



# Alceon Real Estate Corporate Senior Master Fund

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Information Memorandum – June 2021

Strictly Private and Confidential

Prepared by Alceon Group Pty Ltd AFSL No.345692

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## 1. IMPORTANT NOTICE

### CONDITIONS OF INFORMATION MEMORANDUM

**THIS INFORMATION MEMORANDUM IS AN IMPORTANT DOCUMENT THAT SHOULD BE READ IN ITS ENTIRETY. INVESTORS SHOULD OBTAIN PROFESSIONAL ADVICE BEFORE MAKING AN INVESTMENT DECISION IN RELATION TO THE OPPORTUNITY.**

- This Information Memorandum is dated 29 June 2021 and is issued by Alceon Funds Management Pty Limited ACN 166 832 417 (**Trustee**) in its capacity as trustee of the Alceon Real Estate Corporate Senior Master Fund (**Fund**).
- The Trustee has appointed Alceon Real Asset Management Pty Ltd ACN 627 059 723 (**Investment Manager**) as the investment manager of the Fund.
- The Trustee and the Investment Manager are authorised representatives of Alceon Group Pty Ltd ACN 122 365 986 (AFSL 345692) (**Arranger**). The Arranger has arranged the issue of this Information Memorandum pursuant to an intermediary authorisation under section 911A(2)(b) of the *Corporations Act 2001* (Cth) (**Corporations Act**). The Trustee will issue units in the Fund in accordance with the offer made by the Arranger, to arrange for the issue of the units pursuant to this Information Memorandum.
- This Information Memorandum is intended solely for the use of the person to whom it has been delivered (**Recipient**) for the purpose of evaluating the opportunity described in it (**Opportunity**). It is provided to the Recipient on a confidential basis. The receipt of this Information Memorandum by the Recipient evidences its acceptance of these conditions. If the Recipient does not accept any of the conditions, it must stop reading the Information Memorandum and immediately return it and any copy of it to the Trustee.
- Without the express written permission of Trustee, this Information Memorandum and the information contained within it may not be reproduced in whole or in part, nor must its existence or any of its contents be disclosed, by the Recipient or its legal or financial advisors to any person other than to an employee, director or officer of the Recipient (or its advisors) who is involved in the process of considering the Opportunity.
- The Recipient must return the Information Memorandum to the Trustee upon request.
- This Information Memorandum does not purport to contain all the information that may be required to evaluate any potential transaction or investment. The Recipient and its respective advisors should conduct their own independent review, investigations and analysis of the Opportunity and of the information contained, or referred to, in this document including the merits and risks involved.
- This Information Memorandum has been made available to the Recipient for information purposes only. It is not intended to be and does not constitute a disclosure document or product disclosure statement as defined in the Corporations Act and will not be lodged with the Australian Securities & Investments Commission (**ASIC**). It does not constitute an offer for the issue, sale or purchase of, or the solicitation of an offer to buy or subscribe for, any securities, and must not be relied on for any investment contract or decision. No securities will be issued or granted in reliance on this Information Memorandum.
- The Opportunity will only be available to wholesale clients (as defined under section 761G of the Corporations Act), or to investors in circumstances where disclosure is not otherwise required under the Corporations Act.
- Neither the Trustee nor the Investment Manager make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information contained in this Information Memorandum or subsequently provided to the Recipient in connection with the Opportunity. This includes any historical financial information, assumptions, estimates and projections and any other financial information derived from such material. Nothing contained in this Information Memorandum is, or may be relied upon, as a promise or representation, whether as to the past or the future.
- To the fullest extent permitted by law, the Trustee and the Investment Manager disclaim and exclude all liabilities for any losses, expenses or damages suffered or incurred by any person in connection with:
  - their reliance on the information contained in this Information Memorandum;
  - any errors in or omissions from this Information Memorandum; or
  - any negligence or lack of care on the part of the Trustee, the Investment Manager or their respective officers or employees.
- The estimates and projections contained in this Information Memorandum involve significant elements of subjective judgement and analysis, which may or may not be correct. There are usually differences between forecast and actual results because of general economic conditions and events and actual circumstances frequently not occurring as forecast, and these differences may be material. The Recipient independently review the material assumptions, calculations and accounting policies upon which any accompanying estimates and projections are based. Neither the Trustee nor the Investment Manager undertakes any obligation to update these estimates and projections for events or circumstances that occur after the date of this Information Memorandum or to update or keep current any of the information contained in it.
- Neither the Trustee nor the Investment Manager is liable for any costs or expenses the Recipient incurs in reviewing, investigating or analysing any information in this Information Memorandum or otherwise.
- The information in this Information Memorandum is provided to the Recipient for information purposes only. It does not constitute a recommendation or financial product advice, either expressly or by implication, with respect to any investment, nor is it intended to form the basis of any investment decision.

- The information in this Information Memorandum may not be appropriate for all persons. The Information Providers have not had regard to the investment objectives, financial situation and particular needs of each Recipient. Each Recipient should make its own investigation and assessment of the Opportunity, verify to its own satisfaction the accuracy, reliability and completeness of the information in this Information Memorandum and obtain independent and specific advice from appropriate experts. Neither the Trustee nor the Investment Manager, nor any of their officers or directors, guarantee any rate of return of any investment, the meeting of the investment objectives of the Fund, the performance of the Fund or the repayment of capital.
- The Recipient is responsible for informing themselves as to the legal, regulatory, financial, accounting and tax requirements applicable to them in respect of the Opportunity.
- The contents of this Information Memorandum are based on information available to Trustee as at the date of this Information Memorandum. Neither the Trustee nor the Investment Manager is under no obligation to correct, update or revise this Information Memorandum or to provide the Recipient with access to any additional information.
- Unless otherwise specified all references to dollars (\$) in this Information Memorandum are to Australian dollars.

## 2. KEY FUND TERMS

The table below is only a summary of the key features of an investment in the Fund. It is not intended to be exhaustive. You must read the whole Information Memorandum (**IM**) in conjunction with Annexures A, B and C before deciding to invest.

Investment Terms	
<b>Fund</b>	Alceon Funds Management Pty Limited ACN 166 832 417 ATF Alceon Real Estate Corporate Senior Master Fund
<b>Investment Manager</b>	Alceon Real Asset Management Pty Ltd ACN 627 059 723
<b>Administrator</b>	Apex Fund Services (Australia) Pty Ltd ACN 149 408 702
<b>Fund Performance and Return Targets</b>	Please refer to Annexures A, B and C
<b>Investment Objective and Strategy</b>	<p>The investment objective of the Fund is to generate attractive risk-adjusted absolute returns from investing in secured loans in respect of Australian real estate.</p> <p>The Fund is a master feeder fund and as such, will invest all its assets in loan notes issued by Alceon Real Estate Credit Fund Limited (<b>ARECF</b>). The Fund will provide indirect exposure via its investment in ARECF to a range of first mortgage and structured financing facilities for primarily residential real estate development projects, including facilities to fund construction, acquisition of land intended for future development and developed real estate assets.</p>
<b>Gearing</b>	Where the Investment Manager deems appropriate for the purposes of meeting redemptions only, the Fund may utilise gearing.
<b>Units</b>	<p>As at the date of this IM, there will be a single Class of Unit offered, being Ordinary Class Units.</p> <p>The Unit price will be calculated by adding the Net Asset Value of the investments referable to the Class and the Transaction Costs and dividing that amount by the number of Units in the particular Class.</p> <p>Unit prices will be calculated monthly.</p>
<b>Accounting Methodology</b>	The Fund will use "whole-of-fund" accounting. The Fund's profits and losses will be determined on an aggregate Class basis. Each Unitholder's participation in the profits and losses and the Performance Fee payable will be determined based on the proportionate number of Units held by it in comparison to the total number of Units held by other Unitholders in the Class.
<b>Minimum Investment Amount</b>	\$1,000,000 initial investment or such lesser amount at the Trustee's discretion.
<b>Redemptions</b>	A Unitholder must provide at least 6 months' written notice to redeem, subject to a 1-year lockup.

	<p>Redemptions during the lockup period will be subject to a 3% redemption fee.</p> <p>Generally, the first Business Day of each quarter will be a Redemption Date, with redemption proceeds to generally be paid within 30 days of the Redemption Date.</p> <p>The Trustee may in its discretion redeem Units on an earlier Redemption Date.</p> <p>The Redemption Price will be calculated separately for each Class of Units, generally by deducting any Transaction Costs from the Net Asset Value of the investments referable to the Class as at the date of redemption and dividing that amount by the number of Units in the particular Class.</p>
<b>Compulsory Redemption</b>	<p>The Trustee may at any time in its discretion compulsorily redeem any or all of a Unitholder's Units at the Redemption Price.</p>
<b>Suspension of redemption of Units or payment of Redemption Amount</b>	<p>The Trustee may at any time suspend redemption of Units if it believes it is in the best interest of the Unitholders as a whole to do so, including if:</p> <ul style="list-style-type: none"> <li>• it is desirable to protect the Fund;</li> <li>• any relevant financial, stock, bond, note, derivative or foreign exchange market is closed or trading on any such market is restricted;</li> <li>• it is not reasonably practicable for the Trustee to acquire or dispose of assets of the Fund or to determine fairly the Redemption Price or ability of any of these things is or may be significantly adversely affected; or</li> <li>• sufficient assets of the Fund cannot be realised at an appropriate price or on adequate terms or otherwise.</li> </ul>
<b>Transfers</b>	<p>No Units may be transferred without the prior written consent of the Trustee.</p>
<b>Distributions</b>	<p>The Fund intends to make distributions of net income quarterly in accordance with the terms of issue of each Class of Units and the Trust Deed.</p> <p>Unitholders may elect to automatically reinvest all their cash distributions in the Fund.</p> <p>For further detail on the distribution options of the Fund, please refer to Section 3.4 of the IM or the Subscription Agreement.</p>
<b>Base Currency</b>	<p>The base currency of the Fund for purposes of the financial statements and the determination of the Net Asset Value will be Australian dollars.</p>
<b>Management Fee</b>	<p>The Investment Manager will be entitled to a Management Fee that accrues monthly and is paid quarterly in arrears equal to 1% per annum (plus GST) of the Net Asset Value (before deduction of any accrued Management Fees and Performance Fees).</p>
<b>Performance Fee</b>	<p>The Investment Manager will be entitled to a Performance Fee equal to 10% (plus GST) of the increase in the Net Asset Value of a Class of Units over the Benchmark Return, subject to a Prior High Watermark.</p>

	<p>The Performance Fee will be calculated separately for each class of Units. The Performance Fee will accrue monthly and be paid annually within 14 Business Days after the end of each Financial Year.</p> <p>The Performance Fee Period is each 12-month period (or part period where relevant) ending on 30 June each year.</p>
<b>Investment Manager Expenses</b>	The Investment Manager will be responsible for its own overhead expenses.
<b>Co-Investments</b>	In some circumstances, the Investment Manager, with prior written notification to the Board, may offer co-investment rights to some Unitholders and third parties. The Investment Manager is not obliged to offer any such co-investment rights at all and may offer any such co-investment opportunities to some only and not all Unitholders.
<b>Reports</b>	The Fund will furnish to each Unitholder Monthly Reports and Quarterly Investment Manager Commentary. The Fund will also issue quarterly distribution statements and annual tax statements to all Unitholders.
<b>Financial Year</b>	The Fund's Financial Year will end on 30 June in each year. The last Financial Year will end upon the completion of the winding up of the Fund.
<b>GST</b>	Unless indicated otherwise, all fees and charges in this IM are shown in Australian dollars and exclude GST.
<b>Applicable Law</b>	Victoria, Australia.

### 3. FUND STRUCTURE

#### 3.1. Structure of the Fund

The Fund is an Australian unit trust and is structured as an unregistered managed investment scheme under the Corporations Act.

Investors will subscribe for Units of a Class in the Fund. Each Unit of a Class in the Fund confers an equal and proportionate beneficial interest in the net assets of the Fund referable to that Class. No Unit will give its holder an interest in any particular part of the Fund's assets or investments, or an entitlement to exercise any right or power in respect of any such assets or investments, or an entitlement to participate in the management or operation of the Fund (other than through Unitholder meetings).

The Trust Deed and general Australian laws regulate the working of the Fund. The Trust Deed sets out the conditions under which the Fund is to operate, the rights and liabilities of Unitholders, and the rights, powers, responsibilities and duties of the Trustee. Unitholders are bound by the provisions of the Fund's Trust Deed.

The principal rights of a Unitholder in the Fund are to:

- (a) share in the Fund's distributable income;
- (b) attend and vote at Unitholder meetings; and
- (c) share in the distribution of assets if the Fund is wound up.

The Trustee has appointed the Investment Manager as the investment manager of the Fund pursuant to the Investment Management Agreement. The Investment Manager will also act as the investment manager of ARECF.

The Fund is a master feeder fund and as such, will invest all its assets in loan notes issued by ARECF.

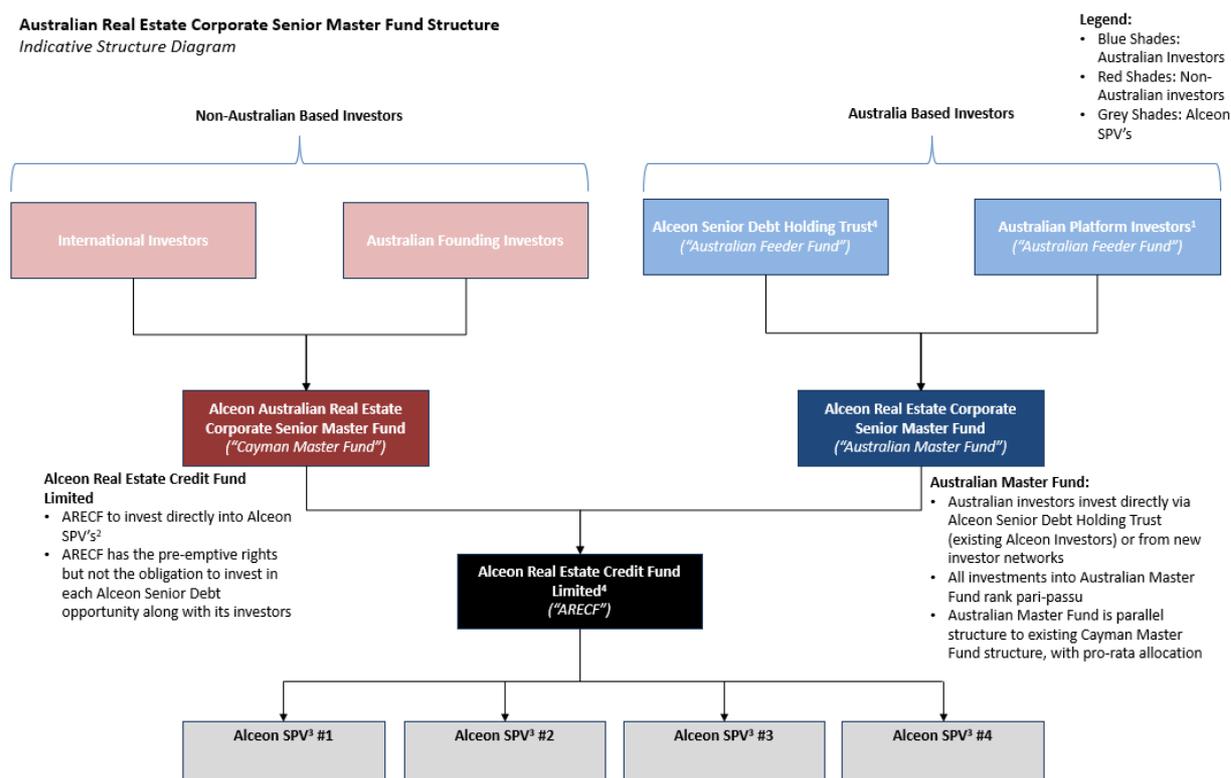
Separate Alceon Controlled Special Purpose Vehicles will act as the Special Purpose Vehicles and direct financiers to the underlying borrowers. The underlying loans will be documented as traditional bilateral construction loan facilities, supported by 1<sup>st</sup> ranking securities and guarantees from the land-owning sponsors (corporate and personal) where applicable.

The capital to fund the lending obligations of the Alceon Special Purpose Vehicles will be sourced from ARECF, which in turn is capitalised by investment commitments raised from issuing loan notes to the Fund and the Alceon Australian Real Estate Corporate Senior Master Fund, a Cayman based Master Fund.

If peak funding requirements exceed forecasts, Alceon has the capacity to provide short term bridge funding which will not impact investor's returns. Conversely, should peak funding requirements be less than forecast, ARECF will not be required to drawdown the total commitment raised from the loan notes issued.

The Investment Manager reserves the right to alter the structure to minimise any adverse tax or other relevant legal and security issues. The following diagram provides a high-level outline of the structure of the Fund.

## Australian Real Estate Corporate Senior Master Fund Structure Indicative Structure Diagram



1) Australian Platform Networks include Financial Advisers and/or director investors

2) This sample structure is subject to change. Alceon Real Estate Credit Fund Limited has no constraint on the number of Alceon SPV's it may be invested into at 1 time, subject to the SPV's being inline with the Funds mandate

3) Alceon SPV's tend to be more than 1 transaction that are syndicated to Alceon wholesale investors. Fees from the underlying Alceon SPV are rebated to ARECF for the benefit of investors

4) The Investment Manager for Alceon Real Estate Credit Fund Limited and Alceon Senior Debt Holding Trust will not receive any management or performance fees associated with the entities its investment services.

### 3.2. Units and Unit price

As at the date of this IM, there will be one single Class of Unit on issue.

The Trustee has the power to issue Units in different Classes that may differ in terms of, among other things, denomination of currency, the fees charged, minimum subscription amounts, voting rights, redemption rights and other rights, provided that the issue does not have a material adverse effect on the rights and obligations of any existing Unitholders. The terms of such new Classes will be determined by the Trustee.

The Unit Price for a Class of Units will be calculated separately for each Class, generally by adding the Net Asset Value of the investments referable to the Class as at the Valuation Date and any Transaction Costs and dividing that amount by the number of Units in the particular Class as at the Valuation Date.

### 3.3. Minimum Subscription Amount

Subscriptions will be taken on a monthly basis. Each subscription for a Class of Units must be made for the Minimum Subscription Amount. The initial minimum subscription amount for an investor is AUD\$1,000,000 or such lesser amount at the Trustee's discretion. Each issue of Units is conditional upon receipt of the Unit price in full.

### 3.4. Distributions

The Trustee intends to make distributions of net income quarterly. Given the nature of the investments of the Fund, in particular the underlying investments in construction loan facilities, only the portion of the net income the Fund receives in cash will be paid quarterly. Any remaining income will be accrued and paid following maturity and repayment of the underlying investment.

Investors may elect to automatically reinvest all their cash distributions in the Fund.

### 3.5. Redemptions

A Unitholder must provide at least 6 months written notice to redeem, subject to a 1-year lockup. Redemptions during the lockup period will be subject to a 3% redemption fee.

Redemption Requests may be submitted by facsimile, email or other electronic means to the Administrator. The Administrator will endeavour to confirm receipt of Redemption Requests which are received in good order within three Business Days. A Redemption Request may not be revoked once given, except as approved by the Trustee (under the authority provided by the Board).

If the redemption of Units the subject of a Redemption Request would result in a Unitholder having a holding of less than the Minimum Holding, the Trustee may redeem all the Units held by the Unitholder.

The Trustee may determine the Redemption Date for Units, provided that the Redemption Date must be a date within 6 months of receipt of the Redemption Request by the Fund. Generally, the first Business Day of each quarter will be a Redemption Date.

The Trustee may at any time compulsorily redeem any or all a Unitholder's Units at the Redemption Price, for any reason. The Trustee need not give any reasons for a compulsory redemption.

The Trustee may at any time suspend the redemption of Units and the payment for the redemption of Units if it believes it is in the best interests of the Unitholders as a whole to do so, including if:

- the Trustee believes it is desirable to protect the Fund;
- any relevant financial, stock, bond, note, derivative or foreign exchange market is closed or trading on any such market is restricted;
- it is not reasonably practicable for the Trustee to acquire or dispose of assets of the Fund or to determine fairly the Redemption Price or ability of any of these things is or may be significantly adversely affected; or
- sufficient assets of the Fund cannot be realised at an appropriate price or on adequate terms or otherwise.

Any Redemption Request lodged during a suspension period will be deemed to be lodged at the end of suspension period. The Redemption Price for Units the subject of a Redemption Request accepted during the suspension period will be the Redemption Price next determined after the end of the suspension period.

The Redemption Price will be calculated separately for each Class of Units based on the Net Asset Value per Class of Units less any Transaction Costs. If the Fund is Liquid, the Redemption Price will be determined as at the next Valuation Date after the Fund accepts the Redemption Request. If the Fund is not Liquid, the Redemption Price will be determined at the time the relevant withdrawal offer closes.

The Trustee must pay the redemption proceeds within 60 Business Days after the Redemption Date; however, distribution of redemption proceeds will be paid within 30 calendar days after the Redemption Date, subject to suspension of payment of redemption proceeds.

The Trustee may deduct from the redemption proceeds any amounts that are due to the Fund from the Unitholder.

For the purpose of determining the value to be ascribed to any assets of the Fund used for an in-kind redemption, the value ascribed to such assets will be based on the most recent valuation done before the date of the proposed transfer. The Trustee may deduct the cost of transferring the relevant asset and any cost of valuation from the amount due to the redeeming Unitholder.

### **3.6. Transfer**

Units may only be transferred with the prior written consent of the Trustee, whose consent may be given or withheld in its sole discretion.

The Trustee or the Administrator (under the authority provided by the Board) may, in their sole discretion, refuse any transfer request without being required to give any reason for such refusal.

### **3.7. How to Invest**

#### ***Application***

Applicants for Units must send a properly completed and irrevocable Subscription Agreement by facsimile, email or other electronic means, which must be received by the Administrator by 4:00 pm Sydney time three clear Business Days prior to a Dealing Day, unless otherwise determined by the Trustee.

Neither the Fund nor the Administrator accepts any responsibility for any loss arising from the non-receipt or illegibility of any Subscription Agreement sent by facsimile or email or for any loss caused in respect of any action taken as a consequence of such facsimile or email believed in good faith to have originated from properly authorised persons.

Unless the Unit terms provide that the Units are denominated in another currency, all subscription payments for Units must be made in Australian Dollars. Cleared funds must be received by the Administrator three clear Business Days prior to a Dealing Day, or such other time as the Trustee in its discretion may in any particular case determine. Electronic funds transfer instructions are available from the Administrator.

Each application for initial Units must be for an amount equal to or exceeding the initial Minimum Subscription Amount.

Under authority provided by the Board, the Administrator may refuse any application for Units from a prospective investor on behalf of the Fund, or may scale back an investor's application to a lower amount, without being required to give any reason for such refusal or reduction. Should this occur, any unused subscription monies will be returned to the applicant, without interest and at the risk and cost of the applicant.

#### ***Confirmation of acceptance***

Each Unitholder will receive written confirmation via email from the Administrator of the number of Units issued to it and these will be recorded in the register. Any interest earned on subscription proceeds prior to the issuance of the relevant Units will be retained by the Fund.

The Administrator will not register an applicant as the holder of any Units until they are satisfied that all the requested application documents have been received and that the subscription is for an amount equal to or exceeding the initial Minimum Subscription Amount.

### **3.8. Electronic Notices**

The Administrator or its agent will acknowledge receipt of any subscription or redemption request on behalf of the Fund, and in the event no acknowledgement is received from the Administrator's Agent within five days of submitting the request, the applicant should assume that the subscription or redemption request has not been received and they should contact the Administrator's Agent via email on [InvestorRegistry@apexfunds.com.au](mailto:InvestorRegistry@apexfunds.com.au) (or telephone on +61 3 9020 3000 to confirm the status of their request.

None of the Fund, the Administrator and/or its agent accepts any responsibility for any loss arising from the non-receipt or illegibility of any Subscription Agreement or additional Subscription Agreement (as the case may be) sent by facsimile or email or for any loss caused in respect of any action taken as a consequence of such facsimile or email believed in good faith to have originated from properly authorised persons.

## 4. MANAGEMENT OF THE FUND

### 4.1. Investment Manager

Alceon Real Asset Management Pty Ltd (ACN 627 059 723), an authorised representative of Alceon Group Pty Ltd (ABN 63 122 365 986) (Australian financial services licence no.345692), has been appointed as the investment manager of the Fund and ARECF.

Subject to the overall control of the Trustee, the Investment Manager has the responsibility for the operation and investment management of the Fund and ARECF.

### 4.2. Overview of Alceon

Alceon is an alternative investment manager established in 2010 with a focus of investing across various asset classes including real estate, private equity and listed equities. Alceon invests capital for individual and institutional clients including but not limited to high net worth individuals, family offices, Australian superannuation funds, wealth management businesses, other asset managers, and corporates. Alceon has a team of over 46 investment and operations professionals with offices in Sydney, Melbourne, Brisbane and Perth. Alceon is 100% privately owned by its staff.

Alceon was established with a mid-market investing focus on property, private equity and listed securities. Across all of its investment activities, its objective is to protect capital and deliver superior risk adjusted returns. Alignment with investors is fundamental to Alceon's investment philosophy and accordingly Alceon significantly co-invests in every Alceon investment.

Alceon's ability to deliver for its investors is underpinned by its competitive advantage of being institutional quality in a boutique setting. This better allows Alceon to assess, structure and execute to the highest quality with creative and risk mitigation solutions. It also has competitive advantages in its ability to respond quickly by using its strong balance sheet and underwriting capability, as well as its ready access to capital via its extensive network of investors. The Alceon team has developed client and business relationships over 30 years.

Alceon has significant experience and in-house execution capabilities in real estate, including: banking and finance, asset management, in-house development management, construction, sales and marketing, and town planning. Alceon has an extensive network of established relationships across the Australian real estate market. Alceon has real estate execution and management experience across many asset types, including; residential property development, retail shopping centres, manufactured home parks & retirement villages, core-plus commercial office, light industrial & office park development, opportunistic investments.

Alceon's strength within the Australian real estate market is as a lender who can provide quality financing via its ability to execute with speed, flexibility, surety of execution, confidentiality, and where necessary the resources, expertise and network to deliver.

It is intended that Trevor Loewensohn, Phil Green, and Morris Symonds (**Principals**) and Alceon staff will maintain a meaningful investment in the Fund and/or its Special Purpose Vehicles.

### 4.3. Investment Team

The Investment Committee comprises Trevor Loewensohn, Morris Symonds, Phil Green, Paul Platus and Damien Cronin. The Investment Team is led by Damien Cronin, the Portfolio Manager. Their biographical details are set out as follows:

#### ***Trevor Loewensohn***

##### ***Founder & Managing Director, Investment Committee Member***

Trevor Loewensohn has over 35 years of investment banking experience - mostly for leading global investment banks including Vice Chairman at UBS, after moving from Head of Investment Banking and Joint CEO at JP Morgan.

Trevor has advised many leading global and Australian companies on mergers and acquisitions, disposals, capital raisings and corporate and financial strategy.

Prior to founding Alceon, Trevor was the Global Head of Capital Markets at Babcock & Brown, where he established a global capital raising and advisory capability. Following the impact of the Global Financial Crisis, Trevor led Babcock & Brown's asset sale programme, successfully completing the sale of more than 20 major funds, companies and assets.

Trevor holds a Bachelor of Commerce from University of NSW, is a member of the Institute of Chartered Accountants and a Fellow of the Securities Institute of Australia.

#### ***Morris Symonds***

##### ***Founder & Partner, Investment Committee Member***

Morris Symonds is a long-standing professional investor with substantial experience in equities, commodities, mergers & acquisitions and corporate restructuring.

For over 7 years Morris was employed by Macquarie Bank holding positions of Director, Bullion & Commodities Division and subsequently Director, Macquarie Equities.

In 1989 Morris left Macquarie Bank to pursue private business interests. Morris is the Chairman and shareholder of a number of private equity entities spanning property, retail and wholesale distribution.

Morris holds a Bachelor of Commerce from University of NSW.

#### ***Phil Green***

##### ***Founder & Partner, Investment Committee Member***

Phil Green has 40 years of experience specialising in structured finance and advisory, leasing, asset-based financing, principal investment and funds management. Phil has extensive expertise in property, financial assets, infrastructure and other forms of asset backed finance including aircraft, rail and mortgages.

Prior to joining Alceon, Phil was a partner of Babcock & Brown for 24 years and was appointed as Chief Executive Officer on its listing in 2004. Before joining Babcock & Brown he worked for Arthur Andersen specialising in taxation, cross border leasing and structured finance.

Phil holds a Bachelor of Commerce and Bachelor of Law degrees from the University of NSW, is a Chartered Accountant and was admitted as a solicitor in NSW in 1978.

***Paul Platus******Executive Director, Investment Committee Member***

Paul Platus has over 25 years' experience in the Australian Finance Industry, predominantly in strategy, loan securitisation, real estate and equity raising.

Before Alceon, Paul worked in the real estate and corporate finance group at Babcock & Brown, and prior to that as an investment analyst with Heine Funds Management, focusing on special projects within the investor services group.

Paul holds both a Bachelor of Economics & Finance from the Royal Melbourne Institute of Technology and Diploma of accounting from the Sydney Institute of Technology.

***Damien Cronin******Executive Director, Portfolio Manager, Investment Committee Member***

Damien Cronin leads Alceon's real estate investment business.

Damien has 30 years of experience in corporate finance, funds management and principal investment, predominantly in the real estate sector.

Damien is based in Sydney and has been with Alceon since its inception in 2010. Prior to joining Alceon, Damien spent 3 years as Global COO of Babcock & Brown's real estate business, 3 years with Investa Property Group as Group Financial Controller and CFO of the Residential Development business, 7 years with Thales (including 5 years as Americas Region CFO based in Houston) and 6 years with Sime Darby, a Malaysian conglomerate.

Damien holds a Bachelor of Commerce from the Australian National University, a Postgraduate Diploma in Business from Curtin University and a Graduate Diploma in Company Secretarial Practice. He is also a CPA and Chartered Company Secretary with postgraduate business and valuation qualifications.

**4.4. The Board of Directors**

The Board of the Trustee will meet on a quarterly basis, or as required in the sole discretion of the Board, to supervise the conduct of the Fund's affairs.

The biographical details of each member of the Board are set out as follows:

***Eytan Uliel******Commercial Director of Bahamas Petroleum plc***

Eytan is a finance executive with extensive directorship experience. Since 2015 he has served as Commercial Director of Bahamas Petroleum plc, a UK-listed company. From 2009 to 2014 Eytan was Chief Financial Officer and Chief Commercial Officer of Dart Energy Limited, an ASX listed company. From 2006 to 2008 Eytan was the Asian Regional Head of the Corporate & Structured Finance Group at Babcock & Brown. Prior to that, from 1999 to 2006 Eytan was with Carnegie, Wylie & Company, where he was most recently Managing Director responsible for the firm's Asian activities. Eytan commenced his career as a corporate lawyer, with leading Australian law-firm Freehills.

Eytan's experience is in mergers and acquisitions, capital raisings and general corporate advisory work, including public market takeovers and transactions, private treaty acquisitions, and farm-in / farm-out transactions. He is currently a non-executive director and member of the audit committee of Armour Energy Limited (ASX listed), as well as a director of several substantial privately held

companies. He has previously served as Chairman and chair of the audit committee of Easycall International Ltd (dual ASX / SGX listed), director and chair of the audit committees of Strike Energy Limited (ASX listed) and Jasper Investments Ltd (SGX listed), an alternate director of Thakral Corporation Limited (SGX listed), a director of CH4 Gas Ltd (ASX listed until merged with Arrow Energy Ltd), and an alternate director of Neverfail Springwater Ltd (ASX listed). Eytan was also previously a director and member of the audit committee of Lonely Planet Publications Pty Ltd, and a director of various Arrow / Dart entities and before that various Babcock & Brown entities across Asia and Europe.

### ***Simon Cox***

#### ***Director of HighWater Limited***

Simon Cox has been based in Hong Kong since 1989. He undertakes a number of independent directorships as well as supporting HighWater's activities in Asia and providing an allocator's perspective on various issues.

Simon has worked with a number of private investment groups, including Search Investment Group (family office of Mr. Robert Miller of Duty Free Shoppers) and Fleming Family & Partners (Asia). He was a founding partner of Ninepeaks fund-of-funds in Hong Kong and New York, managing portfolios on behalf of disclosable private groups such as the family office of the late Sir James Goldsmith and Rothschild et Cie, selling his interests to his partner in 2007. He currently advises a small number of private investment groups, acts as a director of a number of investment funds and sits on the investment committees of certain foundations and family offices.

In his various roles both in his own investment firm and managing a substantial private family office, he has accumulated extensive experience over two decades in dealing with a wide array of investment funds and allocators. This has also included dealing globally with multiple legal, administration, broker and audit counterparties. Since 1997 he has been invested in more than 250 hedge, private equity and fixed income fund vehicles globally, as well as in direct investments in a variety of industries, across Asia in particular. He has been a director of multiple operating and investment entities, including publicly listed companies in Hong Kong and Australia. He was also on the boards of certain operating and investment companies of the Getty family, and was a representative of Mr. Miller's to the board of DFS.

Simon initially worked from 1986 in financial investigations and audit with Deloitte Haskins and Sells in Hong Kong and South Africa. He holds a Bachelor of Accountancy from the University of Natal and is a Chartered Accountant (South Africa). He grew up in Zimbabwe (Rhodesia).

### ***Philip Tye***

#### ***Director of HFL Advisors Limited***

Phil has been based in Hong Kong since 1995 and has been involved in the Asian Capital markets for the last twenty-four years. Having established HFL Advisors in 2014 Phil is now a director and advisor to various hedge funds and hedge fund managers in the Asia Pacific region. Having built and run two successful hedge fund companies, he has broad experience across all facets of a hedge fund business including fund structuring and establishment, service provider selection, operational infrastructure, risk, regulatory compliance and accounting. Phil has also represented the hedge fund industry both globally and in the Asia region as a member of the AIMA Global Council from 2009 to 2018 and a past Chair of the AIMA Hong Kong Chapter.

Phil has held various senior roles since he moved to Hong Kong with KPMG where he focused on clients in the banking, securities and fund management industries. He spent six years as Credit Suisse First Boston as a director in the equities division before joining PMA Investment Advisors as CFO. PMA's \$2.3bn hedge fund business focused on equity long short, credit and macro strategies and following the sale of

PMA in 2006, Phil left to build and run DragonBack Capital, an equity multi-strategy hedge fund manager and then hedge fund platform based in Hong Kong. As a partner at DragonBack he oversaw for all non-trading aspects of the hedge fund business.

As well as his involvement with hedge funds, Philip is an independent non-executive director of HSBC Institutional Trust Services (Asia) Ltd which is regulated by the Mandatory Provident Fund Schemes Authority.

Apart from his work with AIMA, Phil's public sector roles include being a member of the Listing Committee of the Hong Kong Stock Exchange for six years until 2020. He now sits on the Takeovers and Mergers Panel and the Takeovers Appeal Committee of the SFC as well as the SFC Public Shareholders Group. Phil is a Senior Fellow Member and Director of The Hong Kong Securities and Investment Institute, a Fellow Member of the Hong Kong Institute of Directors and a member of the Hong Kong Academy of Finance. Philip holds a Bachelor of Science degree from the University of Essex and is a Fellow Member of the Institute of Chartered Accountants in England & Wales.

## 5. INVESTMENT STRATEGY

### 5.1. Market Opportunity

Alceon considers that Australia offers a lender friendly environment, consistently ranking high in global surveys for debt enforcement and real estate transparency. Australian debt enforcement operates in a full-recourse lending environment and enforcement by courts is quick and effective relative to most other jurisdictions.

Historically, Australian lending and specifically commercial real estate lending has been dominated by Australia's four major domestic banks. This banking dominance combined with increasing regulatory pressure has led to a number of structural inefficiencies. These structural banking issues has meant that Australia has historically offered exceptional opportunities for real estate debt, particularly relative to other jurisdictions.

In general Australian banks have maintained relatively high exposure to real estate, particularly via providing mortgages to households for the purchase of residential dwellings. However, general pressure from regulators for banks to reduce their leverage and the banks willingness to reduce their high real estate concentration outside of household mortgages has meant that the willingness of Australian banks to provide commercial construction debt has been significantly reduced in recent years.

In addition, in comparison to other developed countries, Australia's non-bank lending marketplace is significantly less developed. This is particularly the case for real estate non-bank lending.

Australia's economy has been consistently resilient and its strong population growth in comparison to other developed countries has led to consistent housing demand and stable vacancy rates. The resultant demand for property has meant the economics for property developers, borrowers and financiers remain attractive.

Australian real estate markets, particularly in the private capital space, are opaque and localised, providing greater opportunities for locally based asset managers.

The dislocation in the traditional property construction financing market provides an ideal opportunity for the Investment Manager to generate attractive risk-adjusted returns, generating mezzanine or preferred equity style returns for traditional first mortgage debt risk.

Australian construction loans range from 12 to 24 months, allowing for more liquid outcomes such as open-ended funds.

With context to the evolving macro-economic landscape and the market opportunity, refer to Annexure A.

### 5.2. Track Record

Alceon and its staff have significant expertise and experience in real estate investment. For further detail in relation to Alceon's track record since inception, please refer to the Annexure A, B and C. The past performance of investments sourced by Alceon is not indicative of the future performance of the Fund's investments. There is no guarantee that the performance of the Fund itself and/or the investments will be similar to that of any of the investments historically sourced by Alceon.

### 5.3. Investment Objective

The investment objective of the Fund is to seek to generate attractive risk-adjusted absolute returns by investing all its assets in loan notes issued by ARECF. ARECF will lend directly or indirectly to Australian mid-market real estate companies to finance real estate assets in Australia. ARECF will invest across all real estate assets, with a primary focus on the residential sector. It is intended that ARECF will lend to fund construction and development of such real estate assets, as well as to fund developed real estate assets.

The Fund and ARECF may also retain, without limitation, any amounts in cash or cash equivalents pending investment if the Investment Manager considers it to be consistent with the investment objective of the Fund.

The business of the Fund includes the realisation and distribution of the Fund's assets to Unitholders during a wind down of the Fund's operations.

### 5.4. Key Investment Criteria

Alceon seeks to partner with well qualified, well capitalised and appropriately resourced sponsors who can demonstrate a strong track record of successful delivery in their chosen markets. Alceon is of the view that the quality of the management team is a prerequisite for investing. These partners are typically not listed on a securities exchange.

Construction delivery risk is further mitigated by Alceon's focus on funding projects that have limited planning risk and fixed price construction contracts.

ARECF will focus on opportunities that the Investment Manager considers have relatively low market risk. In addition to ensuring it is partnering with high quality sponsors ARECF will also minimise market risk by ensuring it is investing in good locations, it has significant loan security, primarily via low loan-to-value ratios, and where the security is under construction, ensuring that market risk is significantly mitigated by an acceptable level of presale coverage.

### 5.5. Geographic Focus

ARECF's capital allocation process does not target particular geographic regions. However, when viewed from a historical perspective based on prior investments made by Alceon, the growth corridors within the cities of Sydney and Melbourne have had a higher exposure. Over the period of Alceon's first mortgage real estate debt program, these areas have seen high levels of population growth and infrastructure spending. The Investment Manager expects that these areas will continue to see high levels of population growth and infrastructure spending which will continue to support the pricing of the underlying real estate assets and therefore the Fund will continue to have a high allocation to these areas. ARECF will also continue to explore submarkets within these growth corridors and explore markets with similar supply and demand dynamics to assist the Fund in getting significant geographic diversity.

### 5.6. Types of Assets

The Fund will invest in loan notes issued by ARECF. Subscriptions for loan notes will be made monthly on the 1<sup>st</sup> day of every month.

ARECF will use the proceeds of such loan note issues to invest in equity, units, or loan notes issued by Special Purpose Vehicles. Alceon, or a related entity of Alceon, will have day-to-day management control of these Special Purpose Vehicles.

Investment partners of Alceon will assume the day-to-day management role of the underlying real estate assets. Generally, ARECF will co-invest, on similar or better terms, in the Special Purpose Vehicles alongside other Alceon-managed vehicles or Alceon's other clients.

The Special Purpose Vehicles will invest in well-covered first mortgage and mezzanine style debt to real estate opportunities with proven sponsors and where assets are located in markets that are underpinned by strong supply / demand fundamentals. These transactions will generally not be rated or listed. The Fund will not use investment leverage.

These transactions in general have very little, if any, correlation with other investment asset classes such as fixed income and equities. Exposure to Australian real estate markets is also significantly mitigated via ensuring the value of the Fund's loan portfolio is low relative to the value of underlying real estate against which the loans are secured. Additionally, when loans are secured by real estate assets that are under construction, market risk is often significantly mitigated by ensuring the underlying assets are presold to an acceptable level via full recourse and bank financeable presale contracts.

The Fund and ARECF may also retain, without limitation, any amounts in cash or cash equivalents pending investment if the Investment Manager considers it to be consistent with the investment objective of the Fund.

## 5.7. Gearing

Where deemed appropriate by the Investment Manager for the purposes of meeting redemptions only, the Fund may employ leverage, including without limitation through borrowing cash, securities and other instruments and by entering into derivatives transactions and repurchase agreements. The Fund may also pledge assets as security for such borrowings.

## 5.8. Risk Management and Investment Restrictions

Subject to the exceptions below, the Fund intends that, through ARECF, it will observe the following restrictions:

- (a) minimum of 70% exposure to senior lien loans; where senior lien loans include loans where the debt to the net realisable value of its real estate security (**LVR**) does not exceed 65%, and can also include investing in second ranking tranches of senior lien loans where the LVR of the tranche does not exceed 55%;
- (b) maximum of 30% exposure to Intermediate Capital, where "**Intermediate Capital**" means the layer of capital that sits between a senior lien loan and equity in the capital stack. This may include mezzanine and/or preferred equity investments;
- (c) maximum dollar weighted average portfolio duration of 24 months;
- (d) maximum of 30% of the ARECF's capital exposed to any single loan facility; and
- (e) maximum borrowing capacity for the purposes of redemptions of 30% of ARECF's capital.

The restrictions (c), and (d) above will not be implemented if ARECF has a Net Asset Value of less than AUD\$50,000,000. If ARECF does not meet the AUD\$50,000,000 threshold, the Investment Manager believes the investment restrictions listed above would impose undue hardship on the Investment Manager's ability to manage ARECF's portfolio effectively given the monetary value of the transactions involved.

The above restrictions to ARECF apply as of the date of the relevant transaction or commitment to invest compared against the latest available Net Asset Value of ARECF. The limits shall not be treated

as being exceeded if they are only exceeded as a result of movements in the relative value of investments of ARECF after their acquisition or the exercise of rights arising in respect of such investments.

The restrictions set out above are only an indication of the limits within which it is anticipated the investments of ARECF will be managed. The Investment Manager has the discretion to exceed these restrictions if it considers the objectives of ARECF will be better achieved in doing so. There are no restrictions on making loans, financing and re-financing, or borrowing. The Fund may utilise leverage for the purposes of meeting redemption requests only.

The Investment Manager will regularly monitor the risk parameters of the Fund's portfolio, including exposure to liquidity, market and concentration risk, as well as exposure to sector and macro factors.

The Investment Manager will seek to limit exposure to such risks and seek to prevent over-concentration of the portfolio in any particular investment theme or market.

However, there can be no assurance that the Investment Manager will be able to mitigate all or any of such risks successfully. In addition, it is expected that the Fund's portfolio will be relatively concentrated, which has the potential to amplify any gains or losses and near-term volatility.

The Fund's investment program as set out in this Section 5 (Investment Strategy) and investment focus, investment strategy, investment restrictions and limits will be approved by the Trustee upon recommendation from the Investment Manager. From time to time, the Investment Manager may be removed, change or modify the program with the approval of the Trustee.

## **5.9. Conflicts of Interest**

The Fund is subject to a number of actual and potential conflicts of interest. Certain inherent conflicts of interest arise from the fact that the Investment Manager, who provides management, investment management and investment advisory services to the Fund, may carry on investment activities for other clients including, without limitation, other investment funds, client accounts and proprietary accounts (any of whom may be Unitholders), in which the Fund will have no interest and whose respective investment programs may or may not be substantially similar. Such activities may be in competition with the Fund and/or may involve substantial time and resources of the Investment Manager and its Affiliates.

The Fund is investing into Special Purpose Vehicles that are managed by Affiliates of the Investment Manager. This could lead to conflicts of interest, in particular with regards to how investment opportunities within these Special Purpose Vehicles are allocated. These conflicts of interests will be managed in a number of ways. Alceon has adopted an allocation policy that ensures the Fund may invest in any Special Purpose Vehicle that is aligned with the Fund's mandate. Additionally, conflicts of interest will be mitigated by ensuring that Alceon's founders' capital and/or Alceon's balance sheet capital, will maintain a meaningful investment in both the Fund and the Special Purpose Vehicles. Additionally, conflicts of interest will be mitigated by ensuring that the total fee loads across the Fund and the Special Purpose Vehicles are, as close as possible, similar to each other over the long term.

The portfolio strategies employed for such other investment programs could conflict with the transactions and strategies employed in managing the Fund's portfolio and affect the prices and availability of the securities and instruments in which the Fund invests. Conversely, participation in specific investment opportunities may be appropriate, at times, for both the Fund and the other investment programs. In such case, the Investment Manager will allocate participation in such opportunities on a fair and equitable basis, consistent with the investment objectives and guidelines of the Fund and the other investment programs and taking into account such factors as the relative

amounts of capital available for new investments, relative exposure to short-term market trends, and the respective investment programs and portfolio positions of the Fund and the other investment programs. Such considerations may result in allocations of certain investments other than on a pari passu basis. Notwithstanding the foregoing, the Investment Manager will in general allocate participation in investment opportunities among the Fund, on the one hand, and the other investment programs, on the other hand, on a pro rata basis in proportion to the relative net asset value.

The Investment Manager will endeavour to ensure that any conflict of interest is resolved fairly. Any actual or potential conflict of interest, including for example with respect to principal and certain other related party transactions will be referred to the Board which shall then, in consultation with the Investment Manager, approve or disapprove such transaction. The Board will also be consulted in relation to any material deviation from the valuation guidelines.

### 5.10. Investment Process

The Investment Manager's investment process involves the following elements:

**Macro Level Screen:** A six monthly assessment of the macroeconomic environment determines the overall strategic direction for investments and projects. A macroeconomic overlay identifies the geographies, sector and sub-sector themes that are expected to out-perform over a 2 to 5-year period. Preferred geographies often have limited supply with identifiable demand characteristics such as high population growth and, or significant infrastructure spending. As geographies and sectors are identified, strategic partners are then identified. Strategic partners typically have a long and identified track record of successful delivery, transparency strong reputation and financial strength.

**Sourcing Investment Opportunities:** The Investment Manager considers that the investment team has unique access to low visibility off-market opportunities through relationships established over three decades. In particular, its underwriting and structuring capabilities enable it to respond with speed and innovation to secure attractive investment opportunities.

**Investment Committee Review:** At this stage, all investment team members and the Investment Committee provide comments on the proposed transaction with a particular emphasis on risk mitigation. The comments form the basis of formal discussions on the proposed deal. The active involvement of all team members at such an early stage improves the efficiency of the overall investment review process, subsequent due diligence and completion of the investment.

**Term Sheet Negotiation:** With in-principle approval from the Investment Committee, the deal team negotiates further with the prospective company on the deal pricing and structure, modified to reflect the guidelines given by the investment team and the Investment Committee.

**Performing Due Diligence:** A detailed commercial assessment of a potential investment is conducted at this stage of the process and involves utilising internal and external resources and advisors where appropriate. For each viable investment opportunity, one lead and at least one backup investment professional is assigned as the deal team responsible for championing the deal through the formal investment process. The Investment Manager develops detailed financial models for each investment to assess the risk and return characteristics and ensure that the capital structure is appropriate. Independent third-party valuations are obtained via valuation experts who are well regarded and who are usually endorsed by the major banks.

**Legal Drafting:** The deal team works with well-regarded specialist external legal counsel to draft definitive legal agreements.

**Investment Committee Approval:** Following due diligence, the investment team seek approval from the Investment Committee for all new investments and any material changes to existing investments through the submission of Investment Committee Approval (ICA) submission which documents the following:

- Overview of investment and expected returns;
- Investment risks and mitigants;
- Due diligence findings;
- Legal, Tax and Accounting;
- Transaction documentations; and
- Compliance.

The Investment Committee must unanimously approve an investment for it to proceed.

**Investment Execution and Funding:** Post Investment Committee approval tax, legal, accounting and commercial implications are resolved in preparation for formal sign-off, investment structuring and funding.

In the event that third party investment is sought, an investment memorandum is prepared and following Investment Committee and compliance sign-off is distributed to investors.

**Portfolio Sizing and Ongoing Portfolio Adjustments:** The Portfolio Manager (currently Damien Cronin) has primary responsibility for initial portfolio sizing and diversification management. In determining portfolio sizing, the Portfolio Manager will take into account, the expected cash inflows into the Fund, the expected schedule of cash inflows from loan repayments, the amount of cash required for future funding requirements, and the amount of cash required for expected redemptions. Within the previous parameters, the Portfolio Manager's further objective is as much as possible to maintain a diversification of risks across the portfolio and individual loan facilities.

Since the portfolio's securities are generally not tradeable, there is limited ability to re-size an investment after initial funding, however where opportunities arise, the Portfolio Manager will have ongoing responsibility for re-adjusting the portfolio and will use similar sizing criteria as above.

**Investment Monitoring and Review:** The majority of the Fund's investments in its Special Purpose Vehicles will be undertaken with investment partners who assume the day-to-day management role of the real estate asset and provide detailed reporting on asset performance. These partnerships are structured to maximise alignment with the investors in the Special Purpose Vehicles, including the Fund.

For each investment made by a Special Purpose Vehicle, a member of the investment transaction team is designated primary responsibility for liaising with investment partners and monitoring the investments performance. Any material deviation in performance from the investment approval granted by the Trustee is escalated immediately to the Trustee. The Investment Manager will monitor the performance of the asset and provide regular updates to the Trustee.

**Divestment:** At the time a Special Purpose Vehicle investment is made an expected holding period and realisation strategy is detailed as part of the Investment Committee approval process. After determining the investment strategy as outlined in Step 1 of the Investment Process, the holding period and realisation strategy for each investment is reviewed, and where appropriate updated. Any change from the ICA submission requires the approval of the Investment Committee.

## 6. INVESTMENT RISKS

All investments are subject to risks, including those that apply generally to any investment as well as investments of this nature. Some of these risks can be mitigated by appropriate action, safeguards and procedures. This section describes the key risks considered to be applicable to this opportunity but should not be considered an exhaustive list of all possible risks associated with investments of this nature and transaction structure.

### 6.1. General risks

Risk	Description of Risk
<p><b>Not a suitable investment</b></p>	<p>Each potential investor in the Units must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:</p> <ul style="list-style-type: none"> <li>• have sufficient knowledge and experience to make a meaningful evaluation of the Units, the merits and risks of investing in the Units and the information contained or incorporated by reference in this IM or any applicable supplement / Annexures;</li> <li>• either on its own or with the assistance of a financial adviser have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Units and the impact the Units will have on its overall investment portfolio;</li> <li>• have sufficient financial resources and liquidity to bear all of the risks of an investment in the Units or where the currency for payments is different from the potential investor's currency;</li> <li>• understand thoroughly the terms of the Units and be familiar with the behaviour of any relevant indices and financial markets; and</li> <li>• be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.</li> </ul> <p>The Units give exposure to complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Units unless it has the expertise (either alone or with a financial adviser) to evaluate how the Units will perform under changing conditions, the resulting effects on the Net Asset Value and the impact this investment will have on the potential investor's overall investment portfolio.</p>
<p><b>Potential loss of investment</b></p>	<p>An investor could lose all or a substantial portion of investment in the Fund.</p> <p>An investment in the Fund is speculative and involves a high degree of risk, and there can be no assurance that the Fund will achieve its investment objectives.</p>
<p><b>No guarantee of return</b></p>	<p>The past investment performance of the management team of the Investment Manager and any associated entities may not be indicative of the future results of an investment in the Fund.</p> <p>Investors' returns on the Units (by way of any redemption payments) will be determined by reference to cumulative net gains or losses (if any), arising from the investment activities of the Fund.</p> <p>The return on the Units may vary significantly over their respective lives, and may decrease as well as increase, depending upon trading profits and investment gains or losses (if any).</p> <p>The Fund makes no representation as to any return that investors will earn on the Units and there can be no assurance that the information, as set out in this IM and the corresponding Annexures, will be in any respect indicative of how the Units will perform (either in terms of profitability or low correlation with other investments) in the future.</p>

## 6.2. Risks relating to the Investment Manager

Risk	Description of Risk
<b>Investment authority delegated to the Investment Manager</b>	<p>The Unitholders have no authority to make investment decisions or to participate in the management of, or the exercise of business discretion with respect to, the Fund.</p> <p>The authority to make all decisions with respect to the investment of the Fund's assets is delegated to the Investment Manager.</p> <p>Accordingly, you should not invest in the Fund unless you are willing to entrust all aspects of the management of the Fund's portfolio to the Investment Manager, subject to the supervision of the Board.</p>
<b>Dependent on key individuals</b>	<p>The success of the Fund is significantly dependent upon the expertise of the management team of the Investment Manager.</p> <p>Any future unavailability of their service to the Fund could have a material adverse impact on the Fund's performance.</p>
<b>Indemnification</b>	<p>The Investment Management Agreement contains broad indemnification and exculpation provisions which limit the right of the Fund to maintain an action against the Investment Manager or its Affiliates to recover losses or costs incurred by the Fund as a result of the Investment Manager's actions or failure to act and which may permit indemnification of the Investment Manager and its Affiliates out of Fund's assets in the event of claims against them.</p> <p>The Trust Deed contain broad indemnification and exculpation provisions which limit the right of the Fund to maintain an action against the Trustee to recover losses or costs incurred by the Fund as a result of the Trustee's actions or failure to act and which may permit indemnification of the Trustee out of the Fund's assets in the event of claims against them.</p>
<b>Performance Fee arrangement</b>	<p>Prospective investors should note that:</p> <ul style="list-style-type: none"> <li>• the fact that the Performance Fee is made only in respect of increases in the Net Asset Value may create an incentive for the Investment Manager to make or recommend investments that are riskier or more speculative than would be the case if it were compensated solely based on a flat percentage of capital;</li> <li>• the Performance Fee will be calculated on a basis which includes unrealised appreciation as well as realised gains; and</li> <li>• assets that are not admitted to official listing on any stock exchange or dealt on any other recognised exchange, or, assets admitted to official listing on any stock exchange or dealt on any other recognised exchange whose last available price is, in the opinion of the Board (after consultation with the Investment Manager and receiving independent valuation), not representative of their fair market value, will be valued based on the market value determined prudently and in good faith by or under procedures established by the Board.</li> </ul>
<b>Investment selection</b>	<p>The Investment Manager will select investments on the basis of information and data which may be available to the Investment Manager through the borrowers or through sources other than the borrowers.</p> <p>Although the Investment Manager evaluates all such information and data and seek independent corroboration when it considers appropriate and when it is reasonably available, the Investment Manager is not in a position to confirm the completeness, genuineness or accuracy of such information and data.</p> <p>As the Fund's investment strategy is heavily research and analysis-driven, any reliance on information that is incomplete, not genuine or otherwise inaccurate can adversely impact the success of the investment strategy and lead to substantial losses.</p>
<b>Force Majeure</b>	<p>The business operations of the Investment Manager and the Fund may be substantially interrupted or closed as a result of or arising from acts of war, terrorism, insurrection, revolution, civil unrest, riot, strikes, epidemics, pandemics or acts of God.</p>

### 6.3. General market and regulatory risks

Risk	Description of Risk
<b>Business and regulatory risks of unregistered schemes</b>	<p>The effect of regulatory change on the Fund, while impossible to predict, could be substantial and adverse. The financial services industry generally, and the activities of private funds and their managers, in particular, has been subject to increasing legislation, regulation and oversight. Legal, tax and regulatory developments that may adversely affect the Fund could occur during the term of the Fund. This IM cannot address or anticipate every possible current or future regulation that may affect the Investment Manager, the Fund or their businesses.</p> <p>Regulatory action or changes in the legislative environment could cause the Investment Manager to re-domicile the Fund to another jurisdiction which may cause disruption and costs to the Fund and which may result in the Fund having to be domiciled in a legal and regulatory environment which is less favourable to it or to its investors than is currently the case.</p> <p>The Investment Manager may, in its sole discretion, cause the Fund to be subject to such regulations if it believes that an investment or business activity is in the Fund's interest, even if such regulations may have a detrimental effect on one or more Unitholders.</p> <p>Investors in the Fund should be aware that increased legislation of the Fund could have substantial and adverse consequences for the Fund and its investors. Prospective investors are encouraged to consult their own advisors regarding an investment in the Fund.</p>
<b>Regulatory Filings</b>	<p>Given the size of certain of its investments, the Fund may be required to file disclosure reports with the regulatory authorities of various jurisdictions. These disclosure reports are publicly available and may be utilised by regulators and the Fund's competitors to the Fund's detriment.</p>
<b>General economic and market conditions</b>	<p>The success of any investment activity is influenced by general economic conditions, which may affect the level and volatility of real estate interest rates and the extent and timing of the Fund's participation in markets for both real estate and currency and other interest-rate-sensitive securities. Volatility or illiquidity in the markets in which the Fund directly or indirectly holds positions could impair the Fund's ability to carry out its business and could cause it to incur losses.</p> <p>The Fund is also exposed to market risks in relation to its underlying investments. Some of the factors that influence the markets include business confidence, government and central bank policies, natural disasters and pandemics. These risk factors may have an impact on the demand for the underlying investments that the Fund is funding. Any material changes to the market conditions may have a negative impact the performance of the Fund and/or its underlying investments.</p>
<b>Investments by the Fund may be subject to Australia' foreign investment regime</b>	<p>Australia's foreign investment regime will apply to certain acquisitions of interests in Australian land and interests in Australian corporations and trust estates (where an acquisition of interests includes taking of security) by the Fund. While approval by the Foreign Investment Review Board (<b>FIRB Approval</b>) is not typically required for the giving of direct loans in Australia, it may be required for the acquisitions contemplated by the Fund (which may or may not be given or may be given subject to conditions). If FIRB Approval is required and not given in relation to a proposed investment, the Fund may not be able to proceed with that investment.</p> <p>In addition, Australia's foreign investment rules also operate a "voluntary notification" regime which applies to certain acquisition of interests in Australian businesses or assets. Although the Fund is not required to seek prior FIRB Approval before completing a transaction that requires voluntary notification, if no such clearance is obtained, the Australian government may have a right to make a determination that the acquisition is contrary to national interest under the <i>Australian Foreign Acquisitions and Takeovers Act 1975 (Cth)</i> (<b>FATA</b>), and require the Fund to subsequently divest its interest in the Australian business or asset.</p> <p>If future FIRB Approvals are required but not obtained, or if the Australian government makes an adverse order against the Fund under FATA, there may be an adverse effect on the business, financial condition, results of operations and prospects of the Fund and, in turn, its ability to make distributions to Unitholders.</p>

<p><b>Investments in the Fund may be subject to Australia's foreign investment regime</b></p>	<p>As the Fund's real estate debt assets will be in Australia, any investor who acquires any Units may also be indirectly acquiring an interest in the underlying Australian assets. This may subject the investor to Australia's foreign investment regime in FATA and require the investor to notify the Australian Treasurer (through FIRB) to obtain FIRB Approval prior to investing in the Fund.</p> <p>The breach of the notification requirement and failure to obtain prior approval is an offence under Australian law which could result in a fine or imprisonment to the investor. In addition, if 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 prohibition of a proposal or ordering disposal of an interest acquired by the investor.</p>
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**6.4. Risks associated with the Fund's investment strategy and investments**

Risk	Description of Risk
<p><b>Investment Methodology</b></p>	<p>The Fund may employ certain strategies that depend upon the reliability and accuracy of the Investment Manager's investment process. To the extent such investment process (or the assumptions underlying it) does not prove to be correct, the Fund may not perform as anticipated, which could result in substantial losses.</p>
<p><b>Leverage</b></p>	<p>The Fund has the power to borrow and may do so when deemed appropriate by the Investment Manager for the purposes of meeting redemptions only. While leverage presents opportunities for increasing total returns, it has the effect of potentially increasing losses as well as causing transactional costs. Accordingly, any event which adversely affects the value of an investment by the Fund would be magnified to the extent leverage is employed. The cumulative effect of the use of leverage in a market that moves adversely to a leveraged investment could result in a substantial loss, which would be greater than if leverage were not used, and reduced return for the Fund.</p> <p>Generally, most leveraged transactions involve the posting of collateral. Increases in the amount of margin or similar payments could result in the need for trading activity at times and prices which could be disadvantageous to the Fund and could result in substantial losses. There can be no assurance that leverage facilities will always be available and a loss of, or reduction in, the leverage facilities is likely to have the effect of causing the Fund to reduce its overall investment exposure. Terms upon which leverage facilities are available may be subject to change.</p>
<p><b>Concentration of Holdings</b></p>	<p>Subject to the 30% single loan facility limit and the minimum funds under , and the Investment Manager's intention to maintain appropriate diversification, the Fund's investment strategies do not mandate diversification, the Fund may have all or a high percentage of its assets invested in only a few Investments.</p> <p>The Fund may therefore make certain investments that will constitute a significant percentage of the Fund's assets. Such lack of diversification could result in either large gains or losses depending on the performance of one or a few loans in which the Fund may be invested. Such lack of diversification could result in either large gains or losses depending on the performance of one or a few loans in which the Fund may be invested. Accordingly, the investment portfolio of the Fund may be subject to more rapid change in value than would be the case if the Fund were required to maintain a wide diversification among companies, securities or types of securities. Any losses incurred in connection with these concentrated holdings will have a significant effect on the success of the Fund. In addition, the Fund may have to hold these investments for a long period and thus may be unable to participate in other trading opportunities.</p>
<p><b>Redemption Risk</b></p>	<p>The Fund will generally invest in debt securities which are not listed or traded on a stock exchange or a securities market. Therefore, if the Fund holds insufficient cash at the time of a redemption, the Fund may require additional time to generate sufficient cash to meet redemptions. However, the Investment Manager feels that it has structured the Fund's liquidity terms to adequately reflect the liquidity in the Fund's underlying investments and that investors will be adequately protected.</p>
<p><b>Valuation Risk</b></p>	<p>The Fund will generally invest in debt securities which are not listed or traded on a stock exchange or a securities market. Such investments may be illiquid and, as a result, difficult to value.</p>

<b>Construction Risk</b>	Construction debt is exposed to a number of construction risks such as cost variations, programme delays resulting from weather conditions and industrial relations disputes, and lower than contracted finished product quality.
<b>Construction Project Sales Risk</b>	Construction debt is typically repaid from a project's sales proceeds. Sales proceeds can be impacted from a number of factors such as economic conditions, increasing supply of real estate projects, lower than expected sales values or slower than expected sales rates.
<b>Construction Purchaser Default Risk</b>	Once a construction project completes, debt is typically repaid via presold settlements. There is risk that a presale purchaser defaults on their presale obligation. Australia has typically seen low levels of presale default risk due to the full recourse obligation of presale obligations and the requirement for significant presale deposits.
<b>Counterparty Risk</b>	Alceon typically relies on a number of counterparties during its investment process. Non-performance of any of the counterparties can impact the performance of a loan.
<b>Planning Risk</b>	Construction debt relies on regulatory planning approvals. Changes to planning regulations may delay a project or render it economically unfeasible.
<b>Real Estate Debt Market Pricing Risk</b>	Alceon sources its first mortgage real estate debt opportunities from private markets. The return that it can expect to receive for these opportunities is dependent on the demand for real estate debt funding and the supply of banking and non-bank lending in this space.
<b>Potential Legislative and Regulatory Changes relating to Australian Real Estate Funding</b>	The structural advantage that Alceon exploits is partly dependent on continued regulatory pressure on the Australian bank industry. Regulator activities are uncertain and subject to change.
<b>Debt Instruments</b>	<p>The debt instruments in which the Fund may invest may be subject to price volatility due to various factors including, but not limited to, changes in interest rates, market perception of the creditworthiness of the borrower and general market liquidity.</p> <p>The Fund may invest in non-investment grade debt securities, which are typically subject to greater market fluctuations and risks of loss of income and principal than lower yielding, investment grade securities and are often influenced by many of the same unpredictable factors which affect equity prices. In addition to the sensitivity of debt securities to overall interest rate movements, debt securities involve a fundamental credit risk based on the borrower's ability to make principal and interest payments on the debt it issues.</p> <p>The Fund's investments in debt instruments may experience substantial losses due to adverse changes in interest rates and the market's perception of any particular borrower's creditworthiness, which may inhibit such borrower's ability to refinance, restructure or otherwise experience recovery.</p>
<b>Subordination of Investments</b>	<p>Although the Fund intends to secure its mezzanine investments such as subordinated loans by having security interests over the assets and interests of the portfolio companies, whether such security interests can be accepted or not will depend on the results of individual negotiations with borrowers and senior lenders. In most cases, it is expected that the assets of the portfolio companies will already have been secured in favour of the senior debt. In such cases, the security of the Fund will generally rank behind senior debt. In addition, mezzanine investments by the Fund such as subordinated loans will generally be subordinated, either contractually or structurally, to the senior obligations of the portfolio companies. The legal rights which the Fund can obtain through mezzanine investments (including enforcement of security interests related to such investments) will generally rank behind the rights of the senior lenders to the portfolio companies (including security interests of the senior lenders which have priority over those of the Fund) and contractual provisions among creditors. Greater credit risks will therefore usually attach to these mezzanine investments. Where there are adverse changes to the financial conditions of the portfolio companies, it would be less likely for the mezzanine investments to be able to recover the investment compared to the senior debt.</p> <p>Certain of the portfolio companies are likely to be holding companies and for those companies debt service will be dependent on payments under intercompany loans, dividends, other distributions and/or advances from affiliated operating companies. The ability of those affiliates to make those payments will be subject to, among other things,</p>

	<p>distributable earnings, cash flow conditions, restrictions contained in their constitutive documents, applicable laws and contractual restrictions.</p> <p>In addition, debt instruments in which the Fund invests through mezzanine investments are expected to have limited liquidity. Furthermore, early repayment of subordinated loans or early redemption of preferred shares may take place due to early redemption provisions such as compulsory repayment, non-mandatory prepayment options or similar provisions, or due to early refinancing.</p>
<b>Operating and Financial Risks of Portfolio Investments</b>	<p>One of the fundamental risks associated with the Fund's investments is credit risk, which is the risk that borrowers of loans (<b>portfolio companies</b>) will be unable to make principal and interest payments when due. The Fund's return to Unitholders would be adversely impacted if a portfolio company becomes unable to make such payments when due. While the Fund will generally target investments in quality portfolio companies, these investments could still present a high degree of business and credit risk. Portfolio companies could deteriorate as a result of, among other factors, adverse developments in their operations, changes in the competitive environment or an economic downturn. As a result, borrowers which the Fund expected to be stable may operate at a loss or have significant variations in operating results, may require substantial additional capital to support their operations or to maintain their competitive position, or may otherwise have a weak financial condition or be experiencing financial distress.</p> <p>Portfolio companies may be highly leveraged. Leverage may have important consequences to these borrowers and the Fund as an investor. These portfolio companies may be subject to restrictive financial and operating covenants. Leverage may impair the ability of these portfolio companies to finance their future operations and capital needs. As a result, the flexibility of these portfolio companies to respond to changing business and economic conditions and to business opportunities may be limited. In addition, a portfolio company with a leveraged capital structure will be subject to increased exposure to adverse economic factors, such as a significant rise in interest rates, a severe downturn in the economy or deterioration in the condition of that portfolio company or its industry. In the event that a portfolio company is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of the Fund's investment in a portfolio company could be significantly reduced or even eliminated.</p> <p>Portfolio companies may require additional financing (including leverage) from sources outside the Fund to satisfy their capital requirements. The amount of additional financing needed will depend upon the business objectives and strategy of the particular company. The availability of capital may be a function of capital market conditions that are beyond the control of the Fund or any portfolio company. There can be no assurance that a portfolio company will be able to predict accurately its capital requirements or that additional funds will be available from the desired source or from any sources or on terms favourable to the portfolio companies.</p> <p>Moreover, portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities, and a larger number of qualified managerial and technical personnel.</p>
<b>Nature of Fund's investments</b>	<p>The debt instruments in which the Fund will invest may be unsecured and/or subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured. The ability of the Fund to influence a company's affairs, especially during periods of financial distress or following an insolvency is likely to be substantially less than that of senior creditors. For example, under terms of intercreditor agreements, senior creditors are typically able to block the acceleration of the subordinated debt or other exercises by the Fund of its rights as a creditor. Accordingly, the Fund may not be able to take the steps necessary to protect its portfolio investments in a timely manner or at all. In addition, the debt instruments in which the Fund will invest may not be protected by financial covenants or limitations upon additional indebtedness may not cross default to senior indebtedness, may have limited liquidity and may not be rated by a credit rating agency.</p> <p>Debt instruments are also subject to other creditor risks, including (i) the possible invalidation of an investment transaction as a "fraudulent conveyance" under relevant creditors' rights laws, (ii) so-called lender liability claims by the borrower and (iii) environmental liabilities that may arise with respect to collateral securing the obligations. Additionally, adverse credit events with respect to any portfolio company, such as missed or delayed payment of interest and/or principal, bankruptcy, receivership</p>

	<p>or distressed exchange, can significantly diminish the value of the Fund's portfolio investment in any such company.</p> <p>The portfolio investments may be subject to early redemption features, refinancing options, pre-payment options or similar provisions which, in each case, could result in the borrower repaying the principal on an obligation held by the Fund earlier than expected. In addition, depending on fluctuations of the equity markets, warrants and other equity securities may become worthless. Accordingly, there can be no assurance that the Fund's rate of return objectives will be realised. Even in the case where there is no third party senior secured debt, the Fund may not be able to obtain guarantees and/or security from the portfolio companies or other group companies given legal restrictions in some jurisdictions. In some jurisdictions, there may also be restrictions on the ability to pay distributions by the subsidiary operating companies to the borrower to fund the repayment of debt, and any such upstream payments may be subject to tax leakage.</p>
<b>Interest Rate Fluctuations</b>	<p>The Investment Manager believes that the Fund's interest rate risk is generally low. This is because its underlying instruments generally earn a fixed interest rate, and its loan durations are typically shorter than 30 months. Despite this low risk, changes in interest rates can still affect the value of private debt securities, particularly if in the rare case that a loan needs to be sold.</p> <p>General interest rate fluctuations may have a substantial negative impact on the Fund's investments and investment opportunities and accordingly may have a material adverse effect on the Fund's investment objectives and the rate of return on invested capital.</p>
<b>Limited Liquidity of the Fund's Investments</b>	<p>There is no active secondary market for loans of the kinds the Fund intends to make. Such investments will be of a medium-to-long term nature. There are a variety of methods by which unlisted investments may be realised, such as amortisation of debt instruments, the sale of investments on or after listing, or the sale or assignment of investments to joint-venture partners or to third parties subject to relevant government approvals. However, there can be no guarantee that such realisation can be achieved, and the Fund's investments may remain illiquid at the time the Fund intends to terminate.</p>
<b>Investments with Complex Provisions</b>	<p>The Fund will invest in debt instruments which may have complex intercreditor and security provisions. Although the Fund may not have voting control over these Investments and, therefore, may have a limited ability to protect its position therein, the Investment Manager expects that appropriate rights will be negotiated to protect the Fund's interests. However, there can be no assurance that such rights will be available, exercisable or that such rights will provide sufficient protection of the portfolio investments. Furthermore, such portfolio investments may involve risks not present in investments where a third party is not involved, including the possibility that a third party may have financial difficulties resulting in a negative impact on such portfolio investment, may have economic or business interests or goals which are inconsistent with those of the Fund, or may be in a position to take (or block) action in a manner contrary to the Fund's investment objectives.</p>
<b>Uncertain Recovery Value of Collateral</b>	<p>A substantial component of the Investment Manager's analysis of the desirability of making a given investment relates to the estimated residual or recovery value of such investments in the event of the insolvency of the borrower. This residual or recovery value will be driven primarily by the value of the underlying assets constituting the collateral for such investment. The value of collateral can, however, be extremely difficult to predict and in certain market circumstances there could be little, if any, market for such assets. Moreover, depending upon the status of these assets at the time of a borrower's default, they may be substantially worthless. During times of recession and economic contraction, there may be little or no ability to realise on any of these assets.</p>
<b>Risks Associated with Borrowers in Bankruptcy and/or Liquidation</b>	<p>Investments made by the Fund may be non-performing or in default, and the borrower or obligor may be forced to enter bankruptcy or liquidation proceedings. Events within a bankruptcy case are frequently adversarial and beyond the control of creditors. While creditors generally are afforded an opportunity to object to significant actions, a bankruptcy court may approve actions that may be contrary to the interests of the Fund. Furthermore, creditors and equity holders may lose their ranking and priority when they take over management and functional operating control of a debtor.</p> <p>The duration of a bankruptcy cannot be estimated with any degree of certainty. Generally, no interest will be permitted to accrue during, and, therefore, return on investment may be adversely affected by, the passage of time during which a plan of reorganisation of a debtor is being negotiated, approved by the creditors and confirmed by a bankruptcy court.</p>

	The Investment Manager, on behalf of the Fund, may seek representation on creditors' committees, equity holders' committees or other groups to ensure preservation or enhancement of the Fund's position as a creditor or equity holder. A member of any such committee or group may owe certain obligations generally to all parties similarly situated that the committee represents. If the Investment Manager concludes that its obligations owed to the other parties as a committee or group member conflict with its duties owed to the Fund, it may decide to resign from that committee or group, and the Fund may not realise the benefits, if any, of the Investment Manager's participation on the committee or group. In addition, if the Fund is represented on a committee or group, it may be restricted or prohibited under applicable law from disposing of its investments in that debtor while it continues to be represented on such committee or group.
<b>Corporate Debt Obligations</b>	The Fund may invest in corporate debt obligations. The market value of debt securities generally tends to decline as interest rates increase and, conversely, increase as interest rates decline. Debt obligations are subject to the risk of a borrower's inability to meet principal and interest payments on the obligations, i.e., credit risk. The Investment Manager may actively expose the Fund to credit risk.
<b>Default Risk</b>	It is generally anticipated that conventional debt will be paid as due, barring unexpected developments. Nonetheless, there exists the risk of default.

### 6.5. Risks associated with the Fund vehicles and service providers

<b>Risk</b>	<b>Description of Risk</b>
<b>Systems Risk</b>	<p>The Fund relies to a significant extent on computer systems and software used by the Investment Manager and other service providers to develop and execute investment strategies, analyse investment opportunities, price the Fund's assets, execute and settle trades, and conducting risk and operational controls. Such systems and software may be subject to errors, defects, interruptions or failure.</p> <p>In the event of such malfunction, the Fund may incur significant losses to the extent its or its service providers' ability to evaluate, make, hold, monitor, or dispose of investments, or to monitor risks and operations is affected. The Investment Manager may not be in a position to verify the accuracy of the operation or results of the systems used by it or other service providers and may rely on erroneous computations or data, causing losses to the Fund.</p> <p>The Investment Manager is generally not liable to the Fund for such system malfunction unless caused by their own gross negligence, wilful default or fraud. Third party service providers are generally not liable to the Fund for such system malfunction even where they are caused by their own gross negligence, wilful default or fraud.</p>
<b>Operational risks</b>	<p>The Fund relies on the Investment Manager to establish appropriate systems and procedures to control operational risks relating to the management of the business of the Fund, including the evaluation, making, holding, monitoring and divesting of investments, the valuation of the Fund's assets, and the making up of the Fund's books and accounts. The Fund is dependent on being able to monitor, process and book a large number of transactions and positions on a daily basis and relies heavily on the accuracy, integrity and continuous operation of its financial and data processing systems. Errors or failures occurring in the operation of the Fund may cause the Fund to suffer significant disruption as well as liability to third parties or other financial losses.</p>
<b>Misconduct of service providers</b>	<p>Misconduct of the employees of the Investment Manager and other service providers could cause significant losses to the Fund, including the unauthorised entering into transactions, the failure to comply with operational and risk procedures, the use of sensitive information for personal trading activities, the non-compliance with applicable law or regulations, and the concealing of the foregoing, and may result in reputational damage, litigation, business disruption and/or financial losses to the Fund, for which the Investment Manager and the relevant service provider may not be liable at all or only to a limited extent.</p>

## 6.6. Risks related to an investment in the Fund

Risk	Description of Risk
<b>Reserve for contingent liabilities</b>	Under certain circumstances, it may be necessary to establish a reserve for contingent liabilities or withhold a portion of the Unitholder's settlement proceeds at the time of redemption, in which case the reserved portion would remain at the risk of the Fund's activities.
<b>Litigation risk</b>	As the Fund will purchase many investments through separate written contracts (as opposed to via an exchange) and because such contracts may contain extensive obligations on behalf of the borrower, there may be instances in which the Fund may pursue litigation in order to enforce its rights. Such litigation may be costly and may not ultimately be successful.
<b>Effect of substantial redemptions</b>	In the event that there are substantial redemptions of Units, it may be more difficult for the Fund to generate the same level of profits operating on a smaller capital base. In the event that there are substantial redemptions on any date or over a short period of time, the Investment Manager may find it difficult to adjust the asset allocation and trading strategies to the suddenly reduced amounts of assets under management. Under such circumstances, in order to provide sufficient funds to pay redemptions, the Investment Manager might be required to liquidate positions at an inappropriate time or on unfavourable terms. In addition, regardless of the period of time in which redemptions occur, the resulting reduction of the Fund's Net Asset Value could make it more difficult for the Fund to generate profits or recover losses.
<b>Early Termination</b>	In the event of the early termination of the Fund, the Fund would have to distribute to the unitholders their pro rata interest in the assets of the Fund associated with the Units. Certain assets associated with the Units held by the Fund may be highly illiquid and might have little or no marketable value. It is possible that at the time of such sale or distribution, certain securities or other instruments held by the Fund would be worth less than the initial cost of such securities or other instruments, resulting in a loss to the Fund.
<b>Valuations</b>	Prospective investors should be aware that situations involving uncertainties as to the valuation of portfolio positions of the Fund could have an adverse effect on the Net Asset Value of the Fund if judgements regarding appropriate valuations should prove incorrect.
<b>Illiquidity of Units</b>	<p>The Investment Manager does not expect that an active secondary market will develop in the Units. The Unitholders' redemption rights are limited. Unitholders may not be able to liquidate their investment in such circumstances and Units may not be readily accepted as collateral for a loan.</p> <p>Units may only be transferred with the prior written consent of the Trustee, whose consent may be given or withheld in its sole discretion.</p>
<b>Taxation, FATCA and CRS</b>	<p>A summary of tax aspects of the Fund in Australia is contained in section 9.3 (Taxation). The Fund may take such action as it considers necessary in relation to an investor's holding or redemption proceeds, as a result of relevant legislation and regulations, including FATCA, as further detailed in section 9.6 (FATCA and CRS). Such actions may include the following:</p> <ul style="list-style-type: none"> <li>• The disclosure by the Trustee, the Investment Manager, the Administrator or other service provider or delegate of the Fund, of certain information relating to an investor to the ATO or equivalent authority and any other foreign government body as required by FATCA. Such information may include, confidential information such as financial information concerning an investor's investment in the Fund, and any information relating to any shareholders, principals, partners, beneficial owners (direct or indirect) or controlling persons (direct or indirect) of an investor.</li> <li>• The Trustee may compulsorily redeem any Units held by an investor in accordance with the terms of this IM and may deduct relevant amounts from a recalcitrant investor so that any withholding tax payable by the Fund or any related costs, debts, expenses, obligations or liabilities (whether internal or external to the Fund) are recovered from the investor whose action or inaction (directly or indirectly) gave rise or contributed to such taxes, costs or liabilities.</li> </ul>

	<p>Failure by an investor to assist the Fund in meeting its obligations pursuant to FATCA may therefore result in pecuniary loss to such investor.</p>
<p><b>Identification of appropriate investments</b></p>	<p>The success of the Fund as a whole, depends on the identification and availability of suitable investment opportunities and terms. The availability and terms of investment opportunities will be subject to market conditions, prevailing regulatory conditions in regions where the Fund may invest, and other factors outside the control of the Fund. In addition, the Fund may find itself in competition with other senior funds that have entered or may enter its markets or with private equity funds and financial institutions that may be willing to extend financing on terms that are more favourable to the portfolio company than the Fund is prepared to offer or than the Investment Manager believes are appropriate in light of the risk of the investment. Therefore, there can be no assurance that appropriate investments will be available to, or identified or selected by, the Fund or that the Fund will be able to invest fully the commitments made to the Fund.</p>

## **7. OTHER SERVICE PROVIDERS**

### **7.1. Administrator**

Apex Fund Services (Australia) Pty Ltd has agreed to act as the administrator, registrar and transfer agent of the Fund. The Administrator is part of the Apex Group, a global provider of fund administration services with 40+ offices across the globe, ISAE 3402/SSAE18 audited, independently owned with over 3,500 employees globally. Apex Group provides specialist fund administration, share/unit registrar, corporate secretarial services and directors to funds and collective investment schemes globally.

The Administrator will perform certain administrative, accounting, registrar and transfer agency services for the Fund and ARECF, subject to the overall supervision of the Trustee.

### **7.2. Auditor**

Ernst & Young Ltd. has been appointed as the independent auditors to the Fund and ARECF on their usual terms and conditions and will charge a customary fee for such services.

## **8. FEES AND EXPENSES**

### **8.1. Management Fee**

A Management Fee of 1% per annum (plus GST) of the Net Asset Value is payable by the Fund to the Investment Manager quarterly in arrears.

The relevant Net Asset Value of the Fund for the purpose of calculating the Management Fee is net of all the Fund costs and expenses accrued during the quarter (before deduction of any accrued Management Fee and the Performance Fee).

The Management Fee will accrue monthly and become payable on the first Business Day of each quarter in arrears, or such later time as specified by the Investment Manager.

The Investment Manager may reduce, waive, calculate differently or rebate the Management Fee with respect to one or more Unitholders in its absolute discretion, including during any wind up of the Fund.

If the Investment Management Agreement is terminated prior to the end of a quarter, the Investment Management Fee will be calculated and payable on a pro rata basis for the period the Investment Management Agreement has been in force.

### **8.2. Performance Fee**

An annual Performance Fee will be payable by the Master Fund to the Investment Manager calculated at Financial Year end. The Performance Fee equals 10% of the increase in the Net Asset Value per Unit above the applicable High Water Mark. The High Water Mark is a level of return that needs to be met before Performance Fees are paid defined as the greater of (a) a hurdle equal to the AUD fixed 3-month BBSW rate published by the Australian Financial Markets Association prevailing on the first day of the relevant Performance Fee Period and (b) the Prior High Water Mark, for the Performance Fee Period multiplied by the number of relevant Units as of the last day of the Performance Fee Period.

The increase in Net Asset Value represents the profits earned by each Unit, during the relevant period from the trading and investment of the assets of the Fund and related income and dividends, less the cost of operating the Fund, including the Management Fee. Profits include both realised and unrealised gains. By virtue of the loss carry forward, if a Unit has a loss allocated to it during any measurement period, there will be no Performance Fee paid in respect of that Unit in subsequent measurement periods until the amount of loss previously allocated to that Unit has been recouped. The application of the Prior High Water Mark seeks to ensure that until any previous losses per Unit have been recovered, the Investment Manager does not earn a Performance Fee.

The Performance Fee is accrued on each Valuation Date and paid at the end of each Performance Fee Period. It is also accrued and paid when Unit are redeemed. The Investment Manager has no obligation to restore to the Fund any Performance Fees previously earned and paid, notwithstanding a loss in a subsequent period.

The Performance Fee is normally payable to the Investment Manager in arrears within 14 Business Days of finalisation of the relevant Net Asset Value, that is, the Performance Fee is accrued monthly and paid annually. However, in the case of Units redeemed during a Performance Fee Period, the accrued Performance Fee in respect of those Units is normally payable within 14 Business Days after the finalisation of the relevant Net Asset Value applied to the date of redemption.

The Investment Manager may reduce, waive, calculate differently or rebate the Performance Fee calculated with respect to one or more Unitholders at its absolute discretion.

### **8.3. Establishment and Operating expenses**

The Fund will bear all investment, trading and operating expenses relating to the Fund, including:

- (a) costs and expenses of all transactions carried out by the Fund or on its behalf;
- (b) charges and expenses of the Administrator, legal advisers, auditors and independent valuation agents;
- (c) brokers' commissions, and any issue or transfer taxes or stamp duties chargeable in connection with any securities transactions;
- (d) all taxes and corporate fees payable to governments or agencies;
- (e) directors' fees and expenses;
- (f) interest on borrowings;
- (g) communication expenses with respect to investor services including periodic investor meetings and all expenses of meetings of Unitholders and of preparing, printing and distributing financial and other reports, proxy forms, offering documents and similar documents;
- (h) costs of insurance (if any) for the benefit of the directors;
- (i) specific research and investment consultancy expenses for the purposes of portfolio investments;
- (j) specific research and investment consultancy expenses for the purposes of rating the Fund;
- (k) litigation and indemnification expenses and extraordinary expenses not incurred in the ordinary course of business;
- (l) fees and expenses incurred in obtaining specific systems, research and other information utilised for portfolio, risk or order management purposes that facilitate trading, valuations and accounting including the costs of research and software (to the extent that such expenses can reasonably be regarded as relating to the activities of the Fund), and third-party due diligence expenses; and
- (m) all other operating expenses of the Fund.

Organisational or establishment expenses of the Fund, to the extent allocable to the Units, will be shared by all Unitholders and amortised over a 5-year period. The Trustee shall, in its sole discretion, determine the basis upon which such expenses shall be allocated. It is estimated that such initial organisational or establishment expenses will not exceed AUD\$150,000.

### **8.4. Directors' Fees**

The directors of the Board may receive director fees for serving as directors of the Trustee. The directors or any of them may, in sole discretion, waive any or all such fees payable to them by the Fund. The Fund will buy officers liability insurance for the directors.

## 8.5. Transaction Fees

The Investment Manager and its Affiliates may be paid Transaction Fees by a borrower or project company or by any investment holding company of such borrower or project company. Subject to certain exceptions as set out below, Transaction Fees will be paid to the Fund by the Investment Manager and /or its Affiliates by way of rebate and such Transaction Fees will not be for the benefit of or retained by the Investment Manager and its Affiliates. Such rebates will be calculated with reference only to (a) the particular investment in respect of which the Transaction Fee(s) arises, and (b) the Management Fees and Performance Fees that are applicable to that particular investment. Accordingly, the amount of such rebate will be calculated on a pro rata basis with reference to the value of the particular investment measured against the aggregate value of assets under management of ARECF, and will be limited to the Fund's proportionate share of that particular investment. The amount of such rebates will not exceed the Fund's 1% Management Fee and the most recent Performance Fee paid by the Fund to the Investment Manager.

The Investment Manager may be paid fees upon the establishment of a facility, such as establishment fees, origination fees and commitment fees directly by borrowers. These facility establishment fees are typically paid by borrowers in the Australian lending community within Australia and are often viewed as fees that are paid to a lender as compensation for the expenses of such lender associated with such facility, such as underwriting risk and due diligence expenses. The Investment Manager will retain such facility establishment fees for its own account and will not pay such fees to the Fund by way of rebate.

In addition, facility documents entered into by a Special Purpose Vehicle are likely to require a borrower to pay default fees during any period during which the borrower is in default. Default fees may include but are not limited to default interest, default line fees, extension fees, forbearance fees and default charges. If default fees are charged pursuant to such facility agreement, the Investment Manager may retain a portion (typically 40%) of the default fee paid by the borrower for the Investment Manager's own account as compensation for the increased work undertaken by the Investment Manager as a result of the default. The portion of the default fee that will be retained by the Investment Manager will be at the discretion of the Investment Manager and will be based on the Investment Manager's view of the additional work and expenses that will be incurred as a result of the default.

In addition, the Investment Manager or its Affiliates may be paid Transaction Fees where the Investment Manager or its Affiliates have contributed capital or provided an indemnity that has enabled the risk position of the Fund to be materially reduced. Where the Investment Manager's or its Affiliate's may earn Transaction Fees, but these Transaction Fees are at risk via the Investment Manager's or its Affiliate's through investment of its capital contribution or indemnity then the Investment Manager or its Affiliates will retain such fees for its own account and will not pay such fees to the Fund by way of rebate.

## 8.6. Investment Manager's Expenses

The Investment Manager will be responsible for its own overhead expenses.

## **9. ADDITIONAL INFORMATION**

### **9.1. Trust Deed of the Fund**

The Trust Deed is the primary document governing the relationship between the Unitholders and the Trustee.

The main operative provisions in the Trust Deed include:

- (a) applications and redemptions of Units;
- (b) rights of Unitholders;
- (c) valuation of assets of the Fund;
- (d) meetings of Unitholders;
- (e) the Trustee's power and indemnity;
- (f) distributions of income of the Fund (including income distributions when the Fund is an AMIT); and
- (g) termination of the Fund.

Each Unit of a Class gives a Unitholder an equal and undivided interest in the net assets of the Fund attributable to that Class. However, a Unit does not give the Unitholder an interest in any particular asset of the Fund or the right to participate in the management or operation of the Fund.

Subject to the Trust Deed, the Unitholder have the following rights:

- (a) the right to share in any distributions;
- (b) the right to attend and vote at meetings of Unitholders; and
- (c) the right to participate in the proceeds of winding up of the Fund.

The Trustee has the power to issue Units in different Classes that may differ in terms of, denomination of currency, the fees charged, minimum subscription amounts, voting rights, redemption rights and other rights, provided that the issue does not have a material adverse effect on the rights or obligations of any existing Unitholders. The terms of such new classes may be determined by the Trustee in its discretion.

The Trust Deed provides that the Trustee may suspend the redemption of Units or payment of the redemption amounts if the Trustee believes that it is in the best interests of the Unitholders as a whole to do so.

The Trustee can amend the Trust Deed without Unitholder approval if the Trustee reasonably considers the changes will not adversely affect Unitholders' rights.

A copy of the Trust Deed is available free of charge by contacting the Trustee.

### **9.2. Investment Management Agreement**

The Fund has entered into the Investment Management Agreement with the Investment Manager. Under the Investment Management Agreement, the Investment Manager has authority on behalf of

the Fund to manage the investment portfolios of the Fund on a discretionary basis and to carry out all ancillary actions, including acquiring, holding and disposing of assets on behalf of the Fund, fundraising and providing administrative services to the Fund, exercising any rights arising in respect of their investment portfolios, borrowing, granting security and entering into contracts on behalf of the Fund.

In addition, the Trustee has delegated certain of its powers in respect of day-to-day operations of the Fund to the Investment Manager. The Investment Manager is entitled to receive a Management Fee and a Performance Fee under the Investment Management Agreement, as referred to in Section 8 (Fees and Expenses).

The Investment Management Agreement will remain in force unless it is terminated by the Fund or the Investment Manager on not less than 90 days' prior written notice, or unless terminated in certain other circumstances described in the Investment Management Agreement. The Investment Management Agreement provides that the Investment Manager and the other persons named in it (each an **Indemnified Party**) will not be liable to the Fund for losses suffered by the Fund except where those losses result from the bad faith, actual fraud, gross negligence or wilful misconduct on the part of the Indemnified Party. The Investment Management Agreement further provides that the Fund will indemnify each Indemnified Party out of the Fund against all losses, liabilities, damages, expenses or costs suffered, incurred or sustained by the Indemnified Party, except those resulting from such Indemnified Party's bad faith, actual fraud, gross negligence or wilful misconduct. The Investment Manager is not liable for any indirect, special or consequential damages.

### 9.3. Side Letters

Subject to all applicable laws and the Trust Deed, the Fund or the Investment Manager may enter into side letters with investors. Subject to the prior approval of the Trustee, side letters may provide such investor(s) with additional and/or different rights (including, without limitation, with respect to the Performance Fee, Management Fees, redemption rights, minimum and additional subscription amounts, informational rights, capacity rights and other rights) than the other investors. The Trustee will not be required to notify any or all of the other investors of any such side letters or any of the rights and/or terms or provisions thereof, nor will the Trustee be required to offer such additional and/or different rights and/or terms to any or all of the other investors. The other investors not party to such side letters will have no recourse against the Fund, the Investment Manager and/or any of their affiliates in the event that certain investors receive additional and/or different rights and/or terms as a result of such side letters

### 9.4. Taxation

#### **Investors should seek own tax advice**

It is the responsibility of all persons interested in purchasing Units to inform themselves as to any tax consequences of investing in the Fund and the Fund's operations or management, as well as any foreign exchange or other fiscal or legal restrictions, which are relevant to their particular circumstances in connection with the acquisition, holding or disposition of Units that are the subject of this IM.

The following summary of taxation matters is a general guide only and does not constitute tax advice. In particular, the following applies where investors are resident of Australia for income tax purposes and hold their investment on capital account for income tax purposes. Investors should therefore seek their own separate tax advice in relation to their holding of Units and accordingly neither the Fund, the Investment Manager nor the Administrator accept any responsibility for the taxation consequences of any investment into the Fund by an investor.

The summary is based on the tax laws applicable at the date of this IM. The Australian tax laws are subject to change, which may change the tax treatment for particular investors.

### **Taxation of the Fund and Australian Resident Investors**

The Fund should be treated as resident in Australia for tax purposes. The Trustee intends to elect for the Attribution Managed Investment Trust (**AMIT**) regime to apply to the Fund. This regime will continue to apply, subject to the Fund continuing to satisfy the eligibility requirements.

The AMIT rules contain provisions that will impact the taxation treatment of the Fund. The Fund should not generally be liable for income tax where the Trustee properly attributes all of the Fund's taxable income and tax offsets (described in the AMIT regime as **Trust Components**) on a fair and reasonable basis to unitholders each financial year.

Australian resident unitholders should include in their assessable income in their income tax return for each year, the share of the Trust Components that are attributed to them, even if this amount is not paid in cash or is reinvested as additional units in the Fund in the next year. The tax payable (if any) depends on the investors individual tax profile and applicable tax rate.

Attributed amounts may be comprised of income, such as interest and gains from the realisation of investments. Where the Fund has losses, these losses are quarantined in the Fund and may not be passed on to Unitholders.

Each year investors will be sent a tax statement, being an AMIT Member Annual Statement (**AMMA Statement**) that will indicate the amount which has been attributed to an investor, its components and other relevant tax information.

The cost base of a unitholders holdings may be increased or decreased in certain situations such as where the distribution is less than or more than certain components attributed to investors. The amount of any increase or decrease will be provided on the AMMA Statement. Under the AMIT regime cash does not need to be paid to investors equal to amounts attributed. Where the Fund attributes taxable amounts to investors that are not paid in cash an upwards cost base adjustment can arise.

### **Where the Fund is not an AMIT**

Where the Fund does not satisfy the eligibility requirements to be an AMIT, the Fund should not be liable to Australian income tax on its net income where the Fund's investors are presently entitled to the income of the Fund. Rather each investor should include their share of the Fund's net income in their income tax return for each year, even if this amount is not paid in cash or is reinvested as additional units in the Fund in the next year.

Each year Unitholders will be sent an annual distribution statement that will indicate their share of the net income, its components and other relevant tax information.

### **Public Trading Trust rules**

The Fund does not intend to derive income other than from an "eligible investment business", accordingly it should not be subject to tax as a public trading trust.

### **Application of TOFA**

The Taxation of Financial Arrangements (**TOFA**) provisions generally apply to qualifying taxpayers in respect of certain "financial arrangements". Broadly, the TOFA provisions recognise certain gains

and losses on financial arrangements on an accruals basis, which may result in a taxing point prior to the realisation of the investment.

Due to the TOFA regime, there may be some instances where your share of the Fund's Trust Components or net taxable income exceeds the cash distribution you receive from the Fund.

You should seek independent tax advice as to the possible application of the TOFA regime to your circumstances.

## **Tax implications on redemptions from the Fund**

Investors may have a tax liability when they exit from the Fund, including by redemption. Australian resident investors are generally subject to capital gains tax on gains when they withdraw any money for themselves or to invest in another fund or transfer Units to someone. Depending on the kind of taxpayer, and how long they have held their Units, a discount may be available on the capital gain on Units held for longer than 12 months. This discount is 50% for individuals and trusts (conditions apply), and 33.33% for complying superannuation funds. The discount is not available to companies. Any capital losses arising from the disposal of the investment may be used to offset other capital gains the investor may have derived. Gains realised where an investor holds their units on revenue account will be taxable as ordinary income and will not qualify for the CGT discount.

Where an investor redeems from the Fund during the year, they may be allocated a share of the Fund's Trust Components or net taxable income. If this occurs the investor will be notified of this amount on the AMMA statement or annual distribution statement which will be provided after year end.

## **Tax File Numbers (TFNs) and Australian Business Numbers (ABNs)**

It is not compulsory for an investor to provide their TFN or ABN, and it is not an offence to decline to provide them. However, unless exempted, if they are not provided, the Trustee is required to deduct tax from gross payments, including income distributions, or on amounts attributed to investors (deemed payments) at the highest personal marginal rate plus the Medicare levy and any other applicable government charges. The ABN, TFN or an appropriate exemption can be provided in the online application or on the Application when making an initial investment.

## **Taxation of non-resident unitholders**

Australian tax may be deducted from distributions of certain Australian sourced taxable income to non-resident unit holders. The amounts will be withheld at the rates of tax applicable to non-resident unitholders and will depend on the type of income and country of residence of the unitholder. Non-resident unit holders may also be subject to tax in the country they reside in but may be entitled to a credit for some of all the tax deducted in Australia. Non-residents seeking to invest in the Fund should obtain tax advice on their specific circumstances.

## **Goods and Services Tax**

GST should not be payable on the issue and redemption of units in the Fund and the resulting income distributions to Unitholders. Fees, charges and commissions payable in respect of the management of the Fund may include a GST component. The Fund will generally be able to claim input tax credits and/or reduced input tax credits of at least 55% of GST incurred on most of its expenses.

## 9.5. Privacy

The Trustee will collect, hold, use and disclose personal information provided by investors to allow it to process your Application, service your needs as a Unitholder, provide facilities and services that you request and carry out appropriate administration of your investment.

This means that the Trustee will need to collect your personal information (for example, your name, address and details of the Units that you hold). In most cases, your personal information will be collected directly from you although we may also collect your personal information from third parties. If you do not provide us with your relevant personal information, the Trustee may not be able to properly administer your investment.

Privacy laws apply to the handling of personal information and the Trustee will only use or disclose your personal information for the purposes for which it was collected, other related purposes and as permitted or required by law. If you do not wish to provide this information, the Trustee and the Administrator may not be able to process your Application.

The Trustee may also share your personal information with its service providers or others who provide services on its behalf, some of which may be located outside of Australia.

Each investor acknowledges that in connection with the services provided by the Fund, their personal data may be transferred or stored in various jurisdictions in which such service providers have a presence, including to jurisdictions that may not offer a level of personal data protection equivalent to the investor's country of residence. Each investor also acknowledges that the service providers may disclose the investor's personal data to each other, to any other service provider to the Fund or to any regulatory body in any applicable jurisdiction to which any of the service providers may be subject.

For more details on how the Trustee collects, stores, uses and discloses your information, please read the Trustee's Privacy Policy located at [www.alceon.com.au/privacy-policy](http://www.alceon.com.au/privacy-policy). Alternatively, you can contact the Trustee's Privacy Officer by telephone on +61 2 8023 4000 or by email at [info@alceon.com.au](mailto:info@alceon.com.au) and the Trustee will send you a copy of its Privacy Policy free of charge. It is recommended that you obtain a copy of this Privacy Policy and read it carefully before making an investment decision.

By completing a Subscription Agreement, you agree to this information being collected, held, used and disclosed as set out in this IM and the Privacy Policy. You also consent to any information about a person you provide the Trustee or the Administrator being checked from time to time with the relevant department, document issuer or official record holder via third party DVS systems for the purpose of confirming the person's identity in satisfaction of 'know your client' requirements and relevant anti-money laundering and counter-terrorism financing laws. Where you have provided such information about another individual, such as a director, shareholder or beneficiary, you confirm you were authorised to do so and acknowledge you must make the individual aware of that fact and the contents of the Trustee's Privacy Policy.

The Administrator may also collect, use and disclose your personal information provided to the Manager by the Trustee, for investor relations purposes in accordance with its privacy policy.

## 9.6. FATCA and CRS

### Foreign Account Tax Compliance Act (FATCA)

The FATCA is a US tax law that was enacted for the purpose of improving tax information reporting regarding US persons in respect of their offshore investments to the United States Internal Revenue Service (**IRS**).

Under FATCA, Australian financial institutions are required to collect and review their information to identify US residents that invest in assets through non-US entities. This information is reported to the Australian Taxation Office (**ATO**). The ATO may then pass that information to the IRS.

Under FATCA, a 30% withholding may be imposed in respect of certain US source payments paid to or in respect of entities that fail to meet certification or reporting requirements.

In order to comply with the FATCA requirements, you acknowledge the Trustee:

(a) may require you to provide certain information regarding your identification and related information (either at the time an application to invest in the Fund is made or any time after Units are issued to you);

(b) will undertake certain due diligence procedures to determine your status for FATCA reporting purposes;

(c) will report required financial information, if any, about your investment in the Fund to the IRS via the ATO on an annual basis;

(d) may withhold tax on US connected payments to non-participating foreign financial institutions.

Accordingly, by completing a Subscription Agreement, you agree to provide the Trustee or the Administrator with certain identification and related information to enable the Trustee to comply with its obligations in connection with FATCA.

You acknowledge that:

(a) the Trustee may take such action as it considers necessary in relation to you holding or redemption proceeds to ensure that you will bear any withholding tax payable by the Fund, and any related costs, interest, penalties and other losses and liabilities suffered by the Fund, the Investment Manager, the Administrator, or any other investor, or any agent, delegate, employee, director, officer, manager, member or affiliate of any of the foregoing persons pursuant to FATCA, arising from your failure to provide the requested information to the Fund.

(b) in the event you do not provide the requested information and/or documentation, whether or not that actually leads to compliance failures by the Fund, or a risk of the Fund or you being subject to withholding tax under the relevant legislative or inter-governmental regime, the Trustee reserves the right to take any action and/or pursue all remedies at its disposal, including compulsory redemption of your Units; and

(c) if you are affected by any such action, you do not have any claim against the Trustee or the Administrator for any form of damages or liability as a result of actions taken or remedies pursued by or on behalf of the Trustee in order to comply with any of FATCA or any of the relevant underlying legislation.

### **Common Reporting Standard (CRS)**

The CRS is the single global standard for the collection, reporting and exchange of financial account information on foreign tax residents. Australia has signed the OECD Multilateral Competent Authority Agreement on Automatic Exchange of Account Information. This agreement enables CRS information to be exchanged between jurisdictions' tax authorities where relevant legislation has been adopted. The Australian Government has enacted legislation to give effect to the CRS. It came into effect for Australian financial institutions on 1 July 2017.

The Trustee is required to collect certain information about any foreign tax residents to provide it to the ATO. The ATO may pass this information onto tax authorities in other jurisdictions who have adopted the CRS. The requirements are similar to those which exist under FATCA, however, there are a greater number of countries in respect of which the ATO may provide information to the respective tax authorities.

By completion a Subscription Agreement, you agree to provide the Trustee or the Administrator with certain identification and related information (including tax residency information) in order to enable the Trustee to comply with its obligations in connection with CRS.

**10. CONTACT INFORMATION**

For further information, please contact:

Contact Name	Telephone	Email
Morris Symonds	+61 2 8023 4023	morris.symonds@alceon.com.au
Damien Cronin	+61 2 8023 4006	damien.cronin@alceon.com.au
Gerald Full	+61 2 8023 4007	gerald.full@alceon.com.au
Grant Atchison	+61 2 8023 4000	grant.atchison@alceon.com.au
Bianca Solomons	+61 2 8023 4047	bianca.solomons@alceon.com.au
Omar Khan	+61 2 8023 4000	omar.khan@alceon.com.au
Administrator	+61 3 9020 3000	alceon@apexfunds.com.au

## 11. GLOSSARY

<b>ARECF</b>	Alceon Real Estate Credit Fund Ltd ACN 628 554 781.
<b>Administrator</b>	Apex Fund Services (Australia) Pty Ltd ACN 149 408 702.
<b>Affiliate</b>	in respect of a person, another person which Controls, is Controlled by or under common Control with the first person.
<b>Alceon</b>	Alceon Group Pty Ltd ACN 122 365 986 (AFSL 345692) and its related entities.
<b>Annexure A</b>	Alceon Real Estate Credit Fund Portfolio Presentation.
<b>Annexure B</b>	Alceon Real Estate Credit Fund Monthly Report (most recent).
<b>Annexure C</b>	Alceon Real Estate Credit Fund Quarterly Management Commentary (most recent).
<b>ATO</b>	Australian Taxation Office.
<b>Benchmark Return</b>	the weighted average of the AUD 3-month BBSW rate published by the Australian Financial Markets Association prevailing during the Performance Fee Period weighted by the Net Asset Value as of each such Valuation Date during the Performance Fee Period.
<b>Board</b>	the board of directors of the Trustee.
<b>Business Day</b>	a day that is not a Saturday, Sunday, public holiday or bank holiday in Victoria.
<b>Class</b>	any class of Units that may be issued by the Trustee from time to time, being Units that have the same rights and obligations attaching to each of them.
<b>Control</b>	the ability of a person to control the affairs of another person through the exercise of a majority of the voting rights or the right to appoint and remove a majority of the board of directors or other governing body, and <b>Controlled</b> has a corresponding meaning.
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth).
<b>CRS</b>	the Common Reporting Standard issued by the Organisation for Economic Co-operation and Development.
<b>Dealing Day</b>	the first Business Day after each Valuation Date or such other day as the Board may from time to time determine.
<b>FATA</b>	<i>Australian Foreign Acquisitions and Takeovers Act 1975</i> (Cth)
<b>FATCA</b>	Foreign Account Tax Compliance Act (US law).
<b>Financial Year</b>	the financial year of the Fund, which will end on 30 June in each year.

<b>FIRB</b>	Foreign Investment Review Board.
<b>Fund</b>	Alceon Real Estate Corporate Senior Master Fund.
<b>Investment Manager</b>	Alceon Real Asset Management Pty Ltd ACN 627 059 723.
<b>Liquid</b>	in respect of the Fund, where liquid assets account for at least 80% of the value of the assets of the Fund.
<b>Minimum Holding</b>	\$1,000,000 per Unitholder or such lesser amount as the Trustee determines.
<b>Minimum Subscription Amount</b>	\$1,000,000 per investor for the initial investment, unless otherwise determined by the Trustee.
<b>Net Asset Value</b>	the net asset value of the Fund or a Class, as the case may be, as determined in accordance with the Trust Deed.
<b>Performance Fee Period</b>	the period for which a Performance Fee is accrued and calculated.
<b>Prior High Watermark</b>	with respect to one or more Units in a particular Class of Units: (a) prior to the first Valuation Date at which a Performance Fee was determined to be payable in respect of such Class, the Net Asset Value per Unit of the Class as at the issue date of such Class; and (b) thereafter, the Net Asset Value per Unit as at the Valuation Date at which the last Performance Fee was determined to be payable in respect of such Class.
<b>Redemption Date</b>	the date determined by the Trustee on which the Units the subject of a Redemption Request are to be redeemed, provided that such date must be within 6 months of receipt by the Fund of the Redemption Request.
<b>Redemption Request</b>	a form of redemption notice in respect of Units obtainable from the Administrator from time to time in such form as the Investment Manager may prescribe or accept.
<b>Special Purpose Vehicle</b>	a special purpose vehicle, such as a special purpose holding company, special purpose trust or other investment company, where an Alceon entity has day-to-day Control of such vehicle.
<b>Subscription Agreement</b>	the subscription agreement accompanying this IM for investors to apply for Units in the Fund.
<b>Transaction Costs</b>	the transaction costs determined by the Trustee to be associated with an issue or a redemption of a Unit of a Class as provided in the Trust Deed.
<b>Transaction Fee</b>	any arrangement fee, success fee, underwriting or syndication fee, closing fee, commitment fee, transaction fee, merger fee, acquisition fee, divestment fee, any other similar corporate finance fee, monitoring fee, director's fee, abort fee, consulting fee, investment banking fee,

	guarantee fee, advisory fee, performance fee, carried interest, management fee or other similar fee, coupon spread or interest margin spread, as agreed between the Investment Manager and/or its Affiliates and a borrower or project company (as applicable) in respect of an investment made by the Fund.
<b>Trust Deed</b>	the trust deed establishing the Fund.
<b>Trustee</b>	Alceon Funds Management Pty Limited ACN 166 832 417
<b>Unit</b>	an ordinary unit in the Fund.
<b>Unitholder</b>	a person registered as the holder of one or more Units.
<b>Valuation Date</b>	the last Business Day of each calendar month.