

United Elever Capital Shield Fund

Elever Income Class

Supplementary Information Memorandum

A supplementary information memorandum about Elever Income Class Units in the United Elever Capital Shield Fund

21 March 2024

Trustee

Specialised Investment and Lending Corporation Ltd
ACN: 149 520 918
AFSL No. 407100

Investment Manager

United Elever Investment Pty Ltd
ACN: 671 691 651
CAR No. 001308475 of SILC Fiduciary Solutions Pty Ltd ACN 638 984 602 (AFSL No. 522145)

IMPORTANT INFORMATION

This Supplementary Information Memorandum (**SIM**) is issued by Specialised Investment and Lending Corporation Ltd ACN 149 520 918 (AFSL no. 407100) (**SILC or Trustee**), the trustee of United Elever Capital Shield Fund (**Fund**). The Trustee has appointed United Elever Investment Pty Ltd ACN 671 691 651 (**Investment Manager**) as the investment manager of the Fund and the Elever Income Class. The Investment Manager is an authorised representative of (number 001308475) of SILC Fiduciary Solutions Pty Ltd ACN 638 984 602 holder of AFS License number 522145.

This SIM provides specific information about the terms of issue of Elever Income Class Units (**Units**). The Elever Income Class of the Fund will be referable to an investment in the Avari Private Loan Income Fund, an unregistered managed investment scheme structured as a unit trust and domiciled in Australia. This SIM sets out the key investment terms of an investment in the Elever Income Class.

This SIM supplements, and is to be read in conjunction with, the Information Memorandum for the Fund issued on or about 21 March 2024 (**Information Memorandum**).

This SIM is not and is not required to be a Supplementary Product Disclosure Statement (as defined under the Corporations Act) and is not lodged with or required to be lodged with ASIC.

This SIM is provided to persons who have received, and on the same basis as the issue and receipt of, the Information Memorandum. It is only relevant for persons who are interested in subscribing for Elever Income Class Units.

Before making a decision to subscribe for Elever Income Class Units, potential investors should read this SIM together with the Information Memorandum. In particular, potential investors should be aware that an interest in the Elever Income Class of the Fund is subject to a risk of loss of capital and/or income, and potential investors should consider both the risk factors outlined in section 5 (Risks factors) of the Information Memorandum, as well as the key risks relating to investing in Elever Income Class Units outlined in Section 4 of this SIM, both of which could affect the performance of an investment in Elever Income Class Units.

Unless otherwise defined in this SIM or the context otherwise requires, words and phrases having a defined meaning in the Information Memorandum have the same meaning in this SIM. Where there are any inconsistencies between the SIM and the Information Memorandum, the terms and conditions in this SIM prevails.

1 Summary of Elever Income Class Units terms of issue

The table below shows the key features of an investment in Elever Income Class Units. This information should be read in conjunction with the Information Memorandum and the Trust Deed.

| Item | Detail |
|--|---|
| Class of Units | Elever Income Class |
| Investment manager | United Elever Investment Pty Ltd ACN: 671 691 651 CAR No.: 001308475 of SILC Fiduciary Solutions Pty Ltd ACN 638 984 602 (AFSL No. 522145) |
| Trustee | Specialised Investment and Lending Corporation Ltd can: 149 520 918 AFSL No.: 407100 |
| Investment details <i>(refer to section 3 for further information)</i> | <p>The Elever Income Class will subscribe for and purchase interests in the AVARI Private Loan Income Fund (Underlying Fund).</p> <p>The Underlying Fund will primarily invest in loans which are secured, including the following:</p> <ul style="list-style-type: none">▪ first mortgage lending;▪ second mortgage lending; and▪ loans secured by units/shares in entities that hold properties. <p>For cash-flow purposes, the Underlying Fund will also be permitted to invest in:</p> <ul style="list-style-type: none">▪ cash, short-term deposits and/or a cash management account; and▪ listed lending vehicles backed by property. |
| Segregated class | The Elever Income Class is a segregated class of Units created and issued by the Trustee pursuant to the Trust Deed. The assets and liabilities of the Elever Income Class are attributed only to the investors of the Elever Income Class and are segregated from the assets and liabilities of other Classes of the Fund. |
| Co-investment by Investment Manager | The Investment Manager may co-invest in the Elever Income Class by subscribing for units in the Elever Income Class. |

| Item | Detail |
|--------------------------------------|---|
| Class term | The Elever Income Class is open-ended subject to a minimum investment term of 1 year. Following the minimum term, redemptions from the Class are permitted on a monthly basis subject to the terms set out in the Information Memorandum and this SIM. See below for further details. |
| Target return | <p>7-8% per annum (before tax but after deduction of fees and expenses of the Class).¹</p> <p>Where the returns of the United Elever Class exceed the target return, the Trustee, in consultation with the Investment Manager and in accordance with the Trust Deed, may, after all fees, expenses, returns of capital and distributions are paid to investors pay all returns of the Class in excess of the target return to the Investment Manager as a performance fee (see section 3).</p> |
| Minimum investment term | 1 year |
| Minimum initial investment | \$250,000 (unless the Trustee agrees to accept a lower amount) |
| Minimum additional investment | \$50,000 (unless the Trustee agrees to accept a lower amount). |
| Income distributions | <p>Income to be distributed monthly to holders of this Class.</p> <p>Distributions are dependent on the distributions being made by the Underlying Fund.</p> <p>An investor's distribution entitlement is based on the number of relevant Units the investor held at the end of the distribution period.</p> |
| Withdrawals | <p>Subject to the minimum investment term and the terms of withdrawal set out in this SIM and the Information Memorandum, an investor may apply to redeem its investment in the Class on a monthly basis, provided that a redemption request in the form required by the Trustee is made at least 3 months in advance of the relevant Unit Redemption Date if investor wishes to withdraw Units where the value of the Units to be withdrawn exceeds \$1,000,000. For all other redemption requests, investors must make the redemption request in the form required by the Trustee at least 60 days in advance of the relevant Unit Redemption Date.</p> <p>A Unit Redemption Date will typically occur on 5th Business Day after the prevailing withdrawal price is available. If the Trustee determines that the liquidity of the Class is not sufficient to meet all withdrawal requests received for a particular Unit Redemption Date, the Trustee may in its discretion approve withdrawal requests on a pro rata basis</p> |

¹ This return is a target only and is not guaranteed.

| Item | Detail |
|---|--|
| | <p>having regard to the liquidity of the Class at the time or to suspend redemptions for that Unit Redemption Date.</p> <p>Any withdrawal requests not fulfilled in whole or in part will automatically rollover and be considered by the Trustee in the following Unit Redemption Date.</p> <p>Early withdrawals from this Class prior to the minimum investment term will be at the discretion of the Trustee. If available, early withdrawals from this Class will be subject to an early withdrawal fee (see section 3).</p> <p>Liquidity and redemption of this Class will depend significantly on the liquidity and ability of the Underlying Fund to satisfy redemptions. In the event that the Underlying Fund is not able to fully redeem investments by the Class, redemptions from this Class will be also affected.</p> |
| Applications | <p>Applications in the Class are processed and accepted on a monthly basis.</p> <p>Investors are strongly encouraged to submit applications prior to the 15th day of any month, for the applications to be processed in the calendar month in which the application is received and accepted by the Trustee.</p> <p>Units in the Elever Income Class will typically be issued within 5 Business Days after the prevailing unit price is available following the month in which completed applications (including full payment of application monies) are received and accepted by the Trustee.</p> <p>The Trustee may also reject an application for Elever Income Class Units or change the frequency of issue of Elever Income Class Units at its absolute discretion.</p> |
| Issue price and withdrawal price | <p>The initial issue price for Elever Income Class Units is \$1.00 per Unit.</p> <p>After the initial issue of Elever Income Class Units, the issue price for Elever Income Class Units will be based on the net asset value of the underlying assets of the Elever Income Class less transaction costs divided by the number of Elever Income Class Units on issue.</p> <p>The withdrawal price for Elever Income Class Units is also based on the net asset value of the assets referable to the Elever Income Class less any transaction costs divided by the number of Elever Income Class Units on issue.</p> <p>The withdrawal price may be different from the price originally paid for the Elever Income Class Unit, particularly where capital losses have been suffered.</p> <p>Withdrawal price and repayment of capital are not guaranteed.</p> <p>It is currently expected that the unit price is likely to remain at \$1.00 throughout the class term.</p> |
| Fees and expenses | <p>Please refer to section 3 (Fees and expenses) of this SIM.</p> |

| Item | Detail |
|-----------------|--|
| Risks | Investments in the Elever Income Class are subject to varying degrees of risk. In addition to the risks set out in section 5 (Risk Factors) of the IM, there are specific risks associated with the investment in the Elever Income Class which are set out in Section 4 (Class specific risks) of this SIM. |
| Taxation | Before investing in the Elever Income Class, investors should obtain their own independent tax advice, which takes into account their own circumstances. |

2 About the Elever Income Class and the Underlying Fund

The information in this section is a snapshot and excerpt of, and is based on, information received by the Investment Manager as at the date of this IM within the AVARI Private Loan Income Fund Information Memorandum dated October 2021 (**Underlying Fund IM**), which contains a more complete description of the Underlying Fund and its strategy. A copy of this document is available, subject to execution of a confidentiality agreement and we urge all investors to read the Underlying Fund IM in order to fully understand the investment.

2.1 Investment Opportunity

2.1.1 The Investment-Private Loan Market opportunities

The Elever Income Class of the Fund will invest in the AVARI Private Loan Income Fund (**Underlying Fund**). The Underlying Fund engages in private lending. Private lending simply refers to loans provided by groups other than authorised deposit-taking institutions (ADIs). While lending outside the banking sector is a well-established practice, in recent years lending by non-banks has become an increasingly important source of debt finance to individuals and small businesses. Growth in non-bank lending has been experienced in terms of the number of new lenders, increased volume of loans and the broadening range of products offered. Non-bank lending growth is apparent in all major international markets.

The disintermediation of the banking sector in Australia is providing investors with attractive opportunities to diversify their investment portfolios by providing access to good quality loan assets with the aim of providing stable, attractive returns.

2.1.2 Why Invest in Private Loans

By investing in the AVARI Private Loan Income Fund, the Elever Income Class gains exposure to investments in private loans through the Underlying Fund, and the benefits associated with such investments as outlined in the Underlying Fund IM, including:

- **Real return profile** – Unlike many asset classes, expected returns from private debt are generally fixed from the outset, allowing investors to plan their cashflow. While existing fixed rate loans will not move with benchmark rates, the proceeds from these loans being paid down may be reinvested at the new adjusted rates.
- **Portfolio diversification** – The private debt asset class generally provides diversification away from more volatile asset classes such as shares. Generally speaking, private debt is less volatile given the focus on capital preservation in a downturn market through contractual obligations to repay loans ranking ahead of equity and often secured against assets. Private debt is also generally less volatile as it can be less exposed to inflation than other asset classes to the extent there are variable rate or short dated fixed rate loan exposures.
- **Asset backed** – Borrowers of underlying loans of the Underlying Fund have a contractual obligation to repay the loan amount and applicable interest and fees to lenders. Loan terms may include pledged security of property and other security. Should a borrower fail, the equity holders will be responsible for outstanding loan amount including applicable interest and fees to all creditors and debtors. First mortgage investors have the first right to any proceeds from the liquidation sale of the backed asset and other securities. Private debt generally offers high risk adjusted returns when compared with many other asset classes, while the downside is lack of liquidity. A typical term for a private loan is usually from 12 months to 18 months.

2.1.3 Types of Loans

The types of loans that the Underlying Fund will invest in include loans to borrowers in the commercial real estate market in Australia that are in the business of the development, investment, acquisition or improvement of real estate.

In respect of these loans, the manager of the Underlying Fund, being Avari Capital Partners Pty Ltd, (**ACP Manager**) will generally seek borrowers that pledge security of the real estate to the lender, meaning in case of default, the lender can sell the asset to recoup their loan.

Typical loans that the Underlying Fund intends to make include:

- **Land Loans** – secured against vacant land which is to be developed. Generally, the land will be zoned for residential or commercial development and the borrower requires capital to settle the land and apply for a development application.
- **Bridging Loans** – Short term loans to assist borrowers to obtain another finance arrangement or to sell the asset.
- **Construction Loans** – for commercial or residential construction, secured against the land and the future construction. Funds are generally drawn down gradually to meet construction costs.
- **Residual Stock Loans** – loan secured against completed residential development where apartments or houses remain unsold. Such loans are generally paid back as remaining stock is sold.
- **Commercial Loans** – for acquisition/refinance of an office or industrial asset.

The structure/vehicle through which the loans are made may be structured as follows:

1. The trustee of the Underlying Fund as the lender; or
2. via a trust/loan note managed by AVARI or other entities.

The maximum loan to value ratio will be not higher than 65% (portfolio average).

The Underlying Fund may also invest in other funds, including both funds which are and are not managed by AVARI, provided that the investments made by those funds meet the investment criteria for the Underlying Fund.

2.2 Background of the investment manager of the Underlying Fund

The investment manager of the Underlying Fund is Avari Capital Partners Pty Ltd and is part of the AVARI group. AVARI has been active in the private lending space since 2015 and has a track record of making successful loan investments. Unlike most private lenders, AVARI are also property equity investors, managing over \$1 billion in assets on behalf of their investors and have completed a number of residential and commercial construction projects, refurbishment, leasing and sales.

AVARI's key strengths are as follows:

- **Access to deals** – AVARI's knowledge and experience in lending and in acquiring and managing real estate assets in the Australian market gives them broad access to deals. For example, a lending deal can arise from an initial purchase discussion and vice versa. Given its track record and established relationships in the market, AVARI is an active player and often receives referrals from brokers, bankers and institutional investors.
- **In-house property team** – Unlike most fund managers, AVARI has a full in-house property team which includes architects, analysts, project managers, interior designers and internal sales/leasing. This allows the AVARI team to look at lending deals differently – rather than simply assessing ratios, AVARI looks at the asset from an equity investor's lens and determines the feasibility and the probability of the borrower achieving a positive outcome.
- **Capital preservation** – AVARI has a deep understanding of how to acquire and manage assets and complete a development. AVARI's experience in property development allows its team to analyse loan deals to identify potential issues that may arise during development and incorporate mechanisms in the relevant facility accordingly. In the event of a loan default, AVARI can easily step in to complete a project rather than trying to sell an asset during the construction or development phase.
- **Deal Size** – AVARI is not limited by deal sizes. With reliable funding sources from institutional investors, AVARI can originate deals that are usually beyond the investment size offered by a standard private lender.
- **Flexible approach to deals** – AVARI's property market knowledge allows fast and efficient due diligence to capture opportunities. AVARI seeks to contribute to the borrower's success by sharing its in-house property expertise, including advice on asset management,

development, leasing and sales. This also allows AVARI to access deals which may not be available to a standard private lender.

- **Alignment of Manager** – AVARI and its staff will invest in the Underlying Fund in the same class of units as investors of the Underlying Fund to align interests.
- **Communication** – AVARI prides itself on its communication. Investors of the Underlying Fund will be kept up to date regarding loans in the Underlying Fund's portfolio on a monthly basis.

Core team of the investment manager of the Underlying Fund:

Margaret Li: Chief Executive Officer / Partner

Margaret has over 20 years of experience in funds management and property-related financial control. Prior to joining AVARI, Margaret was a Group finance manager at Vicinity Centres in charge of \$22 billion REITs. Margaret's role for the AVARI Group includes controlling the financial and compliance divisions. Margaret has been pivotal in over \$2B worth of transactions at AVARI.

Simon Riordan: Head of Distribution / Partner

Simon Riordan is the Head of Distribution at AVARI Capital Partners. Simon has over 20 years of experience across equities, derivatives, fixed income and real estate. Simon looks after the capital raising for AVARI Capital Partners. Simon has worked with investors across all categories including HNW, Private Wealth Advisors, Family Offices, and some of the largest Institutions in the world. Prior to AVARI Simon was a senior investment and advisory professional at Macquarie Bank, AMP, CBA and Westpac. Simon has a Bachelor of Commerce and Arts from Sydney University Simon also has a diploma in financial planning and is a qualified ASX derivatives advisor.

2.3 Summary of the investment strategy of the Underlying Fund

The strategy of the Underlying Fund is to invest primarily in loans which are secured including the following types of loans:

- first mortgage lending;
- second mortgage lending; and
- loans secured by units/shares in entities that hold properties.

The Underlying Fund may also invest in other funds, including both funds which are and are not managed by AVARI, provided that the investments made by those funds met the investment criteria for the Underlying Fund.

For cash-flow purposes, the trustee of the Underlying Fund will also be permitted to invest in:

- cash, short-term deposits and/or a cash management account; and
- listed lending vehicles backed by property.

The Investment Process/Loan Approval Criteria of the Underlying Fund

1) Sourcing

The ACP Manager has broad connections and extensive experience in the property investment and development industry, which:

- enables its team to identify strong, credit-worthy borrowers; and
- enables it to understand the fundamental challenges and potential solutions for each project. Hence, the ACP Manager can formulate project-specific capital solutions that may otherwise have been deemed as high-risk, by incorporating more hands-on risk monitoring and risk reducing mechanisms and securing the exit paths for the loan investment.

2) Selection

The ACP Manager has a rigorous loan selection process, which is summarised below:

Project Due Diligence

The ACP Manager assesses the project including but not limited to:

- Business plan on sales, rental, construction and development;
- Project exit strategy;
- Cashflow forecast;
- Detailed projected costs;
- Key parties capability;
- Market conditions for leasing and sales;
- Technical conditions for the construction component; and
- QS report.

In this process the ACP Manager assesses whether the project has the potential to reach exit and to identify the factors that will hinder project progress. The ACP Manager assesses the project feasibility to a standard that the project on its own is viable. Should the borrower fail, the ACP Manager can take over the project and reach completion utilising its development arm.

Project Servicing and Repayment Capacity & Control options

The ACP Manager has processes to:

- Test whether the provision of funds will enable the project to reach key milestone or exit for loan repayment;
- Stress test pre-sales level and sales price against repayment requirement;
- Test income for debt serviceability;
- Identify Project risk factors that may trigger default on loan; and
- Design control methods for each risk factor identified.

In this process, the ACP Manager will aim to ensure the servicing and exit paths for the loan investment by actively preventing default.

Borrower review

The ACP Manager assesses the background of the borrower; track record, credit history, gearing status, and financial condition of the borrower group or related parties.

In this step, the ACP Manager needs to be satisfied with the capability of the borrower in delivering the project and its credit quality in loan repayment.

Security Review

The ACP Manager assesses:

- the securities provided by the borrower to stress test the security value and LVR;
- the gearing level in different stages and the recoverable value at each potential scenario of default; and
- the senior debt's rights if applicable and its impact on the subject loan in case of default,

to identify the necessary agreements with a senior lender if applicable.

In this step, the ACP Manager needs to be satisfied that for each scenario of potential default, there is sufficient value and enforceable mechanisms to recover and provide downside protection.

Property Valuation

The valuation of property relating to loans made by the Underlying Fund will be performed by a third-party independent valuer arranged by the ACP Manager. If a loan falls into the development and construction loan

category, the valuer will assess the marketability and saleability upon completion of the project. The valuation is based on “as-is” value if secured against real property and “as-if-complete” value for development and construction loans.

When a third-party valuer/surveyor is employed, the ACP Manager ensures that they are appropriately qualified and have current professional indemnity insurance for the work conducted for the ACP Manager.

The input assumptions or the resulting value for the valuation report may be different from the feasibility assessment or exit testing. The value from the independent valuer will be the base figure for the Loan-to-Value calculation in loan terms formulation.

Loan Terms Formulation and Risk Control Mechanism

At this stage, the investment team of the Underlying Fund determine: loan terms, loan amount, term, repayment schedule and any risk management tools. The loan amount will comply with the Underlying Fund manager’s LVR guideline and maximum loan constraints based on the valuation result. Risk management mechanisms employed by the Underlying Fund’s manager will include any measures identified to tackle exposure from project to security and existing debts.

3) Due Diligence prior to Funding

The ACP Manager will conduct:

- Legal reviews on titles, leases, incentives agreements, license agreements, OC rules, sales contract, construction contracts;
- Planning reviews on titles, easement, zoning and authorities searches;
- Technical reports/certificates/logbooks review on area survey, structure, fabric, mechanical, electrical, fire, hydraulics, lifts and any other special reports;
- Financial reviews on cashflow forecast, feasibility study, bank transaction records, invoices, monthly reports, annual reports, annual budgets, outstanding incentives schedule, arrears, for pattern analysis and comparable analysis;
- Credibility study of borrower financial statements, holding structure, background check, credit history.

Summary of the key terms of the Underlying Fund

The following is a summary of the key terms of the Underlying Fund based on the Underlying Fund IM and other disclosure documents obtained by the Trustee and the Investment Manager (collectively, **Investment Documentation**). The defined terms referred in the summary below has the meaning given to them in the Investment Documentation.

The summary below is not intended to be a full summary of all material terms of the Underlying Fund and does not discuss all of the risks of investing in the Underlying Fund. The Trustee and Investment Manager do not warrant that the following contains all key and material terms for making an investment in the Elever Income Class of the Fund. Importantly, the information disclosed below does not contain sufficient information to provide an accurate forecast for the future performance of the Underlying Fund. Investors should carefully consider whether an investment in the Elever Income Class is suitable in light of their investment objectives, financial situation and particular needs. Investors should seek their own independent financial, legal, tax and investment advice.

Investors may request a copy of the Investment Documentation for the purposes of undertaking their own due diligence. By investing into this Class, Investors acknowledge that they have conducted all financial due diligence necessary to make an informed decision to invest.

| Feature | Summary |
|-----------------|--|
| Legal structure | The Underlying Fund is an Australian unlisted unit trust. The Underlying Fund is structured as an unregistered managed investment scheme under the <i>Corporations Act 2001</i> (Cth). It is an unlisted scheme. |

| Feature | Summary |
|---------------------|---|
| Trustee | Avari Holdings Pty Ltd ABN 88 603 200 648 |
| Manager | Avari Capital Partners Pty Ltd ABN 86 626 245 172 |
| Investment strategy | The investment strategy of the Underlying Fund is to invest in loans which are secured. Please refer to section 2 for further details. |
| Investment criteria | <p>The Underlying Fund will primarily invest in loans which are secured either directly (for example, by the trustee of the Underlying Fund lending directly to the borrower) or indirectly (for example, by investing in other funds, including both funds which are and are not managed by AVARI, provided that the investments made by those funds meet the investment criteria for the Underlying Fund).</p> <p>The structure/vehicle through which the loans are made may be structured as follows:</p> <ol style="list-style-type: none"> 1. The trustee of the Underlying Fund as the lender; or 2. via a trust/loan note managed by AVARI or other entities. <p>The maximum loan to value ratio will be not higher than 65% (portfolio average).</p> |
| Issue price | <p>On establishment of the Underlying Fund, the price per unit is \$1.00.</p> <p>The price per unit from time to time will vary and be based on the underlying net asset value of the assets of the Underlying Fund. The price per unit will be calculated in accordance with the terms of the trust deed of the Underlying Fund.</p> |
| Term and liquidity | <p>The term of the Underlying Fund is open-ended, subject to a maximum term of 80 years. The trustee of the Underlying Fund has a broad discretion to terminate the Underlying Fund.</p> <p>Investors in the Underlying Fund may apply to redeem their investment in the Underlying Fund at any time, provided that a redemption request in the form required by the trustee of the Underlying Fund is made at least 1 month before the next unit redemption date. A redemption date will occur on the last day of each month during the term of the Underlying Fund.</p> <p>The trustee of the Underlying Fund will consider all withdrawal requests it receives in each month. If the trustee of the Underlying Fund determines that the liquidity of the Underlying Fund is not sufficient to meet all withdrawal requests received in that month, the trustee of the Underlying Fund may in its discretion approve withdrawal requests on a pro rata basis having regard to the liquidity of the Underlying Fund at the time. Any withdrawal requests not fulfilled in whole or in part will automatically rollover and be considered by the trustee of the Underlying Fund in the following month.</p> |

| Feature | Summary |
|----------------|---|
| Distributions | <p>The trustee of the Underlying Fund may make income distributions on a monthly basis, in its absolute discretion. Any income distributions will be made on or around the tenth (10th) day of each month. Investors of the Underlying Fund will receive a distribution statement each month.</p> <p>There is no guarantee that any income distributions will be paid to investors.</p> |
| Fees and costs | <p>Certain ongoing fees are payable in relation to an investment in the Underlying Fund summarised below.</p> <p>The ACP Manager is entitled to receive the following fees:</p> <ul style="list-style-type: none"> ▪ Management fee: 0.5% per annum of the capital invested in the Fund, accrued monthly and payable to the ACP Manager at the end of each month when there is distribution. ▪ Other expenses: The trustee of the Underlying Fund is entitled to pay out of the assets of the Underlying Fund all reasonable ongoing expenses incurred by the trustee of the Underlying Fund and payable to parties external to AVARI and its related entities. The trustee of the Underlying Fund will also be able to pay out of the assets of the Underlying Fund any fees payable to the ACP Manager. ▪ Debt establishment fee (for investments into AVARI funds in debt): Where the trustee of the Underlying Fund lends directly to a borrower, a debt establishment fee will be payable by the borrower to the ACP Manager. ▪ Development management fee: If the trustee of the Underlying Fund exercises any step-in rights under a loan, the ACP Manager's associated development management entity may replace the original development manager engaged by the borrower to manage the development of the project. In such circumstances, the new development manager will be entitled to an arm's length development management fee, payable by the borrower. ▪ Placement fee: The ACP Manager may pay a placement fee to investor's advisors, which will not be paid out of the trust fund of the Underlying Fund. |
| Risks | <p>Like any investment of this type, there are risks associated with investing in the Underlying Fund. Distributions are not guaranteed, nor are any capital returns.</p> <p>Please refer to Section 4 (Risks) for further details regarding the specific risks associated with investing in the Underlying Fund.</p> |

3 Fees and expenses

The table below sets out the fees payable to the Trustee, Investment Manager, or third parties, as applicable, in respect of the Elever Income Class of the Fund and does not include other fees and costs of the Elever Income Class, such as general Fund fees which are apportioned pro-rata across each unit Class appropriately and equally.

Unless otherwise stated, all fees quoted in this section are quoted exclusive of GST.

| Type of fee or expense | Amount | How and when paid | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|--|-------------|---------------------------------|-----|-----|--------------------------|----|----|----|----|-------------------------------|-------|-------|-------|--------------|--|-------|-------|-------|-------|--|-------|-------|-------|---------------------------------|--|---|---|-------------|---|---|---|----|---|------|--|
| Trustee fee | Please refer to section 6.1 of the Information Memorandum. | Please refer to section 6.1 of the Information Memorandum. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Management fee | 1.5% per annum plus GST of the gross asset value of the Elever Income Class. | Payable to the Investment Manager monthly in arrears from the assets of the Elever Income Class. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Performance fee | <p>Returns in excess of target return of United Elever Class after payment of all distributions, trustee fees, management fees and other class expenses.</p> <p>Performance fees are subject to a high-water mark (see example below).</p> <p>Example:</p> <table border="1"> <thead> <tr> <th>Month</th> <th>Jan</th> <th>Feb</th> <th>Mar</th> <th>Apr</th> </tr> </thead> <tbody> <tr> <td>Class target return p.a.</td> <td>8%</td> <td>8%</td> <td>8%</td> <td>8%</td> </tr> <tr> <td>Class target return per month</td> <td>0.67%</td> <td>0.67%</td> <td>0.67%</td> <td>0.67% (B)</td> </tr> <tr> <td>Class actual return for the month (before performance fee)</td> <td>0.67%</td> <td>1.67%</td> <td>0.17%</td> <td>2.67%</td> </tr> <tr> <td>Class actual return net to investors for the month</td> <td>0.67%</td> <td>0.67%</td> <td>0.17%</td> <td>1.17% (A + B = 0.5% + 0.67%)</td> </tr> <tr> <td>Return catch-up required due to underperformance</td> <td>-</td> <td>-</td> <td>0.5% (A)</td> <td>-</td> </tr> <tr> <td>Performance fee payable to Investment Manager for the month</td> <td>-</td> <td>1%</td> <td>-</td> <td>1.5%</td> </tr> </tbody> </table> <p><i>The return figures above are for demonstration purpose only and are not a promise or a forecast of future returns. Neither the Trustee nor the Investment Manager guarantees any returns.</i></p> | Month | Jan | Feb | Mar | Apr | Class target return p.a. | 8% | 8% | 8% | 8% | Class target return per month | 0.67% | 0.67% | 0.67% | 0.67% (B) | Class actual return for the month (before performance fee) | 0.67% | 1.67% | 0.17% | 2.67% | Class actual return net to investors for the month | 0.67% | 0.67% | 0.17% | 1.17% (A + B = 0.5% + 0.67%) | Return catch-up required due to underperformance | - | - | 0.5% (A) | - | Performance fee payable to Investment Manager for the month | - | 1% | - | 1.5% | Payable to the Investment Manager monthly in arrears from the assets of the Elever Income Class. |
| Month | Jan | Feb | Mar | Apr | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Class target return p.a. | 8% | 8% | 8% | 8% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Class target return per month | 0.67% | 0.67% | 0.67% | 0.67% (B) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Class actual return for the month (before performance fee) | 0.67% | 1.67% | 0.17% | 2.67% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Class actual return net to investors for the month | 0.67% | 0.67% | 0.17% | 1.17% (A + B = 0.5% + 0.67%) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Return catch-up required due to underperformance | - | - | 0.5% (A) | - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Performance fee payable to Investment Manager for the month | - | 1% | - | 1.5% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Early withdrawal fee | Please refer to section 6.1 of the Information Memorandum. | Please refer to section 6.1 of the Information Memorandum. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Class expenses | Under the Trust Deed, the Trustee is entitled to recover expenses properly incurred in relation to the operation of each Class and the Fund. These expenses may include, but are not limited to, administration, marketing, deal acquisition, valuation, taxes and government charges, unitholders meetings, legal, compliance, brokerage fee, accounting as well as litigation and recovery expenses and other expenses properly incurred in connection with | Payable to the Trustee as and when incurred. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Type of fee or expense | Amount | How and when paid |
|------------------------|--------|---|
| | | <p>performing its duties and obligations in the day-to-day operation of the Classes and the Fund. These expenses may also include costs charged by external service providers. Such expenses will be automatically charged to the to the relevant Class or the Fund (as applicable) by external service providers as costs are incurred. To the extent that costs or expenses are incurred in respect of the Elever Income Class, the Trustee is entitled to recover such expenses from the Elever Income Class. To the extent such costs or expenses are incurred by the Fund as a whole, such costs or expenses will be apportioned pro-rata across the Classes on a fair and reasonable basis.</p> |

4 Class specific risks

You should consider the summary of risks of investing in the Fund in section 5 of the Information Memorandum. In addition to the risks described in the Information Memorandum, the following risks are specific to the Elever Income Class.

Investors should consider and weigh up the risks carefully and make their own assessment and undertake their own investigations as to any other risks relating to the investment in the Elever Income Class (which may not be included in the Information Memorandum and this SIM).

The risks described below are not exhaustive and whether a risk is specifically referred to in this section or not, that risk may have a material effect on the performance and value of the Fund. Many risk factors fall outside of the Trustee and the Investment Manager's control and cannot be completely mitigated. Target returns and distributions are not guaranteed and neither is the return of a Unitholder's capital.

(a) Diversification risk

There is a risk that investments made by the Underlying Fund may lack diversification. As such, the Elever Income Class may not be diversified by sector, geography, risk profile or number of equity investments which may expose the Elever Income Class to any events which have an adverse effect on the value of assets in the retail sector and/or a specific investment.

(b) Interest rate risk

The investments of the Elever Income Class in the Underlying Fund and investments made by the Underlying Fund will expose the Elever Income Class to interest rate risks. Changes in prevailing market interest rates could negatively affect the value of such investments. Factors that may affect market interest rates include, without limitation, inflation, deflation, slow or stagnant economic growth or recession, unemployment, money supply, governmental monetary policies, international disorders and instability in the domestic and foreign financial markets.

(c) Lack of control and indirect investment risk

The performance of the Elever Income Class will rely on the Underlying Funds' manager, being Avari Capital Partners Pty Ltd ABN 86 626 245 172, to exercise their due diligence, make proper investment and exit decisions in order to achieve returns for the Underlying Fund and for the investors in the Elever Income Class. After the Trustee and Investment Manager have completed the due diligence and made a commitment to invest in the Underlying Fund, the Elever Income Class will not have any influence or control over the assets the Underlying Fund.

The financial performance of the Elever Income Class depends primarily on the level of skill and performance of the Underlying Fund's manager and the successful implementation of the investment strategy of the Underlying Fund. There is a risk that the manager of the Underlying Fund may make poor investment decisions or that its investment methods are inappropriate or incorrect resulting in poor or nil returns.

The Trustee and Manager do not have any control over the Underlying Fund, its manager or trustee. In the event that the Underlying Fund is in default or unable to pay redemptions and distributions, the Trustee and Manager must take action to enforce its rights. There are no guarantees that such enforcement would be successful and the full amount of distribution, capital or income will be recovered.

(d) Regulatory and legal risks

The Elever Income Class and the Underlying Fund are subject to regulation in Australian and other jurisdictions outside Australia (including complex taxation regulations). Regulations may be applied inconsistently across jurisdictions and could be subject to frequent or unanticipated changes. Those changes may prohibit certain activities proposed to be undertaken by the Elever Income Class or the Underlying Fund investees that the Underlying Fund invests into or result in significant losses to the Underlying Fund or the investees that the Underlying Fund invests into.

(e) Liquidity risk

Investors holding Units in the Elever Income Class will generally not be able to withdraw their Units during the minimum investment term of 1 year. Even after the minimum investment term, there is no guarantee that investors will be able to withdraw from the Elever Income Class.

You should only consider an investment in the Elever Income Class if you are not likely to require access to your investment in the medium term.

Further specific risks applicable to the investment in the Underlying Fund are outlined in the Investment Documentation.

Certain key risks of investing in the Underlying Fund as set out in the Investment Documentation are summarised below. Investors should also carefully consider the specific risk factors associated with investing in the Underlying Fund.

| Risk | Details |
|-----------------------------|---|
| Illiquidity risk | There are restrictions on when withdrawals can be made from the Underlying Fund. Further, the Underlying Fund may be illiquid when a withdrawal request is made. This may present a risk to investors in the event they require a return of their investment more urgently. |
| Speculative investment risk | The trustee of the Underlying Fund will be involved in the property industry. Investment in the Underlying Fund and in the underlying sub funds should be regarded as speculative and involves a high level of risk. Investment in the Underlying Fund should be considered only by investors able to sustain a loss or all or part of the sum invested and who do not require certain or predictable income flows or liquidity in their investments. |
| Credit risk | Credit risk represents the risk that a borrower defaults on the managed loan portfolio and the trustee of the Underlying Fund is not able to recover the loan amount (e.g. if the sale of secured property is not sufficient to cover the loan). |
| Valuation risk | Valuation risk is the risk that the valuation of the secured property obtained by AVARI not reflective of current market property values. Incorrect valuation may affect the amount the trustee of the Underlying Fund is able to recover at the time of loan default. |
| Documentation risk | Documentation risk is the risk that a deficiency in documentation (such as documents and contracts associated with mortgage agreements) could, in certain circumstances, adversely affect the return on an investment. |
| Income risk | Income risk arises primarily from a failure of the borrower to make agreed interest payments. The Trustee does not guarantee the interest due on a sum invested. |
| Property market risk | Property market risk is inherent in the real estate assets securing the Underlying Fund's mortgage investments. A general downturn in the property market can potentially cause a reduction in the value of |

the property held by the Underlying Fund as security for a loan.

Lending principles risk

Some schemes may take a more conservative approach than others when determining how much to lend to a borrower relative to the value of the underlying security property. Schemes that lend at a higher loan to value ratio are more vulnerable to the risk of an adverse change in market conditions where the

security obtained from borrower becomes insufficient to cover the loan.

Investors are strongly encouraged to obtain independent financial advice before investing in the Elever Income Class.

5 Directory

Investment Manager

United Elever Investment Pty Ltd ACN 671 691 651

Address

355 Spencer St, West Melbourne, Victoria 3003

Telephone

0401608974

Email

Info@unitedelever.com

Website

www.unitedelever.com

Trustee

Specialised Investment and Lending Corporation Ltd ACN 149 520 918 (AFSL No. 407100)

Address

Level 14, 356 Collins Street

Melbourne VIC 3000

Telephone

+61 (0)3 9600 2828

Email

investors@silcgroup.com

Website

http://www.silcgroup.com