

#### **INVESTMENT MANAGER**

### **PROPERTY & EQUITY PTY LIMITED**

ABN 70 165 896 202 CAR NO. 001265984 WWW.PROPERTYANDEQUITY.COM.AU

#### **TRUSTEE**

### **AMAL SECURITY SERVICES PTY LIMITED**

**ABN** 48 609 790 758 **AFSL** 483461 WWW.AMAL.COM.AU

# TABLE OF CONTENTS //

1.	KEY FEATURES OF THE FUND	6
2.	THE INVESTMENT OPPORTUNITY	8
3.	PEOPLE RESPONSIBLE FOR THE FUND	10
4.	RISKS	13
5.	FEES AND COSTS	18
6.	INVESTING IN THE FUND	20
7.	DISTRIBUTIONS OF INCOME	21
8.	ACCESSING YOUR MONIES	22
9.	REPORTING	23
10.	TAX	24
11.	ADDITIONAL INFORMATION	25
12.	HOW TO INVEST	28
13.	CONTACTS	29



# BEFORE YOU START //

# THIS INFORMATION MEMORANDUM

Property & Equity Pty Limited (P&E or the Investment Manager) is the investment manager for the Rare Earth Property Fund (Fund) and the issuer of this information memorandum (Information Memorandum). The Information Memorandum is dated 18 July 2018. This Information Memorandum may be supplemented from time to time, including without limitation, by the supplemental terms (Supplemental Terms) contained in the application pack (Application Form). To the extent of any inconsistency between the Supplemental Terms and this Information Memorandum, the Supplemental Terms prevail.

AMAL Security Services Pty Limited (AMAL or the Trustee) is the trustee of the Fund and the issuer of units in the Fund (Units).

The Investment Manager has prepared and issued this Information Memorandum. Apart from being named as the trustee of, and issuer of units in, the Fund, the Trustee takes no responsibility for the contents of this Information Memorandum. To the maximum extent permitted by law, the Trustee expressly disclaims and



takes no responsibility for any part of this Information Memorandum other than the references to its name. Neither the Trustee nor the Investment Manager guarantees the repayment of capital or any particular rate of capital or income return.

The Trustee has consented to be named in this Information Memorandum as trustee of the Fund in the form and context in which it is named.

This is an important document and you are encouraged to read it carefully. Because it does not take into account your personal circumstances, you are encouraged to seek professional advice before investing. The Information Memorandum is not intended to be a recommendation by P&E, the Trustee or any of P&E's or the Trustee's associates or any other person to invest in the Fund.

Information in this Information Memorandum and any Supplemental Terms is subject to change from time to time and, provided the changes are not materially adverse to investors, may be updated by P&E publishing such information at www.propertyandequity.com.au. A





#### **STRUCTURE**

The Fund is structured as an Australian wholesale (unregistered) unit trust and is a managed investment scheme for the purposes of the Corporations Act 2001 (Cth) (Corporations Act).

You invest in a specific "class" of Units (Class or Classes). Each Class of Units is associated with a particular investment held in a corresponding sub-trust wholly owned by the Fund. AMAL Trustees Pty Limited ABN 98 609 737 064 AFSL 483459 (a related company of AMAL) (AMAL Trustees or Sub-Trustee) is the trustee of each sub-trust.

The intention is that assets and liabilities referable to one Class have no impact on any other Class. That is, that assets and liabilities of one Class are 'ring fenced' or segregated from those referable to another. The intention includes that any loss of one Class is not referable to another.

#### **NOT A REGULATED DISCLOSURE DOCUMENT**

The Investment Manager has authorised the use of this Information Memorandum as disclosure to those persons who qualify as "wholesale clients" only (as the Corporations Act defines this term). Further information on how to qualify as a "wholesale client" is in Section 12 "How to Invest".

This Information Memorandum is provided to you as a person to whom an offer of the Units would not require a disclosure document under Part 7.9 of the Corporations

Act because you are a wholesale client. If you are not a wholesale client, please do not read this Information Memorandum. Please return it immediately to the Investment Manager.

#### **CONFIDENTIALITY AND RESTRICTIONS ON** DISTRIBUTION

This Information Memorandum is confidential. You must not copy or circulate it, in whole or in part, to any other person unless they are within your organisation and directly involved in your consideration of the proposed offer.

This Information Memorandum (including any copy of it) may not be transmitted outside Australia or distributed, directly or indirectly, outside Australia where it may be unlawful to do so.

#### **NO LIABILITY**

The Investment Manager has prepared this Information Memorandum based on information available to it at the time of preparation and from sources believed to be reliable. Neither the Investment Manager nor the Trustee makes any representation that it has verified the information. No representation or warranty is made as to the fairness, accuracy or completeness of the information, opinions and conclusions contained in this Information Memorandum or any other information the Investment Manager or the Trustee otherwise provide to you.

To the maximum extent permitted by law, the Investment Manager, the Trustee, and their respective related bodies corporate, officers, employees and advisors are not

liable for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on this Information Memorandum or otherwise in connection with it.

#### **FORWARD-LOOKING STATEMENTS**

In particular, no representation or warranty is given as to the accuracy, completeness, likelihood of achievement or reasonableness of any forecasts, projections or forward-looking statements contained in this Information Memorandum. Forecasts, projections and forward-looking statements are by their nature subject to significant uncertainties and contingencies. You should make your own independent assessment of the information and seek your own independent professional advice in relation to the information and any action taken on the basis of the information.



### **KEY FEATURES** OF THE FUND //

#### **FUND NAME**

#### **TRUSTEE**

#### **INVESTMENT MANAGER**

#### **FUND STRUCTURE**

Unregistered managed investment scheme with multiple Classes of Units. Each Class of Units is associated with a particular investment held in a corresponding sub-trust wholly owned by the Fund. The Sub-Trustee is the trustee of each sub-trust.

The intention is that assets and liabilities referable to one Class have no impact on any other Class. That is, that assets and liabilities of one Class are 'ring fenced' or segregated from those referable to another. The intention includes that any loss of one Class is not referable to another.

Class A Units (and following) are offered pursuant to this Information Memorandum, the terms of which may be supplemented from time to time. Please see the Supplemental Terms contained in the Application Form for any additional terms that apply to a particular Class of Units on issue at any point in time.

#### **INVESTMENT PHILOSOPHY AND STRATEGY**

To generate a return by investing primarily in residential real property developments and real estate related assets from time to time in Australia

through wholly owned sub-trusts. Please see the Supplemental Terms contained in the Application Form for any additional information in relation to a specific investment to be made by the Fund at any point in time.

#### **DISTRIBUTION FREQUENCY**

Generally at the end of the investment term (or more frequently for longer term higher yield income generating investments). Please see the Supplemental Terms contained in the Application Form for any additional terms that apply to a particular Class of Units on issue at any point in time.

Any distributions are paid to your nominated bank account.

Any distributions are generally not reinvested unless the Trustee agrees otherwise. Please see the Supplemental Terms contained in the Application Form for information concerning reinvestment of any distributions.

#### **RETURN OBJECTIVE**

The primary investment objective of the Fund is to preserve capital and produce consistent returns, after management fees and ordinary expenses, payable at the end of

investment term. Returns will comprise both capital and income. Please see the Supplemental Terms contained in the Application Form for any target return information that may apply to a particular Class of Units on issue at any point in time.

Neither AMAL nor P&E guarantee any target return or capital.

#### **INVESTMENT TIME-FRAME**

You should consider this a medium to longer-term investment, generally of at least 2 years (or 5 years or longer for higher yield income generating investments - please see the Supplemental Terms for more guidance on the relevant investment time-frame)

#### LIQUIDITY

You should consider this an illiquid investment. That is, once you invest, you cannot generally withdraw your monies until the end of the relevant investment (typically 2 - 5 years (or longer) - please see the Supplemental Terms for more guidance on the timeframe to invest).

Units will not be quoted on any secondary market.

#### **RISK**

Due to market fluctuations it is impossible to know the ultimate outcome of any real estate development or real estate related asset. All investments inherently contain some level of risk and should be considered in the context of each individual's financial situation. You should seek advice appropriate to your needs

#### **GEARING**

To generate a return by investing primarily in residential real property developments and real estate related assets from time to time in Australia through wholly owned sub-trusts. Please see the Supplemental Terms contained in the Application Form for any additional information in relation to a specific investment to be made by the Fund at any point in time

#### WHO CAN INVEST

The Fund is an Australian wholesale (unregistered) managed investment scheme so you need to be a "wholesale client" as defined by the Corporations Act. Subject to this, the Fund is available to all types of investors, including individuals, super funds and family trusts/companies, as well as professional investors and family offices

#### FEES, COSTS AND **EXPENSES**

- Trustee fee: The greater of \$15,000 per annum + GST or 0.04% per annum + GST of the Fund's gross assets.
- Sub-Trustee fee: \$5,000 per annum + GST per sub-trust when the gross assets in the relevant sub-trust are less than \$10 million, or \$10,000 per annum + GST per sub-trust when the gross assets in the relevant sub-trust are more than \$10 million.
- Investment Manager fee: 0.5% per annum + GST of the Fund's gross assets.
- **Expenses:** 
  - ordinary (or usual) expenses initially estimated at 0.25% per annum + GST of the Fund's gross assets.
  - abnormal expenses are estimated to be nil

To the extent there is any shortfall from the working capital in the Fund to pay for fees and expenses (other than any abnormal expenses), P&E will pay the expenses of the Fund.

Any abnormal expenses (i.e. non-routine or extraordinary expenses) may be deducted from the Fund as and when they are incurred. These deductions, if they were to occur, could affect the returns you receive.

Please see the Fees and costs section for more information

#### **APPLICATIONS**

The minimum initial application that will be accepted is A\$25,000 (unless otherwise agreed with the Investment Manager or such other amount is specified in the relevant Supplemental Terms) with additional applications subject to a minimum of A\$10,000

(unless otherwise agreed with the Investment Manager or such other amount is specified in the relevant Supplemental Terms).

Please see the Supplemental Terms contained in the Application Form for information on application processing and cut off times that apply to a particular Class of Units on issue at any point in time.

#### **COOLING OFF**

There is no cooling-off right for investors. An Application Form cannot be withdrawn once it has been received

#### **COOLING OFF**

This is an illiquid investment. That is, once you invest, you cannot generally withdraw your monies until the end of the relevant investment.

(typically 2 years, or 5 years or longer for higher yield income generating investments - please see the Supplemental Terms for more guidance on the relevant investment time-frame)

#### **BUY/SELL SPREAD**

Nil





### 2. THE INVESTMENT **OPPORTUNITY**

#### **EXPOSURE TO AUSTRALIAN REAL ESTATE ASSETS**

■he Fund will invest in Australian residential real estate development projects and other real estate related assets (which may include investing in commercial loans secured by commercial/residential mortgages) through wholly owned sub-trusts.

When investing in real estate development projects, the Fund invests in various stages of the development cycle of the underlying residential real estate assets

(this may include investing prior to development approval being granted or before the relevant property has been zoned for development).

Please see the Supplemental Terms contained in the Application Form for any additional information in relation to a specific investment to be made by the Fund at any point in time.



#### **INVESTMENT OBJECTIVE**

The investment objective of the Fund is to provide capital growth, after management fees and ordinary expenses, generally over rolling 2-year periods (or sometimes longer depending on the underlying asset). Returns will comprise both capital and income.

Please see the Supplemental Terms contained in the Application Form for any target return information that may apply to a particular Class of Units on issue at any point in time.

The Fund usually distributes income annually at the end of June. Distributions are paid to your nominated bank account. However, it is not expected that any distributions will occur before the end of the relevant investment term, unless the underlying investment is a higher yield income generating investment.

Please see the Supplemental Terms contained in the Application Form for any additional terms that apply to a particular Class of Units on issue at any point in time.

Neither AMAL nor P&E guarantee any target return of income or capital.



#### INVESTMENT STRATEGY

he Fund aims to generate capital growth and income by investing in wholly owned sub-trusts which in turn hold interests in residential real property development projects or real estate related assets.

#### **Development projects**

When investing in development projects, the sub-trusts will invest at various stages of the development cycle. For example, the investment may be undeveloped land with approval for subdivision and development or an existing development project such as an urban renewal project.

Potential investments are sourced by P&E and are subject to a rigorous due diligence process, and review by the Fund's Investment Committee, before being approved as an investment of the Fund.

The following outlines the Fund's proposed development evaluation process.

#### Initial development screening

As part of detailed analysis, the proposed development project is reviewed to ensure that there are no obvious obstacles to investing and to confirm that the proposed development opportunity fits with the Fund's portfolio and overall investment strategy.

#### **Due Diligence**

After initial screening, if a proposed development fits into the Fund's portfolio and overall investment strategy due diligence commences. This includes an:

onsite visit

title review

review of any planning or development approval

review of independent valuations of the land or development project

analysis of the proposed development's and existing developer's financial accounts (as relevant)

existing developer experience review (as relevant)

existing or proposed builder experience review

existing or proposed construction timetable review existing or proposed development agreements and permits review

existing or proposed marketing plan review

review any potential conflicts of interest

The Investment Committee is made up of members of the P&E Board of Directors. The Investment Committee reviews the due diligence findings for the proposed development project and determines whether to proceed with the proposed development.

Monies will not be invested in any sub-trust to in turn invest in a particular development project until this due diligence process is satisfactorily complete. It follows that the Fund (or a particular Class of Units) may be invested solely in cash until a suitable investment is identified and the due diligence process is complete. Please see the Supplemental Terms contained in the Application Form for any additional information on the proposed timing of the relevant investment.

#### Other real estate related assets

Other real estate related assets in which the sub-trusts may invest include investing directly in mortgage-backed securities, indirectly through other investment vehicles (such as mortgage funds) or storage facilities. This may involve investing in loan notes issued by property developers or alternative finance providers, generally linked to residential real estate property developments, commercial real estate or mixed-use assets, and will generally be secured by first or second ranking mortgages. It may also involve investing in other managed investment schemes holding real estate related assets, or directly acquiring real estate assets such as storage facilities (which we intend to be a longer term higher yield investment opportunity aiming to generate greater income returns).

Potential investments are sourced by P&E and are subject to a rigorous due diligence process (tailored to the relevant real estate related asset), and review by the Fund's Investment Committee, before being approved as an investment of the Fund.

Neither the Fund, nor any sub-trust, will lend directly to natural persons and, as such, neither the Trustee, nor the Sub-Trustee, will be subject to the National Consumer Credit Protection Act 2009 (Cth) and National Credit Code.

Please see the Supplemental Terms contained in the Application Form for any additional information on the relevant investments.





#### **CLASS OF UNITS**

he Fund offers multiple Classes of Units. The first Class of Units offered in the Fund are Class A Units (AUD) and are associated with Sub-Trust A (which in turn holds the investment in the first real estate related

Subsequent Classes of Units (ie Class B Units and so on) will be offered pursuant to this Information Memorandum.

Please see the Supplemental Terms contained in the Application Form for any additional terms that apply to Class A Units (and following) on issue at any point in time. cannot generally withdraw your monies until the end of

#### **Investing in the Fund**

The minimum initial application that will be accepted is A\$25,000 (unless otherwise agreed with the Investment Manager or such other amount is specified in the relevant Supplemental Terms) with additional applications subject

to a minimum of A\$10,000 (unless otherwise agreed with the Investment Manager or such other amount is specified in the relevant Supplemental Terms).

Please see the Supplemental Terms contained in the Application Form for information on application processing and cut off times that apply to a particular Class of Units on issue at any point in time.

#### Illiquid investment

This is an illiquid investment. That is, once you invest, you the relevant investment (typically 2 years, or 5 years or longer for higher yield income generating investments please see the Supplemental Terms for more guidance on the relevant investment timeframe)).

# 3. PEOPLE RESPONSIBLE FOR THE FUND //

#### **THE TRUSTEE**

Part of the AMAL group of companies, the Trustee is a professional trustee company and operator that provides services to Australian and foreign fund managers. Those services include trusteeship, holding assets of managed funds and outsourced operation under its Australian financial services licence.

Offering a full range of wholesale corporate trust services, the Trustee provides clients with much needed flexibility, commerciality and service, while at all times maintaining the highest level of governance and compliance.

The Trustee is an experienced trustee for Australian wholesale investment funds and other capital structures.



#### THE TRUSTEE HAS SIGNIFICANT FINANCIAL SERVICES EXPERIENCE, WHICH INCLUDES:

- capital structure establishment & documentation
- compliance & satisfying regulatory responsibility and
- administration of a wide range of wholesale capital structures.

#### THE TRUSTEE IS ASSOCIATED WITH **LEADING INDUSTRY BODIES:**

- a member of the Financial Ombudsman Service
- an associate member of the Asian Pacific Loan Market Association (APLMA) and
- · a participant in the Independent Compliance Committee Members' Forum.

#### THE TRUSTEE'S **EXPERTISE INCLUDES IN:**

- a member of the Financial Ombudsman Service
- an associate member of the Asian Pacific Loan Market Association (APLMA) and
- · a participant in the Independent Compliance Committee Members' Forum.

As the trustee of the Fund, the Trustee is ultimately responsible for the operation of the Fund in accordance with the Fund's constitution, the Corporations Act and trust law.

AMAL Asset Management Limited (AMAL AM) is a major shareholder of the Trustee. AMAL AM was founded in 1994 as a third-party servicer of loan receivables in the whole-loan and debt capital markets and with over \$7 billion of assets under administration in Australia and New Zealand, is the leading third-part servicer in the region.

More information about the AMAL group can be found at www.amal.com.au.

#### THE INVESTMENT MANAGER AND **ADMINISTRATOR**

P&E is the Investment Manager and administrator for the Fund. As Investment Manager, P&E sources investment opportunities for the Fund.

P&E is a privately-owned property investment company. P&E also provides strategic property advisory services to private and corporate clients.

P&E is a corporate authorised representative (CAR No. 001265984) of an Australian financial services licensee and is authorised to conduct funds management activities and is staffed by experienced professionals.

#### THE SUB-TRUSTEE

A member of the AMAL group of companies, the Sub-Trustee provides services to Australian and foreign fund managers, including trusteeship, holding assets of managed funds and outsourced operation under its Australian financial services licence.

#### THE INVESTMENT COMMITTEE

P&E has formed an Investment Committee which assists with investment ideas and robust debate around the outlook for various investment opportunities. The Investment Committee must approve a particular investment before the Fund can make an investment. The Investment Committee comprises, at least initially, two property investment professionals, as follows.



#### Peter H Dixon LREA **Director Investment Committee Member**



Peter has developed a wealth of expertise, having worked with the property, investment, mortgage and financial services industries for over 25 years for private and corporate clients.

Peter has been appointed to private and public company boards providing advice on property matters, financial structures, investment strategies and capital raising structures (including listing on the Australian Stock Exchange).

Peter has been involved in many property projects in Australia as an owner and developer (including projects in Sydney, Far North Queensland and Regional NSW).

Peter as Managing Director of Horizons Property Pty Limited managed the development of the \$50 million -Horizons Golf Resort in Port Stephens, NSW on behalf of Australia NID. He coordinated and developed, over 3 years, 40 on course villas, 60 residential apartments, the clubhouse and conference centre, the restaurant and the outdoor recreational areas.

Peter is the founder of SuperGap and is currently a Director of P&E.

#### Scott WJ Heathwood MA, MBA, LREA **Director Investment Committee Member**



Scott is the Chairman and Executive Director of Lifestyle Capital Pty Limited, a Director of Lifestyle Asset Management Pty Ltd (AFSL 288421, ACL 288421), a Director of P&E, Lifestyle Property Pty Limited, and Investment Property Warehouse Pty Limited – licensed real estate agents in NSW and QLD.

Scott has been involved in all aspects of the financial services industry as a business owner and a Director of financial service companies over the past 25 years specialising in strategic investment and financial advice in all sectors of the investment spectrum to individual investors and companies specializing in property structures.

Scott has a sound knowledge of the commercial markets. He has two university degrees, a Master of Arts (University of NSW) and a Masters of Business Administration (Macquarie University).

Scott has developed property in Sydney and in Queensland and is currently an owner and joint venture partner in several current projects.

Scott has advised a number of companies including registered clubs on their strategic direction and most importantly their tactical marketing plans. He is a current Director of the Gallipoli Memorial Club in Sydney.

Members of the Investment Committee may change from time to time and without notice to you.

# 4. RISKS //

An investment in the Fund should be seen as a medium to high risk and a medium to long-term investment. Investors should be prepared to invest for at least 2 years, or 5 years or longer for higher yield income generating investments please see the Supplemental Terms for more guidance on the relevant investment timeframe.

> Neither AMAL nor P&E guarantee any target return of income or capital. This is a new fund and there is no performance history.

All investments are subject to varying risks, and the value of your investment in the Fund can rise and fall over time.

Different types of investments have different risk characteristics, which will affect investment performance. As risk cannot be entirely avoided when investing. The philosophy employed for the Fund is to identify and manage risk as far as is practicable. However, neither AMAL nor the Investment Manager can promise that the ways in which risks are managed will always be successful and, if certain risks materialise, any distributions and the value of your investment could be adversely affected. Some risks can never be practically managed.

#### Significant risks associated with:

- an investment in the Fund and
- investments by the Fund are discussed below.

#### **RISKS ASSOCIATED WITH AN**

#### INVESTMENT IN THE FUND

TYPE OF RISK	DESCRIPTION OF RISK
ACCOUNTING STANDARDS •	Changes to accounting standards may affect valuation of the Fund's assets, liabilities, income and expenses in a manner which may be adverse to investors
CHANGES IN LAW AND GOVERNMENT POLICY	There is a risk that the government or a governmental agency will repeal, or amend an existing law or regulation, or enact or promulgate a new law or regulation or that the government, a governmental agency or the courts will issue a new interpretation of a law or regulation which may adversely affect the Fund. Without limiting the types of changes in law and government policy that may occur, the tax and/or regulatory status of the Fund may be adversely affected
CONCENTRATION RISK O	The Fund will invest substantially all of its available funds in only units in sub-trusts, meaning that there will be a concentration of assets into which the Fund has invested. Further, the interests in the sub-trusts give exposure to real estate related assets only
LIQUIDITY O	An investment in the Fund is illiquid and it is intended that investors commit their capital for the duration of the investment. That is, once you invest, you cannot generally withdraw your monies until the end of the relevant investment (typically 2 years).



TYPE OF RISK	DESCRIPTION OF RISK
LIQUIDITY O ——	There is no secondary market for Units. Neither the Trustee nor the Investment Manager has any general obligation to purchase, buy back or redeem the Units of any investor. The Units are not able to be transferred without the prior written consent of the Trustee (which it may withhold in its absolute discretion)
TAXATION O	The returns to investors may be affected by changes to taxation legislation. Changes to taxation legislation may necessitate a change to the Fund's structure to ensure investor interests are protected
TARGET RETURNS O ——	In the event the Supplemental Terms contained in the Application Form describe a target return, it is not guaranteed by either the Trustee or P&E (please see the Supplemental Terms contained in the Application Form for details). For investments in development projects, returns are generally dependent on the successful completion of the development project (which itself is dependent on the performance the sub-contracts engaged to complete the development projects). For investments in other real estate related assets such as mortgage backed securities, returns may, for example, be dependent on borrowers repaying underlying loan facilities. Returns will also be subject to the deduction of any abnormal expenses of the Fund.
	Risks associated with investing in the Fund include:
	• it could be terminated
STRUCTURAL O ——	<ul> <li>there can be changes in the Trustee or the Investment Manager, or in investment and management teams or key relationships, or there could be disputes amongst them</li> <li>someone involved with your investment (even remotely) does not meet</li> </ul>
STROCTORNE	<ul> <li>their obligations or perform as expected</li> <li>investment decisions, although taken carefully, are not always successful and</li> </ul>
	<ul> <li>investing in the Fund may give different results compared to investing directly</li> </ul>
MULTIPLE CLASSES ○ ——	The Fund will issue multiple Classes of Units. Each Class is referable to a particular sub-trust, which in turn is referable to a particular pool of assets and liabilities. When you invest in a particular Class of Units, you obtain exposure to the assets relevant to that Class. The assets and liabilities of the Fund are attributed to the relevant Classes and are administered separately so the Unit price and performance of each Class is independent of each other.
	However, legally the assets and liabilities of a particular Class are the assets and liabilities of the Fund as a whole. As such, if the Fund becomes insolvent, all Classes of Units may be affected, and if a particular Class of Units becomes insolvent then creditors may make a claim for all of the assets in the Fund and not just the assets of the insolvent Class of Units.



TYPE OF RISK	DESCRIPTION OF RISK
INVESTMENT MANAGER PERFORMANCE	The success of the Fund is dependent on the Investment Manager (or its service providers) identifying suitable investments for the Fund to make and then managing those investments with a view to meeting investment objectives

This list does not purport to be a complete or conclusive examination of the risks in relation to an investment in the Fund. Potential investors should read this Information Memorandum in its entirety and seek professional advice before deciding to invest. Performance of the Fund is not guaranteed.

## RISKS ASSOCIATED WITH INVESTMENT MADE BY THE FUND

TYPE OF RISK	DESCRIPTION OF RISK
MARKET RISK ○ ——	Economic, technological, political or legal conditions, unexpected major world events, interest rates and even market sentiment, can (and do) change, and changes in the value of investment markets (e.g. the Australian property markets) can affect the value of the investments in the Fund. These changes can all directly or indirectly create an environment that influences the value of your investments
INTEREST RATE RISK O	The capital value of property assets is likely to be affected by interest rate fluctuations. An increase in interest rates may reduce the attractiveness of property assets, particularly where the assets have a fixed yield or where increases in interest rates may deter potential investors. Conversely, a decrease in interest rates may increase the attractiveness of property sector assets. These fluctuations may impact returns from investments by the Fund
CONSTRUCTION AND O ———————————————————————————————————	<ul> <li>Following are key risks in relation to any real property development which may ultimately impact the value of the property assets. Each of these risks could, if they eventuated, affect the investment performance of the Fund:</li> <li>Construction and development pipeline risk. The construction and development activities that the Fund has exposure to via the sub-trusts may be dependent on the supply and conversion of appropriate development and construction opportunities</li> <li>Reliance on key contracts and ability to replace key contracts risk.         Construction companies are often reliant on a small number of key contracts, which form the basis of the construction company's forecast financial figures. The ongoing financial viability of construction companies is dependent on the company's ability to replace individual key contracts in the event that the contract is completed or otherwise discontinued (including where conditions are not satisfied) and the accuracy of cost estimations performed in tendering for key contracts</li> </ul>



TYPE OF RISK	DESCRIPTION OF RISK
CONSTRUCTION AND DEVELOPMENT RISK Contined	<ul> <li>Reliance on subcontractors risk. Construction companies often engage subcontractors to undertake construction activities. Various risks may arise from a company using subcontractors to complete significant parts of construction and development projects. There is a risk that subcontractors may fail to perform the contract, may become insolvent in the course of a project or may have insufficient indemnity insurance to cover any potential claims that may arise against them</li> <li>Time delay risk. Development approvals, slow decision making by counter parties, complex construction specifications, changes to design briefs, legal issues and other documentation changes may give rise to delays in construction completion, loss of revenue and cost over runs. Other time delays that may arise in relation to construction and development include supply of labour, scarcity of construction materials, lower than expected productivity levels, inclement weather conditions, land contamination and unforeseen environmental issues and industrial action that may arise from Occupational Health and Safety issues, which may give rise to difficult site access and industrial relations issues. Objections raised by community interest groups, environmental groups and neighbours may also delay the granting of planning approvals or the overall progress of a project.</li> <li>Quality and workmanship risk as well as design risk. There is risk that</li> </ul>
	<ul> <li>a company may fail to fulfil its statutory and contractual obligations in relation to the quality of its materials and workmanship, including warranties and defect liability obligations. There is also a risk that design problems or defects may result in rectification or other costs or liabilities which cannot be recovered</li> <li>Pricing risk. A number of construction contracts and all development projects are entered into on the basis of cost estimates, which could</li> </ul>
	<ul> <li>prove to be insufficient because of unforeseen circumstances</li> <li>Development risk. This risk may arise from the timing, completion and sale of the property assets developed and any borrowing requirements</li> </ul>
DISASTER RISK O	Disasters such as natural phenomena, acts of god and terrorist attacks may damage or destroy properties. It may not be possible to insure a property against some of these events
UNINSURED LOSSES O ——	Generally the developer of each property investment is required to maintain all appropriate insurance coverage against liability to third parties and real estate damage in the usual course of business. However, insurance against certain risks, such as earthquake, typhoon, acts of terrorism and force majeure events may be unavailable, available in amounts that are less than the full market value or subject to a large deduction
VALUATION RISK •	The ongoing value of the properties may be influenced by changes in market conditions (e.g. supply, demand, capitalisation rates and rentals) as well as the disaster risk described above



#### **TYPE OF RISK**

#### **DESCRIPTION OF RISK**

#### **CONFLICTS OF INTEREST AND RELATED PARTY RISK**

Where the Fund's investments are with any parties related to either AMAL or P&E, conflicts of interest may arise. The parties may be entitled to earn fees or other benefits in relation to the services they provide and to retain them for their own account. Such arrangements are based on arm's length, commercial terms. Please see the Supplemental Terms contained in the Application Form for any additional information in relation to related party

This list does not purport to be a complete or conclusive examination of the risks in relation to the investments made by the Fund. Potential investors should read this Information Memorandum in its entirety and seek professional advice before deciding to invest. Neither AMAL nor P&E guarantee any target return of income or capital.

#### **MANAGEMENT OF RISKS**

Whenever the Fund invests, the Investment Manager carefully assesses the potential for returns in light of the likely risks involved.

As the investment manager for the Fund, P&E rigorously monitors and seeks to manage, as far as is practicable, risk across the entire investment process.

#### As the trustee for the Fund, AMAL:

- has completed due diligence on the Investment Manager and continues to monitor the performance of its obligations regularly and
- maintains a comprehensive risk management program at the company operational level and maintain a business continuity plan which is tested regularly.

However, many risks are difficult or impractical to manage effectively and some risks are beyond both AMAL's and the Investment Manager's control altogether.

#### You can help manage your own risks too. You can:

- know your investment goals and your risk tolerance
- understand risk and return and be comfortable that an investment may not give you the outcomes you hope for
- diversify your investments (that is, don't invest all your





# 5. FEES AND COSTS //

FEE	AMOUNT	CALCULATED AND PAID FROM
Entry fee	na	na
Trustee fees	The greater of \$15,000 per annum + GST or 0.04% per annum + GST of the Fund's gross assets	Calculated and generally paid monthly in arrears. These amounts are paid from the working capital of the Fund and are deducted prior to the Fund making its investments.
Sub-Trustee fees	\$5,000 per annum + GST per sub-trust when the gross assets in the relevant sub-trust are less than \$10 million, or \$10,000 per annum + GST per sub-trust when the gross assets in the relevant sub-trust are more than \$10 million	Calculated and generally paid monthly in arrears. These amounts are paid from the working capital of the relevant sub-trust and are deducted prior to the relevant sub-trust making its investments.
Investment Manager fees.	0.5% per annum + GST of the Fund's gross assets	Calculated and paid monthly in arrears. These amounts are paid from the working capital of the Fund and are deducted prior to the Fund making its investments.
Expenses	Ordinary expenses estimated at 0.25% per annum + GST of the Fund's gross assets	Calculated and paid when incurred. These amounts are paid from the working capital of the Fund and are deducted prior to the Fund making its investments. These deductions do not impact the interest rate applicable to your investment.
	Abnormal expenses estimated to be nil	If incurred, calculated and paid when incurred. These amounts are generally paid from the working capital of the Fund. If there are insufficient monies in the Fund, then overall returns could be reduced.
Exit fee	nil	па



#### **TRUSTEE FEE**

The greater of \$15,000 per annum + GST or 0.04% per annum + GST of the Fund's gross assets calculated and paid monthly in arrears. These amounts are paid from the working capital of the Fund and are deducted prior to the Fund making its investments. To the extent there is any shortfall from the working capital, P&E promises to pay the shortfall to the Fund.

The Trustee fee is subject to review in year three. Should the Trustee fee be adjusted, investors will be notified of any change in writing.

#### **SUB-TRUSTEE FEE**

\$5,000 per annum + GST per sub-trust when the gross assets in the relevant sub-trust are less than \$10 million. or \$10.000 per annum + GST per sub-trust when the gross assets in the relevant sub-trust are more than \$10 million. These amounts are paid from the working capital of the relevant sub-trust and are deducted prior to the relevant sub-trust making its investments. To the extent there is any shortfall from the working capital, P&E promises to pay the shortfall to the relevant sub-trust.

The Sub-Trustee fee is subject to review in year three. Should the Sub-Trustee fee be adjusted, investors will be notified of any change in writing.

0.5% per annum + GST of the Fund's gross assets calculated and paid monthly in arrears. These amounts are paid from the working capital of the Fund and are deducted prior to the Fund making its investments. To the extent there is any shortfall from the working capital, P&E promises to pay the shortfall to the Fund.

#### **EXPENSES**

#### **Ordinary expenses**

Ordinary expenses include legal. audit, accounting and taxation preparation costs, insurances, government charges, AML checking fees and general expenses. These are estimated to be 0.25% per annum + GST of the Fund's gross assets. These amounts are paid from the working capital or income of the Fund when incurred and are deducted prior to the Fund making its investments. To the extent there is any shortfall from the working capital or income, P&E promises to pay the shortfall to the Fund.

#### Abnormal expenses

Abnormal expenses are expected to occur infrequently and may include (without limitation) costs of litigation to protect investors' rights, costs to defend claims in relation to the Fund, legal fees, once off or non "business as usual" fees, and termination and wind up costs. If abnormal expenses are incurred, they will be deducted from the assets of the Fund as and when they are incurred. Abnormal expenses may not be paid for by P&E. If incurred, abnormal expenses may reduce your returns.

The Investment Manager pays its personal costs from its own moneys, including premises, research, wages and director fees, insurance, its own accounting and any audit, licensing and any early termination fee payable to the Trustee for terminating the agreement without cause.

### CHANGES IN FEES

All fees, costs and expenses can change. Reasons might include changing economic conditions and changes in regulations.

The trust deed (constitution) for the Fund sets the maximum amount that can be charged for all fees. There is no specific limit in the constitution on the level of expense recovery.

A copy of the constitution is available free on request.

AMAL currently charges fees at less than the maximum amounts allowed for in the Fund's constitution or waives those rights to fee payment and expense recovery. If AMAL wished to raise management fees above the maximums, it would need to amend the constitution with relevant investor consents

#### **BUY/SELL SPREAD**

Unlike many managed funds, the Fund does not charge a buy/sell spread.

### DOES ANYONE ELSE RECEIVE FEES?

The Investment Manager can pay some of its fees to others if it chooses and, subject to relevant law, may charge lower fees to some investors. These payments do not impact returns you may receive from the Fund.

#### ARE FEES NEGOTIABLE?

Fees are not usually negotiable. Any discussion you may wish to have about fees should be directed to the Investment Manager.

### **GOVERNMENT CHARGES**

All government fees, duties and bank charges will apply to your applications and withdrawals as appropriate.

#### **GOODS & SERVICES TAX**

Unless otherwise stated, all figures are in Australian dollars and are not inclusive of the net impact of GST (that is, all amounts need to be grossed up for GST and any reduced input tax credits).





### 6. INVESTING IN THE FUND //

■he Fund is a wholesale fund so you need to be a wholesale client as defined by the Corporations Act. To be a wholesale client the general rule is that you need to invest at least A\$500,000. If the Investment Manager agrees to an amount of less than A\$500,000, then ask your accountant to complete an Accountant's Certificate. An Accountant's Certificate must be less than 24 months old and simply states that the investing entity has a certain minimum income or assets, and in working this out, some aggregation is allowed. There are some other categories: if in doubt, seek advice.

Subject to this, the Fund is available to all types of investors, including individuals, super funds and family trusts/companies, as well as professional investors and family offices.

#### **GETTING STARTED**

The minimum investment is generally A\$25,000 (or as agreed with the Investment Manager or such other amount specified in the relevant Supplemental Terms).

Simply complete the attached Application Form and the identification form which is right for you, and send them to the Investment Manager as follows:

#### **Property & Equity Pty Limited**

Rare Earth Property Fund 84 Nicholson Street Woolloomooloo, NSW 2011

#### Or via email to applications@propertyandequity.com.au

If sending applications by email, you accept full responsibility for any loss arising from the Investment Manager and/or Trustee acting upon emailed/scanned instructions and you agree to release and indemnify each of the Investment Manager and/or Trustee in respect of any liabilities arising from us acting on emailed/scanned instructions, even where such instructions are not genuine.

#### **HOW TO PAY**

You need to pay for your investment by electronic funds transfer (EFT) from your financial institution account as follows:

Bank Macquarie Bank **BSB** 182-222 Account 304450554

**Account Name** AMAL Security Services Pty Ltd

ATF Rare Earth Property Fund - Applications Account

You will receive confirmation when your application is accepted.

All EFT payments must be accompanied by a notification email to applications@propertyandequity.com.au in order to ensure that the investor account is properly credited.

#### **PROCESSING DAYS**

Please see the Supplemental Terms contained in the Application Form for information on application processing and cut off times that apply to a particular Class of Units on issue at any point in time.

Any interest on application monies received prior to processing days is credited to the Fund.

The Trustee (in consultation with the Investment Manager) may refuse investment applications and need not provide reasons. Any costs associated with any refusal of an investment application and ensuing refund of monies are to be borne entirely by the applicant.

#### **ADDITIONAL APPLICATIONS**

The minimum amount for further investments into the Fund is generally A\$10,000 unless otherwise agreed in advance with P&E.



Use the **Additional Investment Form available from** P&E. Please mail or email this form:

#### **Property & Equity Pty Limited**

Rare Earth Property Fund 84 Nicholson Street Woolloomooloo, NSW 2011

#### Or via email to applications@propertyandequity.com.au

Payment of your additional investment can be by EFT from your financial institution account. All EFT payments must be accompanied by a notification email to applications@propertyandequity.com.au in order to ensure that the investor account is properly credited.

### You will receive confirmation when your additional application is accepted.

If sending applications by email, you accept full responsibility for any loss arising from the Investment Manager and/or Trustee acting upon emailed/scanned instructions and you agree to release and indemnify each of the Investment Manager and/or Trustee in respect of any liabilities arising from us acting on emailed/scanned instructions, even where such instructions are not genuine.

#### **APPLICATION PRICE**

The Investment Manager determines the Unit price at the frequency described in the Supplemental Terms contained in the Application Form based on the information it has most recently available.

The Investment Manager calculates Unit prices in a Class in three steps:

- it calculates the value of the investments of a particular Class And subtracts the value of any liabilities of a particular Class – this gives the Investment Manager the net asset value per Class
- it divides this by the number of Units in a particular Class on issue and
- it makes any adjustment for any buy spread (which is currently nil).

#### **COOLING OFF**

There are no cooling off rights as this is a wholesale fund. Lodged applications cannot generally be withdrawn.

# 7. DISTRIBUTIONS OF INCOME //

It is intended that no income tax will be payable by the Fund. As such, in each financial year ending on 30 June the full amount of taxable income available for distribution from the Fund (if any) will be distributed to investors. Any income will generally be distributed to investors annually in June, with the payment expected to be made within six weeks after 30 June. However, P&E does not expect any distributions to be made before the end of the relevant investment term.

Please see the Application Form for any additional terms that apply to a particular Class of Units on issue at any point in time

distributions are paid to your nominated bank account.

Any distributions are generally not reinvested unless the Trustee agrees otherwise. Please see the Supplemental Terms contained in the Application Form for information of reinvestment of any distributions.

Immediately after a distribution is declared, the Unit price of the Fund will usually fall by the amount of the distribution. This is because the distribution reduces the Fund's assets.



### 8. ACCESSING YOUR MONIES //

#### **HOW TO WITHDRAW**

This is an illiquid investment. That is, once you invest, you cannot generally withdraw your monies until the end of the relevant investment (typically 2 vears).

At the end of an investment, the Investment Manager will contact you to determine whether you would like any investment monies returned to you or whether you would like to reinvest in another Class of Units in the Fund.

#### WITHDRAWAL PRICE

In the event Units are redeemed at the end of an investment period, the Investment Manager determines the Unit price to apply.

The Investment Manager calculates Unit prices in three steps:

- it calculates the value of the investments of a particular Class And subtracts the value of any liabilities of a particular Class this gives the Investment Manager the net asset value per Class
- it divides this by the number of Units in a particular Class on issue and
- it makes any adjustment for any sell spread (which is currently nil).

#### **DEDUCTIONS**

The Investment Manager may deduct from any money payable to an investor (including on winding up) or otherwise recover from an investor:

any moneys due to the Trustee or

the Investment Manager by the investor and

any money the Trustee (as trustee or in any other capacity) owes someone else relating to the investor (for example, to the Australian tax office).

#### **DELAYING ACCESS TO** YOUR INVESTMENT

In addition to the minimum investment period noted in the Supplemental Terms contained in the Application Form (typically 2 years), the Trustee in consultation with the Investment Manager can delay Unit redemption for such period as is appropriate in all the circumstances for example if:

- there is a circumstance outside AMAL's reasonable control which it considers impacts on its (or the Investment Manager's) ability to properly or fairly calculate Unit price, for so long as the circumstance continues (for example, if the assets are subject to restrictions or if there is material market uncertainty)
- AMAL have determined to honour redemption requests in relation to a particular processing day and the total redemption moneys which would be payable at that time represent more than 5% of the value of the net assets of the Fund (and in this case AMAL can redeem the Units at such future time, or at times over such period, as AMAL determines, and payments to each investor must be in the proportion that their redemption moneys bear to all other redemption moneys which were payable at that time) and
- such other circumstance as AMAL determines to be appropriate having regard to the best interests of investors as a whole.

Unit prices are generally calculated at the time the delay ends.

The constitution for the Fund sets out the wide range of circumstances in which AMAL, in consultation with the Investment Manager, can delay withdrawal of your money. A copy of the constitution is available free of charge on request.

#### COMPULSORY REDEMPTIONS

The Trustee (in consultation with the Investment Manager) may redeem Units without an investor asking in limited circumstances, including:

- if you have breached your obligations to the Trustee or **Investment Manager**
- to satisfy any amount of money due to AMAL (as trustee or in any other capacity) by you
- to satisfy any amount of money AMAL (as trustee or in any other capacity) owes someone else relating to your investment (for example, to the Australian tax office)
- where the Trustee suspects that law prohibits you from legally being an investor in the Fund or
- such other circumstance as the Trustee determines to be appropriate in its absolute discretion.

The constitution sets out other circumstances where compulsory redemption may apply. A copy of the constitution is available free of charge on request.



### 9. REPORTING //

#### **REGULAR REPORTS**

You will receive the following regular reports:

- transaction statements (each time you invest or your monies are redeemed)
- distribution / income statements (each time the Fund makes a distribution)
- quarterly reports (with updates on the Fund's performance and investments) and
- tax return information (as soon as the Investment Manager can after the end of the financial year).
- AMAL and P&E usually communicate with you by email (but paper copies of documents sent to you by email are available on request).
- For more information on Unit prices and Fund performance, contact P&E.

#### **PRIVACY**

Information provided by applicants on the Application Form is collected for the primary purpose of issuing Units in the Fund.

The information will also be used to forward to you periodic information relating to your investment in the Fund and from time to time provide to you information of a generic or marketing nature relating to the Fund.

Your personal information will not be made available to any third party, other than as required by law and to service providers for permitted related purposes (for example, auditors, consultants and advisers) for the purpose of administering the investment.

By executing the Application Form, you provide your consent to both the Trustee and Investment Manager to disclose your information to such service providers and to use your information for the purposes referred to above. If you wish to request access to your information or if you have any complaint in relation to the manner in which AMAL and/or the Investment Manager has handled your information, please contact the Investment Manager.

For more information relating to AMAL's privacy policy please contact AMAL or see www.amal.com.au. For more information relating to P&E's privacy policy please contact P&E.

#### **AML**

Applications to invest in the Fund are subject to the requirements of applicable anti-money laundering and counter terrorism financing laws and AMAL's requirements.

Investors must provide verification of their identity. Please refer to the Application Form to determine which documents you will need to provide.

Applications will not be accepted into the Fund until this has been completed. In some instances, such as the case of determining the beneficial owner(s) of the applicant. P&E may request additional information. This must also be provided to proceed with the application.

Application monies must be given by EFT. If applicants wish to transfer funds from a foreign bank, additional documentation may be requested and the application will not be processed until satisfactory documentation has been provided to the Investment Manager. AMAL and/or P&E reserve the right to reject an application.

If you apply through a financial planner or other advisor, they may assist you to obtain the necessary documentation and provide it to us. If you apply directly and need assistance with the Application Form or understanding the documentation requirements, you may contact P&E on applications@propertyandequity.com.au or at +61 414 888 298.

# FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA) AND COMMON REPORTING STANDARD (CRS)

FATCA (a US regulatory requirement) and the CRS (a regulatory requirement developed by the Organisation for Economic Co-operation and Development (OECD)) aim to deter tax evasion. The Australian government has entered into an Inter-Governmental Agreement (IGA) with the US Government for the exchange of US tax payer information and has signed up to the CRS and enacted domestic law

24 RARE EARTH PROPERTY FUND I INFORMATION MEMORANDUM

to implement the CRS. Under the IGA and domestic laws, Australian financial institutions (including managed investment schemes) must identify all of its account holders (e.g. investors) and report account information of foreign tax residents to the Australian Taxation Office (ATO). The ATO may then exchange this information with the foreign jurisdiction of which the account holder is a tax resident (if that jurisdiction is the US or is otherwise participating in the CRS). To meet these obligations, each investor must complete the Self-certification Declaration form included within the application form or provided by the registry. Failure to provide the requested information may result in withholding tax being deducted or penalties imposed by the tax authorities.

Neither AMAL nor the Investment Manager are able to

provide you with any tax or professional advice in respect of FATCA, the IGA, the CRS or domestic tax legislation and we encourage you to seek the advice of a tax or professional advisor in relation to completing the form.

#### **INFORMATION FROM YOU**

You must provide the Investment Manager in a timely way all information that it reasonably requests or which you suspect that it or AMAL should know to perform their respective functions (for example, regarding your identity or the source or use of invested moneys - if you do not, AMAL and/or the Investment Manager may refuse to issue Units to you and/or redeem your investment).

### 10. TAX //

This section is not tax advice. You should seek professional tax advice in relation to your own position.

#### **GENERALLY**

You may need to pay tax in relation to your investment in the Fund, generally income or capital gains tax, but you might be able to claim some tax credits or have the benefits of some concessions.

Your tax liability depends on your circumstances and it is recommended that you seek professional advice before you invest or deal with your investment.

The Investment Manager will send you all the information you need each year to complete your tax return.

#### TAX ON DISTRIBUTIONS

You may have a tax liability when you receive distributions from the Fund. The amount depends on what makes up the distributions, and on your personal financial circumstances. Distributions could comprise:

- income (for example, dividends and interest)
- net capital gains (from the realisation of portfolio investments)
- tax credits (for example, franking credits attached to dividend income and credits for tax paid on foreign income) and
- tax deferred income.

#### TAX WHEN YOU WITHDRAW

You may have a tax liability when you exit from the Fund.

Australian residents 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 you are, and how long you have held your Units, you may be entitled to a capital gains concession which can reduce the liability by up to one half.

#### **ABN AND TFN**

If you are making this investment in the course of a business or enterprise carried on by you, you may quote an Australian Business Number (ABN) instead of a Tax File Number (TFN). It is not mandatory to quote your TFN, however, failure to quote an ABN or TFN or claim an exemption may cause AMAL, as trustee, to withhold tax at the top marginal rate plus the Medicare Levy, on gross payments including distributions of income to you.

You may be able to claim a credit in your tax return for any TFN/ABN tax withheld.

By quoting your TFN or ABN, you authorise P&E to apply it in respect of all your investments with the Fund where permitted.

#### **OFFSHORE INVESTORS**

the Application Form your country of residence for tax purposes. If you are not an Australian resident, tax may be withheld from distributions of Australian sourced income at the prescribed rates. You may be subject to the tax laws in the country in which you are tax resident and should consult a taxation adviser before investing.



### 11. ADDITIONAL INFORMATION

#### **WHOLESALE**

The Fund is an Australian resident open-ended unit trust and is not required to be, nor is it, registered under the Corporations Act. An investment in the Fund is only available to wholesale clients as defined by the Corporations Act.

#### THE CONSTITUTION

The Trustee's legal relationship with you is governed by the Fund's constitution together with this Information Memorandum, Supplemental Terms and certain financial services laws. Some provisions are discussed elsewhere in this Information Memorandum, Supplemental Terms and others include:

- the nature of Units of the Fund (Units are divided into Classes and may have different rights associated with
- the Trustee's powers and how and when they can be exercised
- when and how the Trustee can retire or be removed
- when the Fund terminates (subject to AMAL's agreement with the Investment Manager, AMAL can terminate the Fund at any time, and if it does the relevant investors share the net proceeds on a pro-rata basis, adjusted for any liabilities)
- changing the constitution (how and when this can occur) an
- calling investor meetings.

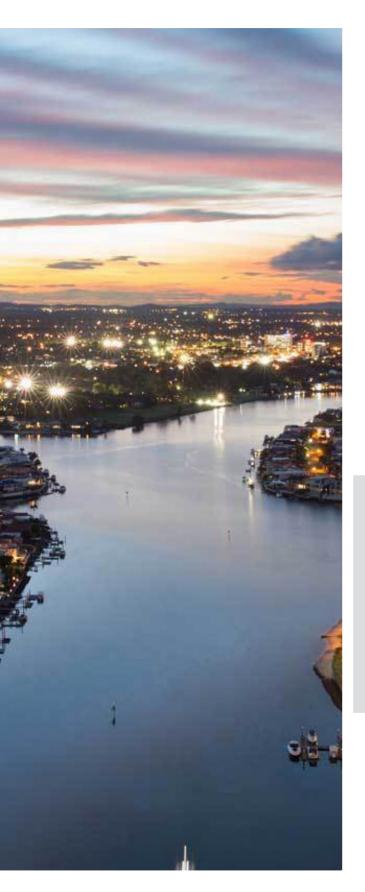
The investments of the Fund can be combined with other assets.

The Investment Manager will send you a copy of the constitutionfree of charge if you ask.









#### THE TRUSTEE'S DUTIES

AMAL is the trustee of the Fund.

All obligations which might otherwise be implied or imposed on AMAL by law or equity are expressly excluded to the extent permitted by law.

If AMAL acts in good faith and without gross negligence it will not be liable in equity, contract, tort or otherwise to investors for any loss suffered in any way relating to the Fund.

AMAL's liability to any person other than an investor in respect of the Fund is limited to its actual indemnification from the assets for that liability.

AMAL has entered into the constitution in its capacity as trustee of the Fund and not in its personal capacity.

AMAL is entitled to be indemnified out of the assets of the Fund for any liability incurred by it in relation to the Fund including any liability incurred because of a delegate or agent (which includes the Investment Manager).

AMAL may take and may act (or not act as relevant) on any advice, information and documents which it has no reason to doubt as to authenticity, accuracy or genuineness.

#### AMAL may:

- deal with itself (as trustee of the Fund or in any other capacity), any associate or any investor
- be interested in any contract or transaction with itself (as trustee of the Fund or in any other capacity), any associate or investor and
- may act in the same or a similar capacity in relation to any other trust or managed investment scheme,

and retain any benefit or benefits from doing so.

Each investor indemnifies AMAL for all liability incurred by it arising directly or indirectly from the investor's breach of its obligations to it. This indemnity is in addition to any indemnity under law and continues to apply after the investor ceases to be an investor.



#### **INVESTMENT MANAGEMENT AGREEMENT**

AMAL and AMAL Trustees have entered into an investment management agreement with the Investment Manager which governs the investment services which the Investment Manager provides to AMAL and AMAL Trustees.

The Investment Manager's role includes investing and managing the Fund and each sub-trust consistently with the investment policy, objectives and strategy of the Fund.

The appointment of the Investment Manager in relation to the Fund is exclusive and continues as agreed by the parties.

As a general rule, if the investment management agreement is terminated by either party then a replacement trustee will be sought (if one cannot be appointed, the Fund would terminate).

AMAL and AMAL Trustees can terminate the agreement at any time by giving P&E 3 month's notice.

Any party can terminate the agreement by notice if there is a "termination event", which includes:

- an insolvency event happens to the other party or to the Trust
- relevant law requires the agreement to terminate
- a party ceases to carry on its financial services business or
- a party materially breaches the agreement or any relevant law and the breach remains

unremedied for 4 weeks after notice of the breach is served by the non-breaching party, or for such other reasonable period as the non-breaching party may determine.

The agreement contains other provisions that the Investment Manager does not consider unusual including fees and expense arrangements, dispute management, limits on indirect loss and indemnities.

#### **TRANSFERRING YOUR UNITS**

You can transfer your Units and AMAL can refuse to register transfers and need not give reasons. Contact the Investment Manager for the required form.

#### **TERMINATING** THE FUND

Subject to AMAL's agreement with the Investment Manager, AMAL can decide to terminate the Fund anytime.

After termination, AMAL will wind up the Fund: generally AMAL will realise all the investments, pay all monies owing (including fees and expenses), and distribute the net proceeds to

investors as appropriate as soon as it considers practicable.

AMAL can distribute assets rather than cash to some investors and not to others. AMAL would first deduct any moneys an investor owes. It can take some time to finalise this process.

In spite of AMAL's powers under its agreement with the Investment Manager, in some circumstances AMAL must allow the Investment Manager to arrange for the Fund to continue.

#### **LIMITS ON YOUR RESPONSIBILITY**

The constitution limits your liability to any unpaid part of the issue price of your Units and that you need not indemnify AMAL if there are not enough assets to meet the claim of any creditor of AMAL's.

In the absence of separate agreement with an investor, AMAL's and any creditor's recourse is limited to the Fund assets. However, AMAL cannot give you an absolute assurance about these things - the issue has not been finally determined by Australian courts.

#### **OTHER MATTERS**





The Information Memorandum and Supplemental Terms (as updated, supplemented or replaced from time to time) is the one which governs your investment, together with the constitution.

If the Investment Manager issues a new Information Memorandum or Supplemental Terms, a copy will be made available to you. You should read it carefully. Copies are always available from P&E.

The offer made in this Information Memorandum is available only to persons who may legally receive this Information Memorandum (electronically or otherwise). If you received this Information Memorandum electronically, the Investment Manager will provide a paper copy free of charge upon request during the life of this Information Memorandum.

The Fund is not currently registered with the ASIC, but may be at some future point in time. By investing in the Fund, you consent to the Fund being registered at some future point should the Trustee consider it appropriate. You also consent to registration taking place without the Trustee holding a meeting of investors to amend the constitution to make it suitable to be registered and to approve the application for registration.

Unless otherwise stated, all figures are in Australian dollars and are not inclusive of the net impact of GST (that is, all amounts need to be grossed up for GST and any reduced input tax credits).

The ASIC takes no responsibility for the contents of this Information Memorandum.

# **12. HOW** TO INVEST //

#### **COMPLETE THE APPLICATION FORM**

To invest in the Fund you will need to complete and sign the accompanying Application Form and provide all supporting identification documentation and applicable certificates.

#### **HOW DO YOU QUALIFY AS A WHOLESALE CLIENT?**

If you are applying for A\$500,000 or more you'll be automatically deemed wholesale client and no additional documentation is required.

If you are investing less than A\$500,000, the easiest way to establish that you are a wholesale client is to arrange for your accountant to provide an Accountant's Certificate that is no more than 24 months old certifying that:

- · the investor themselves has the Required Net Assets or the Required Gross Income OR
- together with any trusts or companies the Investor controls, the investor has the Required Net Assets or the Required Gross Income OR
- the investor is a trust or company controlled by a person

who has the Required Net Assets or the Required Gross Income.

Required Net Assets means net assets of at least A\$2,500,000

Required Gross Income means for each of the last two financial years, at least A\$250,000 a year.

There are other ways that you can qualify as a wholesale client, including:

- based on your investing experience (the 'professional investor' exemption) - P&E has an Adviser's Certificate that you can arrange to be completed to attest to this - contact P&E for а сору
- you hold an Australian financial services licence or
- provide a statutory declaration that you meet any of the other categories of wholesale client. These include that you:
- 1. are a person regulated by the Australian Prudential **Regulation Authority** (other than a trustee of a superannuation fund, an approved deposit fund, a pooled superannuation trust or a public sector superannuation scheme)
- 2. are a trustee of a superannuation fund, an approved deposit fund, a pooled superannuation trust or



a public sector superannuation scheme within the meaning of the Superannuation Industry (Supervision) Act 1993 (Cth) with net assets of at least A\$10 million

- 3. control at least A\$10 million for the purposes of investment in financial products (including any amount held by an associate or under a trust that the investing entity manages)
- 4. are a manufacturer and employ 100 or more people
- 5. the investing entity is not a manufacturer but employs 20 or more people or
- 6. are a listed entity, or a related body corporate of a listed entity.

Please contact P&E if you need assistance in providing the appropriate documentation to certify that you are a wholesale client.

#### **REGULAR INFORMATION**

Following acceptance of your application, you will be sent an application advice. You should check the details on the advice carefully and contact P&E if you have any questions or if you need any amendments made to correct an error in your investment account.

#### **ADDITIONAL INVESTMENT**

The minimum amount for further investments is generally A\$10,000.

To invest more, use the Additional Investment Form available from P&E.

Originals and emails, are accepted for additional investments. If sending applications by email, you accept full responsibility for any loss arising from the Investment Manager and/or Trustee acting upon emailed/scanned instructions and you agree to release and indemnify each of the Investment Manager and/or Trustee in respect of any liabilities arising from us acting on emailed/scanned instructions, even where such instructions are not genuine.

You need to pay for your additional investment by EFT. All EFT payments must be accompanied by a notification email to application@ propertyandequity.com.au order to ensure that the investor account is properly credited.

You will receive confirmation when your additional application is accepted.

#### IF YOU HAVE ANY **OUESTIONS**

If you have any questions about any matter relating to the Fund, please telephone P&E. Refer to the Contacts page at the end of this Information Memorandum.

## 13. CONTACTS //

### **INVESTMENT MANAGER**

**PROPERTY & EQUITY PTY LIMITED** 

TRUSTEE

AMAL SECURITY SERVICES PTY LIMITED

ABN 70 165 896 202 CAR NO. 001265984

ABN 48 609 790 758 AFSL 483461

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