxes, which in turn reduce the amounts that could be distributed to Unit Holders; or
- the net sale proceeds received in respect of the enforcement of a security would not be sufficient to cover capital and income repayment obligations to the Trustee under the Loan.

The Investment Manager may pay for those enforcement costs from its own resources (such as the costs of appointing a receiver, legal fees in enforcing against the borrower, agent's commissions for sale of the security property etc).

The Trustee may procure a third party to underwrite the enforcement expenses on commercial arrangements.

The Investment Manager or third party will have the right to recover these costs from the proceeds received from the enforcement action before any payments are made to Investors plus any fee or interest agreed with a third party.

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This will most likely lead to a reduction in distributions paid to the Investors. If the enforcement costs cannot ultimately be recovered out of the proceeds from the sale of the security property or recovered directly from the borrower, then it may result in Investors suffering a loss of capital.

It is also possible the Trustee will undertake a further capital raising to raise the capital required to pay for the expenses associated with enforcing the Loan. There is therefore a risk that Investors may be requested to contribute further capital to the Fund. It is highly likely that any such future capital raising will be undertaken at a price less than the original issue price for the Units and may therefore dilute the proportional holdings in the Fund of those Investors that decide not to contribute further capital.

### **Third party financial product risk**

There are risks specific to third party managed funds that the Fund or the Fund's borrowers may invest in. These risks include that:

- the third party managed funds could terminate;
- the investments in which the third party managed funds are invested may become illiquid; and
- the trustees and investment managers of the third party managed funds fail to identify and adequately manage investment risks in these funds' portfolios and this may affect the ability to pay distributions.

The third party funds are also likely to be subject to the same risks as the Fund that are set in this Information Memorandum.

### **Risks associated with changed principal and interest payments**

Early repayments by borrowers of a Loan, including the early discharge of a Loan, may impact (both positively and/or negatively) on the expected returns of the Fund because the normal income and capital payments have been interrupted or have ceased.

We may also elect to extend a Loan past its maturity date (with or without the enforcement of default interest) if it is believed to be in the best interests of Unit Holders of the Fund. This extension may be required to provide borrowers with extra time to complete the renewal process or finalise the refinance or repayment of the Loan or to finalise the sale of the security property. These extensions will also impact (both positively and/or negatively) the expected returns of the Fund.

### **Risks associated with interest capitalisation**

The Investment Manager may agree to a Loan where interest

payments on the Loan are capitalised, particularly in relation to a construction or property development loan. This is sometimes referred to as 'prepaid interest' or 'capitalised interest'. Prepaid or capitalised interest is not funded out of the borrower's ongoing cash flow, and is instead paid out of the proceeds from the sale of the security property. Where interest is capitalised, there is a risk that the proceeds that the borrower achieves out of the sale of the security property may not be sufficient to repay the total Loan, which includes both principal and interest. The Investment Manager will manage this risk by ensuring that loan-to-valuation ratios, and other lending parameters and conditions, are adjusted to reflect the interest capitalisation component.

The Fund may also capitalise interest where a Loan falls into arrears. This means that the total amount owed by the borrower increases as the borrower fails to make the required payments under the Loan. The Loan is still regarded by the Trustee as being in arrears. Increased liabilities under a Loan increase the risk of default by the borrower. This risk is reduced by the Investment Manager managing Loans throughout the course of their term; and adhering to sound lending principles and practices, including for example, funding on a cost to complete basis for all construction loans.

### **Property performance risks**

There is a risk that the property over which the Trustee has a mortgage may decrease in value.

Changes in taxation, interest rates and the economic outlook can all have an effect on property market values and could result in:

- reduced sale prices;
- delays in selling (caused by excess supply and low demand);
- reduced ability of borrowers and buyers to obtain finance;
- increased risk of default if pre-sales do not proceed or sales forecasts now make the project less viable for the developer; and
- purchasers who have bought 'off the plan' failing to complete.

In addition, subject to adequate insurance policies being in place, value of the property over which the Trustee has a mortgage may decrease as a result of damage to a building or other fixture erected on the property as a result of fire, tempest, malicious damage, earthquake, etc.

### **Existing tenanted property risks**

Where a Loan is made for the acquisition or refinance of an existing tenanted property, increases in the security property's vacancy rate or other factors during the period of the Loan may

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lower the ability of the borrower to service interest payments and the Investors may not be paid their income distributions in part or in full. The value of the secured property may also be affected, which may consequently affect the repayment of the Loan in full at time of maturity of the Loan. Distributions and return of capital to Investors may be delayed, reduced or lost.

### Valuation risk

This is the risk that the valuation of the security property for a Loan may be inaccurate or not accurately reflect its true value at the time of making the Loan, or at any other time, so that the amount realised on the sale of a security property as a result of the Trustee taking enforcement action is less than would have been expected had the valuation been correct or may not cover the amount lent to the borrower.

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 lender relies. Other examples may include settlement risk, where purchasers of property from borrowers intend to secure finance, but valuations are below the purchase price.

### Market risk

Any economic downturn in the local, domestic and global economy could potentially adversely affect the performance of the properties or projects that the Fund has made Loans to. Consequently, any relevant economic downturn may have an adverse impact on the distributions and overall return to the Investors.

There is a risk that the returns from investments in a Loan or other fixed income investments may be relatively less than returns from other investments, and may not move in line with movements in general interest rates.

## 8.4 RISKS ASSOCIATED WITH LOANS AND INVESTMENTS IN PROPERTY DEVELOPMENT

There are specific risks associated with making investments for the purpose of developing property. These risks include the following:

### Asset class risk

Like all investing activity, investment into credit securities may lead to loss of capital. Specifically, credit investments are subject to the risk of an obligor's inability to meet principal and interest repayment obligations, which may be the result of market-risk related factors. Investments in 'higher yielding' credit opportunities necessarily involves a higher level of risk and no minimum credit rating is required for the credit investments acquired by the Fund. Investments into these higher yield credit assets may include a higher risk of bankruptcy, restructuring or other insolvency proceedings, each of which involve a number of significant risks and could involve substantial costs to the Fund.

While the Investment Manager attempts to moderate these risks, there can be no assurance that the investment of the Fund's assets or any of the Underlying Investments will be successful.

### Construction and development risk

Even though the Investment Manager will take applicable measures to mitigate construction and development risks, where Loans or investment proceeds are used for property construction projects, specific risks include the following:

- construction or development costs can exceed budgeted costs and the borrower may be unable to complete the projects unless the borrower can obtain further funds;
- Loan funds kept in reserve by the Trustee to complete the projects being insufficient to meet the cost of completion; and
- a change in market conditions could result in the projects' values on completion being worth less than anticipated, or in lower sale rates and prices than expected.

There is also a risk that the completion of a development project could be delayed. This may result in capital and income returns to Investors also being delayed.

### Forecasting risk

The estimated costs of a development project and estimated realisation value for a development project are forecasts only. The costs may be more than estimated and the realisation value may be less than estimated, this may result in lower or no returns to Investors as a result of a default by a project

## RISK FACTORS

developer. Due to various risks and uncertainties, including those set out in this Information Memorandum, actual events or results or the actual performance of the Fund may differ materially from those reflected or contemplated in any forward-looking statements. Actual events are difficult to project and often depend on factors that are beyond the control of the Trustee, the Investment Manager and their advisers.

### **Planning risk**

It may be more difficult than anticipated, or even impossible, to obtain the requisite government or regulatory approvals and permits for a development project and this may increase costs and cause delays to a development project. In addition, a requirement of a government or semi-government department or authority (including relating to environmental, archaeological, planning or servicing issues) may result in a reduced yield or delay in the property development projects which may impact on the ability of the property development projects to generate a profit.

### **Contractor and third party risk**

Contractors and third parties engaged to perform works on a development project could become insolvent or default under their contracts which may lead to delays or impact on the viability of a development project.

### **Risks associated with lending secured by vacant land**

There are particular risks associated with an investment that involves vacant land and properties that are not able to generate an income, particularly where a default occurs as there is no income being generated or able to be generated to assist in rectifying the default.

### **8.5 OTHER RISKS**

Investors should be aware that not all risks can be foreseen. It is therefore not possible for the Trustee or Investment Manager to protect the value of the Fund's investments from all risks. Investors should ensure they obtain appropriate professional advice regarding the suitability of an investment in the Fund having regard to their individual circumstances, including investment objectives, their level of borrowings, their financial situation and individual needs.

**We strongly recommend that Investors obtain independent financial advice before investing in the Fund.**



**SECTION 9**

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# FEES AND OTHER COSTS

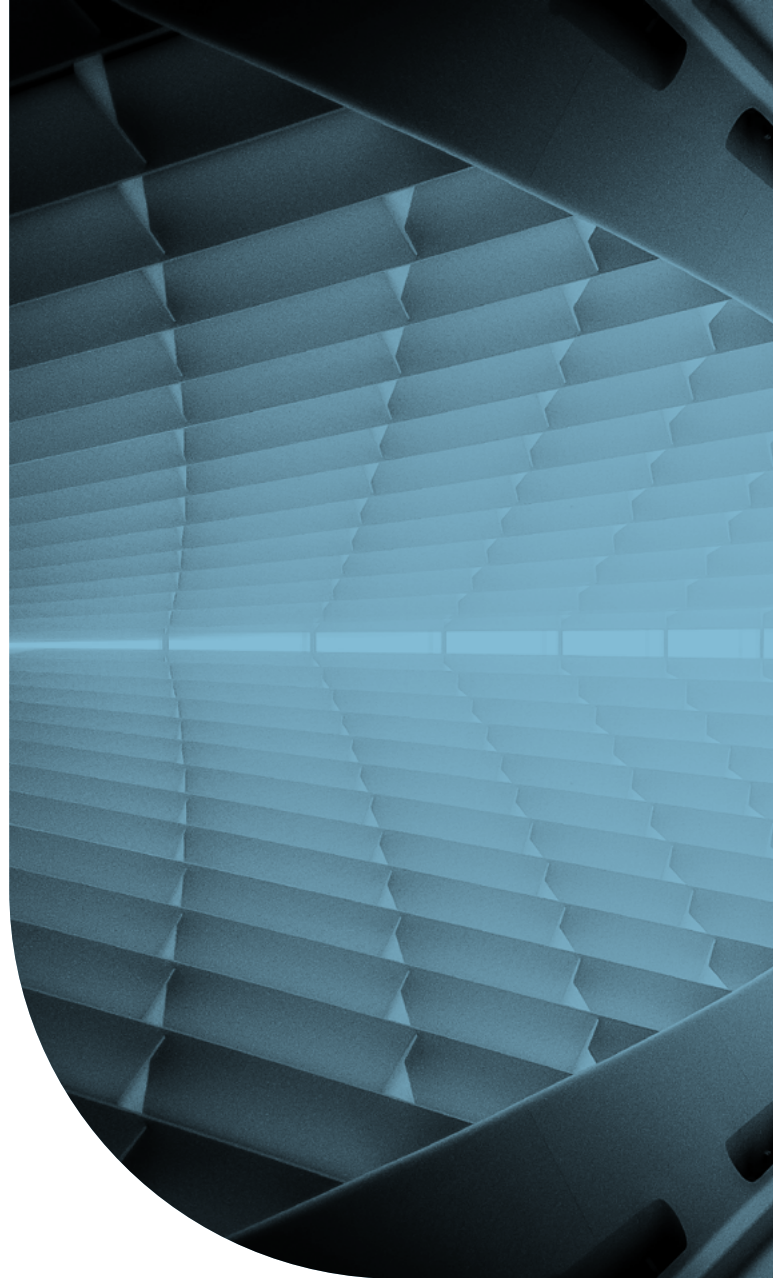
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## FEES AND OTHER COSTS

### 9.1 PAYMENT OF FEES AND EXPENSES OF THE FUND

The Investment Manager has agreed to pay all initial expenses of the Fund and will only seek to charge a monthly administration fee to the Fund equal to 1.00% p.a. calculated on the Loan portfolio value of the Fund. The intention of this is to ensure that fees are not borne by the Unit Holder's capital of the Fund and thus should assist in keeping the Unit price equal to \$1.00.

The Investment Manager will not seek to revisit this policy until such further time as, in the opinion of the Trustee, the Fund is in a position to pay fees or expenses directly without reducing the Unit price below \$1.00. The Investment Manager will inform the Unit Holders if there is a subsequent change in this policy. In respect of the A Class Units, the Trustee and Manager have agreed not to charge management or administration fees in excess of the 1.00% p.a. administration fee.



## FEES AND OTHER COSTS

### 9.2 INVESTOR FEES AND EXPENSES

The following table sets out the fees and costs that may be charged to the Fund.

TYPE OF FEE OR EXPENSES	DETAIL
<b>Performance fee</b> This fee is paid to the Investment Manager out of returns	Nil.
<b>Trustee fee</b> These fees are paid to the Trustee out of the Fund's assets	Nil.
<b>Management fee</b>	Nil.
<b>Administration fees</b>	The Investment Manager is entitled to an administration fee of 1.00% plus GST per annum on the Loan portfolio value referable to A Class Units, to be calculated and charged on a monthly basis from the Fund assets.
<b>Transfer fee</b>	Nil.
<b>Withdrawal fee</b>	Subject to the Trustee's discretion, processing withdrawal requests at any time prior to 90 days after Units are issued to a Unitholder will attract a withdrawal fee equivalent of up to 1.00% of the net asset value of the Units being redeemed. If an A Class Unitholder requests to redeem its Units 90 days or after being issued its Units, the Unitholder will generally not be charged a withdrawal fee for its redemption of A Class Units if in the ordinary course (for example, an Exit Fee may still be charged if the redemption of Units is urgent).
<b>Other Fund expenses</b> The expenses charged to the Fund and paid out of the Fund's assets	In addition to the fees and other costs set out above, the Trustee may pay, out of the assets of the Fund, all expenses related to the establishment, operation, marketing and distribution of the Fund. This includes all fees, costs, and expenses of the Fund, the Trustee and the Investment Manager incurred in connection with potential investments (including investments that are not consummated) and the acquisition, financing, holding, sale, proposed sale or valuation of any investment (including the repayment of those financings, the costs of establishing and maintaining any borrowing facility, the management fee (if any), the fees and expenses of the Trustee, all litigation-related and indemnification expenses, fees of auditors, fees of due diligence consultants (including, without limitation, financial, physical and environmental consultants) and counsel, administrative expenses, costs of holding Unit Holder meetings, costs of preparation of tax returns and any taxes, fees or other governmental charges levied against the Trustee, in its capacity as trustee of the Fund).  The Investment Manager has initially agreed to pay for these costs and will not seek reimbursement from the Fund, unless otherwise notified to Unit Holders.

Other than the administration fee and any applicable withdrawal fee, no fees (Additional Fees) whether charged by the Trustee or the Manager) at the Fund level will be chargeable by the Trustee to Unitholders in respect of A Class Units. The Trustee must pay any amount which represents Additional Fees.

The SPVs that the Fund will lend to (which are related parties of the Investment Manager) are entitled to various fees payable by the borrowers and an interest differential.

All fees and costs of the Fund payable out of the assets of the Fund are reflected in the Unit price of the Fund.

In addition to the above fees and expenses, there may be a buy / sell spread charged on applications and redemptions, as indicated in Section 3.5 ("Unit Pricing").

## FEES AND OTHER COSTS

### 9.3 CHANGES TO FEES AND OTHER COSTS

The Trustee has power under the Trust Deed to charge Investors a management fee of up to 2% per annum of the gross value of the Fund property. The Trustee does not charge a management fee, however the Investment Manager charges an administration fee of 1% per annum of the gross value of the Fund referable to A Class Units. This administration fee will be the only administration or management fee chargeable in respect of A Class Units.

The Trustee may agree with any Unit Holder any fee arrangements with that Unit Holder which are different to the fees set out in Section 9.1 ("Payment of Fees and Other Costs").

### 9.4 WAIVER, DEFERRAL OR REBATE OF FEES

The Trustee or Investment Manager may, in their absolute discretion, accept lower fees and expenses than they are entitled to receive, or may defer payment of those fees and expenses for any time. If payment is deferred, then the fee will accrue until paid. In addition, the Investment Manager or Trustee may, in their absolute discretion, waive, negotiate or rebate their fees to an Investor.

### 9.5 BORROWER FEES AND COSTS

The SPVs that the Fund lends to (or its related entities) will receive the interest differential between the amount payable to the Fund and the amount payable by the Borrower and may receive other fees and costs directly from borrowers, including but not limited to Loan application and assessment fees and ongoing Loan management fees, which will not form part of the assets of the Fund. The entities receiving these fees and interest differential are related parties of the Investment Manager.

#### Loan application and ongoing management fees

- The SPVs may charge the borrower an establishment and ongoing fee according to the complexity and competitiveness of the Loan or investment. These fees, which may be shared with introducing brokers, are to pay for the cost of servicing the underlying Loan or investment sourcing network, advertising, the underlying Loan application assessment and approval process, instructing valuers and solicitors and advancing the underlying Loan or investment.
- The SPVs may receive a brokerage fee, which is paid by the borrower in addition to the underlying Loan interest rate or investment fixed returns, where the underlying Loan or investment is directly sourced by the SPV.

#### Other expense recovery

The Investment Manager or its related entities may charge the borrower fees for attending to dealings involving secured properties during the term of a Loan, such as where it is necessary to produce a title to a property for dealings or to arrange for a partial discharge of a mortgage.

#### Project management and default management costs

The SPVs may charge the borrower fees and costs for dealing with managing underlying loans and investments in arrears or default. In addition, the SPVs may charge project management, development fees and costs and other similar charges, where it is required to provide such services and/or undertake default management work-out programs for construction and development Loans or investments.

### 9.6 ADVISER REMUNERATION

The Investment Manager and Partners Private Pty Ltd have entered into an arrangement whereby the Investment Manager will pay Partners Private Pty Ltd a referral fee of up to 0.5% per annum of the gross value of the Fund referable to A Class Units, deducted from the Investment Manager's administration fee. These payments do not give rise to any additional fees other than those disclosed in this IM.

**SECTION 10**

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## HOW TO INVEST IN THE FUND

### 10.1 GENERAL

Investors must complete the Application Form, nominate a Commitment amount and provide the required customer identification material listed in that form.

Before making a decision to subscribe for Units, potential Investors should read this Information Memorandum.

Investors please note that:

- the minimum Commitment amount is \$100,000, unless the Trustee otherwise determines in its discretion to accept a lower amount;
- the Offer is expressly restricted to Wholesale Clients. By lodging an application for Units in respect of the Offer contained in this Information Memorandum, the Investor declares and warrants to the Fund that they are and will remain a Wholesale Client;
- the Trustee has the discretion to accept applications of less than \$100,000, provided that the applicant is a Wholesale Client; and
- in addition to the client identification material and documents required to be provided with an Investor's Application Form, the Trustee may require further information or documents from an Investor at any time in order to satisfy obligations under anti-money laundering and counter terrorism financing legislation or other legislation affecting the Fund or the Trustee.

### 10.2 PROCESSING APPLICATIONS

Initial Applications will usually be processed on the first Business Day of each month ("Subscription Day") where the completed Application Form is received by the Administrator no later than 12pm AEST 2 Business Days prior, unless otherwise determined by the Trustee.

The Trustee reserves the right to evaluate any applications for Units and to reject any or all applications submitted, without giving reasons for rejection.

If the completed Application Form is received after the deadline for receipt for a particular Subscription Day, it will be treated as an application on the next relevant Subscription Day.

The Administrator will acknowledge receipt of any subscription or redemption request on behalf of the Fund, and in the event no acknowledgement is received from the Administrator within five (5) days of submitting the request, the applicant should assume that the subscription or redemption request has not been received and they should contact the Administrator to confirm the status of their request using the following contact details:

Pitcher Partners Advisors Proprietary Limited  
(Registrar and Fund Administrator)  
Tel: (03) 8610 5027  
Email: fundadmin@registryservices.au

None of the Administrator, the Trustee or their duly appointed agents accept any responsibility for any loss arising from the non-receipt or illegibility of any Application Form sent by facsimile or email or for any loss caused in respect of any action taken as a consequence of such facsimile or email believed in good faith to have originated from properly authorised persons.

## HOW TO INVEST IN THE FUND

### 10.3 PAYMENT

The Trustee can only accept electronic funds transfers from a bank, building society or credit union account in the name of the Investor. Cash or cheque payments will not be accepted.

The bank account details for the Fund are set out in the Application Form.

### 10.4 ISSUE PRICE

The initial issue price of Units for the first capital raising in the Fund will be \$1.00 per Unit. The issue price of Units for subsequent issues of Units will be based on the Net Asset Value of the Class, as defined in the Trust Deed. Adjustments to the Unit price are permitted for transaction costs. As the Fund calculates distribution entitlements on a days' basis, adjustments are made to the Unit price for each Class based on the accrued income that is unpaid at the relevant time.

Unless there is an impairment of Loans, the Trustee anticipates that the issued price for the new Units will be issued at \$1.00 per Unit.

To the extent that events cause the Unit price to fall below \$1.00, the Trustee may look to implement methods to reinstate the Unit price back to \$1.00 (for example, via a unit split or unit consolidation).

### 10.5 CALLS AND FAILURE TO PAY CALLS

Investors will be provided a minimum of five (5) Business Days' notice for payment of a capital call.

Where an Investor pays the relevant call amount by the due date, they will be issued Units at the current applicable issue price. If an Investor fails to pay a call on its Uncalled Capital on the due date, the Trustee will send the defaulting Investor notice ("**Default Notice**") of the due date that:

- a) contains a demand for payment of all amounts due and payable in respect of the call, any costs and expenses associated with the failure to pay and any call default interest payable (see below); and
- b) specifies a further due date for payment which is not sooner than seven days after the date of the notice.

Call default interest is also charged to the defaulting Investor being the current Victorian penalty interest rate applying to outstanding civil judgments enforced in the Magistrates' Court of Victoria plus 2% accruing daily and being capitalised monthly, in arrears. Call default interest is charged on the amount of the call and any other money owing from the due

date until the date the Trustee receives payment of the overdue amount in full.

Any amount payable to a defaulting Investor out of the Fund may be applied by the Trustee to set off any amounts due and payable by the Investor to the Fund, including amounts set out in the Default Notice. All rights attaching to a defaulting Investor's Units will be suspended until such time as the Investor is no longer a defaulting Investor.

If payment in full is not received by the due date specified in the Default Notice, any Units held by the Unit Holder are forfeited. The Trustee may, in its absolute discretion offer any of the Unitholder's Units for sale, and/or assign all or part of the unpaid call, as set out below.

The Trustee may sell a defaulting Investor's forfeited Units as follows:

- a) between 10 Business Days and 15 Business Days before the sale date, give notice to all other Investors that they have a right to purchase a portion of the forfeited Units in proportion to their Commitment compared to the total of all Commitments at a price determined by the Trustee acting reasonably;
- b) Investors may purchase more than their proportionate share if there are forfeited Units remaining after the above sale;
- c) if there are unsold Units, the Trustee may sell the forfeited Units in any manner, including to new Investors, at a price that is not less than that at which they were offered to Unit Holders;
- d) if there are still unsold Units, the Trustee may recommence the above process at a lower price;
- e) the net proceeds of the sale of any of the defaulting Investor's Units (if any) will be paid back to the defaulting Investor after making deductions which are permitted by the Trust Deed including, without limitation, costs and expenses incurred as a result of the default and any called but unpaid Commitments.

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PROPERTY CREDIT FUND  
A CLASS UNITS  
INFORMATION MEMORANDUM

SECTION 11

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# DISTRIBUTIONS



## DISTRIBUTIONS

### 11 DISTRIBUTIONS

As the fund is likely to derive unrealised income (represented by accrued interest income), the Trustee anticipates that only the realised component of the income of the Fund will be paid as a cash distribution to Investors for each half-yearly distribution.

Under the Trust Deed, a Unit Holder's distribution entitlement for each Unit in a Class is based on the number of days the Unit Holder held the relevant Unit in the Class during the distribution period. The Trustee may change the distribution frequency by giving at least 30 days' prior notice to Unit Holders.

Where not all of the income is distributed for a distribution period, the undistributed amount is capitalised in the Fund. This amount may be distributed in a future distribution period using the days' basis calculation methodology, with reference to when the actual income was derived by the relevant Class to which the income relates.

It is generally expected that distributions are calculated on the last Business Day of a calendar half. Unit Holders should allow up to 45 days after the date which distributions are calculated to receive distributions.

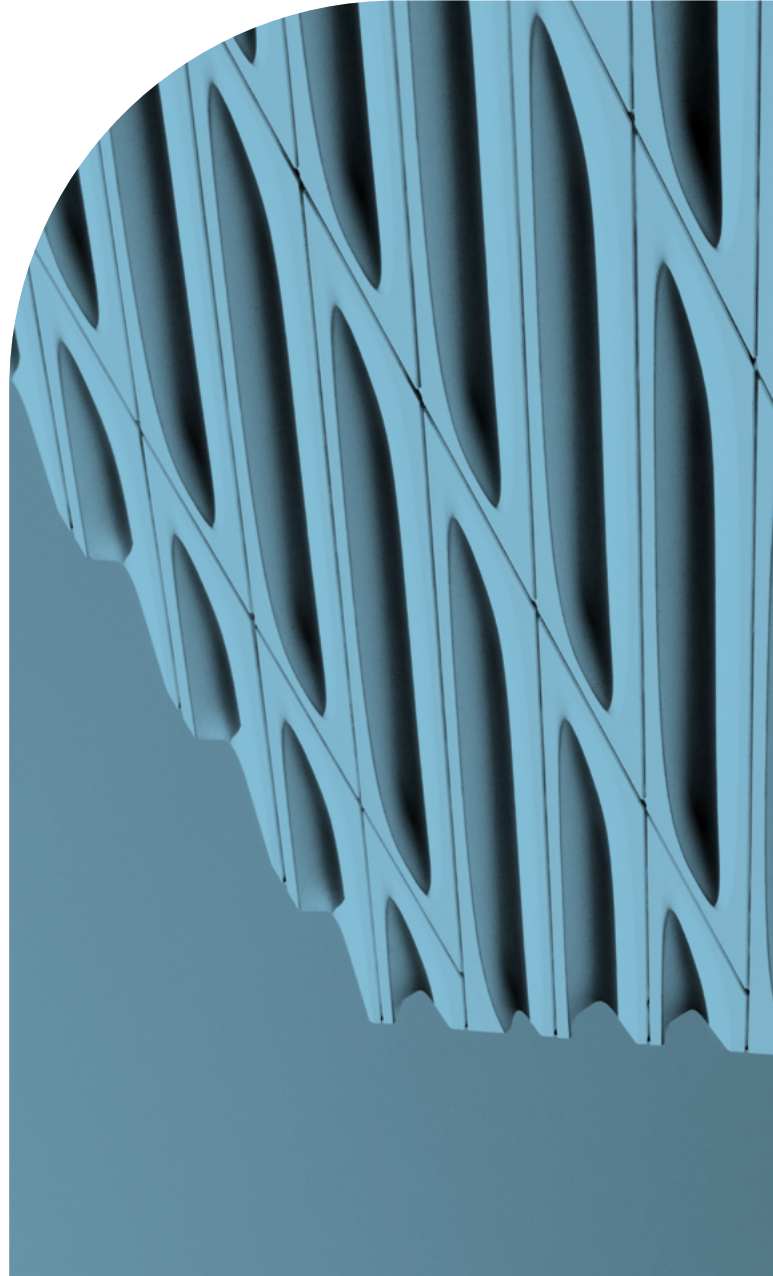
Investors may:

- reinvest distributions in accordance with the Trust Deed by directing the Trustee to reinvest distributions; or
- direct the Trustee to credit the distribution to their pre-nominated bank or financial institution in Australia, as no distribution payments will be made to third parties or by cheque.

If no choice is made, the distribution will be automatically paid into the Investor's pre-nominated bank or financial institution in Australia. If unitholders wish for distributions to be reinvested in A Class Units, they must 'opt-in' to reinvest distributions by notifying the Trustee.

Distributions are dependent on the borrower or borrowers meeting their obligations under the documentation for the Loans and returns under other investments. None of the Trustee or Investment Manager, or their related parties, officers, employees, consultants, advisers or agents guarantees the payment of, or amount of, any distribution.

For the avoidance of doubt distribution reinvestments will not reduce the balance of capital commitments outstanding which remains on account for an Investor.



SECTION 12

# WITHDRAWALS FROM THE FUND

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## WITHDRAWALS FROM THE FUND

### 12.1 WITHDRAWALS FROM THE FUND

The Trustee wishes to provide liquidity to Investors, subject to the Trustee being in a position to fund redemptions. Subject to the process set out below and a withdrawal request being accepted, redemptions will usually be effected on the first Business Day of each month ("**Redemption Day**") by completing and providing to the Administrator a Withdrawal Form which may be obtained from the Trustee. Unless the Trustee decides otherwise, withdrawal requests must be for the lesser of \$100,000 or the entire value of the Investor's investment. The Trustee retains absolute discretion as to whether or not to accept a withdrawal request.

To withdraw your investment, your request must be in writing or in any other form determined by the Trustee lodged together with all client identification procedures that the Trustee considers necessary and addressed to the Administrator.

To protect Unit Holders against fraudulent activities, we do not generally accept directions to pay withdrawal proceeds to third parties.

Subject to the Trustee's discretion, processing Withdrawal Forms at any time prior to 90 days after Units are issued to a Unitholder will attract a withdrawal fee equivalent of up to 1.00% of the net asset value of the Units being redeemed. If an A Class Unitholder requests to redeem its Units 90 days or after being issued its Units, the Unitholder will generally not be charged a withdrawal fee for its redemption of A Class Units if in the ordinary course (for example, an Exit Fee may still be charged if the redemption of Units is urgent).

Subject to the Trustee being in a position to fund redemptions, A Class Unitholders may request to immediately redeem any or all Units in the Fund at any time if Lambert Capital Investment Management Pty Ltd resigns, retires or is otherwise removed as Investment Manager of the Fund.

### 12.2 PROCESSING A WITHDRAWAL FORM

The Withdrawal Form must be received by the Administrator at least 30 days prior to the proposed Redemption Day. If a Withdrawal Form is received after the deadline for receipt of requests for any particular Redemption Day, it will be treated as a request for redemption on the next relevant Redemption Day.

The Trustee may in its discretion allow redemptions at other times and in other manners and with longer or shorter notice periods.

Withdrawals will usually be effected and money returned to Investors within 21 days of the Redemption Day.

The Trustee may otherwise facilitate a transfer of an Investor's Units rather than effect a redemption.


The Trustee may in its absolute discretion at its election, on reasonable notice to a Unit Holder, redeem all or a portion of Units held by such Unit Holder in its absolute discretion in certain circumstances set out in the Trust Deed.

The Administrator will acknowledge receipt of any subscription or redemption request on behalf of the Fund, and in the event no acknowledgement is received from the Administrator within five (5) days of submitting the request, the applicant should assume that the subscription or redemption request has not been received and they should contact the Administrator to confirm the status of their request. See Section 16 ("Directory") for contact details.

None of the Administrator, the Trustee or their duly appointed agent accepts any responsibility for any loss arising from the non-receipt or illegibility of any Withdrawal Form sent by facsimile or email or for any loss caused in respect of any action taken as a consequence of such facsimile or email believed in good faith to have originated from properly authorised persons.

### 12.3 WITHDRAWAL PRICE

The withdrawal price for each Redemption Day will be based on the Unit price for that Redemption Day. The Unit price is calculated based on the Net Asset Value of the Class as defined in the Trust Deed. The Net Asset Value of Units will exclude any accrued but undistributed income of the Fund.



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**SECTION 13**

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# TAXATION INFORMATION

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## TAXATION INFORMATION

### 13.1 TAX SUMMARY

The following provides a summary of the general tax implications for an investment by an Australian resident individual Unit Holder who holds their Units on capital account. Each Unit Holder's taxation position will depend on their individual circumstances and accordingly this summary is necessarily general in nature.

This summary is based on the taxation laws as at the date of this Information Memorandum ("IM"). Investing in an Unregistered MIS ("MIS") is likely to have tax consequences. However, it is noted that taxation laws can change at any time, which may have adverse taxation consequences for Unit Holders concerned.

Each Unit Holder must take full and sole responsibility for the associated taxation implications arising from an investment in the Fund including any change in the taxation implications arising during the term of their investment. It is recommended that Unit Holders obtain their own professional and independent taxation advice before investing in the Fund.

### 13.2 INCOME TAX

#### Provisions that apply

The Attribution Managed Investment Trust ("AMIT") provisions are an elective income tax regime for qualifying managed investment trusts ("MIT") that provide for flow-through taxation to Unit Holders. Where the AMIT provisions do not apply, the ordinary trust taxation provisions, that also provide for flow-through taxation to Unit Holders, should apply to the Fund. This is subject to the public trading trust provisions, which can tax the Fund as a company (discussed below).

While the Trustee has made an irrevocable election to apply the AMIT provisions, the AMIT provisions will only apply to an income year where the Fund meets the eligibility criteria for that income year. To the extent that the AMIT provisions do not apply, a similar income tax outcome should occur for the Fund and Unit Holders under the ordinary trust taxation provisions.

Accordingly, this section provides an outline of the expected flow-through treatment for the Fund and its Unit Holders where either of these regimes apply for the income year.

#### Income tax treatment of the Fund

The Fund intends to distribute income (as defined in the Trust Deed) to the extent required to ensure that the Fund is treated as a flow-through vehicle. Accordingly, the Trustee should not be liable to pay Australian income tax on the taxable income derived by the Fund. This is on the condition that the Fund will not be taxed as a company under the public trading trust provisions (discussed below).

#### Income Tax treatment of Unit Holders

Unit Holders will be allocated their share of the taxable income of the Fund on a yearly basis. The Trustee will seek to allocate taxable income having regard to the entitlements of Unit Holders under the Trust Deed. A Unit Holder may be taxable on their share of the Fund's taxable income prior to receiving distributions from the Fund.

#### Tax deferred distributions

Tax deferred distributions may occur where there is a difference between the taxable distribution allocated to Unit Holders and the cash distributions. Tax deferred distributions may result in an adjustment to the cost base of the Units of Unit Holders. Where the Fund is an AMIT for the income year, the net annual tax cost base adjustment amount will be detailed in the tax statement, which will be sent annually to Unit Holder after year-end.

## TAXATION INFORMATION

### Public trading trust provisions

A Unit Trust that is a public unit trust can be taxed as a company under the public trading trust provisions where it carries on (or controls another entity that carries on) trading activities other than eligible investment business activities.

While the Fund may satisfy the definition of being a public unit trust, the Trustee intends to limit the activities of the Fund to eligible investment business activities (i.e., investing in loans and similar assets) so that the public trading trust provisions do not apply to the Fund. Furthermore, the Trustee will seek to ensure it does not control entities that carry on trading activities.

### Accrued income

It is possible that the Fund may derive assessable income prior to those amounts being received by the Fund or distributed to Unit Holders. Accordingly, Unit Holders may be required to include amounts in their taxable income prior to receiving a distribution of those amounts from the Fund.

### Tax losses

Where the Fund incurs a tax loss, these do not flow-through the Fund to Unit Holders. However, provided that the requirements of the trust loss provisions are satisfied, the Fund may be able to carry forward those tax losses to offset them against assessable income derived in a future income year.

### Distribution reinvestment

Unit Holders may choose to reinvest their distributions as additional units in the Fund. Where the investor makes such a choice, the Unit Holder may still be assessed on the amount of the distribution applied to the reinvestment.

### Non-arm's length income (NALI) provisions

Where the Fund is a MIT, income derived by the Fund can be taxed at the corporate tax rate where the Fund does not deal at arm's length in respect of transactions that it enters into. Where the Fund provides loans, corporate tax can be paid on any return that exceeds the benchmark rate of return on the particular loan. Generally, the benchmark rate of return is determined as the market rate (the annually compounded IRR) that would otherwise be provided to an unrelated party, having regard to the market to which the loan is issued, the currency of the loan, the maturity date, the credit status, and subordination of the relevant loans made by the Fund. The Trustee will continue to monitor compliance with the NALI provision but does not believe that the NALI provision should apply to the Fund.

### 13.3 DISPOSAL OF UNITS

To the extent that a Unit Holder disposes of their Units (e.g., by way of a transfer or withdrawal) a gain or loss may arise. A Unit Holder that holds their Units on capital account (rather than revenue account) may derive a capital gain or incur a capital loss. The capital gain or loss is to be determined by comparing the capital proceeds received in respect of the disposal, to the tax cost base of the Units (taking into account any adjustments required for tax-deferred distributions, as outlined above).

### 13.4 NON-RESIDENT INVESTORS

The taxation implications of Unit Holders that are not Australian resident for tax purposes ("**non-resident Unit Holders**") are not considered as part of this IM. However, this section provides a general outline of the Australian income tax withholding requirements of the Fund and a general comment on whether units in the Fund are likely to constitute taxable Australian property.

Where a Unit Holder is a non-resident Unit Holder or provides details to the Fund that indicate that they are residing outside of Australia for tax purposes, withholding tax may be deducted from distributions at the applicable rate. The rates may vary according to whether the Fund qualifies as a Withholding MIT, the residency or address of the Unit Holder and the components of the distribution (e.g., interest, line fees, etc). Non-resident Unit Holders may also be subject to tax in the country of their residence (but may also obtain a credit for Australian withholding tax paid). Where withholding tax is paid by the Trustee in relation to a Unit Holder and it is not a final tax, non-resident Unit Holders may be required to lodge an Australian income tax return.

Based on the assets to be held by the Fund (i.e., investments in loans), the Trustee does not believe that the Units will constitute taxable Australian property.

## TAXATION INFORMATION

### 13.5 TAX FILE NUMBER (TFN) AND AUSTRALIAN BUSINESS NUMBER (ABN)

As the Fund will be an investment body for income tax purposes, the Fund will be required to obtain a Tax File Number ("TFN") or Australian Business Number ("ABN") in certain cases from its Unit Holders.

It is not compulsory for a Trust's Unit Holder to quote a TFN, claim a valid exemption for providing a TFN, or (in certain circumstances) provide an ABN. However, failure to obtain an appropriate TFN or ABN from Unit Holders will result in the Trust being required to withhold at the top marginal rate (currently 47%) with respect to distributions to the Unit Holder (which may be creditable in their tax return).

### 13.6 GOODS & SERVICES TAX (GST)

The acquisition and disposal of units in the Fund by the Fund's Unit Holders should not be subject to GST. However, GST may apply if fees are charged to the Fund by the Trustee or the Investment Manager. In such a case, the Fund may be eligible to claim a Reduced Input Taxed Credit of either 75 per cent or 55 per cent of the GST paid on some of the fees charged to the Fund, depending on the type of fee.

### 13.7 ANNUAL REPORTING

The Fund will be required to provide distribution information (including tax components) to the Australian Taxation Office ("ATO") on annual basis by lodging the Annual Investment Income Report ("AIIR").

The Fund will also provide annual tax distribution statements to Unit Holders in the form that complies with the ATO guidelines and requirements. The distribution statements will reconcile the cash distribution with the taxable distribution for the income year. Where the Fund is an AMIT, the distribution statements will also provide details on the net tax cost base adjustment for the income year.

### 13.8 STAMP DUTY

The issue, redemption, transfer or any other arrangement involving a change in the unitholding of the unit trust may result in Stamp Duty consequences. Unit Holders should confirm the duty consequences of their dealings in units with their taxation advisers.

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

The FATCA rules are contained in United States ("US") tax legislation that enables the US Internal Revenue Service ("IRS") to identify US tax residents that invest in assets (either directly or indirectly through controlled non-US entities). CRS is the

single global standard set by the Organisation for Economic Cooperation and Development ("OECD") for the automatic exchange of information with revenue authorities for tax non-residents that invest (either directly or indirectly) in certain financial accounts.

Obligations arising under FATCA and CRS have been incorporated into Australian income tax laws and require the Trustee to collect certain information regarding the identification of Unit Holders and their status for FATCA and CRS purposes. This information is required to be provided at the time an application is made for the issue of Units in the Fund or at any time after the Units have been issued. Where a Unit Holder is subject to either FATCA or CRS, the Trustee will be required to report information annually to the ATO in relation to the Unit Holders' investment in the Fund. This information may be shared by the ATO with other foreign jurisdictions.

**SECTION 14**

# OTHER INFORMATION

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## OTHER INFORMATION

### 14.1 TRUST DEED

The Fund's Trust Deed (in addition to the general law) sets out the terms and conditions under which the Fund operates, as well as many of the rights, liabilities, duties and obligations of Investors and the Trustee.

Your rights, duties and obligations as a holder of Units are governed by the Trust Deed and the general law relating to trusts. These rights include the right to attend Unit Holder meetings, to make withdrawal requests, receive and reinvest distributions, and participate in proceeds of the termination and winding up of the Fund.

Some key terms of the Trust Deed are described below, but it does not summarise all of the provisions. Other terms have been described elsewhere in this IM, including in relation to the nature of an Investor's interest in the Fund's assets, applications and redemptions of Units, Unit pricing, transfers of Units, distributions and Trustee fees.

Investors should refer to the Trust Deed for the detail of the provisions. A potential Investor, and a Unit Holder, may obtain a copy of the Trust Deed on request to the Trustee.

#### (a) Classes of Units

The Trustee may create and issue one or more different classes of Units with rights, obligations or restrictions differing from each other class of Unit, and may at any time consolidate, divide or re-classify Units, provided that any consolidation, division or re-classification must be undertaken for all Units in a Class and does not alter the aggregate beneficial interest in the Fund's assets held by an Investor or value of the relevant Investor's aggregate holding of Units.

Each Class may have assets and liabilities that are referable to the particular Class. Where that is the case, the Trustee will seek to ensure that it does not create a separate trust in respect of each class.

#### (b) Transfer of Units and security over Units

A Unit Holder may transfer Units to another Unit Holder or eligible party in the manner as the Trustee from time to time prescribes but must not do so without the express written consent of the Trustee (which may be withheld in its absolute discretion).

The Trustee may charge a fee for the facilitation of a Unit transfer.

#### (c) Trustee's role, obligations and rights

The Trustee's duties and obligations to Investors are imposed, and functions and powers conferred, by the Trust Deed, the Corporations Act (where relevant) and general law.

Examples of the Trustee's powers include borrowing, acquiring and disposing of the Fund's assets, entering into agreements and operating accounts.

A Unit Holder may not create any encumbrance or other security interest over a Unit without the consent of the Trustee.

Under the Trust Deed, the Trustee has (among other things) a broad power of investment, an entitlement to be paid the specified fees out of the Fund's assets, a right to pay out of the Fund's assets fees and costs incurred by the Trustee in the performance of its duties (including payment of the fees and costs of the Investment Manager under the Investment Management Agreement, and other Fund expenses such as in connection with custody, administration, valuation and dealing of Fund assets), and (subject to limitations operating by law) a right to be indemnified out of the Fund's assets or any fees or costs incurred by it, in its own capacity or through an agent, manager, adviser or delegate.

#### (d) Trustee's indemnity and limitation of liability

The Trustee, as the trustee of the Fund, has to the fullest extent permitted by law, a right to be indemnified out of the Fund's assets for any cost, expense or liability incurred by it, in its own capacity or through an agent, manager, advisor or delegate. To the fullest extent permitted by law, the Trustee is not liable in contract, tort or otherwise to any future trustee, any Unit Holder or any other person.

#### (e) Liability of Unit Holders

Generally, the liability of Unit Holders is limited to the amount unpaid (if any) of the issue price of the Units they hold.

#### (f) Trustee's retirement and removal

The Trustee may retire as trustee of the Fund effective on the appointment of a replacement trustee, by giving notice to the Unit Holders.

The Trustee must retire as trustee of the Fund when required by law or directed to retire by a special resolution provided that Unit Holders holding in aggregate at least 75% of all Units on issue vote (in person or by proxy) on the resolution and provided that the Trustee must not retire until a replacement trustee is appointed.

## OTHER INFORMATION

### (g) Termination of the Fund

The Trustee at any time may terminate the Fund by written notice to the Unit Holders with effect from the termination date specified in the notice.

The Unit Holders may at any time terminate the Fund by special resolution provided that Unit Holders holding in aggregate at least 75% of all Units on issue vote (in person or by proxy) on the resolution.

### (h) Amending the Trust Deed

Except in certain circumstances as outlined in the Trust Deed, the Trustee may amend the Trust Deed by way of special resolution.

### 14.2 INVESTMENT MANAGEMENT AGREEMENT

The Trustee and Investment Manager have entered into an Investment Management Agreement ("IMA"). Under the terms of the IMA:

- (a) the Trustee appoints the Investment Manager to promote and distribute the Fund, source investments for the Fund and manage the investments of the Fund;
- (b) the Trustee agrees with the Investment Manager to manage the Fund in accordance with relevant laws and the terms of the Trust Deed;
- (c) the Investment Manager agrees to provide regular reporting to the Trustee and be subject to the regular monitoring of the Trustee. The Investment Manager also agrees to provide proper instructions for the making of investments in the Fund;
- (d) the Investment Manager has, to the fullest extent permitted by law, a right to be indemnified by the Trustee for losses or liabilities incurred in acting under the IMA except where the relevant loss or liability is caused by a breach of the IMA by the Investment Manager or the negligence, fraud or dishonesty of the Investment Manager;
- (e) the fees and expenses payable to the Investment Manager and Trustee are specified; and
- (f) terms are set out for the termination of the IMA including where either party has breached the IMA or becomes insolvent, or on notice after the minimum appointment period for the Trustee has been satisfied.

### 14.3 RELATED PARTY INVESTMENTS AND TRANSACTIONS

Related parties of the Investment Manager and/or Trustee, including employees, family, friends and associated affiliates, may invest in the Fund on the same terms as other Investors in the Fund. As outlined in Section 3.2 ("Structure"), the Fund will seek to make Loans and other permissible investments to SPVs, which may be related entities of the Investment Manager. The Fund may also make Loans and other permissible investments available to entities that are owned or controlled by a related party of the Investment Manager or the SPVs.

Further, a Loan made by the Fund may be provided to a related party of the Trustee or the Investment Manager. The Fund may make Loans to, or investments in securities or other assets owned or controlled by, a related party of the Trustee or the Investment Manager.

The Trustee provides no guarantee that any Loans or other investments entered into with related parties of the Trustee or the Investment Manager will be negotiated on arm's length terms.

Under the Trust Deed, the Trustee may appoint any of its related entities or those of the Investment Manager to provide services and to perform functions in relation to the Fund, including acting as its delegate. The Trustee or the Investment Manager may also enter into financial or other transactions with related entities in relation to the assets of the Fund and may sell assets or purchase assets from a related entity. These arrangements will be based on arm's length commercial terms.

The Trustee and/or Investment Manager may be paid a fee for work performed in connection with the Fund in its personal capacity and not in its capacity as the trustee of the Fund. The Trustee may retain these fees for its own purposes and is not required to account for them to the Fund or to Unit Holders.

In the course of managing the Fund, the Trustee and the Investment Manager may face conflicts in respect of their duties in relation to the Fund, related funds and their own respective interests. The Trustee has policies and procedures in place to manage these appropriately.

The Trustee and/or the Investment Manager, and its related parties may engage in related party transactions provided those transactions are in the best interests of Unit Holders.

## OTHER INFORMATION

### 14.4 TRANSFERS

The Trustee may, from time to time, facilitate the transfer of Units between Investors and/or other qualifying parties. Any such Unit transfer will be facilitated subject to approval by the Trustee in its absolute discretion at a price agreed to by the parties. The Trustee will not charge transfer fees for the facilitation of such a Unit transfer.

### 14.5 PRIVACY INFORMATION STATEMENT

The Trustee and the Investment Manager may collect personal information from Investors as part of the application process or during the administration of the Fund.

The Trustee and the Investment Manager use this information to establish and manage that investment for you. If you do not provide the Trustee with your contact details and other information, then it may not be able to process your application to invest in the Fund.

Under the Privacy Act 1988 (Cth), you can access personal information about you held by the Trustee, except in limited circumstances. Please let the Trustee know if you think the information is inaccurate, incomplete or out of date.

The Trustee and the Investment Manager may disclose Investors' personal information to external service providers engaged to supply administration, financial or other services, and anyone that Investors have authorised (including an Investors' custodian or financial adviser) or if required by law. The Investment Manager is obliged, under the Investment Management Agreement, to adhere to the Trustee's privacy policy.

Under various laws and regulatory requirements, the Trustee may have to pass on certain information to other organisations, such as the Australian Taxation Office or the Australian Transaction Reports and Analysis Centre (or 'AUSTRAC').

By applying to invest, you give the Trustee permission to pass information it holds about you to other companies which are involved in helping it administer the Fund, or where they require it for the purposes of compliance with anti-money laundering and counter terrorism financing laws or in connection with the holding of application money.

The Trustee may also use your information to provide you with details of future investment offers made by it or the Investment Manager. You will be able to opt out of receiving notification of these offers.

The Trustee's privacy policy is available from the Trustee.

### 14.6 REPORTING

Investors will receive confirmation of all investments and redemptions.

Investors will be able to access their holdings statement using the online registry platform. Once an application is completed, details of the registry system will be emailed to the applicant. The Trustee will provide an AMMA statement to Investors containing tax information necessary for the completion of Investor tax returns on an annual basis.

Upon request, the Trustee may provide to Investors the annual financial statements of the Fund. Such financial statements may not necessarily be prepared in accordance with the Accounting Standards.

Investors may not disclose information contained in any report without the consent of the Trustee or as required by law.

### 14.7 ANTI-MONEY LAUNDERING LAWS

As a part of the application for Units, Investors will be required to provide customer identification materials to enable the Trustee's compliance with anti-money laundering and counter terrorism financing legislation.

In addition to the customer identification material and documents required to be sent with an Investor's Application Form, the Trustee may require further information or documentation from an Investor at any time in order to satisfy its obligations under anti-money laundering and counter terrorism financing legislation.

### 14.8 WHOLESALE CLIENTS

Only Wholesale Clients may apply for and hold Units.

Generally, an Investor is a 'wholesale client' for the purposes of the Corporations Act where any one of the following applies:

- (a) the Investor's investment is \$500,000 or more;
- (b) the Investor provides an accountant's certificate stating that the Investor has net assets of at least \$2.5 million or has earned at least \$250,000 in each of the last two financial years. If this exception is applied, Units will not be allocated to Investors until an appropriate certificate is received by the Fund;
- (c) the Investor is a 'professional Investor' (including those that hold an AFSL, are APRA regulated or have or control at least \$10 million worth of assets); or
- (d) we are satisfied on reasonable grounds that the Investor has suitable previous experience in financial products, subject to certain conditions.

## OTHER INFORMATION

### 14.9 CONSENTS

Each of the Investment Manager, Pitcher Partners Advisors Proprietary Limited and Hall & Wilcox (as lawyers):

- (a) has made no statement included in this IM or on which a statement made in this IM is based, other than the details about it, and the other sentences in this IM that refer to it;
- (b) has consented to those statements being included in this IM in the form and context in which they appear and has not withdrawn this consent before the date of this IM;
- (c) specifically disclaims responsibility for, and liability to any person in the event of, any omission from, or any false or misleading statement included in, any other part of this IM; and
- (d) has not authorised or caused the issue of any part of this IM.

### 14.10 ELECTRONIC INSTRUCTIONS

Investors can provide instructions on their account and investment to the Trustee by email, subject to the Trustee's discretion to require original documentation.

In respect of electronic instructions, the Trustee will not accept an instruction unless it is accompanied by the scanned signature(s) of the Investor(s).

The Trustee (and its related parties, officers, employees, consultants, advisers and agents) will not be responsible for any loss or delay that results from a transmission not being received by the Trustee and will only process electronic instructions received in full and signed by authorised signatories of the Investor.

Only instructions received from an Investor or a person authorised by the Investor will be accepted by the Trustee. Investors must comply with any security or verification procedures required by the Trustee from time to time.

The Trustee and its related parties, officers, employees, consultants, advisers and agents will assume that any instruction received in respect of an Investor's investment has been authorised by the Investor, and the Trustee and its related parties, officers, employees, consultants, advisers and agents will not investigate or confirm that authority (unless the Trustee is actually aware that the instruction was not authorised).

The Trustee may refuse to act on any instruction until the validity of the instructions have been confirmed, and the Trustee (and its related parties, officers, employees, consultants, advisers and agents) will not have any liability to the Investor or any other person for any consequences resulting from not acting on the instruction.

If an Investor chooses to provide electronic instructions, the Investor releases the Trustee and its related parties, officers, employees, consultants, advisers and agents from any claims and indemnifies those parties against all costs, expenses, losses, liabilities or claims arising from any payment or action those parties make based on instructions (even if not genuine) that any of those parties receive and which they reasonably believe are genuine, including as a result of gross negligence or wilful default by any of those parties.

Each Investor also agrees that neither the Investor, nor anyone claiming through the Investor, has any claim against the Trustee and its related parties, officers, employees, consultants, advisers and agents in relation to acting on instructions received (authorised by the Investor or otherwise).

Investors should be aware that there is a risk that fraudulent requests can be made by someone who has access to an Investor's account information.

The Trustee may vary the conditions of service of any communications at any time by providing notice, either in writing, by email or other electronic communication.

### 14.11 INVESTOR ENQUIRIES

All enquiries or complaints from Investors about the Fund should be directed to the Trustee.

The Trustee may be contacted in one of the following ways:

**By mail:** Level 3, 175 Collins Street, Melbourne VIC 3000

**By telephone:** 03 9663 5355

**By email:** [info@guildfords.com.au](mailto:info@guildfords.com.au)

All complaints will be dealt with in a timely manner and in accordance with the Trustee's complaints resolution policy.

# GLOSSARY

In this IM the following terms have the following meanings unless the context otherwise requires:

TERM	MEANING
<b>ADI</b>	Authorised Deposit Taking Institution.
<b>Administrator</b>	The administrator of the fund accounting and registry services of the Fund, being a third party fund administration service provider appointed by the Investment Manager
<b>AFSL</b>	Australian Financial Services Licence issued by ASIC under the Corporations Act.
<b>Application Form</b>	The application form for interests in the Fund, the form of which is determined by the Trustee from time to time.
<b>APRA</b>	Australian Prudential Regulation Authority.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>Business Day</b>	A day that is not a Saturday, Sunday, bank holiday or public holiday in Melbourne, Australia.
<b>Class</b>	A class of Units.
<b>Commitment</b>	Means an applicant's binding agreement with the Trustee (Guilfords Funds Management Pty Ltd) to subscribe for Units to a specified dollar amount (and against which capital calls may be made by the Trustee).
<b>Commitment Period</b>	Means the period during which the Trustee may call on an Investor's Uncalled Capital, being a period of 2 years from the date of acceptance of the Commitment.
<b>Corporations Act</b>	Corporations Act 2001 (Cth) and regulations and other subordinate legislation made pursuant to that Act.
<b>Default Rate</b>	Where borrowers fail to repay loans per agreed timelines, they may be liable to pay an amount for being in default. The Trustee will generally pay a proportion of default payments paid by the borrowers to the Fund.
<b>Fund</b>	Lambert Capital Property Credit Fund (A Class Units) established by the Trust Deed.
<b>Information Memorandum, IM</b>	This document.
<b>Investment Committee</b>	The committee tasked with approving an investment proposal by the Investment Manager which comprises members of the current Lambert Capital credit committee and up to two independent investment committee members.
<b>Investment Guidelines</b>	The portfolio guidelines that are intended to be adhered to once the targeted size of funds under management is reached.
<b>Investment Manager</b>	Lambert Capital Investment Management Pty Ltd - ACN 651 160 780

## GLOSSARY

In this IM the following terms have the following meanings unless the context otherwise requires:

TERM	MEANING
<b>Investment Management Agreement, IMA</b>	The investment management agreement between the Trustee and the Investment Manager dated on or around the date of this IM.
<b>Investor, you, your</b>	A holder of a Unit, or an applicant for a Unit, or a prospective applicant for a Unit, as the context requires.
<b>IRR</b>	Internal Rate of Return. A metric used in financial analysis to estimate the profitability of potential investments which is the annual rate of growth an investment is expected to generate.
<b>Loan</b>	A loan made by the Fund.
<b>LVR</b>	Loan to valuation ratio.
<b>NAV</b>	Means the Net Asset Value calculated in accordance with the Trust Deed.
<b>Offer</b>	The offer of Units under this IM.
<b>Pitcher Partners</b>	Pitcher Partners Advisors Proprietary Limited (ABN: 80 052 920 206)
<b>Redemption Day</b>	The first Business Day of each month, being the day on which withdrawal requests that are accepted are processed.
<b>SPV</b>	Special Purpose Vehicle.
<b>Subscription Day</b>	The first Business Day of each month, being the day on which applications for Units that are accepted are processed.
<b>Target Return</b>	As defined in Section 2.
<b>Term</b>	The term of the Fund.
<b>Trust Deed</b>	The trust deed of the Fund, as amended or replaced from time to time.
<b>Trustee, we, us, our</b>	The trustee of the Fund, being, at the time of this Information Memorandum, Guildfords Funds Management Pty Ltd (AFS License No 471379)
<b>Uncalled Capital</b>	The amount of a Commitment that has not been called by the Trustee.
<b>Unit</b>	A unit in the Fund, with the rights, obligations and restrictions attaching to it as set out in the Trust Deed. References to Units in this IM are references to A Class Units.
<b>Unit Holder</b>	A person whose name is entered in the register of members of the Fund as holding a Unit at the relevant time.
<b>Wholesale Client</b>	Has the same meaning as 'wholesale client' under the Corporations Act.
<b>Withdrawal Form</b>	The withdrawal form that an Investor must complete to withdraw its interests in the Fund, the form of which is determined by the Trustee from time to time.

# DIRECTORY

## TRUSTEE

### **Guildfords Funds Management Pty Ltd - ACN 602 779 993**

Level 3, 175 Collins Street,  
Melbourne VIC 3000

T: +61 3 9663 5355

E: [info@guildfords.com.au](mailto:info@guildfords.com.au)

## INVESTMENT MANAGER

### **Lambert Capital Investment Management Pty Ltd - ACN 651 160 780**

Level 39, 55 Collins Street  
Melbourne VIC 3000

T: +61 3 9369 1535

E: [finance@lambertcapital.com.au](mailto:finance@lambertcapital.com.au)

## LEGAL ADVISOR

### **Hall & Wilcox**

Level 11, Rialto South Tower  
525 Collins Street  
Melbourne VIC 3000

T: +61 3 9603 3555

E: [information@hallandwilcox.com.au](mailto:information@hallandwilcox.com.au)

## TAXATION ADVISORS

### **Pitcher Partners Advisors Proprietary Limited**

Level 13, 664 Collins Street  
Docklands VIC 3008

T: +61 3 8610 5000

E: [info@pitcher.com.au](mailto:info@pitcher.com.au)

## REGISTRY AND FUND ADMINISTRATION

### **Pitcher Partners Advisors Proprietary Limited**

Level 13, 664 Collins Street  
Docklands VIC 3008

T: +61 3 8610 5027

E: [fundadmin@registryservices.au](mailto:fundadmin@registryservices.au)