

# Banner Property (Low LVR) Income Fund & Banner Property Income Fund

**Information Memorandum**  
26 January 2023



# Important Information

## The Funds

In this Information Memorandum (**IM**), 'Funds' means the funds collectively and "Fund" means one of the Funds in the relevant context and/or that Fund that is nominated as the Investment Fund in Section 2 of the Application Form (annexed).

## The Issuer

This Information Memorandum is dated and issued 26 January 2023 and relates to an offer to invest in the following funds:

- Banner Property (Low LVR) Income Fund
- Banner Property Income Fund (together the **Fund** or **Funds**)

This IM replaces the IM of 1 March 2020.

Banner Capital Management Ltd ACN 600 738 181 (referred to in this IM as the **Trustee**) AFS Licence number 465404 is the trustee of the Funds and the issuer of this IM. The Fund is managed by Banner Asset Management Pty Limited ACN 158 842 810 (referred to in this IM as the **Manager**).

The Fund has not been registered as a managed investment scheme with ASIC under the Corporations Act. This IM is not a product disclosure statement for the purposes of Part 7.9 of the Corporations Act or a disclosure document under Chapter 6D of the Corporations Act and has not been, and is not required to be, lodged with ASIC. This IM is being provided to a limited number of persons who qualify as a 'wholesale client' as defined in section 761A of the Corporations Act or a 'sophisticated investor' or a 'professional investor' as defined within the meaning of section 708(8) and section 708(11) of the Corporations Act and such other persons that may receive this IM outside Australia in accordance with applicable law. This IM is not required to, and does not, contain all of the information which would be required in a product disclosure statement.

## Purpose of IM

This IM details the features, benefits, risks and provides general information about the Funds. Prospective Investors are not to construe the contents of this IM as tax, legal or investment advice. An investment in the Fund should be regarded as speculative and may not be appropriate for all persons or entities. It is not possible for the Trustee, the Manager, their respective directors, officers, employees, advisers or representatives to have regard to the investment objectives, financial situation and particular needs of each person who reads or uses the information in this IM. Prior to applying for an interest in the Fund, a prospective investor should seek appropriate professional advice and should conduct his/her own independent investigation and analysis regarding any information contained in this IM. A prospective investor should rely on his or her own inquiries, in particular, in obtaining his or her own legal, investment and tax advice in determining whether to invest in the Fund. This IM is provided to the recipient personally and is not a recommendation to invest in the Fund.

Updated information in relation to the Fund can be obtained by visiting our website at [www.bannerassetmanagement.com](http://www.bannerassetmanagement.com) or by contacting the Manager.

If this IM is received electronically, then you should ensure that both this IM and the Application Form have been received (including any relevant documents referred to therein). A hard copy version of the IM is available by contacting the Manager at the address specified in Section 1 of this IM.

Throughout this IM certain defined terms are used. Defined terms appear in the Glossary of Terms in Section 13 as well as throughout this IM.

## Trust Deed

All investments in the Funds are subject to and are issued pursuant to the terms set out in this IM and the Trust Deed for the Fund (**Trust Deed**). The Trust Deed for each of the Funds regulates, amongst other things, the rights and obligations of the Trustee and Unit Holders. To the extent that there is any inconsistency between this IM and the Trust Deeds, the Trust Deeds prevail. A copy of the Trust Deed is available to Investors upon request by contacting the Trustee at the address specified in Section 1 of this IM.

## Future matters

This IM may contain forward-looking statements that use estimates, forecasts and other forward-looking terminology or that refer to future matters. No

representation is made or assurance given that such statements, views, projections or forecasts are reasonable or correct or that the objectives or prospective returns of the Fund will be achieved. Nothing in this IM is, or should be relied upon as, a representation as to future matters.

Due to the various risks involved in investing in the Fund, as set out in Section 11 of this IM, the actual performance of the Fund may vary significantly from those contemplated in any forward-looking statements contained in this IM.

## Disclaimers

This IM supersedes all previous representations and communications (including investor presentations) in respect of the Fund.

To the maximum extent permitted by law:

- a) none of the Trustee, the Manager, nor their respective affiliates, directors, officers, advisers, agents and employees (**Fund Entity** or **Fund Entities**) represents or warrants whether express or implied as to, or take responsibility for, the accuracy, reliability or completeness of any information, statements or opinions in this IM or any accompanying or subsequent information provided in relation to the IM now or in the future;
- b) no Fund Entity accepts any obligation to update any information or opinion in this IM or to provide any additional information or correct any inaccuracies that become apparent in this IM after its date of issue. No Fund Entity accepts any responsibility or liability to any person (whether for negligence, under statute or otherwise) for any loss or damage, howsoever arising, which results from an action or reliance in whole or in part on the information provided in this IM (or any accompanying or subsequent information). By accepting the IM you release each Fund Entity in relation to any claim, damage or loss you may suffer in connection with the IM; and
- c) the Fund Entities do not have an obligation to inform any person if any of them becomes aware of any inaccuracy in, or omission from, this IM (or any accompanying or subsequent information).

Certain information contained in this IM has been obtained from published sources prepared by other parties, and no responsibility is assumed for the accuracy or completeness of such information. In addition, all industry and market data has been sourced from the research of the Manager, unless otherwise indicated.

## Risks of investing

An investment in the Fund does not represent a deposit with, or a liability of, a Fund Entity or any other person.

An investment in the Fund is subject to investment risk, including possible delays in repayment and loss of income or capital invested. None of the Fund Entities guarantees the performance of the Fund or the meeting of any investment objectives,

the repayment of capital or any particular rate of return. The investment is not a debt obligation of, and is not guaranteed by, any Fund Entity. Past performance is not a reliable indicator of future performance.

The Fund is not a suitable investment for persons unable to sustain a loss of all or part of the sum invested or who require certain or predictable income flows. Investors should have the financial ability and willingness to accept the risks and lesser liquidity, which are characteristic of the investments described in this IM, for the Fund term.

Section 11 of this IM contains information on the risks associated with investing in the Fund. The Trustee does not represent in any way that the description of key risks outlined in this IM is exhaustive or a complete description of all the possible risks in connection with an investment in the Fund.

## Wholesale Clients

The provision of this IM to any person does not constitute, and may not be used for the purposes of, an offer of financial products or interests of any kind to that person or an invitation to any person to apply for the issue of securities or interests of any kind. Any such offer or invitation will only be extended to a person if the person has first satisfied the Manager that such person is a Wholesale Client (or equivalent under applicable foreign laws) and would not contravene any applicable law.

By continuing to read this IM you represent and warrant to the Trustee that you are a Wholesale Client and are not a US person as defined under Regulation S under the United States Securities Act 1933, as amended.

The content of this IM has been prepared to comply with the requirements of the laws of Australia only and the distribution of this IM in jurisdictions outside Australia may be restricted by law. This IM does not constitute an offer of interests or an invitation to subscribe for Units in any jurisdiction where, or to any persons to whom, it would be unlawful to make the offer or invitation. See notices below in Section 12.10 relating to particular foreign jurisdictions.

It is the responsibility of any Applicant 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 by the Applicant that there has been no breach of such laws and that all relevant approvals and consents have been obtained.

## Confidentiality and distribution of this document

All the information provided in this IM (and any prior or future information provided) is and remains the property of the Trustee and the Manager and may not be disclosed to any third party without the prior written consent of the Trustee, unless such disclosure is for the purpose of the investor obtaining advice from a professional investment or legal advisor who is bound by confidentiality obligations and undertakes to keep the contents of this document (and any prior or future information provided) confidential. If you do not agree with this condition, please return or destroy this document immediately.

The distribution of this IM in jurisdictions outside Australia may be restricted by law. Persons who come into possession of this IM must seek advice on, and comply with, any such restrictions. Any person who receives a copy of this IM in circumstances where the receipt of this IM is unlawful or unauthorised or requires the Manager to take any additional steps, including registration, must not accept the copy of the IM and must immediately return it to the Manager. Any failure to comply with restrictions on receipt or distribution of this IM may constitute a violation of applicable securities law.

## Foreign Account Tax Compliance Act (FATCA) and Common Reporting Regime (CRS)

FATCA and CRS are laws impacting funds which have US citizens or foreign tax residents investing in the Fund. You acknowledge by signing the Application Form that the Fund is required by the US Foreign Account Tax Compliance Act and the European Common Reporting Regime to collect and report to taxation authorities, information about Investors who are US or foreign tax residents. To assist us in complying with FATCA and the CRS regime, we will request certain information from you, and if not provided, we may be compelled to retain US withholding tax (see Section 12.7).

## Currency

All financial amounts and references to '\$' shown in this IM are expressed in Australian dollars (AUD) unless stated otherwise and are exclusive of GST unless otherwise stated.





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# 1. Corporate Directory

## Trustee

### **Banner Capital Management Limited**

ABN 67 600 738 181  
AFS Licence No. 465404  
Level 21, 90 Collins Street  
Melbourne, VIC, Australia  
Telephone: + 61 (3) 9929 6400  
Email:  
[investments@bannerassetmanagement.com](mailto:investments@bannerassetmanagement.com)

## Manager

### **Banner Asset Management Pty Limited**

ABN 92 158 842 810  
Level 21, 90 Collins Street  
Melbourne, VIC, Australia  
Telephone: + 61 (3) 9929 6400  
Email:  
[investments@bannerassetmanagement.com](mailto:investments@bannerassetmanagement.com)

## Auditor of the Trustee

### **Grant Thornton Audit Pty Ltd**

ABN 94 269 609 023  
Level 22 Tower 5 Collins Square  
727 Collins Street,  
Melbourne, VIC, 3008



## 2. The Fund in Summary

### What type of investment is this?

The Fund is an unregistered managed investment scheme formed by a Trust Deed dated 1 March 2020 and governed by Australian law. The Fund is structured as a unit trust. Investments in the Fund are limited to investors who are Wholesale Clients.

Refer to Section 3 for information on the investment strategy of the Fund.

### Who manages the Fund?

The Trustee has appointed the Manager to manage the investments of the Funds pursuant to an Investment Management Agreement dated 28 February 2020, and the Trust Deeds.

While the Trustee has delegated the asset management role to the Manager, the Trustee remains ultimately responsible for the operation and administration of the Funds.

Refer to Section 8 for more information on the Manager.

### What can the Funds invest in?

The Fund will invest in Authorised Investments where the underlying security is predominantly mortgages, but may also invest in other funds and cash, provided they meet the investment criteria set out in Section 6.2.





## Key Terms of the Offer

Some of the key terms of the offer of an investment in the Funds are set out below. The key terms are not an exhaustive summary, and you should read this IM and the Trust Deed in its entirety before making a decision to invest in the Fund.

<b>Fund Size</b>	The Fund is open-ended. There is no minimum amount to be raised under the offer for the Fund to proceed or cap on the amount raised.
<b>Fund Structure</b>	The Fund is an unregistered managed investment scheme structured as an Australian unit trust. The rights and obligations of the Trustee and the Unit Holders will be governed by the terms of the Trust Deed.
<b>Target Return</b>	<p>The <b>Banner Property (Low LVR) Income Fund</b> will aim to provide income returns of at least the target return of BBSW plus 5%.</p> <p>The <b>Banner Property Income Fund</b> will aim to provide income returns of BBSW plus 8%. Both returns are net to Investor and the BBSW rate is reset every quarter. The Target Returns are targets only, and the Funds may not meet their objective.</p>
<b>Term of the Fund</b>	There is no set term for the Fund.
<b>LVR or Loan-to-Value Ratio</b>	The ratio of the loan amount by the Fund to the independently assessed value of the Security Property.
<b>LVR Limit</b>	<p>For the Banner Low LVR Income Fund the investment of principal (capital) will not exceed 50% of the assessed value of the Security Property. For the Banner Property Income Fund the investment of principal will not exceed 75% of the assessed value of the Security Property.</p> <p>The LVR Limit may be achieved by the Fund taking a priority position for its exposure, through the entering into of priority agreements with co-lenders (typically other Banner Funds). Refer to Section 7 for more details on the valuation obtained and relied upon by the Fund.</p>
<b>Minimum initial investment</b>	Applicants must make an initial investment of at least \$100,000, provided they meet the requirements to be a wholesale investor.
<b>Minimum holding</b>	The minimum holding for the Fund is \$100,000 (subject to the Trustee's discretion to increase or reduce this amount either generally or in relation to a particular Investor).
<b>Management fees</b>	The Trustee is entitled to be paid out of the income of the Funds a Management Fee of 1.75% per annum (plus GST) of the Net Asset Value of the Fund accrued daily and paid monthly. Refer to Section 10 for more information on all fees payable to the Trustee.
<b>Expenses</b>	The Trustee is entitled to recover Expenses from the Fund. Refer to Section 10 for more information on the Expenses.
<b>Applications</b>	Applications for Units will be accepted by the Trustee (in its absolute discretion). Refer to Section 9 for more information on making an investment in the Funds.

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#### Distributions

The Trustee expects to pay distributions of Distributable Income to Investors (after deducting fees and expenses of the Fund) annually (within 90 days of 30 June each year). Investors may elect to be paid their distributions otherwise their distributions will be reinvested in the Fund.

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#### Redemption requests

Redemption requests may be made by providing the Manager with 90 days' written notice. Refer to Sections and 5.3 for more information on redemptions.

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#### Reports

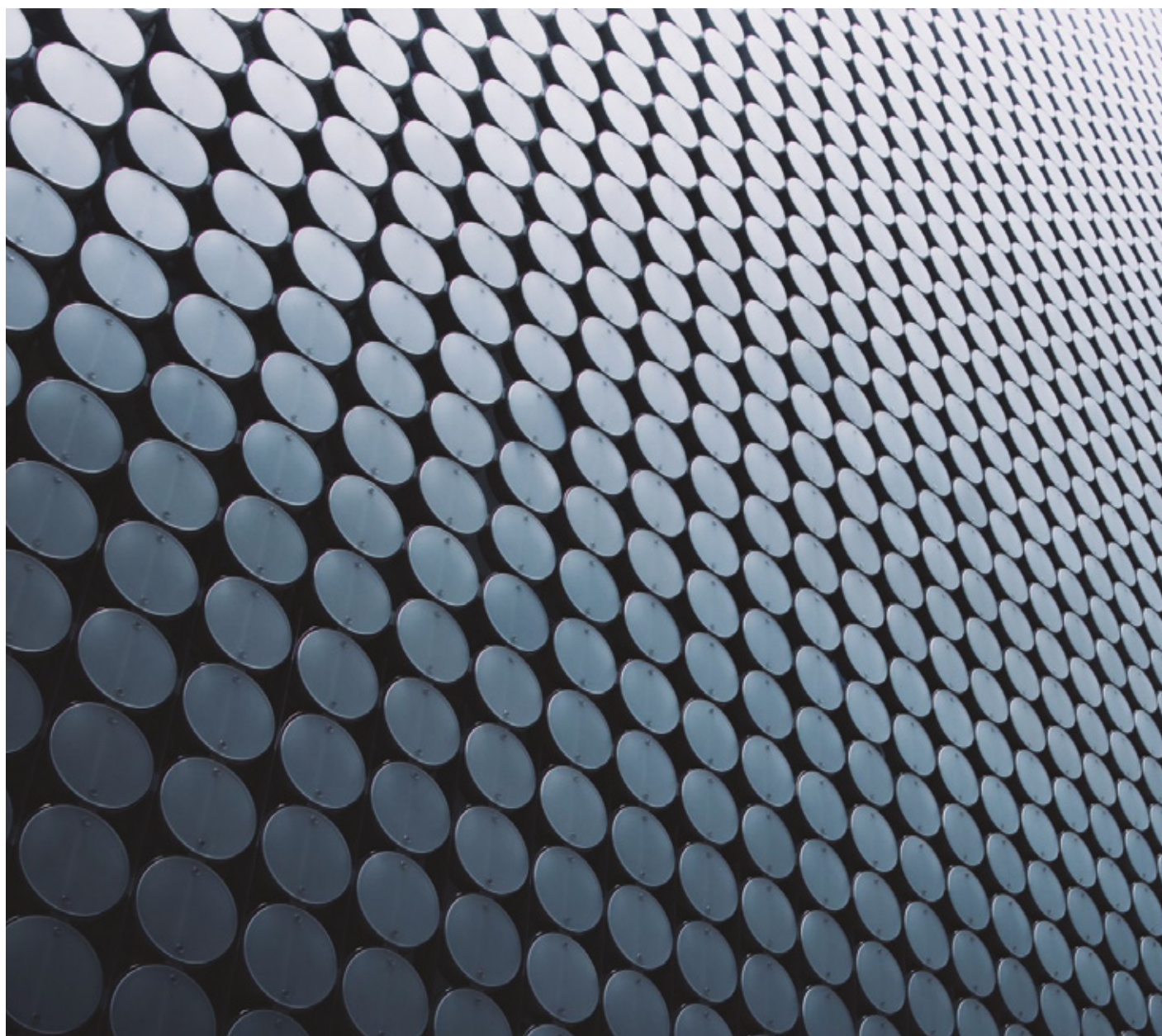
Investors will receive quarterly performance reports.

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#### Financial Year

The financial year for the Fund is 1 July to 30 June.

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### What is the suggested target investor profile?

Wholesale Clients who do not require income to be paid more frequently than annually.

### What is the price of a Unit?

Units are issued in the Fund at a price of \$1.00 and participate in the income of the Fund from the date of the acceptance of the Investment.

The issue and redemption price will only change in certain limited circumstances. These circumstances relate to any potential or actual loss of Investor funds in specific investments, and are to ensure an equitable distribution of shortfalls amongst all relevant Investors (both present and future).

### What rights do Units give?

A Unit gives the Unit Holder an equal undivided interest in the Fund's pool of assets (including income) but no interest in any specific asset of the Fund. The income earned (if any) will be allocated to the Units each month and paid as a distribution to Unit Holders annually in accordance with the Trust Deed.

A Unit also gives the Unit Holder the right to:

- vote at meetings of Unit Holders; and
- share in the distribution of assets of the Fund if the Fund is wound up.

The rights and obligations of Unit Holders are set out in the Trust Deed. A copy of the Trust Deed is available on request by contacting the Trustee.

### Are there different Classes of Units?

The Trustee has the right to issue different classes of Units under the Trust Deed.

A different class of Units may be issued according to differentiating features between investors or the investment, such as the nature of the underlying assets of the Fund attributable to the class of Units, or the type of investor or the source of funds (for example pension funds, fund to fund investors or institutional investors). Different classes of Units may have their fees calculated on a different basis to other investors, as the cost of the investment, to the Fund, may vary. The terms on which different classes of Units in the Fund are issued will be determined by the Trustee.

### How much can I invest?

The minimum initial investment is \$100,000. Additional investments may be made for a minimum of \$100,000 (subject to the Trustee's discretion to increase or reduce this amount either generally or in relation to a particular Investor).

Unit Holders must maintain a minimum holding of \$100,000 at any time (subject to the Trustee's discretion to increase or reduce this amount either generally or in relation to a particular Investor).

### When will distributions be made?

The Fund intends to make distributions of its Distributable Income to Investors after the payment of fees and expenses of the Fund. It is intended that income distributions will be made annually within 90 days of 30 June each year. The amount of distributions available to Investors will vary with the returns of the Funds. The Trustee may also determine to make income or capital distributions at other times in accordance with the Trust Deed.

There is no guarantee that Distributable Income will be available for distribution to Unit Holders in any distribution period.

### How will distributions be funded?

Distributions of the Fund will be funded from returns on its investments as a result of:

- loan repayments from Borrowers, including repayments of principal and interest on expiry of a loan, periodic interest payments and interest accruals and any other fees paid to the Fund;
- the sale of underlying property securing a loan; and
- interest earned on cash holdings.

### What proceeds of the Investments can be reinvested by the Fund?

To the extent that any loan is repaid in whole or in part to the Fund, the Fund may retain such amounts and apply them to make further Investments. The Fund may also reinvest interest

### Can I reinvest my distributions in the Fund?

Unless an Investor at the time of application instructs the Manager to pay cash distributions, an Investor's distributions will be reinvested in additional Units of the same class.

### How does the Fund pay income?

Where the Investor has elected to receive cash distributions, the distribution will be deposited to the Investor's nominated account at a bank or other financial institution.



### What are the tax implications?

Tax implications arise from investing in the Fund. For most Investors, distributions will be assessable income in the hands of the Investor. Capital gains tax issues may arise on redemption. For non-resident Investors, withholding tax will be applied to distributions meaning a portion of the income will be retained for payment of Australian tax. An Investor may be subject to tax on their share of the net taxable income of the Fund irrespective of whether the income is distributed to the Investor or is reinvested as additional Units in the Fund.

All tax information in this IM is intended as a guide only and is not a complete statement of tax laws. You should seek independent professional advice on the tax implications of investing in the Funds, before making a decision to invest.

### What management fees and expenses are payable?

The Trustee will be paid a Management Fee equal to 1.75% per annum (plus GST) of the Net Asset Value of the relevant Fund, accrued daily and payable monthly.

If a Fund cannot pay (all or part of) the Management Fee out of the accrued income or, in certain cases, the capital of the Fund, the Trustee will defer payment of (all or part of) its Management Fee due in any month to be paid at a later time.

The Trustee and Manager may be entitled to fees outside the Fund payable by the Borrower. This may include, for example, loan establishment fees, loan variation fees, and discharge fees and other fees may be shared between the Trustee and the Fund such as default interest, facility fees and similar fees. The Trustee and/or Manager will retain these fees and will not account to the Fund or to Investors for these additional fees.

Furthermore, the Trustee is entitled to be reimbursed by the Funds for certain Expenses.

Refer to Section 10 for further information on Fees and Expenses.

### How can I be kept informed of my investment?

The Fund will provide the following reports to its Investors:

- confirmation of the Investor's initial investment in the Fund;
- quarterly statements regarding the performance of the Fund; and
- annual distribution statement as at 30 June each year.

### What are the risks?

An investment in a Fund is subject to investment risk, including possible delays in repayment and loss of income or capital invested.

Refer to Section 11 of this IM for more information on some of the risks associated with investing in a Fund.



## 3. The Fund

### 3.1 Introduction

The Fund is an unregistered managed investment scheme structured as a unit trust and is governed by Australian law. The Fund has been established to provide Wholesale Clients with an opportunity to invest in a pooled managed investment and to receive income from investments where the underlying security is registered mortgages over real property.

The Fund adopts a credit strategy which aims to realise value for Investors by acquiring investment positions in Australian property debt instruments, typically mortgages. The Trustee invests the assets of the Fund in accordance with the investment strategy and policies set out in this IM.

The Banner Property (Low LVR) Fund limits the capital exposure of the Fund and investor to an agreed LVR Limit (being the principal lent as a percentage of the assessed value of the Security Property). The LVR is generally considered a measure of risk which, all being equal, reduces the risk to the investor of any capital loss from any decrease in property values.

The Banner Property Income Fund has a higher LVR Limit with a commensurate increase in the Target Return for the Investor.

Units provide the Unit Holder with an undivided share of the Fund's asset pool, but not an interest in any specific asset. Certain rights are attached to the Units, and these rights are exercisable by the Investors who own the Units. The Fund's investment objective is to provide income returns of at least the Target Return whilst preserving capital.

Any investment will be subjected to stringent lending policies, defined exposure to the property asset on a loan-to-value basis, and will be supported by underlying securities (such as guarantees). Refer to Section 6.2 for more information in relation to the Investment Criteria for loans to be made by the Fund.

### 3.2 The Manager

The Manager has experience and expertise in fixed income mortgage securities. The Manager's group of companies offer investments to individual, corporate and institutional investors.

The Manager's key full-time principals have in excess of 50 years of cumulative experience in the commercial mortgage sector. The Group has managed or manages loans secured by properties valued at over \$5 billion as at the date of this IM.

For more information on the Manager, refer to Section 8.

### 3.3 Investment Strategy

#### **The Banner Property (Low LVR) Income Fund**

The Manager seeks to enhance Investor returns and security by acquiring lower-risk investment in Australian property mortgages – limited to 50% of the property value as assessed by an independent valuer. This is achieved through:

- Direct investments in property mortgages to a maximum of the LVR Limit for the Fund (50%) secured by first registered mortgage;
- Investment in Banner Sub-Schemes, to the extent that the underlying loan asset (the loan principal advanced) is to a maximum of the LVR Limit for the Fund and secured by first registered mortgage;
- Interests in mortgages obtained through the assignment of interests in other Banner Funds; and
- Securing a priority position (to a maximum LVR Limit for the Fund) in higher LVR loans where the repayment of the Fund is prioritised over the other lender's debt.

The Trustee also acts as trustee of the Banner Funds. The Fund may invest in Banner Fund loans, either directly or by assignment, where the underlying loan parameters satisfy the Investment Criteria of this Fund (**Banner Fund Investments**).

Any loan by the Fund will and the Fund's priority will be granted so that its exposure is limited to an LVR acceptable to the Fund (and not exceeding a loan exposure of the LVR Limit of the assessed value of the Security Property).

Traditionally, funds which lend on a limited LVR basis have difficulty in finding a loan market and accordingly have difficulty in investing their funds, impacting returns to investors. Investments by this Fund may be 'topped-up' by other Banner Funds provided those Banner Fund loans are subordinated to the investment by this Fund. This allows the Fund to achieve distribution of its lending product whilst preserving this Fund's priority position and limited exposure.

#### **The Banner Property Income Fund:**

The Manager seeks to enhance Investor returns by acquiring investments in Australian property mortgages to a maximum of 75% of the property value as assessed by an independent valuer. The enhanced rate is achieved by allowing priority for part of the mortgage debt at lower rates, the benefit of which flows to the investors in this Fund.

The type of financial instruments in which the Fund may invest include, but are not limited to:

- Loans for the development or acquisition of Australian residential, office, retail, industrial or commercial property secured by first mortgages;
- Interests in Banner Sub-Scheme mortgage loans;
- Investments in a Banner Sub-Scheme;
- Assignment of interests from other Banner Funds; and
- Other liquid securities to meet ongoing cash needs of the Fund.

It is intended that the Fund will create a spread of investments across property income funds and direct loans which will create a diversity of risk of investments.

Once the Fund has achieved \$100 million of funds under management, a maximum of 15% of the Fund's funds under management can be invested in any single investment.

Refer to Sections 6 and 7 for more information on the Investment Criteria and Valuation process for the Fund.

### How are investments funded?

The Fund's investments will be funded from:

- Application monies and reinvested distributions (by Investors who have elected not to receive cash distributions); and
- Reinvestment of principal repayments and interest payments on existing loans.

### Investment strategy may change Investment strategy may change

The Fund may pursue alternate strategies where it considers the investment appropriate to achieve the objectives of the Fund. These investment strategies are based on assumptions and opinions concerning the Australian credit and property markets at the date of this IM, and there can be no assurance that the Fund will achieve the intended investment objective or target returns for Investors.

## 3.4 Underlying Security

Primarily, the Fund's investments will be secured by investments in loans where the underlying security is a registered first mortgage over Australian property assets, obtained through taking security directly or through Banner Funds loans or Banner Sub-Schemes.

The majority of the Fund's investments will be interests in mortgages and in Banner Sub-Schemes which are first mortgage secured with respect to the Fund's investment.

In all cases, a first mortgage will be the underlying security. To ensure its security position, the Fund may also take supporting securities such as general security agreements, specific security agreements, priority or subordination deeds, company charges, personal and corporate guarantees, and side deed arrangements with builders. The Fund may invest in assignments of securities (or participation interests) where it is satisfied with the underlying first mortgage security position.

## 3.5 Pooling of Assets

The Fund is a pooled fund. The Investor holds Units in the Fund which provide an undivided interest in all the assets of the Fund, but no interest in specific assets of the Fund.

## 3.6 Custodian & Investor Monies

Attached to this IM is an Application Form. Once completed and your application monies have been accepted, you will be issued Units in the Fund. A detailed description of how to make an investment in the Fund is included in Section 9.

## 3.7 Custodian & Investor Monies

The Trustee acts as the custodian for the Fund and its principal role is:

- to receive all income and other payments including Application monies from Investors;
- on finalisation of security arrangements, transfer funds in accordance with the specific investment;
- to hold title to the assets;
- to make payments out of the Fund accounts (including the distribution of all Distributable Income to Investors).

## 3.8 The Trustee

The Trustee holds AFSL No. 465404 and is an unlisted public company and has ultimate responsibility for the management and administration of the Fund. The directors of the Trustee have between them broad commercial, funds management, corporate, finance, mortgage, property and legal experience. In exercising its powers and duties, in addition to its obligations at law, the Trustee must ensure that the Fund is managed and administered in accordance with the Trust Deed.

Subject to complying with its obligations at law, under the Trust Deed the Trustee is not liable for any amount beyond the amount which the Trustee is entitled to recover and is actually indemnified for out of the Fund through its right of indemnity in respect of the Fund.

## 3.9 Related parties and conflicts of interest

The Trustee and the Manager are related parties.

The Trustee and the Manager may enter into related party transactions, which includes the Investment Management Agreement. Any related party transactions between the Trustee and the Manager will be on arm's length terms or at prevailing market rates (as applicable).

The Trustee may from time to time encounter conflicts between its duties to the Fund and Unit Holders, its duties to other funds for which it is the trustee (including the Banner Sub-Schemes), and its own interests. Any such conflicts of interest will be managed by the Trustee in accordance with its conflicts of interest policy and its obligations under the general law and Trust Deed. The same will apply to the Manager, who will deal with such conflicts of interest in accordance with its conflicts of interest policy.

In the case of a default, the Trustee and the Manager will seek to obtain a reasonable price for an asset and will typically be seeking to recover a greater loan than that of the Fund, so the interests of the Trustee and Manager, on the one hand, and the Investors, on the other hand, will be aligned.

## 3.10 Co-investment

The Funds may invest alongside other co-investors. These may include co-investors that are managed or operated by the Trustee and its related parties such as the Banner Funds and Banner Sub-Schemes. There is a risk that co-investors may have interests or objectives that are inconsistent with those of the Fund or that they may be in a position to take action contrary to the Fund's investment objectives. To alleviate this risk the Fund will require co-investment agreements to its satisfaction.



## 4. The Benefits of Investing

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### Security

The Fund's underlying investments are secured by interests in mortgages over real property (either directly, through Banner Sub-Schemes or assignment of interests).

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### Distributable Income

Is reinvested in Units for the Investor or, if elected by an Investor, paid annually to the Investor's bank account.

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### Defined investment criteria

Applied to prospective loans by the Investment Committee to reduce the risk of capital losses.

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### Professional management

The Trustee employs both a macro-economic view and an individual loan-focused asset selection process and seeks where possible to take advantage of dislocations within the Australian property credit market. The Manager employs a number of finance professionals, analysts, legal and property experts to actively manage all investments.

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### Oversight

The Manager's and the Fund's financial performance and compliance with its asset selection criteria, procedures and structure are overseen by the Investment Committee and the Board of the Trustee.

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## 5. Investing in a Fund

### 5.1 How to Invest

To apply for an investment in a Fund, prospective investors must complete the Application Form attached to this IM. In Section 2 of the Application Form the investor nominates which of the Funds it invests in.

Before accepting an Application, the Trustee must receive a fully completed Application Form, the Application monies, details of the qualification of the Investor as a Wholesale Client and proof of identity to comply with Anti-Money Laundering and Counter-Terrorism Financing, FATCA and CRS legal requirements.

The Trustee may accept or reject in whole or in part any application for Units, without providing a reason for so doing. The Trustee may close the Fund to new investment at any time in its discretion. The Trustee may impose such restrictions as it thinks necessary to ensure that no Units are acquired by any person who might expose the Fund to adverse tax, pecuniary, legal, regulatory or administrative consequences.

The Units will be treated as having been issued with effect from the time an Application is accepted by the Trustee, and the Applicant's name entered on the register of Unit Holders.

For more information on how to invest in the Fund, refer to Section 9.

### 5.2 Income Distributions

The Target Return is not guaranteed, and income to the Unit Holder is dependent on the performance of the assets of the Fund. Distributable Income will be accrued in the Fund after accounting for reinvestments of proceeds, expenses of the Fund and the Management Fee payable to the Trustee. The income will be distributed to Unit Holders as at June each year by way of re-investment in additional Units for the Unit Holder, unless the Unit Holder has elected to receive a cash distribution. Cash distributions will generally be made within 90 days of the end of the accrual period.

All income of the Fund (after accounting for reinvestment of proceeds, expenses of the Fund and the Management Fee) will be distributed to Investors within 90 days of the end of the accrual period.

### 5.3 Fixed Term & Redemptions

The Trustee may accept or reject a redemption request at any time in its absolute discretion.

Unit Holders may make a redemption request by a written request to the Trustee. The factors that may impact whether or not the Trustee will accept redemption requests will include the liquidity of the Fund at the time of request.

If the Trustee accepts a redemption request, the redemption of capital invested will be paid by the Trustee within 90 days of the acceptance of the request. Income earned on the investment will be distributed at the end of the financial year.

Subject to certain limitations, the Trustee may also compulsorily redeem some or all of a Unit Holder's Units in its absolute discretion, without receiving a redemption request from that Unit Holder. This includes instances where the Unit Holder has breached its obligations under the Trust Deed to the Trustee or a Unit Holder prejudices the way the Fund is taxed or administered.

### 5.4 Suspension of Redemptions

The Trustee may suspend or postpone redemptions in whole or in part for such periods as it determines, if it considers this is in the best interests of Unit Holders, including where:

- sufficient assets of the Fund cannot be realised at an appropriate price; or
- it is not reasonably practicable for the Trustee to dispose of or acquire assets of the Fund.

Where redemptions are suspended, any redemption amounts payable pursuant to a redemption request will be payable within 90 days of the date the suspension ends, or such other date as the Trustee reasonably determines.

Although the Trustee exercises due care and caution with respect to making an investment and managing Fund cash flow, a suspension of redemptions may be used with the aim to protect the Fund assets and to ensure the stability of Investor distributions and capital.

On and after redemption, redeeming Unit Holders will no longer be entitled or capable of exercising rights in respect of the Units being redeemed, save for the right to the redemption amount, which may include an income distribution component at the date of redemption.

### 5.5 Transferring your investment

An Investor in the Fund may transfer their Units with the prior approval of the Trustee. A transfer is not effective until the Trustee registers the transfer in the register of Unit Holders for the Fund. The Trustee may refuse a transfer request at its discretion. All requests for a transfer of Units must be in a written form approved by the Trustee, signed by the transferor and transferee, stamped (if required) and contain the name and address of the transferee and the number of Units being transferred.

### 5.6 Who may invest?

Potential investors may invest in the Fund if they are Wholesale Clients and subscribe at least \$100,000 as an initial investment.

The above disclosure (and all other information in this IM) has been prepared without taking account any person's objectives, tax and financial situation or needs. Before investing in the Fund, you should consider whether it is appropriate having regard to your objectives, tax and financial situation and needs.

Applications will be accepted from any qualifying investor approved by the Trustee, which may include employees, directors, shareholders of the Trustee, the Manager or any of their related entities.

### 5.7 Distribution Statements and Updates

Investors will be provided with annual distribution statements.

Investors will be provided with quarterly statements regarding the performance of the Fund.





## 6. Asset Management

### 6.1 Investment Committee

The Investment Committee is integral to the risk management and compliance processes of the Fund with respect to the selection of assets for the Fund. The Investment Committee is an internal review committee for all Fund investments. The Investment Committee has a broad base of expertise from the property, finance, legal and property sectors.

#### Role of the Investment Committee

The Investment Committee is responsible for approval of the terms and conditions upon which any investment approval will be based. The Investment Committee also analyses the spread and range of investments to ensure the Fund maintains a diversified risk profile predominantly in mortgage securities.

All investment proposals are assessed by the Investment Committee against the Investment Criteria of the relevant Fund (outlined in Section 6.2), including analysis of the security position offered. Only after approval of the investment proposal by the Investment Committee, and satisfactory completion of all conditions precedent imposed by the Investment Committee, will a loan be made. Finally, the Board will sign off on the investment and completion of prudential checks.

Investment approvals are, at a minimum, a two-stage process – initial decision by the Investment Committee to proceed on the basis of general loan parameters satisfying investment criteria. Approval at this stage is subject to conditions and a further approval of the Investment Committee once all approval pre-conditions met. Only after the

second approval will the investment proceed to formal documentation. Whilst the process requires a minimum two-stage approval, typically matters are referred to the Investment Committee during the approval process meaning more frequent Investment Committee oversight of transactions.

### 6.2 Investment Criteria

Loan origination for the Funds is the responsibility of the Manager and is undertaken by a team of Portfolio Managers who are responsible for the investment proposal, and on-going loan management once the investment is made. Investment proposals must be within the investment criteria of the Fund. These criteria include:

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#### Borrowers

The underlying Borrowers will be well established and experienced property developers or investors in Australia, often acting through a special purpose company. The Trustee will assess the developer/borrower's corporate experience, credit-worthiness and the security offered. Where a development is involved, and any deficiency in borrower experience exists, but the investment is otherwise sound, the Investment Committee may require that an acceptable development manager be engaged to undertake the development.

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#### Loan Size

Typically, a minimum loan amount of \$3,000,000 to a maximum of \$20,000,000. Loans of lesser or greater amounts may be co-invested with other lenders on a pari passu or equal footing basis.

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#### Banner Fund Investments

The Fund may invest in Sub Schemes or co-invest with Banner Funds provided the relevant Fund's LVR and other investment criteria is satisfied.

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#### Investments in Banner Sub-Schemes

The Fund may invest directly in Banner Sub-Schemes, where the underlying principal loan amount does not exceed the LVR Limit and is secured by first registered mortgage. The LVR Limit may be achieved by priority arrangements with co-investors or trustees which provide the Fund's priority of the repayment of the investment.

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#### Loan to Value Ratio (LVR)

Principal loan exposures will not exceed the LVR Limit on an 'as is' or Gross Realisation Value of the property as independently assessed by a Valuer (Refer to Section 7).

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#### Term

The maximum term for an investment is 5 years. Typically, however, loan terms will range from 12-24 months.

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#### Interest rate

Determined by the Trustee on a deal-by-deal basis having regard to the Trustee's risk assessment and prevailing market conditions and the Fund's target rate of return.

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#### Sector

Primarily development loans in any sectors (residential, office, industrial, retail) with the Trustee having regard to prevailing economic conditions.

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#### Location

Security Properties will be predominantly located in New South Wales and Victoria, with limited exposure to the rest of Australia.

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#### Security

Underlying security of a first registered mortgage over real estate, within the LVR Limit for the Fund. A first mortgage is the primary underlying security. To ensure its full priority position the Fund may also take supporting securities such as general security agreements, specific security agreements, priority or subordination deeds, company charges, personal and corporate guarantees, and side deed arrangements with builders. The security granted to the Fund is reviewed by the Investment Committee.

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The Trustee may determine to vary the Investment Criteria described in this Section 6.2 at any time. However, it is not the current intention of the Trustee to vary the Investment Criteria at the date of this IM.

#### Loan to Value Ratio (LVR)

For all mortgage investments, the Fund's principal loan exposure must not exceed the LVR Limit of the Gross Realisation Value (**GRV**) or the "as is" value of the underlying Security Property, whichever is appropriate. The 'value' component of the ratio is calculated using the valuation policy described in Section 7 of this IM. The ratio may be calculated as an average exposure over a period (for example in construction funding loans).

#### Security Property

Capital preservation is the Trustee's primary concern. The underlying Security Property must be well located and with all project risks thoroughly scrutinised and assessed by the Investment Committee.

Supporting securities such as general security agreements, specific security agreements, priority or subordination deeds, company charges, personal and corporate guarantees, and side deed arrangements with builders will also usually be taken as additional security.

#### Credit Assessment

The credit history of Borrowers will be reviewed by an independent credit monitoring service to establish the Borrower's past creditworthiness. Where the loan is not a development loan, an assessment of the Borrower's ability to repay the loan and interest from existing income will be undertaken. If a development loan, the Borrower's ability to repay will be analysed from its current financial position, and a detailed review of the project, including pre-sales, residual stock and profitability.

#### Development Funding

Where a loan involves construction, the Borrower must provide the Manager with a detailed feasibility study of the development, including cash flow modelling and a timeline for the project, which must be acceptable to the Manager. Prior to commitment, the Manager will obtain independent certification from appropriately skilled consultants (such as quantity surveyors and engineers) as to the total cost, feasibility and timeframe of the development. All progressive loan advances will then be assessed on a 'cost to complete' basis after assessment by the quantity surveyor and the Manager. Based on these reports, the Manager will ensure that sufficient funds are retained to complete the project independently of the Borrower, if required.

#### Planning Assessment

For any investment, the planning and environmental issues relating to a development or a proposal must be addressed and it must be adequately demonstrated that development approvals have been, or will be, obtained.

#### Presales

If a development proposal is part of the submission, the Manager will ensure that the development has an adequate level of acceptable pre-sale commitments which satisfy the Fund's pre-sale requirements, to mitigate risk and provide for exit and recoupment of the Fund's investment, including returns. Amongst other criteria, pre-sales must be legally binding, include adequate deposits, be full recourse to purchasers and directors (if applicable), include sunset dates with a suitable time-buffer and satisfy a range of legal requirements required by the Investment Committee.

#### Fund-of-fund Investment

Where investments are made in Banner Sub-Schemes or other Banner Funds, the underlying investments must meet the Investment Criteria of the Fund and receive Investment Committee approval. Such investments will only be made where the Investment Committee considers that there are adequate securities and sound exit strategies.

#### Related Parties

Neither the Trustee nor the Manager lends to its principals, employees or consultants or their related parties.

The Trustee or Manager may loan to or invest in a fund it controls or a related fund, for example, Banner Sub-Schemes. Where such investments are made in other funds, the investments must meet the Investment Criteria of the Fund and receive Investment Committee approval.

Any fund in which the Fund invests must be open to investment by Wholesale Clients.

The investment will be at arm's length and on the same terms as offered to all investors in that investment, or comparable investments.

The Trustee may only accept investments from related parties if the investment is on the same terms as offered to all other investors.

#### Security Documentation

The Borrower is required to provide a first registered mortgage over the Security Property and is typically required to provide one or more of the following supporting securities to secure a loan:

- if the Borrower is a company, a General Security Agreement over the Borrowing entity. This charge may be specific to the asset for which the Borrower is receiving the loan or over all of the assets of the Borrower.
- a full recourse personal guarantee from the directors of the Borrower and related entities.
- other forms of security as appropriate for the transaction as determined by the Investment Committee.

These securities may be held by other Banner Funds or jointly with other Banner Funds, or may be taken by way of assignment, provided the Fund has access to the proceeds of the mortgage. Where the Fund invests into, or in conjunction with, or takes an assignment from a Banner Fund, the Investment Committee will be required to 'look through' and assess the underlying investment and security on its own merits.

### Default

Under a loan agreement, the events of default may include failure to repay any monies due by the due date, failure to adhere to agreed time frames, failure to provide reports or permits by an agreed date and a range of other defaults detailed in the relevant legal documentation.

### Borrowers

The Manager interacts closely with Borrowers from the loan application stage, and throughout the term of the investment. Typical Borrowers will be experienced developers who can demonstrate acceptable credit histories, previous successful projects and a team of professional advisors to provide the Trustee with confidence that the Borrower can perform. Frequently the Borrower is a single project, special purpose company – in these cases, the Manager will review the group of companies behind the special purpose company to obtain comfort (and require guarantees of performance).

First mortgage investments and interests in the Banner Sub-Schemes are expected to comprise the large majority of the Fund's investments at any one time. The remainder will be cash or its equivalent.

### Borrowing and leverage

The Fund will not leverage its capital by borrowing and is not a geared fund.

The Fund however may borrow on a short-term basis, generally to meet redemptions, distributions or other short-term portfolio needs, where the borrowing is considered by the Trustee to be prudent and in the interests of all Investors.

The Manager is proactive in its approach and requires regular (usually monthly) independent review of all claims, internal assessment of claims, and attendance at project meetings involving the quantity surveyor, engineers, builder and sponsor. This allows the Manager to be across all aspects of the project and provides early warning of issues requiring Manager intervention.

This general risk management is undertaken by the Trustee and Manager for direct loans by the Fund and also by the Banner Fund in relation to its investments.

### Default management

Where a Borrower fails to make a payment on or before the due date or otherwise defaults, then the Manager may take the remedial steps to minimise loan default risk.

Refer to Section 11 for more information about how the Fund manages default risk.

## 6.3 Ongoing management

The Manager is responsible for ongoing management of the investment after the initial loan advance is made.





# 7. Asset Valuation

## 7.1 Valuation Processes

All property to be offered as security for a loan must be valued by an independent qualified, registered valuer, acceptable to the Manager (Valuer) prior to final investment approval by the Fund. If necessary, the Security Property may also be re-valued at any time after the settlement of the loan, including on the renewal or extension of any loan for a further term.

The Investment Committee is responsible for review of the valuation and must:

- ensure that the valuation is prepared on an acceptable basis, with at least two valuation methodologies confirming the assessed value;
- review the Valuer's market commentary;
- review and assess the conditions attached to the valuation and their impact on the valuation and the acceptability of the property as security;
- review the Valuer's comments as to whether the property represents satisfactory security for mortgage purposes; and
- where the underlying subject Security Property is to be acquired, check that the contract price has been disclosed to the Valuer.

The valuation may be addressed to the sponsor, Borrower, Manager, Trustee, or primary lender.

The valuation policies and methodologies may be varied from time to time and are subject to change without notification to Unit Holders.

## 7.2 Valuation Methodology

The Valuer is required to use at least two methodologies (where appropriate to do so) one being the primary method, with the other being an acceptable check method. These methods may include the following:

### 'Current Market' or 'As Is' Valuation

This methodology refers to the 'as is' value. The 'as is' value is the current market value of a Security Property. The 'as is' valuation is determined by a comparable sales approach in comparing similar properties in close proximity, with appropriate adjustments made by the Valuer. The loan to value ratio (**LVR**) in this case must fall within the Fund's Investment Criteria. Refer to section 6.2 for more information in relation to the Investment Criteria for loans to be made by the Fund.

The Fund will invest no more than the LVR Limit of the GRV of the Security Property as determined by the Valuation.

Where the security property is a development project, the LVR calculation will initially be based on the 'as is' valuation obtained prior to the initial advance. The progressive value of the security may be increased during construction where the Manager is satisfied that the property has improved in value due to ongoing capital investment in the project.

The approved Security Property is re-valued when a loan is extended for a further term.

### "As if Complete Valuation"

the loan, the "as if complete" valuation methodology may be used which is the market value of the Security Property determined as at the completion of the approved construction works. Two valuation methodologies are required which will generally include:

- i. "Feasibility Analysis" including costs such as demolition, subdivision, construction, allowance or sales and marketing expenses, an allowance for profit and an allowance for profit and risk to arrive at a base value for the underlying asset. Any such analysis is based on the premise that the development approval has, or will be, obtained.  
  
The requirement for a feasibility analysis may be satisfied using alternate techniques such as discounted cash-flows.
- ii. "Gross Realisation Value" based on comparable sales evidence for the individual components, for example, houses, apartments, offices and allotments.

The "as if complete" value is the valuation amount used in the cost to complete calculations during the construction phase.

For development loans, the Investment Committee will generally require a 'current market' or 'as is' valuation, as well as an 'as if complete' valuation. For development loans, the Manager will also require a quantity surveyor report before and during the term of a loan. The quantity surveyor is appointed to independently approve expense claims during the term of a loan.

For loans that do not involve the development of the underlying property, an 'as is' valuation will generally be used.

## 8. Management Personnel

### 8.1 Manager



**Andrew Turner**  
**Founder & CEO**

Andrew founded Banner Asset Management in 2010, with a vision to establish a truly independent lender with an original view.

With 25 years of experience in Global Financial Markets behind him, Andrew set up one of Australia's independently owned private investment firms specialising in real estate, with his investor-first approach shaping the ethos of the company to this day.

Andrew has extensive banking and financial expertise, with a long track record of working in capital markets. He has worked in London, Tokyo and Australia with leading international financial institutions and has been investing in alternative real estate opportunities since 1998.

Andrew is a member of the Banner Investment Committee and an owner of Melbourne United.



**Brett Macgillivray**  
**Head of Legal and Compliance, Director**

Brett has over 30 years experience in funds management and law, including over 20 years' as partner in several Melbourne-based legal firms and an international consultancy practice. Brett has an extensive track record of representing international and local banks, listed corporates, funds and private financiers.

Throughout his career, Brett has specialised in finance and the funds management industry and has owned and operated managed funds.

As Group Legal Counsel at Banner, Brett works across legal, business structuring, compliance, lending, investor publications and establishing new funds, in addition to a broad range of roles within operations.

Brett holds a Bachelor of Economics and a Bachelor of Laws. He is the compliance officer, responsible manager and a member of the Banner Investment Committee and a director.



**John Byrne**  
**Chief Investment Officer**

John is an accomplished property development, project finance and funds management professional. He holds over 25 years' experience in real estate project debt and equity investment, and direct property development.

Over the course of his career, John has held various executive roles in specialist banking units, originating or overseeing structured debt and equity transactions for high-profile real estate development projects in Melbourne and Sydney.

John has held management responsibility for significant property loan portfolios and equity investments, which supported the delivery of assets in the medium and high-density apartment, retail, commercial and industrial property sectors. As a Director of Property, John has developed property projects in his own right over the full project life cycle. John is a member of the Banner Investment Committee.

## 8.1 Manager *continued*



**Bryan Massey**  
**Director**

Bryan brings more than 25 years' experience in wholesale financial markets to Banner Asset Management, with his career encompassing a variety of investment and capital raising roles across London, Tokyo and Sydney.

Bryan worked for 15 years as the CEO of ICAP Pic in Japan, which comprised several joint ventures that were significant liquidity providers in the Japanese Government bond, interest rate derivative and equity derivatives markets. During this time, Bryan was active in niche credit markets, including corporate bonds and distressed debt.

Bryan is a member of the Banner Investment Committee and Managing Director of Banner in NSW.



**Jeremy Vogler**  
**Head of Investor Relations**

Jeremy has been an active investor in international real estate since 1986. He has 27 years' experience in the international money markets, specialising in managing interest rate options groups.

Since 1989, Jeremy has held director and senior management positions in leading brokerage companies in Hong Kong, London and Tokyo. He is currently a principal of Estuary LLP, a fund specialising in Argentine agricultural and construction investment trusts.

## 8.2 Trustee

Andrew Turner, Brett Macgillivray, Bryan Massey and Jeremy Vogler are directors of the Trustee. Brett Macgillivray, Andrew Turner and Bryan Massey are responsible managers for the AFSL held by the Trustee.



## 9. Making an Investment in the Fund

### 9.1 Investment Process

To invest in the Fund, an Applicant must complete and sign the Application Form attached to this IM and remit application monies by EFT as described in the Application Form. The Applicant must nominate its preferred Fund in Section 2 of the Application Form. The Applicant will become a Unit Holder of the nominated Fund when the Application is accepted by the Trustee and the Applicant's name recorded on the register of Unit Holders for that Fund.

The Applicant must email the completed Application Form to the Trustee at [investments@bannerassetmanagement.com](mailto:investments@bannerassetmanagement.com) to receive a reference number. On receipt of a reference number, an Applicant can then proceed to transfer their application monies using EFT.

Applicants should note that their financial institution may charge a remittance fee which will be deducted from the investment amount. The Manager will endeavour to ensure that inter-financial institution transfer processes are effected promptly, but cannot be held accountable for any delays within the banking system.

An Applicant must ensure that it completes the 'Qualification as a Wholesale Client' section and provide the identification requirements required in the Application Form attached to this IM.

Usually, the Trustee will require further disclosures from the Applicant (for AML, FATCA and CRS purposes). These requirements will be sent once the initial Application Form is received.

All correspondence, including the completed and signed Application Form should be mailed to:

**Banner Asset Management**

Level 21  
90 Collins Street  
Melbourne VIC 3000



# 10. Fees

This section sets out the fees and other costs that may be deducted or recovered by the Trustee out of the assets of the Fund.

Amounts referred to are exclusive of GST. If the Trustee or the Manager becomes liable to pay GST on any fees or Expenses, the Trustee or Manager's fees or Expenses will be automatically adjusted to ensure the net impact of GST does not reduce the fees or Expenses to which it is entitled.

The Trustee may pay any fees which it is entitled to receive to the Manager for providing the investment management services to the Fund in accordance with the Investment Management Agreement.

## 10.1 Management Fee

The Trustee is entitled to be paid a Management Fee of 1.75% per annum (plus GST) of the Net Asset Value of the Fund accrued daily and paid monthly at the end of each calendar month.

The Management Fee is deducted from the accrued income of the Fund on a monthly basis at the end of each month and may be paid out of capital only in certain, limited, cases such as when costs exceed returns, or when the Trustee incurs Expenses to preserve assets. If the Trustee is unable to deduct (all or part of) the Management Fee due to it, the Trustee will defer payment of (all or part of) its Management Fee in any month to be paid at a later time in which case it will continue to accrue daily.

### 10.1.1 Loan Facility or Line Fees paid by Borrower

Any Borrower may be required to pay the Trustee (or any entity within the Banner Group) a loan facility or line fee where complex transactions require ongoing management and constant supervision as to serviceability and/or changing market conditions. This fee may include the reimbursement of any trailing commissions payable by the Trustee to the Borrower's finance broker or advisor where their management is expected to be ongoing.

This fee will be borne directly by the Borrower, not the Fund or the Investor. The Trustee may elect to share such loan facility or line fee with the Fund at its sole discretion. If it is shared by the Trustee, then part of the fee will comprise income of the Fund.

### 10.1.2 Loan Default Interest paid by Borrower

The Trustee may charge a Borrower a higher interest rate on the loan where the Borrower is in default. The higher rate is divided equally as between the Trustee and the Fund. This share of default interest reimburses the Trustee for the cost of operating default management including staff, office expenses and, where necessary, the cost of managing a default transaction and the realisation of the Security Property. Any legal fees associated with a default will be payable by the Borrower. The remaining share of the default interest fee will comprise income of the Fund.

## 10.2 Other fees and other charges paid by Borrower

Any Borrower may pay the Trustee or the Manager loan establishment fees, loan variation fees, compliance fees, profit and risk fees and fees on early or partial repayment, or to substitute the Security Property.

The amounts of these fees cannot be ascertained as they will vary from loan to loan and are reliant on future events occurring, but they will be determined on arms' length terms.

These fees are paid to the benefit of the Trustee or Manager and do not form part of the Fund, and so will not be available to Unit Holders.

## 10.3 Payments by the Trustee to Third Parties

The Trustee may outsource its administration and marketing for the Fund. The Trustee will pay for these services out of the funds it receives from managing the Fund and the fees it receives from the Borrowers and will not be paid by or out of the assets of the Fund.

The Trustee, at the request of the Borrower, may pay a fee to a loan introducer or advisor from settlement funds or via periodic payment. Any arrangement between the Borrower and the introducer is contained in the loan documentation. These fees will be (directly or indirectly) reimbursed by the relevant Borrower (or included in the interest or costs charged) to the Fund and will ultimately not be borne by the Fund.

The Trustee may pay any fees or expenses due to it to the Manager for providing management services pursuant to the Investment Management Agreement.

## 10.4 Costs and Expenses

Under the Trust Deed, the Trustee is indemnified and is entitled to be paid out of the assets of the Fund for the costs it incurs in performing its role as trustee of the Fund and for the Expenses.

Fees may vary for different classes of Unit Holders.

## 10.5 Fees to related parties

The Trustee and/or its related parties may be entitled to fees for managing and operating other trusts, such as the Banner Sub-Schemes. Where the Fund makes an investment into these trusts, the Fund will pay the Trustee and/or the Trustee's related parties a fee in accordance with the offer document for that trust. This fee does not form part of the Fund.

# 11. Risk Considerations

There are inherent risks in any investment. The purpose of this Section 11 is to summarise and inform potential Investors of the types of significant risk that may apply to an investment in the Fund and which should be considered before deciding to invest in the Fund. This Section 11 does not purport to be a comprehensive summary of all of the risks.

The Funds will employ a range of investment and risk management strategies to identify, evaluate and manage these risks. It should nevertheless be noted that these cannot and will not remove all the risks associated with an investment in the Fund.

All investments carry risk including the potential for loss of income or capital, a less than expected rate of return or a delay in payment. Different investment strategies may carry different risks, depending on the assets that make up the investment strategy. Asset classes perform differently at different times and have different risk characteristics and volatility. Generally, the higher the expected return on an investment, the higher the risk. Potential Investors should consider their personal risk tolerance if considering an investment in the Fund.

The following risk factors relating to the Fund in Section 11.2 and the general risk factors in Section 11.3 are a non-exhaustive overview of the risks associated with an investment in the Funds. Many of these risks are outside of the Trustee's and Manager's control and cannot be completely mitigated.

Investors should make their own assessment as to whether they are comfortable with the risks of making an investment in the Fund.

## 11.1 General Risk Management

Potential Investors should consider the following factors relating to investment risk. Whilst the Trustee and Manager devote their best efforts to the management of all investments, there can be no assurance that the Fund will not incur losses and this may include a loss of capital.

Before making an investment in the Fund, a potential Investor should consider:

- specific risks as they relate to an investment in the Fund;
- their own risk tolerance; and
- their own investment objectives.

### 11.1.1 Risk Management Program

A comprehensive risk management program is undertaken by the Trustee.

Both the Manager and Trustee manage the Fund and the Fund assets with a view to balancing income returns with capital security. This is achieved by:

- employing experienced and professional personnel;
- outsourcing particular functions to experienced industry professionals;
- maintaining a long-term vision for the Fund;
- complying with the Fund's Trust Deed; and
- actively monitoring and managing the assets of the Fund.

The Fund has strict Investment Criteria for lending to minimise the risk of default. The Investment Criteria referred to in Section 6.2 is designed to ensure that the risk of loss is minimised.

Many risks are managed by the Fund through a thorough assessment of loans, obtaining quality and accurate valuations of property, obtaining other expert reports and maintaining strict adherence to investment policies and processes.

In managing risk for the Investors, the Fund operates in accordance with practices and procedures which include:

- appropriate due diligence during the transaction assessment and investment approval process;
- engagement of an external auditor; and
- the establishment and facilitation of an Investment Committee to consider and assess each potential investment.

The Trustee has ultimate responsibility for the compliance of the Manager with the investment risk protocols. The Board reviews the Manager and Investment

Committee's process and compliance with Investment Criteria.

### 11.1.2 Risk Protocols

The Fund applies a 'worst case' scenario in assessing risk in an investment and seeks to ensure that the asset may be realised on the Fund's behalf to repay its investment and, where applicable, any accrued interest and fees.

## 11.2 Risk Factors specific to the Fund

### 11.2.1 No assurance that Target Returns will be achieved

The Fund's Target Return as set out in this IM are a target only (and, for the avoidance of doubt, are not a profit forecast). There can be no assurance that the Fund will meet the Target Return or any other level of return. The existence of the Target Return should not be considered as an assurance or guarantee that the returns can or will be met by the Fund. Actual returns may vary from the Target Return, and these variations may be material. Potential Investors should decide for themselves whether or not the Target Return is reasonable or achievable in deciding whether to invest in the Fund.



### 11.2.2 Fund performance

Investors contemplating an investment in the Fund should note that any returns achieved are reliant upon the performance of the investments in the Fund. No assurance is given, express or implied, that capital will be returned.

Investor returns will be dependent upon the Fund successfully pursuing its investment strategy. The success of the Fund will depend on the Manager's ability to identify, acquire and realise investments in accordance with the Fund's investment policy. This, in turn, will depend on the ability of the Manager to apply its investment processes in a way which is capable of identifying suitable investments for the Fund to invest in.

There can be no assurance that the Manager will be able to do so or that the Fund will be able to invest on attractive terms or generate any investment returns for Investors or indeed avoid investment losses. The ability to invest the assets of the Fund in appropriate investments may be constrained by lack of capacity in targeted investments or the market generally. The growth in interest in, and demand for, investment in real estate may result in greater competition in the market and may reduce the opportunities available to the Manager to invest the Fund's assets.

A reduction of the opportunities available to the Manager to invest the Fund's assets may impair the ability for the Manager to invest the Fund's assets on attractive terms or generate any investment returns for Investor or indeed avoid investment losses.

There is no assurance that any Investor will receive any distribution from the Fund. Accordingly, an investment in the Fund should be considered only by persons who can afford the loss of their investment.

### 11.2.3 Capital investment

The Fund cannot predict accurately how long it will take to deploy capital. Timing will depend, among other things, on the availability of suitable investment opportunities, negotiations with counter-parties and investment structuring considerations. In addition, the opportunity to make a sufficient number of investments to implement the Fund's strategy is based upon, among other assumptions, the number and size of future investment opportunities being consistent with the Manager's experience. Until such time as the Fund's assets are fully invested and drawn down, the assets of the Fund will be held in cash or cash equivalents that will have materially lower returns than the Target Return.

### 11.2.4 Operational risk

Operational risk relates to the loss resulting from inadequate or failed internal control processes, information technology systems or personnel or from external service providers, which may impact on the administration of the Fund.

### 11.2.5 Past performance

The performance of previous funds in which the Manager or its principals have been involved cannot be relied upon in assessing the merits of the Fund.

### 11.2.6 Dependence on key personnel

The Fund will depend upon the experience of the senior management and the investment team of the Manager. The Board or personnel of the Trustee and Manager, or other related parties in their capacity as decision-makers may change. The loss of service of these individuals could have an adverse effect on the operations of the Fund. To reduce this risk the Trustee and the Manager focus on the development and retention of staff and actively undertake succession planning.

### 11.2.7 Conflicts of interest

The Manager, the Trustee and their associates may encounter conflicts of interest in connection with the activities of the Fund. Any such conflicts of interest will be managed by the Trustee in accordance with its conflicts of interest policy and its obligations under the general law and Trust Deed. By investing in the Fund, each investor will be deemed to have consented to any such conflicts of interest and to have waived any claim regarding any liability of the Manager, the Trustee and their associates in connection with any such conflicts of interest.

### 11.2.8 Termination of Investment Management Agreement

The Trustee and the Manager have entered into an Investment Management Agreement dated 28 February 2020 to appoint the Manager and regulate the management of the Fund. There is a risk that this agreement may be terminated by either party should the other party to the agreement become insolvent or fail to make a payment required. The agreement may also be terminated by mutual agreement.

Should termination occur, it is possible that the management of the Fund would revert to the Trustee under the terms of the Trust Deed who is less experienced at performing investment management activities of the type undertaken by the Manager in relation to the Fund.

### 11.2.9 Suitability of investment

Investment in the Fund is not suitable for all investors. An investment is suitable only for sophisticated Wholesale Clients, and an Investor must have the financial ability and experience to understand, the willingness to accept and the financial resources to withstand the extent of their exposure to the risks and lack of liquidity inherent in an investment in the Fund. Investors with any doubts as to the suitability of an investment in the Fund should consult their professional advisors to assist them in making their own legal, tax, accounting and financial evaluation of the merits and risks of an investment in the Fund in light of their own circumstances and financial condition.

#### 11.2.10 No Secondary Market

No active secondary market exists for Units, limiting any liquidity associated with the Units in the Fund.

#### 11.2.11 No control by investors

Investors will not be able to control or participate in the day to day operations of the Fund or make an investment or other decisions on behalf of the Fund or have any role in transactions involving the Fund.

#### 11.2.12 Illiquid nature of underlying security

Given that the underlying security is predominantly property, which is relatively illiquid, there is a risk that delays could occur between a loan going into default and sale of the Security Property. These delays may affect income distributions to the Unit Holder and repayment of any redemption or the capital invested.

See also the general risk relating to the illiquidity of the underlying real estate assets in Section 11.3.5.

#### 11.2.13 Indemnification

Subject to certain limitations set out in the Trust Deed and the Investment Management Agreement, certain persons, will, amongst others, be entitled to be indemnified in respect of their activities on behalf of the Fund. Accordingly, certain actions brought against any such party will be satisfied out of the assets of the Fund. Such liabilities may be material.

Further, the liability of the Manager and other members of the Manager group to investors in the Fund is, subject to certain limitations, as provided under the terms of the Trust Deed and the Investment Management Agreement.

#### 11.2.14 Portfolio Concentration

The Trustee intends to allocate the Fund's capital in a manner that will provide for a level of diversification among Borrowers, industries and limited to key geographic areas. There can be no assurance, however, that such diversification will be achieved.

The Investment Criteria of the Fund will allocate loans predominantly between New South Wales, Victoria and Queensland.

#### 11.2.15 Non-performing loans

There is the risk that a Borrower becomes non-performing and possibly defaults and the Trustee is not able to recover the loan amount. Furthermore, the obligor and/or relevant guarantor may also become insolvent. There can be no assurance as to the amount and timing of payments with respect to the loans. Although the Trustee will attempt to manage these risks, there can be no assurance that the Fund's investments will increase in value or that the Fund will not incur significant losses.

Where a default occurs, the Trustee (through the Manager) applies a policy of active management. It will immediately contact the Borrower to ascertain the causes of the default and issue a letter of demand. If no satisfactory resolution occurs, proceedings will be commenced for possession of the Security Property as a pre-cursor to sale in accordance with the loan agreement. Events of default are detailed in each loan agreement.

The Fund takes steps to minimise loan default risk by:

- Using approved independent valuers, where applicable.
- Using the combined experience of the directors of the Trustee and Investment Committee members.
- Ensuring that at the time of any loan, for the Banner Low LVR Income Fund and the Banner Property Income Fund, the principal loan does not exceed the LVR of 50% and 75% respectively of the Security Property's valuation.
- Monitoring all loans to ensure that the Trustee is aware of potential problems at the earliest opportunity and have a process which identifies when a default has occurred and procedures to endeavour to remedy the default.

Default of a loan may cause the LVR to increase in certain circumstances and impact the Fund's returns and value.

#### 11.2.16 Fund-of-fund risk

When the investment of the Fund is in another fund or Banner Sub-Scheme, there is the risk that the Trustee may not control all decision making and that the underlying fund or Banner Sub-Scheme, its responsible entity, or its trustee may be wound up.

#### 11.2.17 Information risk

The Manager is entitled to rely on information and data provided by external third parties, which may not be provided in a timely manner and may contain errors.

#### 11.2.18 Due diligence risk

When conducting due diligence and making an assessment regarding an investment, the Manager will be required to rely on resources available to it, including internal sources of information as well as information provided by existing and potential borrowers, any equity sponsor(s), lenders and other independent sources.

The due diligence process may at times be required to rely on limited or incomplete information, particularly with respect to newly established entities for which only limited information may be available.

In addition, the Manager will select investments for the Fund in part on the basis of information and data relating to potential investments filed with various government regulators and information and data that is publicly available or made directly available to the Manager by such issuers or third parties. Although the Manager will seek to evaluate all such information and data and seek independent corroboration when it considers it appropriate and reasonably available, the Manager will not be in a position to confirm the completeness, genuineness or accuracy of all such information and data.

Accordingly, due to a number of factors, the Fund cannot guarantee that the due diligence investigation it carries out with respect to any investment opportunity will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Any failure by the Fund to identify relevant facts through the due diligence process may cause it to make inappropriate investment decisions, which may have a material adverse effect on the Fund and its returns.

#### 11.2.19 Fraud and misrepresentation

The value of the investments made by the Fund may be affected by fraud, misrepresentation or omission on the part of the partner or borrower to which the investment relates, by parties related to the borrower or by other parties to the investment (or related collateral and security arrangements). Such fraud, misrepresentation or omission may adversely affect the value of the investment in question.

#### 11.2.20 Uninsured loss

There can be no assurance that insurance will be available or sufficient to cover the risks associated with the Fund's investments.

There can be no assurance that insurance will be available or sufficient to cover the risks associated with the Fund's investments. Insurance against certain risks, such as earthquakes, floods or terrorism may be unavailable, unavailable at a reasonable cost, available in amounts that are less than the full market value or replacement cost of investments or subject to a large deduction. In addition, there can be no assurance that particular risks which are currently insurable will continue to be insurable at a reasonable cost. If the Fund or any of its investments suffers an uninsured loss, all or a substantial portion of the relevant investment may be lost. In addition, all of the assets of the Fund may be at risk in the event of an uninsured liability to third parties.

#### 11.2.21 Development Risk

Where an investment by the Fund involves a construction or project element, the Investors are taking on additional risk associated with development funding, including delays and cost overruns. Should the realisable value of the development be less than the sum of the capital invested and the interest income due to the Fund (for example, due to a fall in the property market) there may be insufficient money to repay the debt obligations. The ability to recover any shortfall would depend on whether there was other available security under the charge over the business of the Borrower and the personal guarantees held in relation to the loan.

Further, incomplete developments may not be readily saleable in the market at the assessed value.

#### Potential environmental liabilities

A Borrower may be liable for the costs of removal or remediation of hazardous or toxic substances located on or in a Security Property. The costs of any required remediation or removal of such substances may be substantial. The presence of such substances, or the failure to remediate such substances properly, may adversely affect the Fund's proceeds from the investment.

Other laws and regulations can limit the development of and impose liability for the disturbance of wetlands or the habitats of threatened or endangered species.

#### 11.2.22 Delay in Payments to Investors

The Trustee will ensure that income distributions are made in accordance with the terms of this IM and the Trust Deed. However, there is always a risk that there may be delays in payments to Unit Holders or that on default under a loan there may be no income available for distribution to Unit Holders. The Trustee reserves the right to continue payments to Unit Holders from its own resources and to claim the full default interest margin from the Borrower.

#### 11.2.23 Currency risk

The currency for the Fund is Australian dollars. The value of an investment made by an overseas investor may go up or down according to changes in the exchange rate between the Investor's currency and Australian dollars. These changes may be significant. Investors may incur a capital loss or significant fees in exchanging Australian currency distributions or redemption proceeds from Australian dollars to their nominated foreign currency. Investors should consider their own circumstances and manage this currency risk according to their individual circumstances.

#### 11.2.24 Counterparty risk

Counterparty risk is the risk of loss caused by another party defaulting on its financial obligations either because they become insolvent or cannot otherwise meet their obligations to the Fund. A party defaulting on its obligations could subject the Fund to substantial losses because the Fund will still be required to fulfil its obligations on any transactions which were to have substantially offset other contracts. Examples of this risk occurring are where another party fails to repay debts owing to the Fund, or defaults prior to, or on completion of the sale of a site, or on completion of construction of the development.

#### 11.2.25 Valuation Risk

This risk relates to the value of the Fund's assets, and in particular, the Fund's mortgage portfolio (both direct investments and investments in the Banner Sub-Schemes).

It is the risk that the valuation of the Security Property is not reflective of current market values. Incorrect or errors in valuation may impact the amount that the Fund can recover if the borrower defaults. Strict investment and lending criteria and valuation process and methodologies as explained in Section 7 of this IM are intended to limit this risk.

See also the general risk relating to the valuation of real estate in Section 11.3.2.

#### 11.2.26 Tax risk

Tax liabilities are the responsibility of each Investor and the Trustee is not responsible either for taxation or penalties incurred by Unit Holders. Investors should consult their own taxation advisors to ascertain the tax implications of their investment.

The Fund is subject to Australian tax legislation. Legislative changes may impact on the returns to Unit Holders. If the Unit Holder is not an Australian resident for taxation purposes, Australian taxation rates will usually not apply. However, a withholding tax is usually deducted from income distributions to overseas investors. Non-resident investors may be entitled to claim a credit for withholding tax in their country of residence and specific taxation advice should be obtained by each Unit Holder.

#### 11.2.27 Changes in interest rates

This is the risk that fluctuations in the interest rate will affect the value of the Fund's investments. The Fund lends on fixed rates and variable rates which helps abate the risk of sudden interest rate movements.

#### 11.2.28 Accrual of Interest

Interest payable on loans may be accrued by the lender by including the interest payable in the principal sum. In this instance, interest repayments are not funded by the Borrower from their cash flow but rather are repaid from the sale or refinancing of the Security Property. There is a risk that the sale proceeds may not be sufficient to repay the entire loan, which will include both the loan principal and interest.

#### 11.2.29 Participation interests

The Fund may purchase debt instruments (such as assignments) which do not entitle the holder to direct rights against the obligor. The Fund will in these cases have a contractual relationship with the relevant seller (typically, a Banner Fund) and not with the underlying obligor. The Fund will acquire a right to receive payments of principal and interest from the seller, only upon receipt by such seller of such payments from the obligor. The Fund generally will have no direct right directly to enforce the terms of the related loan agreement or security

The Fund may not directly benefit from the collateral supporting the debt instrument in which it has purchased the participation or underlying obligation.



### 11.2.30 Security risks

The risk that the mortgage and other security arrangements in relation to an investment are not correctly created, perfected or enforceable. Failure to properly create or perfect the security interests attaching to the investments could have a material adverse effect on the performance of the Fund, and, by extension, the Fund's business, financial condition, results of operations and the value of the Units.

### 11.2.31 Lender liability considerations

Borrowers may be able to assert claims against lending institutions on the basis of various evolving legal theories, including equitable subordination (collectively termed lender liability). Generally, lender liability is founded upon the premise that the institutional lender has violated a duty of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in the creation of a fiduciary duty owed to the borrower. The Fund, as a creditor, may be subject to allegations of lender liability.

Furthermore, the Fund may be unable to control the conduct of the lenders under a loan syndication or loan participation agreement requiring less than a unanimous vote, yet the Fund may be subject to lender liability for such conduct.

### 11.2.32 Liability

The Trust Deed contains provisions that are designed expressly to limit the liability of Investors, in their capacity as Investors in the Fund, to the amount of their respective capital commitments. There can be no absolute assurance that the liability of Investors will be limited as intended by those provisions as the ultimate liability of Investors rests with the courts. Each Investor must satisfy itself as to the risks of the limitation and to its liability as an Investor in the Fund.

### 11.2.33 Governing law and jurisdiction

The Trust Deed will be governed by the laws of Australia. The Manager may decide to admit investors to the Fund notwithstanding that they may be established and based outside Australia, and may have either no assets or only limited assets in that jurisdiction.

## 11.3 General Risks

### 11.3.1 Downturn in the property market

The Fund's investments will be associated with real property and are therefore directly exposed to the performance of the relevant property market and may be affected by fluctuations in the Australian property market.

The location and condition of the underlying property and changes in the supply of or the demand for competing properties in the area will also help to determine the property value. Further, indirect factors and risks will also influence the value of a property, such as energy and supply shortages, various uninsured and uninsurable risks, natural disasters, government regulations, changes in property taxes, changes in interest rates and availability of mortgage funds which may render the sale or refinancing of properties difficult or impracticable, environmental liabilities, contingent liabilities on disposition of assets, terrorist attacks and war and other factors which are beyond the control of the Manager.

Adverse changes in any of these factors may have a negative impact on the value of the underlying security (and therefore LVR exposures) that support the investment and/or this could adversely affect the ability of the individual Borrower to repay funds in accordance with the terms of the loan and adversely affect exit strategies assessed by the Trustee.

### 11.3.2 Property valuation

Valuations of property and property-related assets are inherently subjective due to the individual nature of each property. As a result, valuations are subject to uncertainty and, in determining the value of property-related assets, valuers are required to make certain assumptions, and such assumptions may prove to be inaccurate. This is particularly so in periods of volatility or when there is limited property data against which property valuations can be benchmarked.

If the value of real property assets underlying the Fund's investments is found to be materially lower than that stated at the time of the Fund's investment, this may adversely impact the LVR exposure and the Fund's ability to recover the cost or value of its investments.

This may materially and negatively impact the reported value of the Fund's investments.

### 11.3.3 Force majeure risk

The underlying real property is exposed to risks relating to catastrophe events such as fires, floods, hurricanes, earthquakes, wars, strikes and acts of terrorism, as well as events of force majeure in contracts with counterparties related to funding investments. Losses from such events might be uninsurable and, if such events occur, they may have adverse effects on the Fund.

### 11.3.4 Property is a relatively illiquid asset

Real estate is relatively illiquid, and investors may be reluctant to purchase or sell real property in the current market.

Investor appetite for real property may be dampened by any dislocation of the global financial market factors and limited availability of financing and any resulting decrease in the value of the real property underlying the Fund's investments. The resulting lack of liquidity in real property may inhibit the Fund's ability to dispose of Security Property in a timely manner, and any such disposal may be at a considerably lower price than prevailing indicative market prices.

### 11.3.5 Underlying asset risk

Real estate mortgage investing can be complex, and there are a large number of variables that the Manager analyses and takes into consideration when deploying capital. Although the Manager has the necessary skills to evaluate and mitigate these risks, any single change in underlying risk could affect the LVR exposures and forecast financial returns of the Fund's investments.

### 11.3.6 Political risk

With any investment, there exists the risk of adverse political, legal and tax developments, including nationalisation, termination or non-payment of concessions, confiscation without fair compensation, windfall profit tax or war. Further, any restriction imposed to prevent capital flight may make it difficult or impossible to exchange or repatriate currency. Although the Fund will analyse political risk before making such investments, no assurance can be given that a political or economic climate, or particular legal or regulatory risks, might not adversely affect an investment by the Fund at the time of its acquisition or thereafter.

### 11.3.7 Legal and tax changes

Investors or the Fund could be materially and adversely affected as a result of statutory, tax or regulatory changes or judicial or administrative interpretations of existing laws and regulations.

There can be no assurance that the relevant governmental entities will not legislate, impose regulations or change applicable laws or act contrary to the law in a way that would materially and adversely affect the Fund's investments or Investors.

### 11.3.8 Regulatory risk

Many investments will be subject to substantial government regulation, and governments have considerable discretion in implementing regulations that could impact such investments. In addition, the operations of investments may rely on government permits, licences, concessions, leases or contracts. Such actions could substantially affect investments.

### 11.3.9 Cybersecurity risks

Cybersecurity incidents and cyber-attacks have been increasing around the world. The Manager's information and technology systems, or those of its suppliers or other counterparties, may be vulnerable to damage or interruption from computer viruses, network failures and other events. If these systems are compromised, the Manager and/or the Fund may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Manager's and/or the Fund's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to Investors (and the beneficial owners of Investors).

### 11.3.10 Australian foreign investment regulation

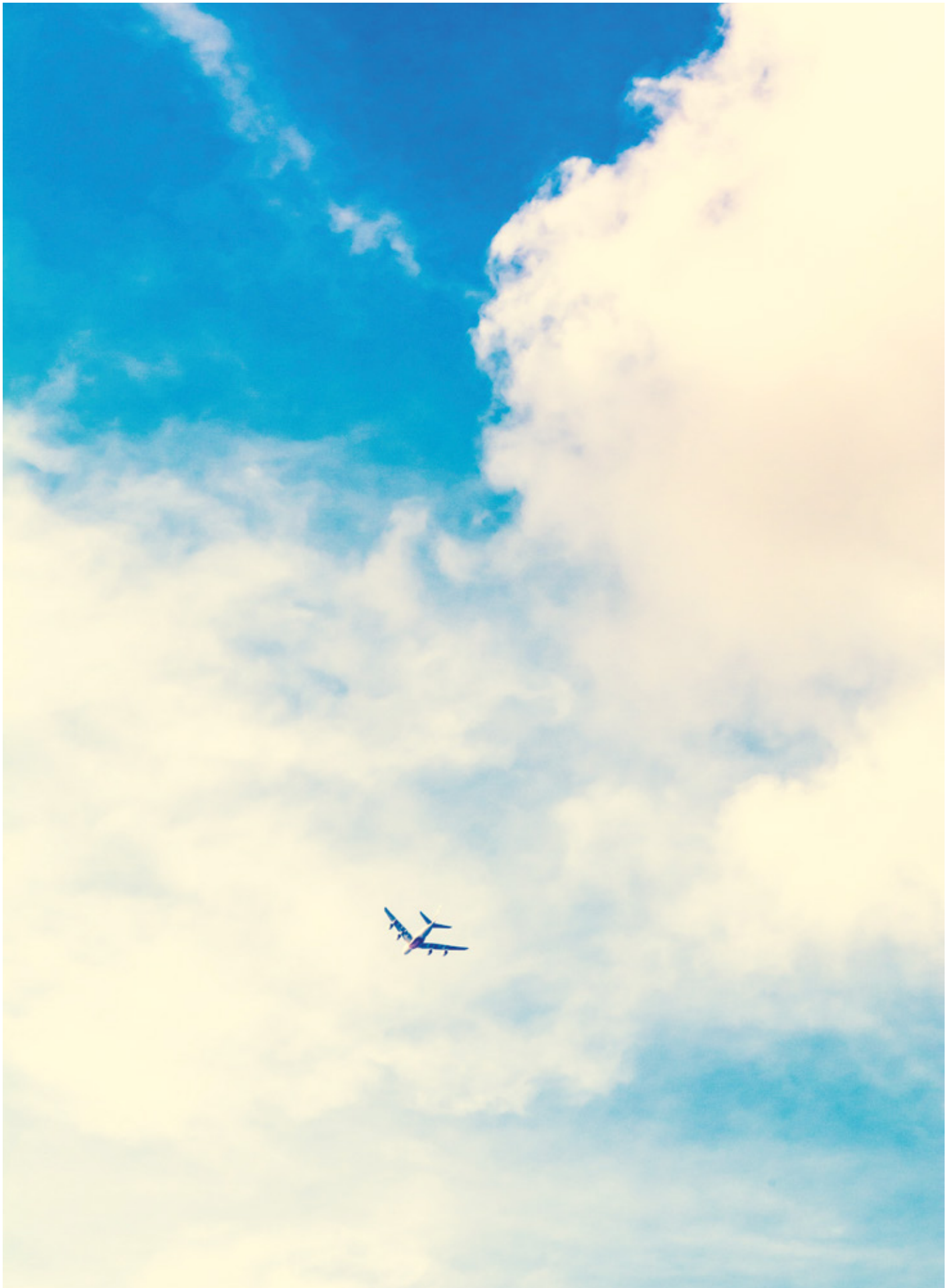
A prospective Investor who is a "foreign person", as defined in the FATA, may be required to notify the Australian Federal Treasurer (through the FIRB) of their intention to acquire interests in the Fund. A prospective Investor may, in advance of its investment, obtain from the Treasurer

(through the FIRB) a prior FIRB approval to the prospective Investor's acquisition of interests in the Fund. Unless such an approval has been obtained, any application for interests in the Fund by a prospective Investor may be conditional upon the Australian Treasurer not objecting to the proposed acquisition of the interests in the Fund (with or without conditions). A FIRB approval will also be required if the Investor is considered to be a foreign government investor.

A breach of the notification requirement or failure to obtain prior approval under the FATA may be an offence under Australian law which could result in a fine or imprisonment. If a notifiable interest is acquired without obtaining FIRB approval or the Australian Treasurer considers the proposal to be contrary to Australia's national interest, the Australian Treasurer has powers under the FATA to make adverse orders including the prohibition of a proposal or ordering the disposal of an interest acquired.

Potential Investors should obtain independent legal advice in relation to the application of FATA.







# 12. Additional Information

## 12.1 Trust Deed

The Trust Deed of the Fund sets out the Trustee's legal relationship with Unit Holders and provides a framework for the operation of the Fund. The primary functions of the Trustee are set out in the Trust Deed.

The Trustee is the holder of an Australian Financial Services Licence No. 465404 (AFSL). The AFSL authorises the Trustee to offer the financial products set out in that AFSL.

The Trust Deed includes provisions which deal with the:

- rights of Unit Holders in the Fund;
- obligations of the Trustee;
- powers of the Trustee to operate the Fund;
- limitation of liability of the Trustee;
- ability of the Trustee to be indemnified by the Fund for all expenses, losses and liabilities that are properly incurred;
- termination of the Fund;
- redemption rights of Unit Holders; and
- meetings of Unit Holders.

To the extent that there is any inconsistency between this IM and the Trust Deed, the Trust Deed prevails. As this section only sets out a brief summary only of the important provisions of the Trust Deed, and does not refer to all provisions in the Trust Deed, Investors should read the Trust Deed for detailed information in relation to the operation of the Fund. Investors should also consider whether it is necessary to obtain independent advice on the Trust Deed. A copy of the Trust Deed is available to Investors upon request.

## 12.2 Cooling Off Rights

There is no cooling-off period for Applications in the Fund.

## 12.3 Taxation Considerations

The taxation implications of an investment in the Fund will depend on an individual Unit Holder's circumstances. Therefore, potential investors should seek professional taxation advice before investing in the Fund. The Fund, the Trustee and their advisors, directors and officers do not accept any responsibility for any taxation consequences.

The net income from the Fund should form part of the Unit Holder's assessable income. Income distributions to non-resident investors may be subject to withholding tax.

Where an investor fails to provide a valid tax file number, or give appropriate exemption information, the Trustee may be required to withhold tax from any distribution.

### Goods and Services Tax

Goods and Services Tax (**GST**) will generally be incurred on each of the fees and charges that apply to the Fund. The GST component on expenditure that the Fund is liable for

in respect to any matters arising under the Trust Deed, including the performance of any obligations, will be deducted from the assets of the Fund.

In specific circumstances, the Fund may be entitled to either full input tax credits or reduced input tax credits (equivalent to 75% of the GST incurred) on the relevant expenditure of the Fund. Any of these

payments and credits will be reflected in the fees and charges that apply to the Fund. It is intended that the distributions from the Fund will be considered a financial supply and thus not subject to GST.

## 12.4 Privacy and Personal Information

In completing an Application Form, you will be providing certain personal information to the Trustee. The Trustee will collect, hold and use that information to assess your Application, service your needs as a Unit Holder, facilitate distribution payments (if made) and send corporate communications to you as an Investor and carry out administration. This information will also be disclosed by the Trustee to enable it to effectively administer the Fund's compliance regime.

The information may also be used from time to time and disclosed to persons inspecting the register of Unit Holders, bidders for the Trust or Trustee in the context of a trade sale, regulatory bodies including the Australian Taxation Office and ASIC, financial advisors, print service providers, mail houses and the registry provider. The Manager may be required to disclose your information by law however the Manager will preserve, as far as possible, the confidentiality of any information. You can access, correct and update the personal information that the Trustee holds about you. Please contact the Trustee if you wish to do so at the relevant contact numbers set out in this IM.

The Trustee is committed to respecting the privacy of your personal information. The Trustee has adopted a privacy policy, which states how it manages personal information. You can obtain a copy of that policy by written request. The Trustee has processes in place to ensure that the Investor's privacy is protected.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended) and the Corporations Act. You should note that if you do not provide the information required on the Application Form, the Trustee may not be able to

## 12.5 Material Agreements

This section summarises the material agreements related to the Fund. It is a summary only and is not intended to be exhaustive. You should consider whether it is necessary to obtain independent advice on these documents.

### Investment Management Agreement

On 28 February 2020, the Trustee and the Manager entered into the Investment Management Agreement setting out their respective roles in managing and administering the Fund.

## 12.6 Declarations of Interests and Benefits

The Trustee receives the fees set out in Section 10 of this IM. These fees may be paid to or shared with the Manager.

Subject to the Corporations Act and general law, the Trustee's respective directors may receive a salary as employees of the Trustee. The Trustee's internal sales staff and directors, either directly or through beneficial interests in entities, may also receive a commission from the Trustee or associated entities calculated by reference to the value of Applications received. These commissions are paid out of the resources of the Trustee and not out of the Fund.

Andrew Turner, Bryan Massey and Jeremy Vogler have an indirect beneficial interest in the Trustee and will benefit from the fees derived by it.

The Fund does not lend to or invest in related parties other than loans to or investments in a Banner Fund (including Banner Sub-Schemes).

### Consents

The auditor of the Trustee, Grant Thornton Audit Pty Ltd, have given their written consent to act in the position and role set out in the directory and this IM. Where applicable, they have consented to the information attributed to them in this IM in the form and context in which they have been included. Further, none of these parties have withdrawn their consent prior to the date of this IM.

## 12.7 Anti-Money Laundering FATCA and CRS Disclosure

The Australian Federal Government enacted the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (**AML/CTF**). The Trustee is a 'reporting entity' pursuant to this legislation and, as such, must be 'reasonably satisfied' that an Investor exists and is who they claim to be prior to accepting their investment.

The Trustee is also required to collect and validate the information of investors who are deemed US reportable accounts under the Foreign Account Tax Compliance Act (**FATCA**) and any foreign tax residents under the Common Reporting Standard (**CRS**) regime.

This means that all new investors in the Fund must provide the identification information as set out in the Application, Disclosure and Self Certification Forms. The Trustee cannot accept a new investor unless satisfactory identification documents are attached to the Application.

The Trustee will be provided with and maintain all information collected from Investors in a secure manner in accordance with AML/CTF, FATCA, CRS and relevant privacy principles. Information concerning an Investor will only be disclosed where required by law.

This means that identification information may be disclosed to government or law enforcement agencies and shared with different countries' tax authorities. The Trustee may also disclose this information to other entities involved with the Fund to the extent that this information is required to fulfil that entity's AML/CTF, FATCA and CRS obligations.

## 12.8 No Quotation

The investment outlined in this IM will not be able to be traded on a financial market in Australia or elsewhere.

## 12.9 Directors' Authorisation

This IM is issued by the Trustee and was authorised by a resolution of its directors.

## 12.10 Key Foreign Selling Restrictions

### New Zealand

Offers of the interests in the Fund in New Zealand are only being made to investors such that the offer does not require a prospectus under the New Zealand Securities Act 1978. If you receive this IM in New Zealand, you represent and warrant that:

- you are a person whose principal business is the investment of money or who, in the course of and for the purposes of your business, habitually invests money, within the meaning of section 3(2)(ii) of the New Zealand Securities Act 1978;
- if you are acquiring the Fund interests for the account of another person, that person falls within the criteria set out in the previous paragraph; and
- neither you, nor any person on whose account you are acquiring the Fund interests, is or are acquiring those Fund interests for the purposes of resale, other than to a person who fulfils the above criteria. This representation is understood to be a statement of your present intention only and not an undertaking not to sell, particularly where your investment objectives or market conditions change.

# 13. Glossary

**AFSL** means AFS Licence number 465 404.

**AML/CTF** means Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth).

**Applicant** means an applicant for investment under this IM.

**Application** means an application to invest in the Fund in accordance with this IM.

**Application Form** means the application form attached to or accompanying this IM.

**ASIC** means the Australian Securities and Investments Commission.

**Manager** means Banner Asset Management Pty Ltd (ACN 158 842 810).

**Authorised Investment** means all investments authorised by the Fund's Trust Deed which may include, but is not limited to, mortgages, interests in mortgages, interests in Banner Sub-Schemes.

**Banner Funds** means the Banner Wholesale Fixed Interest Income Fund ARSN 160 596 770 (including Banner Sub-Schemes), the Banner Ebisu Income Fund and the Banner Real Estate Income Fund and other managed investment schemes managed by the Banner Group and such other first mortgage funds as established by the Banner Group.

**Banner Fund Investment** has the meaning given to that term in Section 3.3.

**Banner Group** means companies related to or associated with Banner Asset Management Pty Ltd (ACN 158 842 810), including subsidiaries.

**Banner Sub-Scheme** means a property-specific sub-scheme of the Banner Wholesale Fixed Interest Income Fund.

**BBSW** is the BBSW mid-rate for a 1 month tenor as at 11am (Sydney time) on the first business day of each calendar month as published on the ASX website.

**Board** means the board of directors of the Trustee.

**Borrower** means a qualifying individual or company to whom the Fund provides finance.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Distributable Income** means the income of the Fund available for distribution to Investors determined in accordance with the Trust Deed.

**Expenses** means all costs and expenses incurred by the Trustee in the operation and administration of the Fund, including but not limited to custodial fees, accounting and legal advice, audit fees, insurances, consulting fees, costs relating to Unit Holder meetings, the cost of reporting to Investors; registry fees, compliance committee fees and all legal, tax and regulatory compliance costs in respect of the Fund.

**Financial Year** means a financial year ending on 30 June.

**Fund** means the fund nominated by the Investor in Section 2 of the Application Form or if both are nominated, then both Funds.

**GRV or Gross Realisation Value** means the gross realisation value as referred to in Section 6 and Section 7 of this IM.

**GST** means Goods and Services Tax as defined in the A New Tax System (Goods and Services Tax) Act 1999 (Cth) and associated regulations.

**IM** means this information memorandum dated 26 January 2023.

**Investment** means an investment of the Funds.

**Investment Committee** means the investment committee for the Fund established by the Trustee.

**Investment Criteria** means the criteria for investments of the Fund as referred to in Section 6.2 of this IM.

**Investment Management Agreement** means the agreement entered into between the Trustee and the Manager dated 28 February 2020.

**Investor or Unit Holder** means a holder of Units in the Fund.

**LVR or Loan to Value Ratio** means the ratio of the loan to the assessed value of the Security Property expressed as a percentage. The assessment of value will be by independent valuation and, in the case of development loans, may include progressive value add by further expenditure on the property.

**LVR Limit** is the ratio of the principal loan amount to the assessed value of the security property and must be no greater than 50% of the assessed value of the security property for the Banner Property (Low LVR) Income Fund and 75% of the assessed value of the security property for the Banner Property Income Fund.

**Management Fee** means the amount paid to the Trustee as referred to in Section 10 of this IM.

**Net Asset Value** means the Fund's assets less liabilities as determined by the Trustee (of the relevant class).

**Security Property or Security Properties** means the real property accepted as mortgage security as determined by the Investment Committee.

**Target Return** has the meaning given to that term in Section 2.

**Trust Deed** means the trust deeds for each Fund, both dated 29 February 2020, and made by the Trustee.

**Trustee** means Banner Capital Management Limited (ACN 600 738 181).

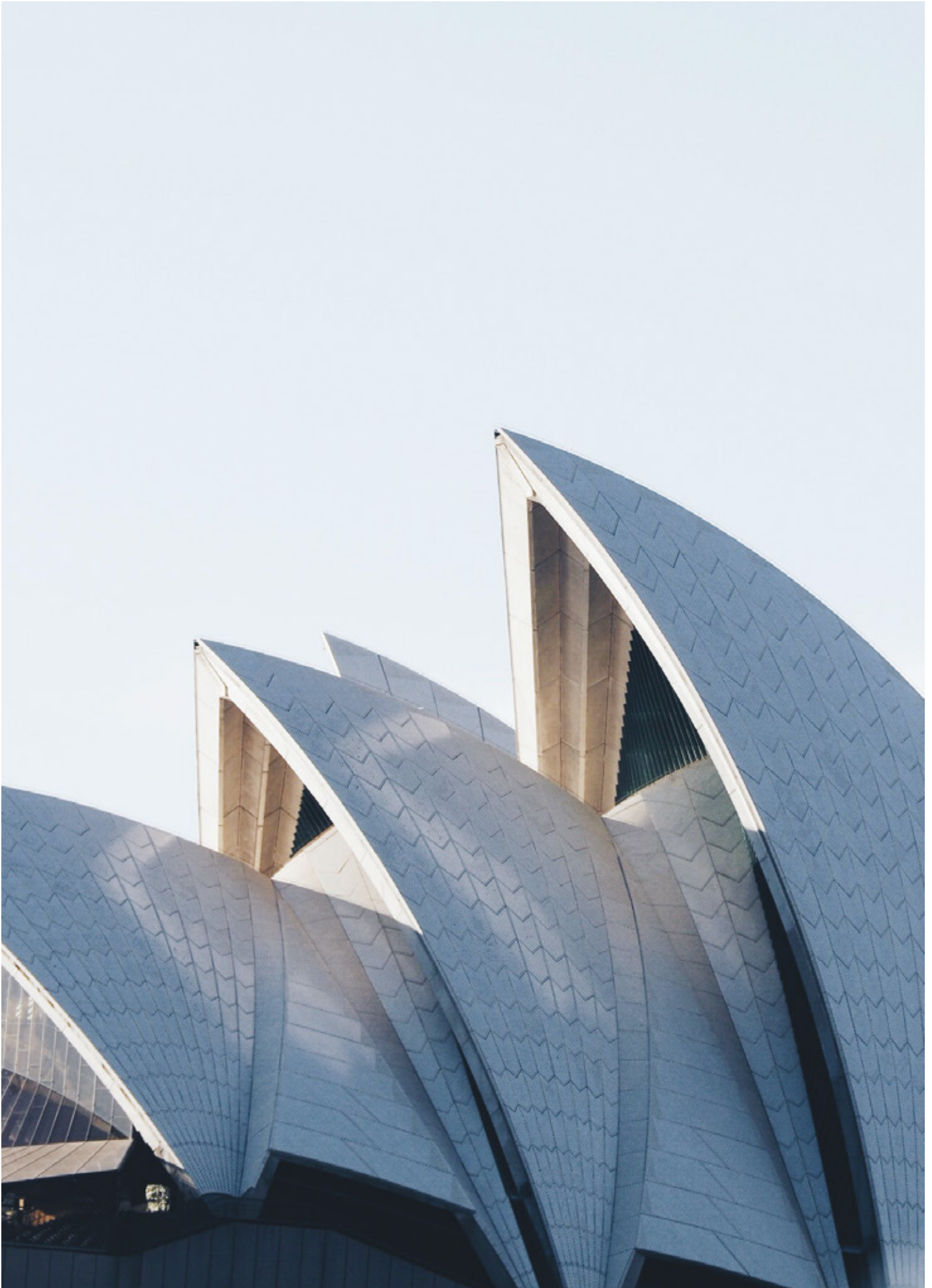
**Unit** means a unit in the Fund.

**Valuation** means the valuation process set out in Section 7.

**Valuer** means a registered valuer appointed to conduct a Valuation.

**Wholesale Clients** has the meaning given in section 761G of the Corporations Act.





# 14. Application Form

This Application Form relates to the Information Memorandum dated 26 January 2023 ("the **Information Memorandum**") issued by Banner Capital Management Limited ABN 600 738 181 AFSL 465 404 ("**Trustee**") in relation to the Banner Property (Low LVR) Income Fund and The Banner Property Income Fund ("the **Fund**"). All capitalised terms used in this Application Form have the meaning given in the Information Memorandum or Trust Deed for the Fund (as applicable) unless otherwise stated or defined in Schedule 2.

This Information Memorandum replaces the Information Memorandum dated 1 March 2020 issued for the Fund.

The Trustee is subject to the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth), and associated rules and regulation ("**AML/CTF Laws**"). In order to comply with its obligations under the AML/CTF Laws, the Trustee must collect certain information about each Applicant as set out in this Application Form.

**To apply for units in the Fund you are required to complete this Application Form and to provide the required supporting documents.** Please forward the original completed Application Form, together with the supporting documents required under Section 12 to:

**Level 21, 90 Collins Street,  
Melbourne Vic 3000**

and a copy of the completed Application Form and supporting documents to:

**investments@bannerassetmanagement.com**

Your account may not be opened until your original documentation has been received by the Trustee. Please contact the Trustee if you are not one of the types of Applicants provided for in this Application Form (i.e individual, company, trust or partnership).

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## Section 1: Are you an existing client of the Trustee

- ☐ **Existing Client** – please complete all sections. Supporting documents in Section 12 of this Application Form are not required with your Application Form unless requested by the Trustee.

Existing Account Name

Existing Account Number

- ☐ **New Client** – please complete all sections.

See Section 12 for a list of supporting documents that must be supplied with your Application Form.

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## Section 2: Fund and Investment Amount

### Fund for Investment

I wish to invest in the following Fund(s):

- ☐ Banner Property (Low LVR) Income Fund
- ☐ Banner Property Income Fund

The minimum initial investment in the Fund is \$100,000 (subject to Trustee's discretion to accept a lower amount).

By signing this Application Form I/we subscribe the following Investment Amount in the Fund(s):

Banner Property (Low LVR) Income Fund

**Total Investment Amount AUD\$**

Banner Property Income Fund

**Total Investment Amount AUD\$**

(Continues on following page)

**Banner Property (Low LVR) Income Fund**

A reference to the 'Fund' in this IM is a reference to the Fund nominated above (or if both are nominated then both Funds). Please deposit your Investment Amount into the following trust account with your **application name as the reference**.

Bank Name	Commonwealth Bank of Australia
Account Name	Banner Capital Management Limited ATF Banner Property (Low LVR) Income Fund
BSB	063-010
Account Number	1445 6104

**Banner Property Income Fund**

Please deposit your Investment Amount into the following trust account with your **application name as the reference**.

Bank Name	Commonwealth Bank of Australia
Account Name	Banner Capital Management Limited ACF Banner Property Income Fund
BSB	063-010
Account Number	1445 6059

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**Section 3: Wholesale Investor Status**

**In order to invest in the Fund, you must declare your wholesale investor status in accordance with the Corporations Act 2001 (Cth) by ticking one of the following boxes:**

- ☐ I/We are applying to invest AUD\$500,000 or more or have already invested AUD\$500,000 or more in the Fund; or
- ☐ I/We have net assets of at least AUD\$2.5million OR a gross income of at least AUD\$250,000 p.a. for the last two financial years (a copy of a certificate given by a qualified accountant verifying your net assets or gross income in the form attached as Schedule 1 must be provided with your completed Application Form); or
- ☐ I/We satisfy the definition of professional investor under the Corporations Act 2001 (Cth) (a copy of evidence showing that you satisfy the definition of professional investor must be provided with your completed Application Form).

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**Section 4: Details of the Applicant****4.1 Company / Trust / Partnership Applicants**

Full name(s) of Applicant / COMPANY NAME / TRUST NAME (including full name of trustee) / PARTNERSHIP NAME

Name of Trustee or General Partner  
(if applicable)

Type of Trust (if a Trust)

- ☐ Trust is registered and subject to domestic regulatory oversight as a trust (eg. SMSFs are generally regulated by the ATO)
- ☐ Managed investment scheme registered with ASIC
- ☐ Trust is a government superannuation fund established by legislation
- ☐ Managed investment scheme which is not registered with ASIC, has only wholesale clients and does not make small scale offerings to which section 1012E of the Corporations Act 2001 applies
- ☐ Other unregulated trust

ACN / ABN / ARBN / ARSN /  
foreign company identification number

Name of agent authorised to act on  
behalf of the Applicant (if applicable)

(Continues on following page)



Country of formation /  
incorporation / registration

Tax file number  
or exemption or TIN

Business name  
(if any)

Contact email address

**Registered office address**

Street Number and Street Name (PO Box is NOT acceptable)

City/Suburb/Town	State	Postcode

**Principal place of business** (if different to above)

Street Number and Street Name (PO Box is NOT acceptable)

City/Suburb/Town	State	Postcode

**Each Individual Partner or Individual Trustee**

(details for additional individuals can be provided on a separate sheet)

Full given name(s)	Surname	Date of birth (dd/mm/yyyy)

Street Number and Street Name (PO Box is NOT acceptable)

City/Suburb/Town	State	Postcode

Full given name(s)	Surname	Date of birth (dd/mm/yyyy)

Street Number and Street Name (PO Box is NOT acceptable)

City/Suburb/Town	State	Postcode

**Directors**

(to be completed for companies)

(details for additional directors can be provided on a separate sheet)

**Director 1**

Full given name(s)	Surname	Date of birth (dd/mm/yyyy)

Street Number and Street Name (PO Box is NOT acceptable)

City/Suburb/Town	State	Postcode

**Director 2**

Full given name(s)	Surname	Date of birth (dd/mm/yyyy)

Street Number and Street Name (PO Box is NOT acceptable)

City/Suburb/Town	State	Postcode

**Director 3**

Full given name(s)	Surname	Date of birth (dd/mm/yyyy)

Street Number and Street Name (PO Box is NOT acceptable)

City/Suburb/Town	State	Postcode

**Director 4**

Full given name(s)	Surname	Date of birth (dd/mm/yyyy)

Street Number and Street Name (PO Box is NOT acceptable)

City/Suburb/Town	State	Postcode

**Beneficial Owners**

(to be completed for proprietary companies and trusts)

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

**Beneficial Owner 1**

Full given name(s)	Surname	Date of birth (dd/mm/yyyy)

Street Number and Street Name (PO Box is NOT acceptable)

City/Suburb/Town	State	Postcode

**Beneficial Owner 2**

Full given name(s)	Surname	Date of birth (dd/mm/yyyy)

Street Number and Street Name (PO Box is NOT acceptable)

City/Suburb/Town	State	Postcode

**Beneficial Owner 3**

Full given name(s)	Surname	Date of birth (dd/mm/yyyy)
<input type="text"/>	<input type="text"/>	<input type="text"/>

Street Number and Street Name (PO Box is NOT acceptable)

City/Suburb/Town	State	Postcode
<input type="text"/>	<input type="text"/>	<input type="text"/>

**Beneficial Owner 4**

Full given name(s)	Surname	Date of birth (dd/mm/yyyy)
<input type="text"/>	<input type="text"/>	<input type="text"/>

Street Number and Street Name (PO Box is NOT acceptable)

City/Suburb/Town	State	Postcode
<input type="text"/>	<input type="text"/>	<input type="text"/>

**If beneficiaries are not identifiable**

Description of class of beneficiary

**Settlor of Trust**

(to be completed for trusts)

The settlor is the person who created the trust or made the initial contribution to the trust.

Full given name(s)	Surname
<input type="text"/>	<input type="text"/>

**4.2 Individual Applicants****Full name(s) of Applicant**

Joint applicant 2 (if applicable)

Joint applicant 3 (if applicable)

Tax file number, Taxpayer Identification Number (TIN), or exemption, or if none of the above, provide explanation why

Contact email address

**Each individual of Joint Applicant**

(details for additional individuals can be provided on a separate sheet)

Full given name(s)	Surname	Date of birth (dd/mm/yyyy)
<input type="text"/>	<input type="text"/>	<input type="text"/>

Street Number and Street Name (PO Box is NOT acceptable)

City/Suburb/Town	State	Postcode
<input type="text"/>	<input type="text"/>	<input type="text"/>



**Joint Applicant 2 (if applicable)**

Full given name(s)	Surname	Date of birth (dd/mm/yyyy)
<input type="text"/>	<input type="text"/>	<input type="text"/>

Street Number and Street Name (PO Box is NOT acceptable)

City/Suburb/Town	State	Postcode
<input type="text"/>	<input type="text"/>	<input type="text"/>

**Joint Applicant 3 (if applicable)**

Full given name(s)	Surname	Date of birth (dd/mm/yyyy)
<input type="text"/>	<input type="text"/>	<input type="text"/>

Street Number and Street Name (PO Box is NOT acceptable)

City/Suburb/Town	State	Postcode
<input type="text"/>	<input type="text"/>	<input type="text"/>

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**Section 5: Communication**

Our preferred method for sending you investor correspondence (such as transaction confirmations, periodic, distribution and tax statements, on-going disclosures and other material) is via email. Please indicate your preference below by ticking one of the boxes:

☐ **Email** – The Applicant consents to receive all investor correspondence by email to the address provided in Section 7.

☐ **Post** – The Applicant wishes to receive all investor correspondence by post to the address provided in Section 7

If you do not tick either of the above boxes, we will send investor correspondence to you by email to the address provided in Section 7.

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**Section 6: FATCA**

(US FOREIGN ACCOUNT TAX COMPLIANCE ACT) and CRS (OECD COMMON REPORTING STANDARD) Information

**6.1 Individuals**

Are you a US citizen or resident of the US for tax purposes?

☐ Yes If yes, provide your US Taxpayer Identification Number (TIN):

☐ No If no, specify your country of residence for tax purposes:

Go to Section 7

**6.2 US Entities**

Are you a US trust, US company or US partnership?

☐ Yes If yes, provide your US Taxpayer Identification Number (TIN):

☐ No Is the trust, company or partnership exempt for US tax purposes? ☐ Yes ☐ No

Go to Section 7

**6.3 Non US entities**

(Please tick ONE box from the list below)

☐ **Regulated super fund** (self-managed superannuation fund, APRA regulated super fund, government super fund or pooled superannuation trust) – Go to Section 7

☐ **Government entity** – Go to Section 7

☐ **Non-financial public company** (public companies that are not financial institutions) – Go to Section 7

☐ **Registered (tax exempt) charity** – Go to Section 7

(Continues on following page)

Go to Section 7

☐ **Financial institution or trust with a trustee that is a financial institution**☐ Yes If yes, provide your Global Intermediary Identification Number (GIIN) (if applicable):☐ No If no GIIN is available, provide FATCA or CRS status (as applicable):

Go to Section 7

☐ **Non-financial proprietary company** – Go to Section 6.4☐ **Partnership** – Go to Section 6.4☐ **Trust (including testamentary trust)** – Go to Section 6.4☐ **Registered co-operation** – Go to Section 6.4☐ **Association** – Go to Section 6.4☐ **Any other entity not covered above** (for example a participating FFI, deemed compliant FFI or exempt beneficial owner) – Go to Section 7**6.4 Controlling Persons**

Are you a Passive NFFE? (broadly, an entity is “passive” if it derives more than 50% of its gross income from passive income such as dividends, interest, rent or royalties. If you are unsure of your status, refer to the definitions in the FATCA Intergovernmental Agreement between Australia and the US and the OECD Common Reporting Standard, as applicable)

☐ Yes – Go to next question ☐ No – Go to section 7

Are any of the partners, trust beneficiaries, trustee, beneficial owners of corporate trustees, settlors, beneficial owners or any other “Controlling Persons” (as defined in the FATCA Intergovernmental Agreement between Australia and the US) US citizens or residents of the US for tax purposes?

☐ Yes – Go to Section 6.5 ☐ No

Are any of the partners, trust beneficiaries, trustee, beneficial owners of corporate trustees, settlors, beneficial owners or any other “Controlling Persons” (as defined in the OECD Common Reporting Standard) citizens or residents of a country other than Australia or the US for tax purposes?

☐ Yes – Go to Section 6.6 ☐ No – Go to section 7**6.5 Controlling persons that are US citizens or residents of the US for tax purposes**

(MUST COMPLETE – Complete for each partner, beneficiary, trustee, beneficial owner of corporate trustees, settlor, beneficial owner or other Controlling Person. If required, provide additional details on a separate sheet.)

**US Person 1**

Full given name(s) Surname Date of birth (dd/mm/yyyy)

--	--	--

US TIN

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Street Number and Street Name (PO Box is NOT acceptable)

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City/Suburb/Town

State

Postcode

--	--	--

**US Person 2**

Full given name(s) Surname Date of birth (dd/mm/yyyy)

--	--	--

US TIN

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Street Number and Street Name (PO Box is NOT acceptable)

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(Continues on following page)

City/Suburb/Town	State	Postcode
<input type="text"/>	<input type="text"/>	<input type="text"/>

**US Person 3**

Full given name(s)	Surname	Date of birth (dd/mm/yyyy)
<input type="text"/>	<input type="text"/>	<input type="text"/>

US TIN

Street Number and Street Name (PO Box is NOT acceptable)

City/Suburb/Town	State	Postcode
<input type="text"/>	<input type="text"/>	<input type="text"/>

**6.6 Controlling persons that are citizens or residents of a country other than Australia or the US for tax purposes**

(MUST COMPLETE – Complete for each partner, beneficiary, trustee, beneficial owner of corporate trustees, settlor, beneficial owner or other Controlling Person. If required, provide additional details on a separate sheet.)

**Person 1**

Full given name(s)	Surname	Date of birth (dd/mm/yyyy)
<input type="text"/>	<input type="text"/>	<input type="text"/>

Country of residence for tax purposes

Taxpayer Identification Number (TIN), or if no TIN, provide an explanation why

Street number and street name (PO Box is NOT acceptable)

City/Suburb/Town	State	Postcode	Country
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

**Person 2**

Full given name(s)	Surname	Date of birth (dd/mm/yyyy)
<input type="text"/>	<input type="text"/>	<input type="text"/>

Country of residence for tax purposes

Taxpayer Identification Number (TIN), or if no TIN, provide an explanation why

Street number and street name (PO Box is NOT acceptable)

City/Suburb/Town	State	Postcode	Country
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

**Person 3**

Full given name(s)	Surname	Date of birth (dd/mm/yyyy)
<input type="text"/>	<input type="text"/>	<input type="text"/>

Country of residence for tax purposes



Taxpayer Identification Number (TIN), or if no TIN, provide an explanation why

Street number and street name (PO Box is NOT acceptable)

City/Suburb/Town

State

Postcode

Country

## Section 7: Applicant Contact Details

Main contact

Postal address

Email address

Phone number

## Section 8: Distribution instructions

By signing this Application Form the Applicant(s) declare and agree that:

- I/we acknowledge that I/we have read and considered the Information Memorandum in full (in particular, the provisions regarding distributions and liquidity) and I/we acknowledge that distributions, if available, will only be paid in accordance with the Trust Deed and Information Memorandum for the Fund.
- I/we acknowledge that the Fund will generally be illiquid and that it is only possible to redeem or transfer units in the absolute discretion of the Trustee.
- I/we acknowledge that distributions will be reinvested unless an election has been made below.
- ☐ I/we elect not to reinvest our distributions

## Section 9: Applicants banking details (for redemptions and distributions)

Bank Name

Account Name

BSB

Account Number

Swift Code

IBAN

Intermediary Bank Details

## Section 10: Collection of personal information

To assist the Trustee in the provision of its products and services, it may need to collect personal information about the Applicant such as the Applicant's name, date of birth, email address, residential address and telephone number. By providing personal information, the Applicant agrees to its use and disclosure in accordance with this statement and the Trustee's privacy policy. If the Applicant does not agree, the

(Continues on following page)

Applicant must not provide their personal information, and may be unable to receive the Trustee's products and services. The Trustee may disclose personal information to other parties, including the Trustee's related companies, third parties who provide the Trustee services in connection with its business (e.g. IT service providers), regulatory or government authorities and authorised representatives. From time to

time, these third parties may be located (and therefore the Applicant's personal information may be disclosed) overseas. The Trustee's privacy policy is available on request. It contains information about how the Applicant may access and seek correction of their personal information, how they may complain about a breach of their privacy, and how the Trustee will deal with that complaint.

## Section 11: Signatures

### 11.1 Signing Instructions

Investor type	Who should sign
Individual	Where the investment is in one name, the investor must sign
Joint investors	Where the investment is in more than one name, all investors must sign
Company	Two directors or a director and a company secretary must sign, unless you are a sole director and sole company secretary
Trust	Each trustee must sign or, if a corporate trustee, then as for a company above
Partnership	Each partner or the authorised partner
Association or registered co-operative	Each office bearer
Government body	Relevant principal officer/authorised signatory
Power of Attorney	If signing under a Power of Attorney, please attach the identification documents listed in Section 12.

#### Note:

If signing under power of attorney, you declare that you have not received notice of revocation of that power (a certified copy of the power of attorney must be submitted with this Application Form).

### 11.2 Applicant Acknowledgment

By signing this Application Form the Applicant(s) declare and agree that:

- I/we have received, read and understood the Information Memorandum dated 26 January 2023 issued by the Trustee in relation to the Fund and that the Information Memorandum does not contain all of the information required by me/us to make a fully informed decision regarding the appropriateness of the investment in the Fund for me/us.
- The details given in this Application Form are true and correct and I/we agree to make the investment referred to in Section 2 of this Application Form.
- The declarations made in this Application Form, including in Section 3 are complete and accurate.
- I/we acknowledge that the Trustee is not responsible for the delays in receipt of monies caused by the Applicant's bank.
- I/we acknowledge that application monies will be held in an account which may be interest bearing until invested in the Fund (or returned to the Applicant) and that interest (if any) will be paid to the Fund.
- I/we have the power and authority to apply for units in the Fund.
- I/we acknowledge that we are 18 years of age or over and I am/we are eligible to hold units in the Fund.
- If this is a joint application, each Applicant agrees, unless otherwise indicated in this Application Form, the investment is held as joint tenants and either Applicant may operate the account and bind the other for future transactions, including additional investments or redemptions.
- If investing as a trustee, agent, representative, custodian, sub-custodian or nominee, I/we:
  - understand and acknowledge that the representations, warranties, confirmations and agreements made in this Application Form are made by me/us;
  - with respect to me/us; and
  - with respect to the underlying investor(s);
- have all requisite power and authority from such underlying investor(s) to execute and perform the obligations under this Application Form;
- agree to provide any additional documents and information that the Trustee may reasonably request in relation to the underlying investor(s); and
- will make all reasonable efforts to procure that the underlying investor(s) makes all representations, warranties, confirmations, agreements and undertakings in this Application Form.
- If investing as a company that has one director, I am the sole director and company secretary of the company (if the company has a company secretary).
- If signing under power of attorney, I declare that I have not received notice of revocation of that power (a certified copy of the power of attorney should be submitted with this Application Form).
- I/we agree to become a member of the Fund and be bound by the terms and conditions of the Information Memorandum and the Trust Deed for the Fund, as amended from time to time.
- I/we acknowledge that this Application Form constitutes an irrevocable offer to invest in a Fund which can be rejected by the Trustee in its absolute discretion without the need to give reasons.
- I/we authorise the Trustee to apply the TFN or ABN provided in this Application Form and authorise it to be applied to all future application and redemptions for units, including reinvestments, unless otherwise advised in writing to the Trustee.

## 11.2 Applicant Acknowledgment – Continued

- Neither the Trustee, nor any of its related bodies corporate, guarantees in any way the performance of the Fund, repayment of capital from the Fund, any particular return from, or any increase in, the value of the Fund.
- I/we acknowledge that investment in units is subject to investment risk, including the risk of difficulties in realising the investment and loss of income and principal invested.
- I/we are not prohibited or restricted by applicable securities or other laws or regulation from applying, holding or withdrawing any units in the Fund or from receiving the Information Memorandum and this Application Form.
- I/we agree to not disclose or cause to be disclosed any confidential information concerning the Fund, Trustee or nor any of its related bodies corporate, principals, officers, employees, associates, affiliates, representatives or agents (each a **Relevant Person**) to any person or use any such confidential information for my/our own purposes.
- Neither the Trustee, nor any other Relevant Person, make any recommendation as to the suitability of the Fund or any application for units by the Applicant and I/we acknowledge the Information Memorandum does not contain financial, investment or taxation advice that considers my/our objectives, financial situation or needs.
- I/we acknowledge that none of the Trustee, nor any other Relevant Person, has made any representations or warranties in connection with the Fund or the performance of the Fund.
- I/we to the extent I/we consider necessary have sought financial, investment and taxation advice from sources not related to the Trustee before applying to invest in the Fund.
- I/we have read Section 10 of this Application Form. I/we agree to personal information about me/us being collected, used and disclosed in accordance with the Trustee's privacy policy.
- I/we will not knowingly do anything to put the Trustee in breach of the AML/CTF Laws and I/we will notify the Trustee if we are aware of anything that may put the Trustee in breach of such legislation, rules and regulations.
- I/we agree to provide further details or personal information to the Trustee if required to meet its obligations under AML/CTF Laws and acknowledge that processing of my/our application may be delayed and will be processed at the unit price applicable for the Business Day at which all required information has been received and verified.
- I/we acknowledge that the Trustee may be required to pass on information about me/us or my/our investment to the relevant regulatory authority in compliance with AML/CTF Laws, FATCA, or the OECD Common Reporting Standard. I/we will provide such information and assistance that may be requested by the Trustee to comply with its obligations under those laws and regulations and I/we indemnify the Trustee against any loss caused by my failure to provide such information or assistance.
- I/we undertake that I/we are not aware and have no reason to suspect that the money used to fund my/our investment is derived from or related to money laundering, terrorism financing or other similar activities, or illegal activities. I/we undertake that I/we are not aware of and have no reason to suspect that proceeds of investments made in connection with the Fund will fund illegal activities.
- I/we confirm that I/we have provided all information required and that information is accurate, complete and up to date.
- I/we agree to provide the Trustee with any information it reasonably requests to assist in determining and fulfilling its and the Fund's withholding obligations and to assist it in obtaining any exemption, reduction or refund of any withholding or other taxes imposed upon the Trustee or the Fund, their income, or amounts paid to them.
- I/we acknowledge that despite any term of the Information Memorandum, the Trustee may vary its policy with respect to the frequency of distributions at any time and for any reason.
- I/we agree to indemnify, keep indemnified and hold harmless the Fund and each Relevant Person from and against any and all claims, liabilities and losses relating to or arising out of any breach of any representation, warranty or declaration made by me/us in this Application Form or in any other document provided by me/us to the Trustee in connection with the Applicant's investment. The Trustee holds the benefit of this provision on trust for the benefit of each Relevant Person and may enforce any or all of the rights granted to under this Application Form on behalf of any Relevant Person notwithstanding that such Relevant Person is not a party to this Application Form.
- I/we understand that this Application Form is a legally binding obligation on me/us to pay the Investment Amount identified in Section 2.
- I/we agree that the representations set out by me/us in this Application Form are made by me/us on the date on which I/we sign this Application Form and on each day thereafter until the termination of the Fund and I/we agree to promptly notify the Trustee of any change in circumstances which would cause the representations and warranties given by me/us to be incorrect or misleading.

**Before signing this Application Form you should ensure that you have received all 16 pages of this Application Form and completed all relevant pages. You should read the Information Memorandum before signing this Application Form. You should contact the Trustee if pages of this Application Form are not attached.**

11.2 Applicant Acknowledgment – Continued

Applicant #1

Name

Signature

Title / capacity

Date

Or

Authorised representative name

Signature

Applicant #2

Name

Signature

Title / capacity

Date

Or

Authorised representative name

Signature



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## Section 12: Provision of supporting documents

- ☐ As part of the Trustee's responsibility to comply with any applicable AML/CTF Laws, FATCA and the OECD Common Reporting Standard, the Trustee may require detailed verification of an Applicant's identity and the source of the payment of monies from the Applicant. The Trustee reserves the right to request such information (or additional information) as is necessary to verify the identity of an Applicant and the source of the payment of monies. It may be necessary for the Trustee to collect information about you from third parties in order to meet its obligations.

Applicants are required to provide all supporting documents listed under the applicable class below:

Class of Applicant	Documentation required
<b>Individuals, Beneficial Owners and the Senior Manager</b> (if a beneficial owner is not identifiable)	<input type="checkbox"/> <b>Certified</b> copy of passport or official ID document with photograph, name and either date of birth or residential address (no PO Boxes) (must be legible).
<b>Listed Companies &amp; Regulated Institutions</b>	<input type="checkbox"/> 1. <b>Certified</b> copy of certificate of incorporation or business registration certificate and (where appropriate) certificate of incorporation on change of name, or documentation showing the entity is listed/ regulated in an approved country (e.g. extract from the approved exchange/regulator website), see note *. <input type="checkbox"/> 2. <b>Certified</b> copy authorised signatory list with specimen signatures and title/position of the signatory with the company. <input type="checkbox"/> 3. <b>Certified</b> identification documents for all authorised signatories in line with all of the requirements for "Individuals". <input type="checkbox"/> 4. <b>Certified</b> copy board resolution (or extract) evidencing the appointment / authority of the authorised signatories.
<b>Other Pooled Vehicles (Pension Fund, Hedge Fund, Private Equity, Fund of Funds, Venture Capital Funds)</b>	<input type="checkbox"/> 1. Evidence of formation / incorporation (e.g. <b>certified</b> copy certificate of incorporation) or <b>certified</b> extract from commercial register. <input type="checkbox"/> 2. <b>Certified</b> copy register of directors or <b>certified</b> copy extract from regulator's website detailing directors, officers, etc. <input type="checkbox"/> 3. <b>Certified</b> copy of authorised signatory list with specimen signatures. <input type="checkbox"/> 4. <b>Certified</b> identification documents for the following in line with all of the requirements for "Individuals": <ul style="list-style-type: none"><li><input type="checkbox"/> At least one director</li><li><input type="checkbox"/> All authorised signatories</li></ul>
<b>Proprietary Companies (Personal Investment, Companies, Unquoted Companies)</b>	<input type="checkbox"/> 1. <b>Certified</b> copy of certificate of incorporation, or business registration certificate and (where appropriate) certificate on change of name. <input type="checkbox"/> 2. <b>Certified</b> copy of the register of directors. <input type="checkbox"/> 3. <b>Certified</b> evidence of the principal place of business if different from the registered office. Note that a PO Box address is not sufficient. <input type="checkbox"/> 4. <b>Certified</b> identification documentation for the following, in line with all of the requirements for "Individuals": <ul style="list-style-type: none"><li><input type="checkbox"/> At least one director</li><li><input type="checkbox"/> All authorised signatories</li></ul> <input type="checkbox"/> 5. <b>Certified</b> copy authorised signatory list with specimen signatures.  <b>Note:</b> if a foreign company is registered with the Australian Securities and Investments Commission a <b>certified</b> copy of the certificate of registration detailing the ARBN is also required.

**Partnerships and  
Unincorporated Businesses**

- ☐ 1. **Certified** copy of the partnership agreement or minutes of a partnership meeting.
- ☐ 2. **Original** confirmation from the general partner(s) of the full names and addresses (PO Boxes not acceptable) of all partners.
- ☐ 3. **Certified** identification evidence for the general partner(s) in line with the requirements for "Individuals" or if the partner is an entity, in line with the requirements for that class of investor.
- ☐ 4. **Certified** copy of authorised signatory list with specimen signatures.
- ☐ 5. **Certified** identification documents for all authorised signatories in line with all of the requirements for "Individuals".

**Trusts**

For both regulated and unregulated Trustees:

- ☐ 1. **Certified** copy authorised signatory list with specimen signatures.
- ☐ 2. **Certified** identification documents for all authorised signatories in line with all of the requirements for "Individuals".
- ☐ 3. **Certified** documentation for each trustee, named beneficiary, and settlor in line with all of the requirements for a "Company" or "Individual".
- ☐ 4. **Certified** copy of Trust Deed.

**Additional requirements are as follows:**

**Regulated Trustee in a FATF\*\* country or parent of the Trustee is regulated in a FATF\*\* country**

- 1. Extract of authorisation from the relevant regulator.

**Nominee accounts  
(private bank, investment  
adviser or nominee company)**

**Regulated 3rd party or unregulated 3rd party with regulated parent company**  
(Subscription on behalf of underlying investor and the 3rd party is located in an FATF\*\* country)

- ☐ 1. **Certified** copy certificate of incorporation or business registration certificate and (where appropriate) certificates on change of name.
- ☐ 2. **Documentation** showing the entity (or parent) is regulated in a FATF\*\* country (e.g. extract of authorisation issued by the regulator).
- ☐ 3. **Certified** copy of authorised signatory list with specimen signatures.
- ☐ 4. **Certified** identification documents for all authorised signatories in line with all of the requirements for "Individuals".

**AFSL holders**

- ☐ **Certified** copy of AFS License.

**Power of Attorney**

- ☐ 1. A **certified** copy of the Power of Attorney's driver's licence, passport or other photo graphic identification which confirms the full name and the residential address and signature.
- ☐ 2. **Certified** copy of the Power of Attorney which confirms that any attorney completing and signing this form is authorised to do so under the power of attorney. If the power of attorney does not contain a sample of each attorney's signature, please also provide a list containing the name of each attorney and a sample of each attorney's signature.

**Applicant Agent**

- ☐ Evidence of the agent's authorisation to act on behalf of the Applicant.

\* An approved exchange is one in a country which is a member of FATF\*\* or a specified stock exchange as defined under the Securities and Futures Ordinance; approved regulators are Securities and Future Commission, Insurance Authority or an equivalent authority in a jurisdiction that is a FATF\*\* member or a country with equivalent standards of anti-money laundering to those of the FATF\*\*. Australia is a member of FATF.

\*\* FATF – Financial Action Task Force ([www.fatf-gafi.org](http://www.fatf-gafi.org)).

**Notes:**

- Where documents are not in English, a notarised translation from an accredited translator is required.
- A certifier must be a suitable person, such as a lawyer, accountant, director or manager of a regulated credit or financial institution, a notary public or a member of the judiciary.
- The certifier should sign the copy document (print his/her name clearly underneath) and clearly indicate his/her position or capacity, together with a full contact address and telephone number. The certificate must indicate that the document is a true copy of the original and that the photo is a true likeness of the individual.

(Continues on following page)

## Schedule 1–Accountants Certificate

### Accountant's Certificate

To: Banner Capital Management Limited

I, the accountant named below:

1. Certify that I am a qualified and practicing accountant for the purposes of the Corporations Act 2001 (Cth) (**Corporations Act**) as identified below;
2. Confirm that this certificate may be relied upon by Banner Capital Management Limited (ACN 600 738 181) and its related bodies corporate; and
3. Certify that I am giving this certificate in accordance with sections 708(8)(c) and 761G(7)(c) of the Corporations Act 2001 (Cth) (**Corporations Act**), at the request of, and in respect of the Applicant named below:

(Applicant)

4. Certify that having reviewed the financial position of the Applicant, the Applicant has:  
(please tick appropriate box)

- ☐ net assets of at least \$2.5 million; or
- ☐ a gross income for each of the last two financial years of at least \$250,000 a year.

5. I certify that the financial products and financial services provided to the Applicant under this offer are not provided for use in connection with a business based on my understanding of the Applicant.

6. I also confirm that I am a member of: (please tick appropriate box)

- ☐ CPA Australia (CPAA) who is entitled to use the post-nominals "CPA" or "FCPA", and is subject to and complies with CPAA's continuing professional development requirements; or
- ☐ Chartered Accountants in Australia and New Zealand (CA ANZ) who is entitled to use the post-nominals "CA" or "ACA" or "FCA", and is subject to and complies with the CA ANZ's continuing professional development requirements; or
- ☐ the Institute of Public Accountants (IPA) who is entitled to use the post-nominals "AIPA", "MIPA" or "FIPA", and is subject to and complies with the IPA's continuing professional development requirements; or
- ☐ an eligible professional body<sup>1</sup> (see below) who has at least three years of practical experience in accounting or auditing, and is providing a certificate for the purposes of sections 708(8)(c) and 761G(7)(c) of the Corporations Act to a person who is resident in the same country (being a country other than Australia) as that member.

7. If the person who is applying to invest in the Fund pursuant to this Accountant's Certificate is not the Applicant, but is a company or trust controlled by the Applicant, I also confirm that, for the purposes of sections 708(8)(d) of the Corporations Act, the Applicant named above controls<sup>2</sup> the following entity:

Full given name(s)

ABN/ACN (if any)

Signature of Accountant

Name of Accountant

Date

Address of Accountant

### Notes

1 "Eligible foreign professional body" means each of the following:

- American Institute of Certified Public Accountants;
- Association of Certified Chartered Accountants (United Kingdom);
- Canadian Institute of Chartered Accountants;
- The Institute of Chartered Accountants in England and Wales;
- The Institute of Chartered Accountants in Ireland; and
- The Institute of Chartered Accountants in Scotland.

2 "Control" in these circumstances means having the capacity to determine the outcome of decisions about an entity's financial and operating system.

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## Schedule 2–Definitions

**AML/CTF Law(s)** means the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) and any regulations, rules or other instruments made under it or any replacement or additional legislation in respect of the regulation of antimoney laundering and counter terrorism financing.

**Controlling Persons** means the natural persons who exercise control over an Entity. In the case of a trust, such term means the settlor(s), the trustee(s), the protector(s) (if any), the beneficiary(ies) or class(es) of beneficiaries, and any other natural person(s) exercising ultimate effective control over the trust, and in the case of a legal arrangement other than a trust, such term means persons in equivalent or similar positions. The term “Controlling Persons” must be interpreted in a manner consistent with the Financial Action Task Force Recommendations.

**FATCA** means sections 1471 through 1474 of the US Internal Revenue Code of 1986 (commonly known as the Foreign Account Tax Compliance Act provisions), any current or future regulations or official interpretations thereof, Division 396 of the Taxation Administration Act 1953, the Agreement entered into between the Government of Australia and the Government of the United States of America to Improve International Tax Compliance and to Implement FATCA on 28 April 2014, and the Competent Authority Arrangement signed on 16 September 2015 between Competent Authorities of Australia and the United States of America.

**OECD Common Reporting Standard** means the standard for the automatic exchange of financial account information developed by the Organisation for Economic Co-operation and Development.



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