

# SILC Credit Fund

## Information Memorandum

February 2019





## NOTICE

Any offer contained in this Information Memorandum is only available for acceptance by wholesale clients and is not available to retail clients (within the meaning of the Corporations Act).

This is an important document that should be read in its entirety. Prospective investors are strongly encouraged to undertake their own due diligence in relation to the SILC Credit Fund before making an investment. If you do not understand this document, you should consult your legal, financial or professional advisers prior to making an application.





## IMPORTANT INFORMATION

This Information Memorandum (**IM**) is dated 18 February 2019 and supersedes all previous versions. It is issued by Specialised Investment and Lending Corporation Pty Ltd ACN 149 520 918, holder of AFSL number 407100, (**Trustee**), which is the trustee of the SILC Credit Fund (**Fund**).

The purpose of this IM is to provide information for prospective Investors to decide whether they wish to invest in the Fund. For each class of Investors, the IM comprises a Part A document (which is this document), a Part B document relevant to that class of Investors (which contains a Discrete Loan Memorandum) and a Part C document relevant to that class of Investors (which contains a Pooled Loan Memorandum).

The Trustee has appointed SILC Portfolio Solutions Pty Ltd ACN 616 916 593 (**Investment Manager**) as the investment manager of the Fund under an Investment Management Agreement. The Investment Manager is a corporate authorised representative (number 1252859) of Specialised Investment and Lending Corporation Pty Ltd ACN 149 520 918 (AFSL number 407100).

By accepting this IM, the recipient agrees to be bound by the following terms and conditions.

### **Fund not required to be registered**

The Fund, at the date of this Information Memorandum, is not required to be, and is not, registered as a managed investment scheme pursuant to section 601ED of the Corporations Act.

### **Interests in the Fund**

Interests in the Fund will be issued as units in the Fund (**Units**). Interests in the Fund will be issued only on receipt of a validly completed Application Form provided together with this IM, and the receipt of cleared funds.

### **Restrictions on distribution**

The distribution of this IM and the offering of interests in the Fund may be restricted in certain jurisdictions. No recipient of this IM in any jurisdiction may treat it as constituting an invitation or offer to them to apply for interests in the Fund unless, in the relevant jurisdiction, such an invitation or offer could lawfully be made to that recipient in compliance with applicable law.

No action has been taken to register or qualify interests in the Fund, the invitation to participate in the Fund, or to otherwise permit any offering of Fund interests in any jurisdiction other than Australia and Singapore.

Prospective investors should inform themselves as to the legal requirements and consequences of applying for, holding, transferring and disposing of Units and any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence, domicile or place of business. It is the responsibility of a prospective investor outside Australia to obtain any necessary approvals in respect of applying for, or being issued with, Units.

By receiving and viewing this IM, the recipient is warranting that they are legally entitled to do so and the securities laws of their relevant jurisdiction do not prohibit them from acquiring interests in the Fund. Further, the person receiving and viewing this IM from the Trustee warrants that, if they reside in Australia, they are a wholesale client as defined in section 761G of the Corporations Act and, if they reside in Singapore, they are an accredited investor (as defined in the Securities and Futures Act) or certain other person prescribed under s305 of the Securities and Futures Act (collectively, **Qualifying Investors**).

The Fund, the Trustee and the Investment Manager do not bear any liability or responsibility to determine whether a person is able to apply for Units pursuant to this IM.

In particular, this product has not been and will not be registered under the US Securities Act or the securities laws of any state of the United States and may not be offered, sold, delivered or transferred in the United States or to, or for the account of, any "US Person" (as defined in Regulation S under the US Securities Act). Neither this IM nor any Application Form or other material relating to this product may be distributed in the United States.

### **Investors from Australia**

With respect to Australia, this IM has been prepared on the basis that prospective Investors are wholesale clients or sophisticated investors, and not retail clients (all within the meaning of the Corporations Act).

Accordingly, this IM is not a product disclosure statement and does not contain all of the information that would be included in a product disclosure statement issued under the Corporations Act. This IM has not been lodged with the Australian Securities and Investments Commission (**ASIC**) or any other government body.

### **Investors from Singapore**

This IM has not been registered and will not be registered as a prospectus with the Monetary Authority of Singapore (**MAS**) as the Fund is or will be invoking the exemptions from compliance with prospectus requirements pursuant to the exemptions under Section 304 and Section 305 of the Securities and Futures Act (Cap. 289) of Singapore (**SFA**). The MAS assumes no responsibility for the contents of this IM.

The offer which is the subject of this IM is not authorised or recognised by the MAS and interests in the Fund are not allowed to be offered to the retail public. This IM is not a prospectus as defined in the SFA. Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. Investors should consider carefully whether the investment is suitable in light of their own personal circumstances.

Recipients of this IM in Singapore should note that the offering of the Units is subject to the terms of this IM and the SFA. Accordingly the Units may not be offered or sold, nor may this IM or any other document or material in connection with the offer or sale of such Units be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A(1)(c) of the SFA) (each an **Institutional Investor**), (ii) to a relevant person as defined in Section 305 of the SFA or any person pursuant to an offer referred to in Section 305(2) of the SFA (each a **Relevant Investor**) and in accordance with the conditions specified in Section 305 of the SFA, or (iii) pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Units are subscribed for or purchased by an Institutional Investor or a Relevant Investor, all or any such Units acquired pursuant to the offer made shall not be sold or otherwise assigned or transferred except: (i) to an Institutional Investor or a Relevant Investor as defined by the SFA; or (ii) otherwise pursuant to, and in accordance with the resale or transfer restrictions applicable to the subscription for or purchase of such Units, or any other applicable provision of the SFA.

#### **No responsibility for contents of document**

None of the Trustee, the Investment Manager, or their related parties, officers, employees, consultants, advisers or agents have carried out an independent audit or independently verified any of the information contained in this IM, nor do they give any warranty as to the accuracy, reliability, currency or completeness of the information or assumptions contained in this IM, nor do any of them, to the maximum extent permitted by law, accept any liability whatsoever however caused to any person relating in any way to reliance on information contained in this IM or any other communication or the issue of Units.

This IM does not purport to contain all the information that a prospective investor may require in evaluating a possible investment in the Fund.

This IM must be read in conjunction with the Trust Constitution. Prospective investors should review the Trust Constitution for further information regarding the rights and obligations of investors of the Fund. To the extent there are any inconsistencies between the Trust Constitution and this IM, the Trust Constitution will prevail.

#### **Not regulated by APRA**

The Trustee is not authorised under the Banking Act 1959 (Cth) and is not supervised by APRA, and investments in the Fund are not covered by the deposit or protection provisions available to depositors that make a deposit with an Australian ADI.

#### **Applications**

The Trustee reserves the right to evaluate any applications and to reject any or all applications submitted, without giving reasons for rejection. The Fund, the Trustee and the Investment Manager are not liable to compensate the recipient of this IM for any costs or expenses incurred in reviewing, investigating or analysing any information in relation to the Fund, in submitting an application or otherwise.

#### **No cooling off**

No cooling off applies to the issue of Units.

#### **No personal advice and independent advice recommended**

In providing this IM, the Trustee has not taken into account the recipient's objectives, financial situation or needs and accordingly the information contained in this IM does not constitute personal advice for the purposes of section 766B(3) ("personal advice") of the Corporations Act. None of the Trustee, the Investment Manager, or their related parties, officers, employees, consultants, advisers or agents warrant that an investment in the Fund is a suitable investment for the recipient.

The Trustee strongly recommends that potential investors read this IM in its entirety and seek independent professional advice as to the financial, taxation and other implications of investing in the Fund and the information contained in this IM.

#### **Forward looking statements**

All statements of opinion and/or belief contained in the IM and all views expressed and all projections, forecasts or statements relating to expectations regarding future events or the possible future performance of the Fund represent the Fund's own assessment and interpretation of information available to it as at the date of this IM and are provided for illustrative purposes only. In particular, note that past performance is not indicative of future performance. No representation is made or assurance given that such statements, views, projections or forecasts are correct or that the objectives of the Fund will be achieved. Prospective investors must determine for themselves what reliance (if any) they should place on such statements, views, projections or forecasts and no responsibility is accepted by the Fund and/or their advisers in respect thereof. Prospective investors are strongly advised to conduct their own due diligence including, without limitation, on the potential financial, legal and tax consequences to them of investing in the Fund.

#### **No guarantee**

None of the Trustee, the Investment Manager, or their related parties, officers, employees, consultants, advisers or agents, guarantee the repayment of capital invested in the Fund, the payment of income from the Fund or the performance of the Fund or an investment in the Fund generally. As with any investment there are inherent risks in investing in the Fund, including the risk that an investment in the Fund is speculative, that the investment may result in a reduction in, or total loss of, the capital value of the investment, loss of income and returns that are less than expected or delays in repayment of capital.

See Section 5 (Risks) for further information about the risks involved in making an investment in the Fund.



**Trustee limitation of liability**

Except in certain circumstances (including fraud, negligence or breach of trust by the Trustee), the Trustee enters into transactions for the Fund in its capacity as trustee of the Fund only, not in its own capacity, and its liability in relation to those transactions is limited to the assets of the Fund.

**Confidentiality**

The contents of this IM are:

- not intended to be disclosed to any person other than the person to whom this IM has been provided to by the Trustee;
- strictly confidential; and
- not to be reproduced, either in whole or in any part or parts, without the Trustee's prior written consent and, if such written consent is given, only in accordance with that consent.

**No unauthorised statements or representations**

The Fund, the Trustee and the Investment Manager are not responsible for any advice or information given, or not given, to potential investors by any party distributing this product and, to the maximum extent permitted by law, accept no liability whatsoever for any loss or damage arising from potential investors relying on any information that is not in this IM when investing.

**Definitions**

Certain capitalised words and expressions used in this IM are included in Section 8 (Definitions).

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

All references to \$ amounts are references to Australian Dollars (AUD).

Any photographs in this IM are included for illustrative purposes only and do not depict any assets held or to be held by the Fund.

The information in this IM is general information only and does not take into account your financial situation, objectives or needs. The information can change, and may be updated or replaced from time to time. Unless the changed information is materially adverse, the Trustee may not always update or replace this IM to reflect the changed information. Updated information can be obtained by contacting the Investment Manager or your adviser. You should check if there is any updated information before you invest.

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## MESSAGE FROM THE MANAGING DIRECTOR

Dear Investor,

I am pleased to offer this exciting opportunity to participate in the SILC Credit Fund (Fund).

The Fund seeks to provide astute Qualifying Investors with the opportunity to generate attractive returns through quality alternative debt investments secured by real property or other forms of security as disclosed. Investors will have the unique flexibility of being able to either select specific investments from a range of individual asset-backed commercial loans with different levels of risk, reward and investment terms or alternatively, invest in portfolios of senior and/or junior debt loans selected and managed by the Investment Manager.



The Australian market represents an excellent destination for global capital given our growing population, legal and regulatory environment, high standards of living and education, competitive advantages in multiple sectors, political stability, and strong economic growth and returns. As Australian businesses continue to grow, access to alternative sources of capital is paramount to ensure they de-risk their businesses and remain competitive, and are able to deliver on market opportunities. The Fund presents a unique platform for Qualifying Investors to access the growing Australian market within a strong governance and compliance framework.

Specialised Investment and Lending Corporation Pty Ltd ACN 149 520 918 a wholly owned subsidiary of The SILC Group is the holder of an Australian Financial Services License (AFSL number 407100) which is issued by the Australian Securities and Investments Commission (**ASIC**). The SILC Group prides itself in providing our wholesale and sophisticated clients with a distinctive financial services offering that is driven by our commitment to our clients and our core values. Our team of highly qualified professionals has extensive experience in the banking and financial services sector and will oversee every aspect of the credit management and operations of the Fund and its underlying investments for the benefit of Investors.

This Information Memorandum (**IM**) provides information about the Fund and important terms of the investment opportunity. I encourage you to carefully consider the IM and where appropriate, seek the necessary professional advice before making a decision to invest.

Should you have any queries, please feel free to contact us on [investors@silcgroup.com.au](mailto:investors@silcgroup.com.au) or +613 9600 2828.

My team and I look forward to welcoming you as one of our valued investors.

Yours faithfully,

Koby Jones  
Managing Director



## SECTION 1. THE FUND

### 1.1. FUND OUTLINE

The Fund seeks to provide Qualifying Investors with the opportunity to invest in loans secured by Mortgages (which may or may not be registered) or Security Interests.

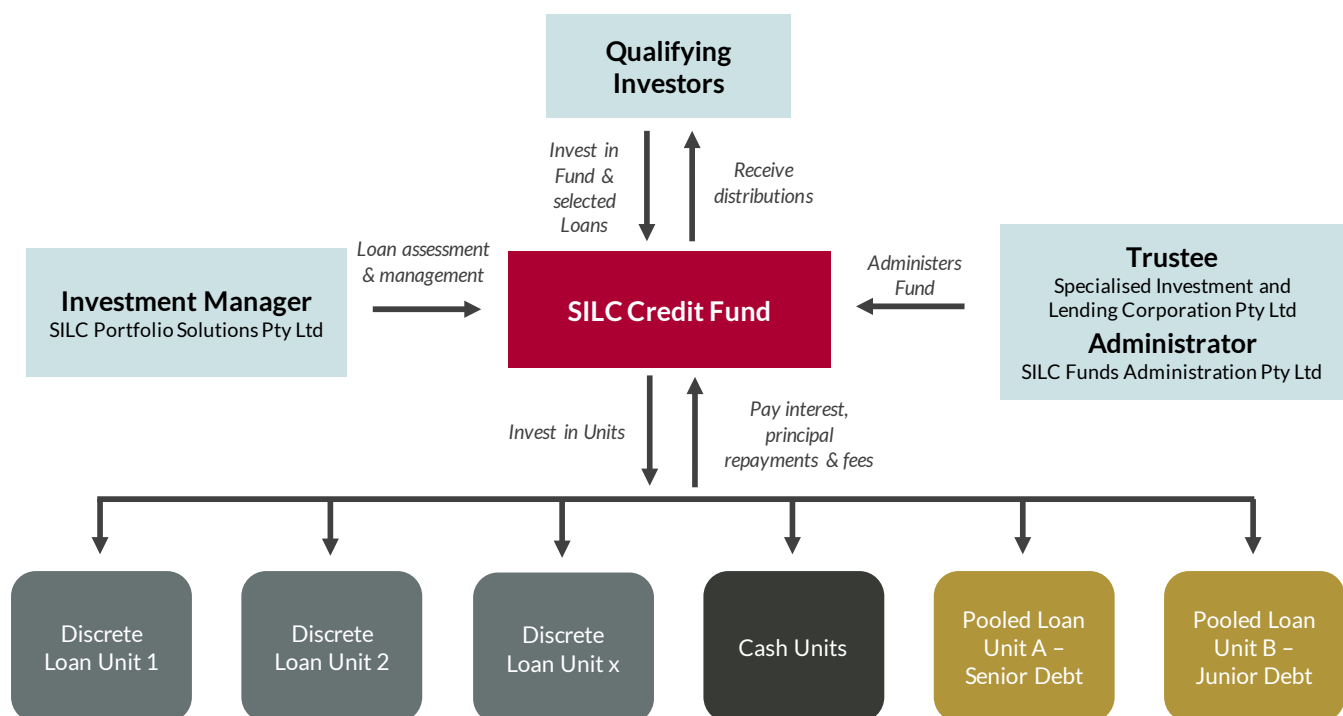
The Fund is an Australian unregistered managed investment scheme established by a Trust Constitution dated 26 July 2017 (**Trust Constitution**), which governs the relationship between the Trustee and the Investors. It is regulated by Australian law however there is no requirement or intention to register the Fund with ASIC. The Fund is also a restricted scheme as referred to in s305 of the SFA and an application for registration will be submitted to the Monetary Authority of Singapore prior to any offer made to investors in Singapore.

The Fund operates by lending money to Borrowers for business or investment purposes.

The Fund is structured to allow Qualifying Investors to acquire an interest in:

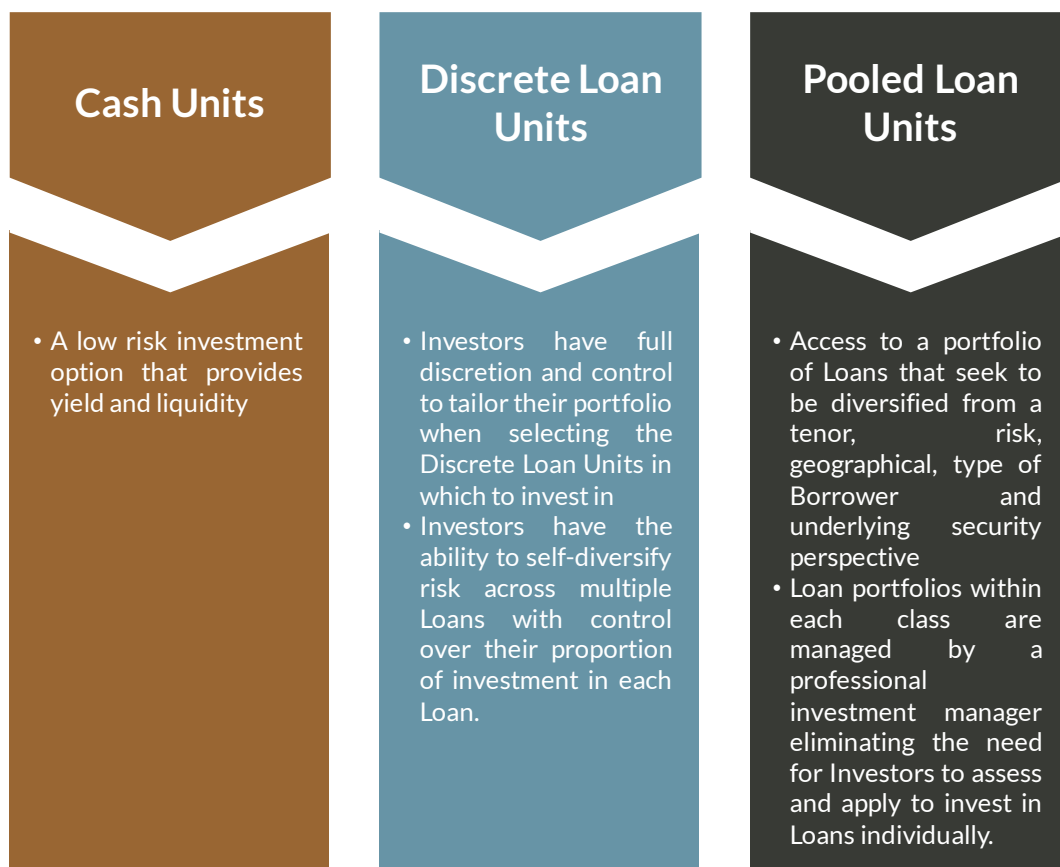
- **Cash Units**, available for subscription under this IM. The Cash Units are issued in order to allow the Fund to accept new Investors at any time, even when there is no particular Loan available for investment, or prior to the Investor selecting a Loan in which to invest. The only assets referable to the Cash Units will be Basic Deposit Products.
- classes of **Discrete Loan Units** in the Fund that are each referable to a specific Loan. In this way, Investors are able to effectively select the level of participation they have in each of the Loans offered.
- classes of **Pooled Loan Units** in the Fund that are each referable to a portfolio of Loans, that are managed by the Investment Manager, which may consist either or a combination of:
  - Senior Debt Loans that are secured by first Mortgages,
  - Junior Debt Loans secured by second Mortgages (which may or may not be registered) or other Security Interests, and
  - investment in other credit funds (subject to the terms of the Credit Policy).

Security property, including Mortgages, will be held in the name of the Trustee as trustee of the Fund or a custodian (if one is appointed by the Trustee) for the benefit of the Investors within the relevant class of Units. Investors will not have specific ownership of trust assets in the Fund however, the holders of a particular class of Loan Units, whether Discrete Loan Units or Pooled Loan Units, will have an interest in the income and capital calculated with reference to the relevant underlying Loan(s) of that class.





## 1.2. KEY BENEFITS OF THE FUND



### 1.3. KEY FEATURES OF THE FUND

The following information is a summary of certain key features and terms of the SILC Credit Fund and is qualified in its entirety by reference to the Fund Agreements. You must read the whole of this IM to obtain more detailed information before making any decision to invest in the Fund.

Trustee	Specialised Investment and Lending Corporation Pty Ltd ACN 149 520 918 is the trustee of the Fund, and will be responsible, amongst other matters, for holding title to the Fund's assets.
Investment Manager	<p>SILC Portfolio Solutions Pty Ltd ACN 616 916 593 has been appointed as the Investment Manager of the Fund pursuant to an Investment Management Agreement with the Trustee and is responsible for managing the Fund's assets.</p> <p>The Investment Manager will source and assess potential Loans for the Fund and will monitor the day-to-day management of the Fund's Loans.</p>
Administrator	SILC Funds Administration Pty Ltd ACN 628 993 386 is the administrator of the Fund, and is responsible for, amongst other things, investor administration process (including applications and unit registry), and fund accounting.
Investment Objective	The Fund seeks to provide Investors with regular income and attractive returns through interest income from commercial Loans secured by Mortgages (which may be registered or unregistered) or Security Interests.
Target Returns	<p><u>Cash Units</u></p> <p>The target return for Cash Units (before tax, after all fees) is the RBA Cash Rate (which is 1.5% as at the date of this IM) less 0.25% per annum.</p> <p><u>Discrete Loan Units</u></p> <p>The target return for each specific Loan will be set out in the relevant Discrete Loan Memorandum.</p> <p>Indicatively, target returns for Discrete Loan Units, (before tax, after the Fund's fees and expenses), are:</p> <ul style="list-style-type: none"> <li>• RBA Cash Rate plus 4.5% to 6.5% per annum for Loans secured by a first ranking Mortgage.</li> <li>• RBA Cash Rate plus 13.5% to 16.5% per annum for Loans secured by a second ranking Mortgage.</li> <li>• In the case of a Development Loan, an additional Commitment Fee of 1.5% to 3.0% per annum may also be earned by Investors.</li> </ul> <p>It is important to note that target returns may vary significantly from loan to loan based on individual risk profiles and the investor should refer to the relevant Discrete Loan Memorandum.</p> <p><u>Pooled Loan Units</u></p> <p>The target return of each class of Pooled Loan Units will be set out in the relevant Pooled Loan Memorandum.</p> <p>Indicatively, target returns for Pooled Loan Units (pre-tax, after the Fund's fees and expenses) are:</p> <ul style="list-style-type: none"> <li>• RBA Cash Rate plus 3.0% to 5.0% per annum for Loans secured by a first ranking Mortgage.</li> <li>• RBA Cash Rate plus 11.5% to 14.5% per annum for Loans secured by a second ranking Mortgage.</li> </ul> <p>Target returns are not a promise or a forecast of actual returns. Neither the Trustee nor the Investment Manager guarantees any returns.</p>



## Loans

Loans will be made to approved Borrowers and secured by first or second ranking Mortgages over commercial, residential, rural and industrial property in Australia. The Trustee may also take other forms of security from the Borrower referred to as Security Interests.

Loans may be made for a range of purposes including acquiring assets or property, business cash flow requirements, refinancing existing debt or property development.

More information can be found in Section 3.

### Who can invest in the Fund?

Investment in the Fund is only available to parties (individuals above 18 years of age, trusts or bodies corporate) who:

#### If residing in Australia

1. invest \$500,000 or more in the Fund, or
2. provides a certificate from a qualified accountant (available within Application Form (Part 1) or substantially in the form available on the website [www.silcgroup.com.au](http://www.silcgroup.com.au)) that states the investor has net assets of at least \$2.5 million or has a gross income for each of the last two financial years of at least \$250,000, or
3. is a professional investor (including the holder of an Australian financial services licence, a person who controls more than \$10 million or a person that is a listed entity or a related body corporate of a listed entity),

#### If residing in Singapore

4. can also demonstrate (in addition to one of the above) are an accredited investor or certain other person prescribed under s305 of the Securities and Futures Act by providing a declaration to that effect and suitable documentary evidence.

(collectively, **Qualifying Investors**).

### Minimum investment amount

#### Cash Units

The minimum initial investment for Cash Units is \$100,000 from a Qualifying Investor.

Following the minimum initial investment, Investors may make further investments in increments of \$20,000.

However, the Trustee may accept lower amounts from a Qualifying Investor in its absolute discretion.

#### Discrete Loan Units

The minimum initial investment for Discrete Loan Units is set out in the relevant Discrete Loan Memorandum.

#### Pooled Loan Units

The minimum initial investment for Pooled Loan Units is set out in the relevant Pooled Loan Memorandum.

Classes of Unit offered	<p><u>Cash Units</u></p> <p>Cash Units are issued pursuant to this IM and are referable to Basic Deposit Products only.</p> <p><u>Discrete Loan Units</u></p> <p>A class of Discrete Loan Units will be issued for each new Loan opportunity offered to Investors.</p> <p>This allows Investors to effectively select their level of participation in each Loan. The terms for each class of Discrete Loan Units, including target return, will be detailed in a Discrete Loan Memorandum in Part B of this IM.</p> <p><u>Pooled Loan Units</u></p> <p>A class of Pooled Loan Units will be issued for each portfolio of Loans.</p> <p>This allows Investors to select their level of participation in each portfolio of Loans. The terms for each class of Pooled Loan Units, including the composition of the portfolio and target return, will be detailed in a Pooled Loan Memorandum in Part C of this IM.</p> <p><u>Other</u></p> <p>The Trustee may, at its discretion, issue other classes of Units.</p> <p>More information in relation to each class of Units can be found in Section 1.4</p>
Unit price	<p>It is intended that Units will be issued at \$1.00, however the Unit price is based on the underlying value of the assets referable to the particular class of Units, and is calculated in accordance with the terms of the Trust Constitution.</p>
Issue of Units	<p><u>Cash Units</u></p> <p>Cash Units will be issued monthly within 5 Business Days after the end of the month in which the application for Cash Units is received and accepted by the Trustee. The Trustee may, at its discretion, elect to issue Cash Units at other times.</p> <p><u>Discrete Loan Units</u></p> <p>Discrete Loan Units will be issued as set out in the relevant Discrete Loan Memorandum.</p> <p><u>Pooled Loan Units</u></p> <p>Pooled Loan Units will be issued as set out in the relevant Pooled Loan Memorandum.</p> <p>More information can be found in Section 2.</p>





## 1.4. CLASSES OF UNITS

This IM outlines information about the Fund and Cash Units. The Fund comprises of multiple classes of Units which includes Cash Units, Discrete Loan Units and Pooled Loan Units.

### Cash Units

Cash Units are issued pursuant to this IM and are referable to Basic Deposit Products only.

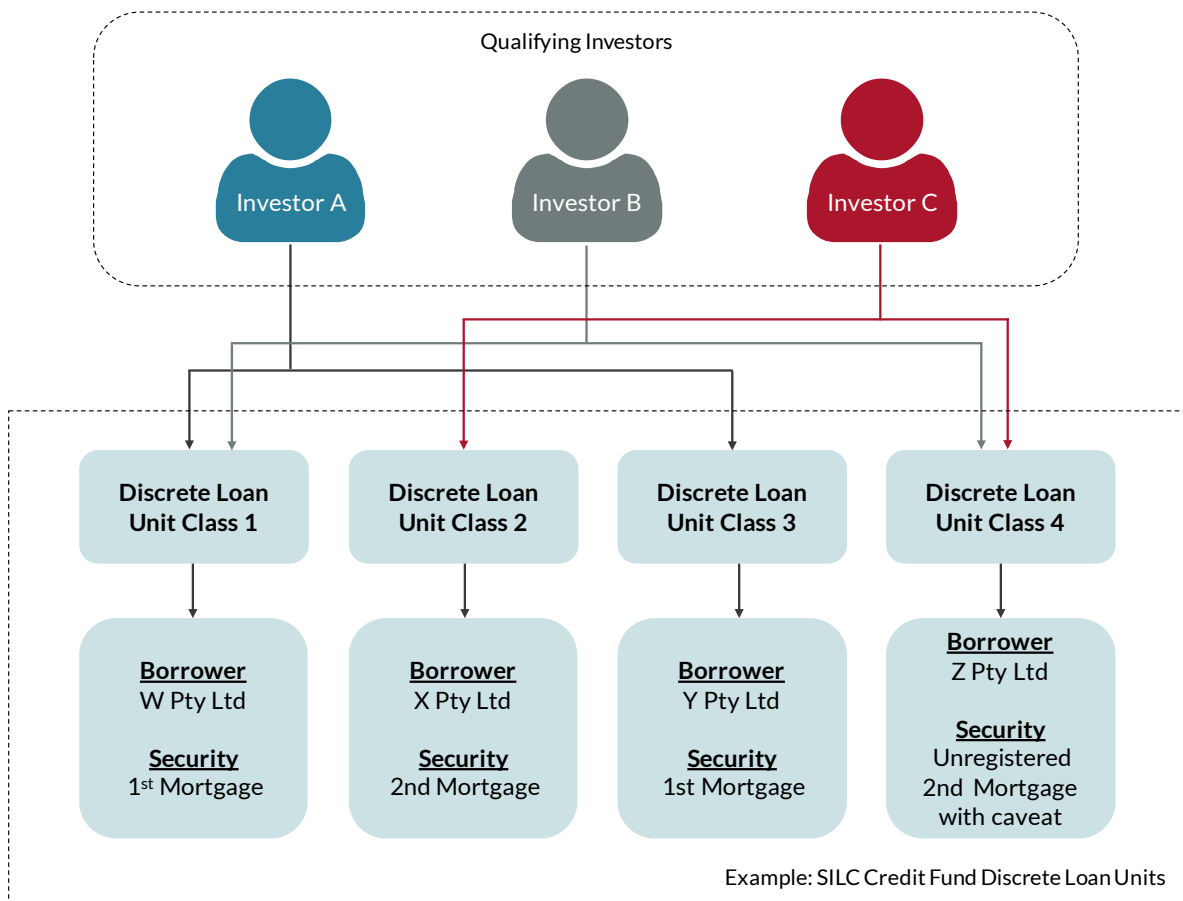
### Discrete Loan Units

Specific disclosure about each class of Discrete Loan Units to which a single Loan is referable, is outlined in the corresponding Discrete Loan Memorandum.

Each Discrete Loan Memorandum will include the following information:

- borrower and guarantor (if any) information,
- Loan purpose,
- Loan amount and drawdown profile,
- Loan term,
- Loan to value ratio,
- Lending rate payable by Borrower,
- repayment terms (e.g. monthly/capitalised interest),
- information on security taken, and
- information on higher ranking debt secured against security (if any).

Each class of Discrete Loan Unit is referable to a single Loan. When Investors subscribe to a particular class of Discrete Loan Unit, they are contributing funds to the single underlying Loan. Each class of Discrete Loan Units may have multiple Investors, each holding a legal or beneficial interest in the underlying Loan. To the fullest legal extent, Loans held within each class of Discrete Loan Units are segregated (for example in the below diagram, a Loan to Borrower W held within Discrete Loan Unit Class 1 is separated and segregated from the Loan to Borrower X held within Discrete Loan Unit Class 2).



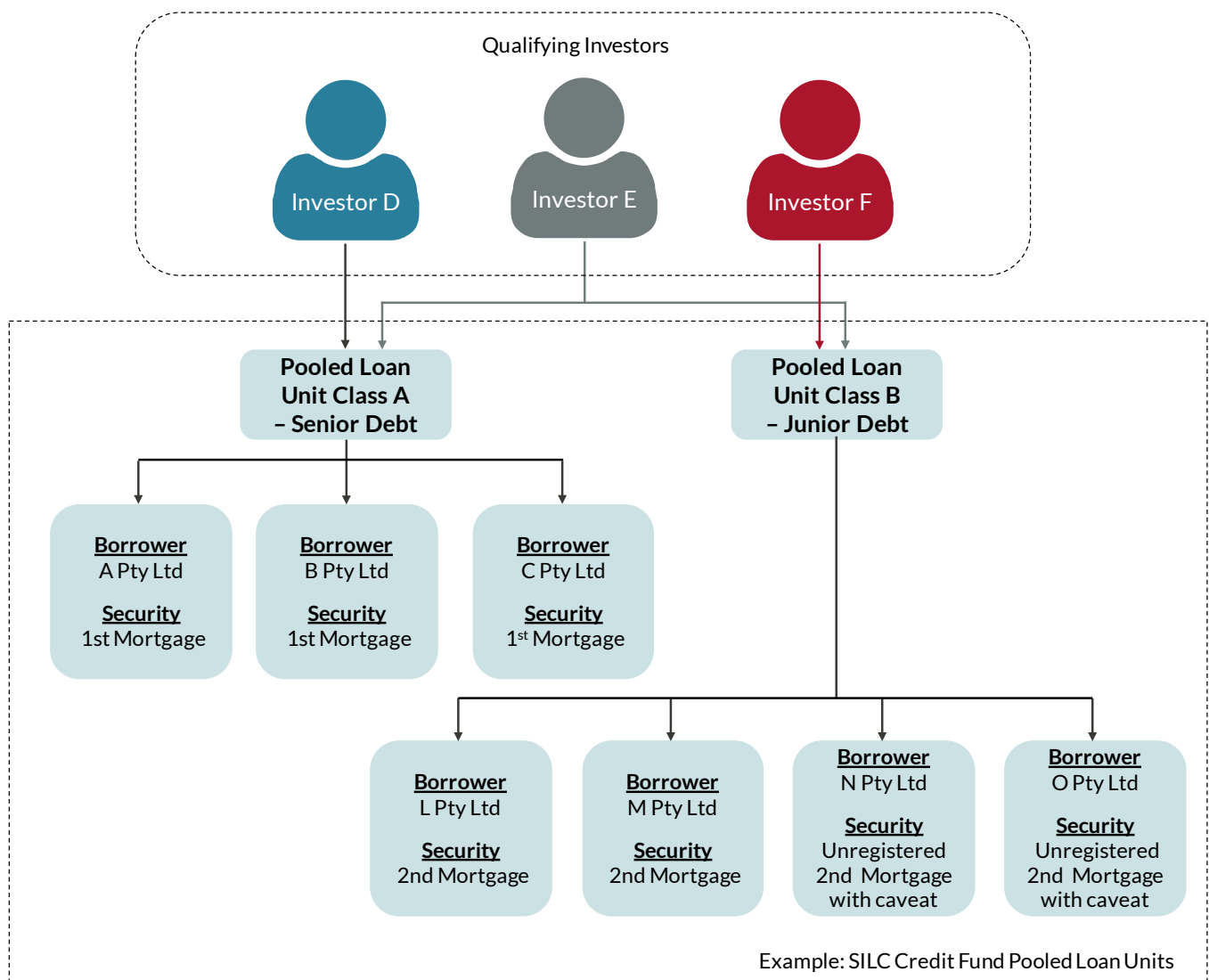
## Pooled Loan Units

Specific disclosure about each class of Pooled Loan Units to which a portfolio of Loans is referable, is outlined in the corresponding Pooled Loan Memorandum.

Each Pooled Loan Memorandum may include but not limited to the following investment parameters such as:

- acceptable Loan purposes,
- minimum and maximum Loan amounts,
- minimum and maximum Loan terms,
- maximum Loan to value ratios,
- types of acceptable repayment terms (e.g. monthly/capitalised interest), and
- types of acceptable security.

Each class of Pooled Loan Unit is referable to a portfolio of Loans. When Investors subscribe to a particular class of Pooled Loan Unit, they are contributing funds to a portfolio of Loans. Each Pooled Loan Unit class may have multiple Investors, each holding equal legal or beneficial interest in the underlying portfolio of Loans. Unlike Discrete Loan Units, Loans within a class of Pooled Loan Units are not segregated.





## 1.5. DISTRIBUTIONS

The rate and frequency of distributions will depend upon the class of Units held by the Investor.

### Cash Units

It is intended that distributions on Cash Units will be calculated and paid quarterly within 8 Business Days of the end of each calendar quarter.

Investors will receive their pro-rata portion of the income from the Basic Deposit Products that are referable to the Cash Units, after fees, costs and expenses that are properly referable to the Cash Units that have been paid. Investors will receive a proportion of the income referable to Cash Units based on the number of Cash Units they hold in relation to the total number of Cash Units on issue and the number of days they have held the Units for during the quarter.

Distributions may be paid and reinvested in Cash Units if the Investor makes an election in the Application Form (Part 2A) or provides the Trustee with 30 days' prior written notice to do so.

### Discrete Loan Units

Discrete Loan Unit distributions will correspond with the applicable interest payment profile of a Loan as set out in the Discrete Loan Memorandum and paid in cash to relevant Investors' nominated bank accounts. For example, where interest payment is made on a monthly basis by a Borrower under a Loan, distributions under those relevant Discrete Loan Units will be paid within 8 Business Days of the calendar month.

The interest payment profile of each Loan and the corresponding distribution frequency is set out in each corresponding Discrete Loan Memorandum.

Interest payment profiles for a Loan may be either or a combination of:

- monthly in advance or in arrears,
- quarterly in advance or in arrears, and
- capitalised, that is accrued during the term of the Loan and payable at maturity.

Distributions may be paid and invested in Cash Units if the Investor makes an election in the space provided in the Application Form (Part 2B) or provides the Trustee with 30 days' prior written notice to do so.

### Pooled Loan Units

The rate and frequency of each Pooled Loan Unit's distributions are set out in the relevant Pooled Loan Memorandum.

## 1.6. WITHDRAWALS

An Investor's ability to withdraw from the Fund will depend upon the class of Units held by the Investor.

The withdrawal price for a Unit is also based on the underlying value of the assets referable to the particular class of Units. This price may be different from the price originally paid for the Unit.

### Cash Units

Generally, Cash Units may be withdrawn at any time by lodging a Withdrawal Request with the Trustee at least 5 Business Days prior to the end of a calendar month. Withdrawals of Cash Units will be processed within 5 Business Days after the end of the month in which the Withdrawal Request was received.

However, where any of the Investor's Cash Units are committed for a specific Discrete Loan Unit class that relates to a Development Loan (**Committed Capital**), that Committed Capital amount held in such Cash Units may not be withdrawn.

### Discrete Loan Units

Investments in Discrete Loan Units are not expected to be liquid.

Withdrawals from Discrete Loan Units may not occur until the underlying Loan reaches maturity. When the Loan reaches its maturity and is repaid, the Investor's Discrete Loan Units referable to that Loan will be paid in cash to Investors' nominated bank account or if instructed, redeemed in exchange for Cash Units.



### **Pooled Loan Units**

Information about withdrawals from Pooled Loan Units are detailed within the relevant Pooled Loan Memorandum.

Generally, Investors may not withdraw their Pooled Loan Units within the first 18 months from the date of issue of the respective Pooled Loan Units.

## **1.7. TRANSFER OF UNITS**

There will not be any established secondary market for the sale of Units however an Investor may transfer the ownership of their Units at any time provided that the transferee meets the requirements of a Qualifying Investor and has been approved by the Trustee.

The Trustee may but is not required to, on a best endeavours basis, provide assistance to procure a transferor.

Please note that a transfer of Units may have taxation consequences and remains solely the responsibility of the transferor and transferee. The Trustee has the discretion to refuse the transfer of Units and is not obliged to accept a transfer of Units.

## **1.8. BORROWINGS**

The Fund will not borrow for any purpose.

## **1.9. OTHER**

The Fund will not enter into derivatives or foreign exchange contracts for any purpose.





## SECTION 2. HOW TO INVEST

### 2.1. INVESTOR APPLICATION PROCESS

#### Cash Units

After reviewing this IM, Investors can invest in Cash Units by completing the Application Form (Part 1) if not previously completed, the Application Form (Part 2A) accompanying this IM and paying their application money.

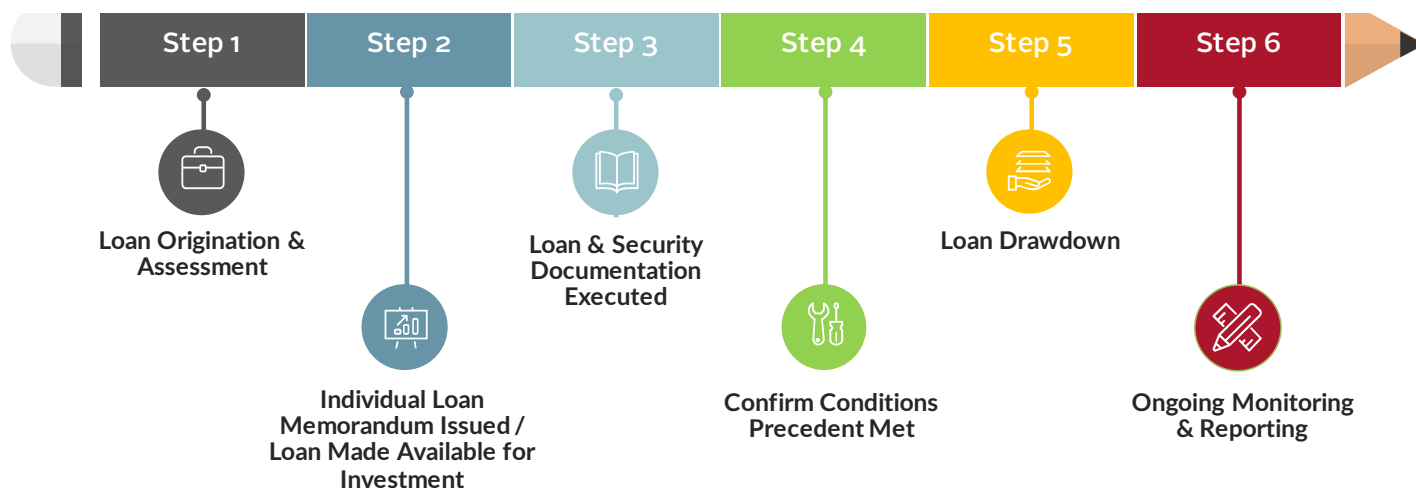
The minimum initial investment in Cash Units is \$100,000 from a Qualifying Investor. Following the minimum initial investment, Investors may make further investments in Cash Units in increments of \$20,000. However, the Trustee may accept lower amounts from a Qualifying Investor in its absolute discretion.

Payments must be made via EFT (bank transfer) or bank cheque.

Once the completed Application Forms (Part 1 and 2A) and application money is received by the Trustee and the Trustee accepts the application, Investors will be issued with Cash Units. Cash Units will be issued within 5 Business Days of the end of each calendar month in which the completed Application Forms (Part 1 and 2A) and corresponding application money is received, or at any other time at the Trustee's absolute discretion. Cash Units can be issued to Investors at any time, even when there is no particular Loan available for investment.

Application monies are held in the Fund's Cash Application Account prior to being allocated to Cash Units. Please note that no interest will be earned by Investors on monies that are held in the Cash Application Account.

#### Discrete Loan Units



When a Loan is assessed and indicatively approved by the Fund, the Fund issues an indicative term sheet to the Borrower setting out the proposed loan terms. Once the Borrower accepts the indicative term sheet, pays the application fee and provides requisite information, a Discrete Loan Memorandum is issued.

Only registered investors are eligible to receive Discrete Loan Memorandums which outline each Loan opportunity. To register, Qualifying Investors must complete the Application Form (Part 1) accompanying this IM.

Thereafter, after reviewing a Discrete Loan Memorandum, Investors can invest in the underlying Loan to which it is referable by completing the Application Form (Part 2B) accompanying that Discrete Loan Memorandum. Applications to invest in each Loan are processed on a first-come-first-serve basis and upon full subscription will be closed to further applications prior to the stipulated close date (**Close Date**).

Application monies are held in the Fund's Loan Application Account prior to being allocated to the corresponding Discrete Loan Units and may not be withdrawn. However, if application monies are not allocated to the Discrete Loan Unit selected by the Investors within 20 Business Days of the Close Date, Investors have the right to rescind the application for that Discrete Loan Unit and withdraw those funds with 3 Business Days' notice.

Once an offered Discrete Loan Unit class is fully subscribed or closed, Loan and Security Documentation will be issued to the Borrower.

Before any funds are disbursed to a Borrower, the Borrower must comply with any specified conditions precedent and obligations which include:

- execution of Loan and Security Documentation (such as a Mortgage, general security deed or deed of guarantee), and
- completion of any other conditions precedent such as provision of evidence of pre-sales, provision of valuation report, or other pertinent information or documentation as required by the Trustee.

### **Pooled Loan Units**

After reviewing this IM and the Pooled Loan Memorandum, Investors can invest in Pooled Loan Units by completing the Application Form (Part 1) if not previously completed and the Application Form (Part 2C) accompanying the Pooled Loan Memorandum (Part C of this IM) and paying their application money.

Payments must be made via EFT (bank transfer) or bank cheque.

Once the completed Application Forms (Part 1 and 2C) and application money is received by the Trustee and the Trustee accepts the application, Investors will be issued with the corresponding Pooled Loan Units.

## **2.2. APPLICATION FORM AND MORE INFORMATION**

To request an application form or for further information, please contact The SILC Group:

Tel: +61 3 9600 2828

Email: [investors@silcgroup.com.au](mailto:investors@silcgroup.com.au)

Website: [www.silcgroup.com.au](http://www.silcgroup.com.au)



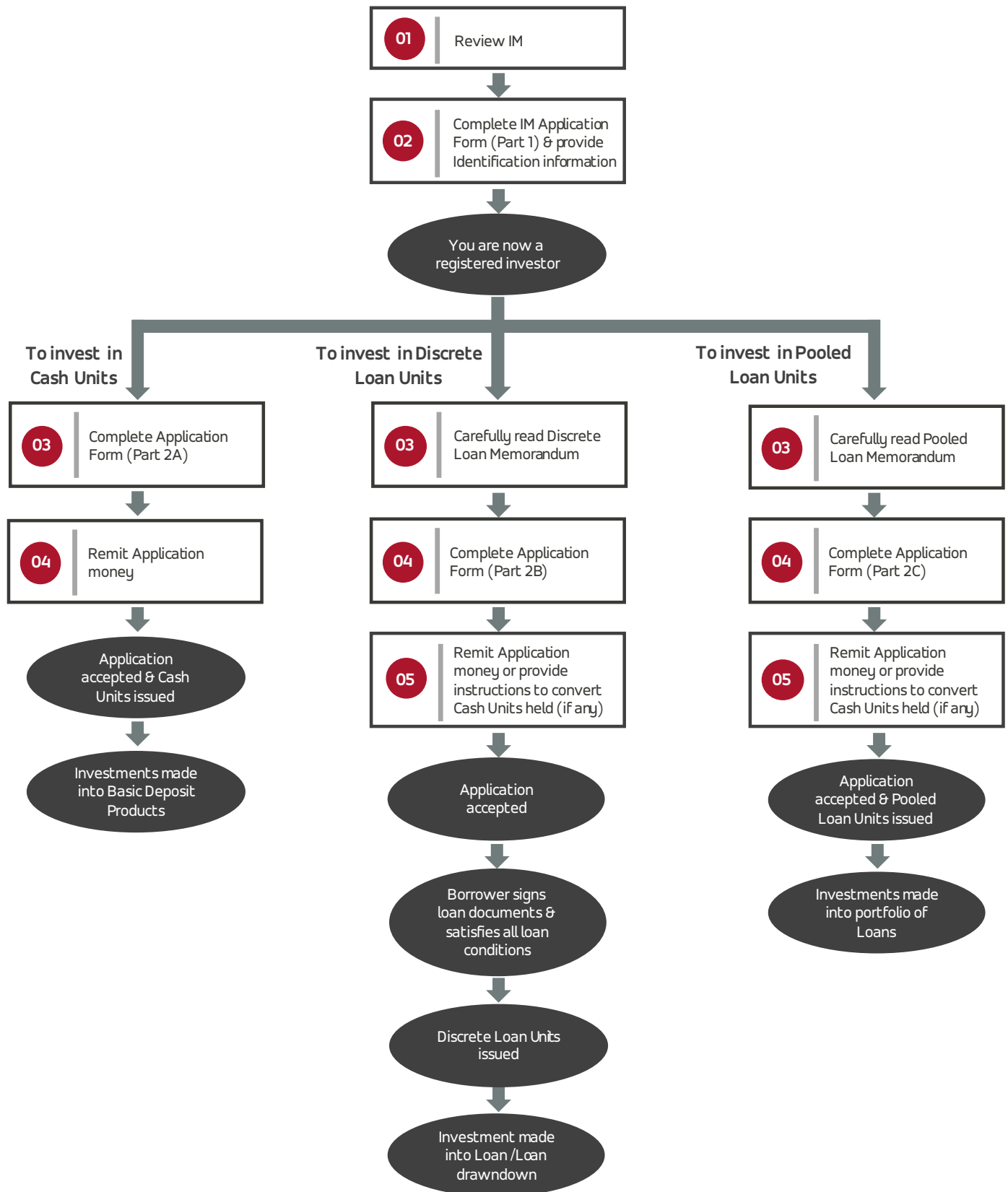


Diagram: Investor application Process

## SECTION 3. LOAN ASSESSMENT FRAMEWORK

One of the key responsibilities of the Investment Manager is to ensure that the risk / reward profile is appropriate having regard to the credit quality of the Borrower and the Loan as well as the strength of the underlying security.

Before a Loan is offered to an Investor through a class of Discrete Loan Units or invested through a class of Pooled Loan Units, each Loan is carefully evaluated by the Investment Manager through a comprehensive assessment of the purpose, servicing capability of the Borrower, valuation, insurance and management protocols proposed for each Loan. The Investment Manager will assess each Loan in accordance with the Credit Policy and, in the case of Pooled Loan Units, the investment mandate as set out in the relevant Pooled Loan Memorandum.

The Investment Manager is also responsible for ensuring that each Loan will be properly documented and appropriately secured prior to any Loan funds being advanced.

### 3.1. LENDING FRAMEWORK

<b>Type of Borrowers</b>	<p>Generally, Loans may be made to all types of Borrowers including:</p> <ul style="list-style-type: none"> <li>• Individuals or sole traders,</li> <li>• Partnerships,</li> <li>• Companies,</li> <li>• Trusts (e.g. family trust or unit trust), and</li> <li>• Self managed super funds (SMSFs).</li> </ul> <p>Borrowers will not, unless otherwise disclosed in the Discrete Loan Memorandum or Pooled Loan Memorandum, be related to the Investment Manager or the Trustee.</p>
<b>Purpose of Loans</b>	<p>Loans advanced may be used for, amongst others:</p> <ul style="list-style-type: none"> <li>• acquisition of assets including property and equipment,</li> <li>• development and construction of commercial and/or residential property,</li> <li>• business cash flow requirements,</li> <li>• debt consolidation,</li> <li>• ATO debt,</li> <li>• equity release/cash out, or</li> <li>• bridging finance.</li> </ul> <p>Loans must be used for commercial and business purposes only. Any lending that is regulated by the NCCP (e.g. for consumer purposes such as purchase of personal residential property) will not be accepted.</p>
<b>Target Loan Size</b>	<p>\$500,000 to \$10,000,000</p> <p>The actual Loan size will be stipulated in the Discrete Loan Memorandum.</p> <p>The actual range of Loan sizes for a portfolio of Loans will be outlined in the corresponding Pooled Loan Memorandum.</p>
<b>Target Loan Term</b>	<p>3 – 24 months</p> <p>The actual Loan term will be stipulated in the Discrete Loan Memorandum.</p> <p>The actual range of Loan terms for a portfolio of Loans will be outlined in the corresponding Pooled Loan Memorandum.</p>
<b>Lending Rate</b>	<p>The interest rate will be as agreed with the Borrower, based on prevailing market interest rates and will be outlined in each Discrete Loan Memorandum.</p> <p>The actual range of interest rates for a portfolio of Loans will be outlined in the corresponding Pooled Loan Memorandum.</p> <p>For Development Loans, a Commitment Fee may also be charged.</p>

**Loan to value ratio (LVR)**

Each Loan LVR will be outlined in the corresponding Discrete Loan Memorandum.

General details about the ranges of Loan LVR for a portfolio of Loans will be outlined in the corresponding Pooled Loan Memorandum.

A maximum LVR covenant for a Loan will be put in place and determined through the assessed credit risk of the Borrower and the nature of the property which is the subject of a Mortgage.

The LVR for each Loan investment will vary depending upon the assessed credit risk of the Borrower and the nature of the property which is the subject of a Mortgage.

**Security**

All Loans must be secured by either or a combination of:

- First ranking registered Mortgages,
- Second ranking registered Mortgages, or
- Second ranking unregistered Mortgages, supported by a registered caveat.

However, the Trustee may also take other forms of security from the Borrower also referred to as Security Interests, which may include security interests registered on the Personal Property Securities Register, personal guarantees and directors' guarantees.

**Security Geography**

Only real property located within Australia may be accepted as security in connection with a Mortgage.

**Unregistered Mortgage**

Not all Mortgages will be registered with the relevant land titles office; for example, where a senior creditor prohibits the registration of further Mortgages or where the certificate of title is not produced by the time the Loan is made to the Borrower.

Where the Fund's Mortgage is not registered, the Trustee will lodge a caveat over the Borrower's real property. A caveat is a notice that a person claims a particular unregistered interest in the property. A caveat will act to prevent the registration of a further dealing with the land that affects the caveated interest, unless the person who lodged it consents or the caveat lapses, is cancelled, rejected, removed or is withdrawn.

**Interest Payment Terms**

Interest payment terms of each Loan will be outlined in the corresponding Discrete Loan Memorandum.

The actual range of interest payment terms for a portfolio of Loans will be outlined in the corresponding Pooled Loan Memorandum.

Interest payment terms may be either or a combination of:

- Payable monthly (or a specified period) in advance,
- Payable monthly (or a specified period) in arrears, or
- Capitalised and payable at loan maturity.

Interest is calculated daily and, where capitalised, compounded monthly on the last day of each calendar month.

**Default Terms**

Standard events of default include failure to pay amounts when due, breach of financial covenants and insolvency of the Borrower.

**Valuation**

Independent valuation reports are obtained for all real property that form the security for each Loan in accordance with the Valuation Policy.

**Other requirements**

Typical representations, warranties, undertakings and events of default, including restrictions on the Borrower disposing of the security property or incurring additional financial indebtedness.

### 3.2. LENDING PROCESS

The Investment Manager has implemented a Credit Policy which outlines the assessment process of all Loan applications. All Loan applications are assessed in accordance with the Credit Policy by the Investment Manager who prepares a credit memorandum which outlines and considers:

- *Borrower profile* – background, relevant experience, financial position and credit history
- *Security* – attributes of the security offered including the security property's location, valuation, income (if any), existing encumbrances and regulatory matters (e.g. suitable planning and building permits held etc, if relevant)
- *Serviceability* – ability of the Borrower to meet loan commitments
- *Exit and repayment strategy* – Borrower's repayment strategy, ability to refinance and if necessary, consideration of the Fund's ability to recover Loan funds in the event of default.

The Credit Policy will apply to all loans invested within each Loan Unit, subject to the relevant investment mandate in the case of Pooled Loan Units.

### 3.3. LOAN MANAGEMENT

One of the key responsibilities of the Investment Manager is to monitor and manage all Loans within the Fund. The key loan management activities are outlined as follows:

#### General

#### (1) Substitution of Security

There may be circumstances where security held for a Loan requires substitution. For example, sale of property. The Investment Manager may allow substitution of a Borrower's security for another security provided that it does not exceed the original maximum LVR covenant and importantly, that there would be no material adverse effect on the Investors' position.

#### (2) Valuation Policy

The Investment Manager has established a Valuation Policy which regulates the way in which the value of a security property is determined and other requirements in relation to the valuation of a security property. A copy of the Valuation Policy is available upon request.

Generally, all valuation reports must be prepared by a qualified, independent valuer registered with an appropriate professional body. Further, valuation reports accepted may not be older than 6 months from the date of initial Loan approval by the Investment Manager.

#### (3) Loan Arrears and Default Management

Determination of an event of default will be set out in the applicable Loan and Security Documentation entered into between the Trustee on behalf of the Fund and the Borrower.

When a Loan is deemed to be in default, Investors will be notified as soon as practicable but within 2 Business Days of the Trustee becoming aware of the default.

Where the Borrower does not remedy the default within the prescribed period, the Investment Manager may commence recovery action against the defaulting Borrower.

Recovery action against a Borrower may include:

- Arranging and issuance of default notices and other notices of demand,
- Taking possession of secured property,
- Exercising the power of sale pursuant to the Mortgage (if applicable),
- Enforcing guarantees,
- Appointing external parties to manage the secured property or complete the development of the secured property prior to a sale process, and
- Any other action deemed reasonably necessary to optimise realisable value, protect Investors' interests and recover Investors' monies.





Where the Mortgage securing the Loan is not first ranking, the enforcement of the Loan will be determined by the actions taken by the senior lender. The senior lender will have the right to take possession of, and deal with, the secured property and assets of the Borrower if various covenants of the senior lender's loan facility are not met. In this case, due to the Fund's security ranking behind the senior lender, if the Borrower defaults under any of the loan facilities and the senior lender exercises its security, then the Investment Manager will not have day-to-day control over the Borrower's assets. This will generally mean the Investment Manager cannot exercise the Fund's security until the senior lender has been paid in full. In addition, any monies available to the Fund in these circumstances would be limited to what is recovered after the senior lender has been paid in full.

#### (4) Recovery expenses

Recovery and enforcement action can involve significant costs, including legal expenses and receiver's fees. The Fund does not maintain cash reserves to fund these costs. As such these costs may be funded as follows, to be determined at the Trustee's sole discretion:

- Paid by the Investment Manager from its own funds.  
In this case, the Investment Manager would have a right to recover any amount paid (plus any agreed interest and or fees on those amounts) from the proceeds received from the Borrower, in priority to any payments to be made to Investors that hold Loan Units referable to the defaulting Loan.
- Paid by a third party.  
In this case, the third party would have the right to recover any amount paid (plus any agreed interest and or fees on those amounts) from the proceeds received from the Borrower, in priority to any payments to be made to Investors that hold Loan Units referable to the defaulting Loan.

If the Trustee is required to assist the third party or Investment Manager in default recovery or management, such recovery expenses may include the Trustee's fees for doing so, on a time recovery basis, of up to \$300 per hour + GST, as permitted by the Trust Constitution.

The recovery expenses may only be paid from the assets relevant to the Loan Units of the defaulting Loan and does not affect other unrelated classes of Loan Units.

### Relevant to Discrete Loan Units Only

#### (5) Interest Repayment Extension

At the Borrower's request, the Investment Manager may grant the Borrower a grace period for late interest repayments by the Borrower if the Investment Manager is reasonably satisfied that there are no adverse issues subsisting. The Investment Manager may only allow an extension of no more than 10 days without requiring the consent of Investors under the relevant Discrete Loan Unit class and no more than once within any 3-month period.

The extension only relates to relief from the declaration of an event of default in accordance with the Loan and Security Documentation however the higher lending rate (or default rate) will be applicable notwithstanding the extension.

#### (6) Loan Repayment Date Extension

At the Borrower's application, the Investment Manager may grant the Borrower an extension of a Loan term for a period up to 30 days, with notice to the relevant Investors.

Where an Investor does not wish to participate in the extension, it must notify the Investment Manager as soon as practicable and the Investment Manager will reasonably endeavour to substitute the Investor with another. However, if a substitute Investor is not found, the Investor may not withdraw from the Loan.

An extension sought beyond 30 days may only be granted with the consent of Investors in accordance with section 3.3 (7).

#### (7) Decision making

The Investors within in each Discrete Loan Unit control the key decisions relating to the underlying Loan.

Most decisions relating to a Loan may be carried out with simple majority vote of Investors within the relevant Discrete Loan Unit. However, key decisions which require 66.66% Investor votes are:

- extension of Loan term beyond the period stipulated in section 3.3(6),
- whether to enforce against a Borrower who is in default, and
- whether to amend material terms of a Loan such as maximum LVR, lending rate, partial or full release of security and interest payment terms.



## (8) Authority to Act

For ease of Loan management and administration, each Investor under a class of Discrete Loan Unit provides to each or any director, officer, attorney or appointed representative of the Trustee (each severally an '**Attorney**') an irrevocable authority to execute on behalf of the Investor from time to time documents relating to the registration, discharge and enforcement of a Loan and any other dealing the Attorney reasonably considers necessary, including the granting of any consent.

This authority granted by each Investor of a Discrete Loan Unit provides the Attorney with the power to:

- do everything, which in the reasonable opinion of the Attorney, is necessary or expedient to enable the exercise of any power or right of the Investor of the Fund in relation to a Loan,
- complete any Mortgage and any other security document provided by the Borrower,
- execute any Mortgage and all other documents requiring execution by the Trustee as Mortgagee, and
- if there is an event of default by the Borrower in relation to the Loan, exercise any power of sale or other remedies of the Investor of the Fund pursuant to any Mortgage and any other security document provided by the Borrower.

Each Investor indemnifies and must keep the Attorney indemnified against any liability, loss, cost, expense or damage arising from the lawful exercise of any right by the Attorney under the authority granted by that Investor.

### Relevant to Pooled Loan Units Only

The Investment Manager is responsible for the day to day management and decision making of the portfolio of Loans held within each class of Pooled Loan Units. The relevant Pooled Loan Memorandum outlines the parameters under which the Investment Manager is to manage the Pooled Loan Unit portfolios. Accordingly, the Pooled Loan Memorandum will not contain details of specific Loans in which the relevant class of Pooled Units will invest and instead will contain general details about the relevant Loan types.

## 3.4. SYNDICATED LOANS

The Fund may participate in syndicated loans. Syndicated loans are typically larger value loans in which the Fund provides a loan to a Borrower on a 'pari passu' basis with other co-lenders.

In this case, the arrangement may either involve:

- The interest of the co-lenders and the Fund being registered against the security (e.g. all lenders' interests listed on the property certificate of title), or
- The Fund co-investing in a loan that is managed by a third party (with the Fund's interest and security position appropriately documented).

This provides Investors with access to participate in larger loans which are not usually available to the public.

Syndicated loans may be included in the Loans invested by any Loan Unit.

## 3.5. DEVELOPMENT LOANS

The purpose of Development Loans is to assist with funding of property development where funds are progressively advanced subject to certain progress payment milestones and conditions. For example, a portion of Loan funds are advanced at first drawdown to assist with settlement of land acquisition and early stage works and thereafter Loan funds are advanced progressively in accordance with the construction programme subject to certain Loan conditions.

The Discrete Loan Memorandum will provide details of the development project and a schedule of estimated drawdown amounts and timing. The Pooled Loan Memorandum will provide details of the types of Development Loans invested by a class of Pooled Loan Units. By investing in a Development Loan, an Investor must advance all investment monies at the time of application.

Development Loans may be included in the Loans invested in by any Loan Unit.

Funds which are committed to a Borrower in accordance with the applicable Loan and Security Documentation but not yet drawn (**Undrawn Commitment**) will be held in a similar manner to Cash Units (which entitles the Investor returns on amounts held) until conditions are satisfied for each subsequent drawdown. In addition, Investors may be entitled to a Commitment Fee which is payable by the Borrower for Undrawn Commitments.



## SECTION 4. FEES AND EXPENSES

This section outlines fees and other costs that Investors may be charged for the management of the Fund. These fees and costs may be deducted from the Fund's assets. Investors should read all the information about fees and costs to understand its impact of on Investors' investment.

### 4.1. MANAGEMENT FEES AND COSTS

#### Cash Units

No fees or costs are payable by Investors for the management of the Cash Units.

#### Discrete Loan Units

Except where the Borrower suffers an event of default, no fees or costs are payable by Investors for the management of the Fund and Loans.

A Line Fee is payable by the Borrowers directly to the Trustee. It is intended the Trustee will pay all fees and costs (other than recovery expenses) of the Fund from this amount.

The Investment Manager may receive Loan Management Fees directly from the Borrower in relation to the administration and management of each Loan.

If the Borrower defaults and following recovery action (see Section 3.3(3)) there remains insufficient funds to pay in full the Line Fees, Loan Management Fees and Loan principal and accrued interest (including default interest), then priority of payments will be:

1. Investor principal investment (Loan principal amount), then
2. Line Fees, Loan Management Fees and Loan accrued interest (pro-rata), then
3. Default interest.

#### Pooled Loan Units

Fees or costs payable with respect to each class of Pooled Loan Units is set out in the relevant Pooled Loan Memorandum.

### 4.2. EXPENSES

There are expenses (excluding Loan recovery expenses in the event of a Loan default) associated with the operation of the Fund, including the costs associated with the administration or distribution of income, fees for the audit of the Fund, and other expenses properly incurred by the Trustee, the Investment Manager and the Administrator in connection with performing their duties and obligations in the day to day operation of the Fund.

The Trustee and Investment Manager will pay these expenses (excluding Loan recovery expenses in event of loan default) from the Line Fee received from the Borrower and its own funds other than expenses in the nature of disbursements relating to a particular class of Units (which are recoverable from Investors in that class).

### 4.3. GOODS AND SERVICES TAX

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

### 4.4. WAIVER, DEFERRAL OR REBATE OF FEES

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

### 4.5. REFERRAL FEES

The Investment Manager may offer referral fees at the Investment Manager's sole discretion, provided this is at the Investment Manager's own expense.

## SECTION 5. RISKS

All investments involve varying degrees of risk. There are many factors that may impact the performance of the Fund and the repayment of an Investor's capital. This section includes a non-exhaustive list of the main risks associated with investment in the Fund. Many risk factors fall outside of the Trustee and the Investment Manager's control and cannot be completely mitigated.

Before lodging an Application Form, prospective investors should consider these risks and whether an investment in the Fund is a suitable investment with regard to their own personal investment objectives, financial position and particular needs and circumstances. Where necessary, Investors should seek professional advice to assist with their investment decisions.

Target returns and distributions are not guaranteed and neither is the return of an Investor's capital.

RISKS	HOW RISK IS MITIGATED
<p><b>5.1 Manager Risk</b></p> <p>The Fund relies on the ability of the Investment Manager to identify suitable Loans for the Fund then managing those Loans to achieve the Fund's objectives. If the Trustee and/or its investment professionals were not to continue in their respective roles, the Fund may not be able to achieve its objectives.</p>	<p>The Investment Manager is appropriately incentivised to seek Loan opportunities that would fit within the Credit Policy (and investment mandate, in the case of Pooled Loan Units) however it cannot guarantee the performance or target returns of the Fund.</p>
<p><b>5.2 Credit Risk</b></p> <p>The financial performance of the Fund's Loans can be directly impacted by the financial performance of the Borrowers.</p> <p>If the Borrower, due to insolvency or external administration, defaults on the repayment of their Loan, then the payment of distributions to holders of Loan Units referable to the Loan may cease. In this case, the recoverability of the Investor's capital will depend on the amount that is realised from a recovery process made to that Borrower and Investors may lose some or all of their principal investment as a result.</p>	<p>The Investment Manager and Trustee must abide by the Credit Policy terms.</p> <p>Borrowers, type of security, maximum LVR and repayment strategies are carefully assessed before being offered by the Fund.</p> <p>Loans are actively managed and monitored throughout the term of the Loans.</p>
<p><b>5.3 Unregistered Mortgage Risk</b></p> <p>Where a Mortgage is unregistered, there is a risk that the Borrower could deal with its real property without the Trustee's consent. This means that the Borrower could sell the property or grant a Mortgage to another party which, if registered, would take priority over the Fund's Mortgage.</p>	<p>A caveat over the Borrower's real property will be lodged by the Trustee in lieu of a registered Mortgage.</p> <p>A caveat is a notice that a person claims a particular unregistered interest in the property. A caveat will act to prevent the registration of a further dealing with the land that affects the caveated interest, unless the person who lodged it consents or the caveat lapses, is cancelled, rejected, removed or is withdrawn.</p>
<p><b>5.5 Legal Documentation risk</b></p> <p>In certain circumstances, a deficiency in Loan and Security Documentation could adversely affect the return on a Loan. This may make it difficult for the Investment Manager to enforce security with respect of a Loan and affect the ability to recover any penalties imposed against the Borrower.</p>	<p>The panel of legal advisors engaged by the Trustee to represent the Fund and prepare Loan and Security Documentation will be selected based on their level of skill and appropriate experience to minimise the risk of any errors and deficiencies.</p>

**RISKS****HOW RISK IS MITIGATED****5.4 Liquidity Risk**

The investment term of each class of Discrete Loan Unit is specified in the Discrete Loan Memorandum. Investors cannot withdraw Discrete Loan Units until the Loan matures or is repaid.

The minimum investment term of each class of Pooled Loan Units is specified in the relevant Pooled Loan Memorandum. Investors cannot withdraw Pooled Loan Units during the specified minimum term, and subsequently any withdrawals will be at the discretion of the Trustee, having regard to the liquidity available.

This may represent a risk to Investors if they require the return of their investment earlier. There is also no guarantee a Loan will be repaid on maturity as a delay by the Borrower in repaying the Loan will also delay the ability of the Investors holding the relevant Loan Units referable to that Loan to recover their capital.

Loan term and therefore investment term are clearly set out in each Discrete Loan Memorandum which Investors must read prior to investing.

Unless otherwise provided in the Pooled Loan Memorandum, Pooled Loan Unit investment will be open-ended, meaning investments will be made continuously for the life of the Pooled Loan Units. Investors should seek independent financial advice as to the optimum investment term for an investment in Pooled Loan Units.

**5.6 Valuation risk**

The valuation of the security property for a Loan may be inaccurate or not accurately reflect its true value at the time the valuation is undertaken. This may occur if assumptions and data about the property that the valuer relies on is false or inaccurate. If the valuation of the security property for a Loan is defective, then the Loan may not be adequately secure and the amount realised on the sale of a security property may not cover the amount lent to the Borrower.

Only reports from independent registered valuers who hold appropriate levels of insurance are used.

For Development Loans, a quantity surveyor acceptable to the Trustee is engaged to certify payments and confirm costs to complete as the project development progresses.

**5.7 Operational risk**

Operational risk exists in all businesses including managed investments. This refers to the risk of loss arising from the Trustee or the Investment Manager's business systems, technology, processes or human resources which may impact the operation of their business.

The Trustee and Investment Manager have appropriate risk management and compliance policies in place to ensure that all operational risks are appropriately identified and managed.

**5.8 Recovery and Enforcement Risk**

In the event of a Borrower default, the Investment Manager may have to commence recovery processes to recover the Loan, any unpaid interest and costs.

It is possible that these enforcement costs (such as the costs of appointing a receiver, legal fees in enforcing against the Borrower, agent's commissions for sale of the security property) will most likely lead to a reduction in distributions paid to Investors that hold the Loan Units referable to the defaulting Loan which may result in those Investors suffering a loss.

Please refer to Credit Risks and how this risk can be mitigated.

**RISKS****HOW RISK IS MITIGATED****5.9 Market Risk**

Adverse market movements may affect the price of assets within a particular market. Property market risk is the risk that the property market as a whole declines in value in line with various trends in the Australian or overseas markets. This may be due to a number of factors, such as over-supply of real estate, economic conditions, interest rate movements or general market sentiment.

The Fund's assets will be made up of Loans secured by real property. Therefore, factors which affect the property market may impact upon the value of security assets and the ability of the Borrower to repay the Loan.

Please refer to Credit Risks and how this risk can be mitigated.

**5.10 Regulatory Risk**

Any changes in government law, regulation, government policy may negatively impact the operations of the Fund or Loans.

Before investing in the Fund, Investors should seek independent legal advice to understand the regulatory risks that may impact their investment.

**5.11 Development Loan Risk**

Loans may be provided for property construction and development purposes. The risks associated with such loans are generally higher than those made for established properties.

These additional risks include:

- Construction or development costs exceeding budgeted costs and the Borrower may be unable to complete the project unless the Borrower can obtain further funds,
- In the event a Borrower is unable to complete a project, then it may not be possible for the Fund to sell the incomplete project and recover the Loan,
- A change in market conditions could result in a change in the project's value on completion, and
- Where the project is the development of apartments, a change in market conditions could result in purchasers failing to complete the purchase of their apartment and therefore impact the Borrower's ability to repay the Loan

Please refer to Credit Risks and how this risk can be mitigated.

**5.12 Vacant Land and Non-Income Earning Property**

Loans may provided with respect to vacant land and other non-income earning properties. If a default occurs, there is no income to assist in rectifying the default.

Please refer to Credit Risks and how this risk can be mitigated.



**RISKS****HOW RISK IS MITIGATED****5.13 Syndicated Loan Risk**

Where an Investor invests in Loan Units which are referable to a syndicated loan, the portion held by Investors in the loan may form a small proportion of the entire syndicated loan and therefore have insignificant voting control of the loan.

In respect of Discrete Loan Units, the aggregate amount of investment in the syndicated loan and associated voting control will be clearly set out in each Discrete Loan Memorandum which Investors must read prior to investing.

In respect of Pooled Loan Units, it is intended that such Units will invest in at least one third of any syndicated loan so that holders of Pooled Loan Units will have at least one third voting control of the loan. The thresholds of investments in syndicated loans, and of associated voting control, will be set out in each Pooled Loan Memorandum.

If required, Investors should seek independent legal and financial advice to understand the risks with syndicated loans.

**5.14 Diversification Risk**

While the Fund aims to present Investors with the opportunity to participate in a diverse range of Loans, if an Investor chooses only to participate in a single Loan, they will not have access to diversification within their investment in the Fund.

Investors may diversify their exposure within the Fund by acquiring Discrete Loan Units that are referable to a number of Loans, or by acquiring Pooled Loan Units. In the event of a loss on a specific Loan or a specific pool of Loans, the loss will be borne only by the Investors who hold Discrete Loan Units referable to that Loan or who hold Pooled Loan Units referable to that pool of Loans. It is likely that the Fund will initially lend to a limited number of Borrowers, with limited geographic and sector diversification. As the Fund grows, the Investment Manager intends to provide diversification across different Borrowers, size of Loans, Loan sectors (for example, residential, commercial, industrial and development) and geographic locations. The Investment Manager intends to actively manage the Fund's portfolio of Loans to ensure there is an appropriate level of diversification, exposure and weighting available having regard to the objectives of the Fund and its stage of development.

**5.15 Junior lender risk**

Where the Mortgage securing the Loan is not first ranking, the enforcement of the Loan will be determined by the actions taken by the senior lender. The senior lender will have the right to take possession of, and deal with, the secured property and assets of the Borrower if various covenants of the senior lender's loan facility are not met. In this case, due to the Fund's security ranking behind the senior lender, if the Borrower defaults under any of the loan facilities and the senior lender exercises its security, then the Investment Manager will not have day-to-day control over the Borrower's assets. This will generally mean the Investment Manager cannot exercise the Fund's security until the senior lender has been paid in full. In addition, any monies available to the Fund in these circumstances would be limited to what is recovered after the senior lender has been paid in full.

Please refer to Credit Risks and how this risk can be mitigated.

## SECTION 6. TAXATION INFORMATION



4 March 2019

The Directors  
Specialised Investment and Lending Corporation Pty Ltd as  
Trustee for the SILC Credit Fund  
Level 9, 179 Queen Street  
Melbourne, Victoria 3000

Dear Directors

### **Australian Taxation Implications for Investors in the SILC Credit Fund**

As requested, this letter has been prepared for inclusion in the Information Memorandum dated on or around 18 February 2019, in relation to the issue of units in the SILC Credit Fund (*the Fund*).

This letter provides a general summary for Australian resident and non-resident investors (*the Investors*) who subscribe for units pursuant to the Information Memorandum and hold the units on capital account for Australian income tax purposes. It does not attempt to address all of the Australian tax consequences that may be relevant to the Investors.

The opinion is general in nature because the tax implications for each Investor may vary depending on their particular circumstances. Accordingly, it is recommended that each Investor seeks their own professional advice regarding the taxation implications before making any investment or other decision in relation to the units in the Fund. This taxation opinion is not, and is not intended to be, taxation advice to any particular Investor.

This opinion is based on the Income Tax Assessment Act 1936 (*ITAA 1936*) and the Income Tax Assessment Act 1997 (*ITAA 1997*) (collectively referred to as *the Tax Law*) as applicable at the date of this opinion.

### **1. Tax Treatment of the Fund**

As the Fund is a unit trust, it will be treated as “flow through” entity for Australian income tax purposes. That is, the taxable income of the Fund will be subject to Australian tax in hands of Investors, not the Fund on the basis that:

- The Investors are made “presently entitled” to all of the income of the Fund at the end of each income year; and
- The activities of the Fund are limited to “eligible investment businesses” such that the Fund should not constitute a public trading trust.

We understand the Fund offers Investors primarily three types of classes of units, being cash units, discrete loan units and pooled loan units. Typically, the loan units will be issued to each new commercial loan opportunity offered to Investors, where the loans are secured by first or second ranking mortgages over commercial, residential, rural and industrial property in Australia. Therefore, the expectation is that the taxable income from the Fund will primarily be in the form of interest income which will ultimately flow through to Investors.

### **2. Tax Treatment of Investors**

The section contains an outline of the Australian income tax implications that will generally apply to Investors that acquire Fund units on capital account.

#### *2.1 Australian Resident Investors*

From time to time, Investors who are made presently entitled to the distributable income of the Fund will receive trust distributions from the Fund, in proportion to their entitlements to that distributable income.





In this regard, Australian resident investors should recognise their share of the distributable income, which is likely primarily in the form of interest income, to be included in their assessable income.

The redemption or transfer of units will constitute a disposal by an Investor for tax purposes. If the Investor holds their units on capital account, any gain made by the Investor on disposal will be subject to capital gains tax (**CGT**). If the Investor makes a capital loss, it may be used to offset capital gains derived in the current or a future tax year. We understand that it is intended by the Trustee that unit price is to be issued at \$1.00 per unit but this may not always be the case as the unit price is based on underlying value of the assets referable to the particular class of units, and is calculated in accordance with the terms of the Trust Deed.

A CGT discount may be available on the capital gain on units held for 12 months or more by individual, trusts or complying superannuation entities. Companies are not eligible for CGT discount. For individual and trusts, the discount is 50%. For complying superannuation entities, the discount is 33.33%.

## 2.2 Non-Resident Investors

Given the intention is that the distributable income of the Fund will primarily represent interest income, non-resident Investors should only be subject to 10% final interest withholding tax (**IWHT**) on any income distribution received. This tax treatment applies irrespective of whether the Fund is classified as a Managed Investment Trust (**MIT**) for tax purposes.

This is, the Trustee is required to withhold a 10% IWHT to the Australian Taxation Office (**ATO**) and non-resident Investors are not required to lodge an Australian income tax return if interest income is the only source of income as the IWHT is treated as a “final” tax liability in Australia.

If any income from the Fund is not interest, dividend or royalties income, non-resident investors may either be subject to the general trust withholding provisions (whereby tax maybe deducted at the non-resident withholding rates) or the MIT withholding provisions. Investors should seek their own advice on these matters.

Any capital gain or capital loss resulting from a disposal or redemption of units in the Fund by a non-resident Investor will be disregarded if a non-resident Investor holds less than 10% of the units in the Fund or the Fund does not hold majority investments in Australia real property.

On the basis the Fund's investment will primarily consist of registered and unregistered mortgages secured over real property, but not directly in any underlying real property, it is expected that a non-resident Investor should not have any CGT implications arising from their disposal or redemption of units.

Each non-resident Investor however, should seek their own advice when they seek to dispose or redeem the units.

## 3. Foreign Account Tax Compliance Act (FATCA)

FATCA is United States (**US**) tax legislation that enables that US Internal Revenue Services (**IRS**) to identify and collect tax from US residents that invest in assets through non-US entities. If you are a US resident, or become a US resident, for tax purposes, you will not be allowed to invest in the Fund.

## 4. Common Reporting Standards (CRS)

From 1 July 2017, Australian Financial Institution will need to start applying the Common Reporting Standard (**CRS**) in Australia. The CRS is very similar to FATCA, however it will have much broader application will run parallel (and in addition) to FATCA.

CRS is the standard set by the Organisation for Economic Co-operation and Development (**OECD**) for the automatic exchange of information with revenue authorities for tax non-residents that invest in certain financial accounts. The standard covers both the identification of tax non-residents and reporting on the applicable financial accounts.





The Fund intends to comply with its CRS obligations under any relevant Australian laws and regulations, including obtaining and disclosing information about certain investors to the ATO or other foreign tax authorities as required. To facilitate these disclosures, Investors will be required to provide certain information such as that relating to their country of tax residence and their relevant taxpayer identification number (if applicable).

The CRS regime took effect on 1 July 2017.

#### **5. Attribution Managed Investment Trust (AMIT) regime**

The Government has recently enacted a new tax regime for certain managed investment trusts known as the Attribution Managed Investment Trust (AMIT) Rules. The AMIT Rules remove a number of uncertainties for Trustees and Investors that exist under the current tax law and facilitates fair and reasonable tax outcomes for Investors.

The AMIT Rules do not apply automatically to all MITs. The Trustee will make an assessment of whether the Fund qualifies as an AMIT and whether it will make an election to apply the AMIT Rules to the Fund. If the Fund meets the eligibility requirements, the Trustee is expected to make an election to apply the AMIT Rules. We would not expect the AMIT regime to materially change the tax treatment of Investors outlined above.

#### **6. Goods and Services Tax**

GST should not apply on the acquisition and disposal of units as well as cash distribution from the Fund to the Investors.

#### **7. Change of Tax residency**

We recommend that each Investor seeks professional advice on their residency status if there may be a change in their tax residency through the course of their investments and the associated tax implications relevant for their circumstances.

#### **8. Taxation File Number (TFN)**

Australian resident Investors may choose not to provide the Trustee with their TFNs. However, if a TFN is not quoted, or no appropriate TFN exemption is provided, the Trustee is required to deduct tax from any income distribution entitlement at the highest marginal tax rate plus Medicare Levy.

Yours sincerely

**HLB Mann Judd (Vic) Pty Ltd**  
**Chartered Accountants**

A handwritten signature in black ink, appearing to be 'Josh Chye', written over a light blue horizontal line.

**Josh Chye**  
**Director**



## SECTION 7. GOVERNANCE

### 7.1. ABOUT US

Specialised Investment and Lending Corporation Pty Ltd ACN 149 520 918 (AFSL 407100) is the Trustee of the Fund and will manage the Fund in accordance with the Trust Constitution and its duties and obligations under Australian law and, importantly, will have regard to the best interests of Investors in all decisions that it makes with respect to the Fund.

SILC Portfolio Solutions Pty Ltd ACN 616 916 593 is the Investment Manager of the Fund and is responsible for originating and assessing potential loan investments for the Fund and will monitor the day-to-day management of the Fund's Loans. It is also a corporate authorised representative (number 1252859) of Specialised Investment and Lending Corporation Pty Ltd ACN 149 520 918 (AFSL 407100).

SILC Funds Administration Pty Ltd ACN 628 993 386 is the administrator of the Fund, and is responsible for the general operations and administration of the fund including investor administration process (including applications and unit registry) and fund accounting. Collectively, the team have a breadth of experience in the banking, funds management and financial services sector.

Further, senior management are overseen by the group's Advisory Board. The Advisory Board consists of distinguished individuals, each deeply experienced and highly regarded in the business and financial services industry. The Advisory Board members provide guidance, direction and oversight into the overall group strategy and operation of the business.



*The SILC Group Advisory Board - Bryan Waters, Roland Matrenza, Michael Petit and Ben Cohen*

### 7.2. KEY LEADERSHIP TEAM



#### **KOBY JONES | Managing Director and Responsible Manager**

Koby is the founder and Managing Director of The SILC Group. He is an accomplished banking and finance executive with extensive experience gained in advising, structuring and distributing traditional and alternative investment assets, structured financing and global financial market instruments. He founded the specialist financial solutions firm in 2011 following a highly successful career in global financial markets and private wealth management with major financial institutions Westpac Banking Corporation, Australia and New Zealand Banking Group Limited, National Australia Bank Limited and Wilson HTM Investment Group. He is a Responsible Manager of The SILC Group's AFSL and is responsible for driving the growth of the business, setting strategic direction and business development activities of The SILC Group alongside the leadership team.

Koby is also the Executive Chairman of the Australian chapter of the Global CEO Fortune Club and an Executive Committee Member of the Australasia Investments and Trade Association.



### **MICHELLE TAY | Executive Director and Responsible Manager**

Michelle is an experienced banking and finance executive, with particular specialisation in syndicated corporate and structured financing, agency services and corporate management. During her tenure at the Australia and New Zealand Banking Group Limited, she managed a portfolio of large complex syndicated corporate and structured finance transactions across multiple industries and geographies. She also has extensive experience in business and corporate banking, property development financing and corporate management across all areas of business operations, financial management and taxation and regulatory compliance.

Michelle is a Responsible Manager of The SILC Group's AFSL and is responsible for oversight of the company's financial management, taxation and regulatory compliance, and operational risk management as well as investor relations and communication.

## **7.3. DISCLOSURE OF INTEREST**

The directors and team members of The SILC Group may invest their own money into the Fund. The Trustee records all conflict of interests in a Conflict of Interest register which is reviewed on an annual basis by The SILC Group's Compliance Manager.

## **7.4. INDEMNIFICATION**

Subject to the IM and unless otherwise agreed with the Trustee, the Trustee is entitled to be indemnified out of the Fund for any loss, damage, expense or other liability incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the Fund.

The Investment Manager and the Administrator are similarly entitled to be indemnified by the Trustee (out of the assets of the Fund) for all claims, losses, liabilities, damages, costs and expenses (**Costs**) incurred by them in relation to the performance of their role as Investment Manager and Administrator respectively. However, the Investment Manager and Administrator are not entitled to be indemnified by the Trustee and will be liable to the Fund for any Costs arising as a result of their fraud, gross negligence, wilful default or material breach of the agreement under which they are appointed.

## **7.5. AMENDMENTS**

The terms of the Trust Constitution may be amended by the Trustee, subject to the Trustee's duties and obligations to Investors. The Trustee will not make any amendments to the Trust Constitution that it considers would be materially adverse to Investors, without seeking the approval of Investors.

In most circumstances, the Constitution can also be amended by a special resolution passed by Investors (being a resolution passed by at least 75 percent of the votes cast by Investors entitled to vote on the resolution). However, if the proposed amendment relates to the process to remove the Trustee, then an extraordinary resolution will be required (being a resolution passed by at least 85 percent of the total votes that may be cast by Investors entitled to vote on the resolution (including Investors who are not present in person or by proxy)).

## **7.6. INVESTOR REPORTS AND COMMUNICATION**

To ensure that Investors are kept abreast of their investment, the Trustee will provide Investors with the following information:

- Confirmation of investments and redemptions
- Quarterly statements of unit holdings and interest payments
- Annual taxation distribution statements

All communications including reports will be sent electronically unless otherwise instructed in writing by the Investor.



## 7.7. INVESTOR MEETINGS

Under the Trust Constitution, the Trustee may elect to call a meeting of all Investors or Investors who hold a particular class of Units. In the latter case, only Investors who hold those Units are entitled to attend and vote at the meeting.

In respect of a meeting of a class of Investors, Investors with at least 50% of the votes that may be cast on the resolution can request for the Trustee to call and arrange such a meeting.

In respect of a meeting of all Investors, Investors with at least 35% of the votes that may be cast on the resolution can request the Trustee to call and arrange such a meeting.

## 7.8. MATERIAL DOCUMENTS

Material documents relevant to the Fund are:

- Trust Constitution, and
- Investment Management Agreement

Should you require a copy of any of these documents, please contact the Trustee at +61 9600 2828 or at [investors@silcgroup.com.au](mailto:investors@silcgroup.com.au).

## 7.9. RELATED PARTY TRANSACTIONS

The Investment Manager and Administrator are related parties of the Trustee. The Investment Manager is appointed pursuant to an investment management agreement and the Administrator is appointed pursuant to an administration agreement.

From time to time, the Trustee or Investment Manager may encounter conflicts between its duties to the Fund, its duties to other funds that it manages and its own interests. At all times, the Trustee and Investment Manager will manage any conflicts in accordance with its conflicts of interest policy, the Trust Constitution, ASIC policy and the law.

The Trustee may from time-to-time enter into transactions with related entities. All transactions will be effected at markets rates or at no charge.

## 7.10. ANTI-MONEY LAUNDERING

In making the offer contained in this IM and in operating the Fund, the Trustee is required to comply with the AMLCTF legislation.

This means the Trustee is required to obtain identification information when you apply to invest in the Fund and undertake transactions in relation to your investment.

The Trustee needs to undertake identification activities in the following circumstances:

- Prior to accepting your investment in the Fund. The Trustee will not issue any Units to you until all relevant information has been received and your identity has been satisfactorily verified.
- If you die while you are a member of the Fund, then the Trustee will need to identify your legal personal representative prior to redeeming your Units or transferring ownership.
- If you appoint someone to act on your behalf in relation to your investment in the Fund, e.g., under a power of attorney, then the Trustee will be required to identify your agent or attorney.

There may be other situations where the Trustee is required to undertake identification activities. In some circumstances the Trustee may need to re-verify this information.

By applying to invest in the Fund, you also acknowledge that the Trustee may decide to delay or refuse any request for any transaction if the Trustee is concerned that the request or transaction may breach any obligation, or cause the Trustee to commit or participate in an offence under any AMLCTF legislation, and the Trustee will not incur any liability to you if the Trustee does so.

## 7.11. PRIVACY

When you make an application to invest in the Fund, the Trustee and Investment Manager will collect personal information (your name, address etc) about you. The personal information supplied is used primarily for processing the application to invest in the Fund, administering and managing the investment, and complying with applicable laws and regulations. A

full copy of the Trustee's privacy policy can be obtained by visiting <http://www.silcgroup.com.au/privacy-policy>.

The Trustee may disclose some or all of the personal information which you have provided to the Trustee to your adviser and any professional advisers, such as the Fund's accountants or financial institutions involved in processing transactions.

Under various laws and regulatory requirements, the Trustee may have to pass-on certain information to other organisations, such as the Australian Tax Office or the Australian Transaction Reports and Analysis Centre (AUSTRAC). By applying to invest, you give the Trustee permission to pass information the Trustee holds about you to other companies which are involved in helping the Trustee administer or manage the Fund, or where they require it for the purposes of compliance with AMLCTF law or in connection with the holding of application money.

As well as reporting to you about your investment in the Fund, the Trustee may use your contact details to let you know about other investment opportunities.

You have a right to know what information the Trustee holds about you and to require the Trustee to correct any errors. In this regard, you can assist the Trustee in keeping details up to date by advising the Trustee of any information that appears incorrect.

## **7.12. COMMON REPORTING STANDARDS (CRS)**

CRS is the single global standard set by the Organisation for Economic Co-operation and Development (OECD) for the automatic exchange of information with revenue authorities for tax non-residents that invest in certain financial accounts. The standard covers both the identification of tax non-residents and reporting on the applicable financial accounts. The Trustee is a 'Reporting Financial Institution' under CRS and intends to comply with its CRS obligations under any relevant Australian laws and regulations, including obtaining and disclosing information about certain investors to the ATO or other foreign tax authorities as required. To facilitate these disclosures, Investors will be required to provide certain information such as that relating to their country of tax residence and their relevant taxpayer identification number (if applicable).

## **7.13. FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA)**

FATCA is United States (US) tax legislation that enables the US Internal Revenue Service (IRS) to identify and collect tax from US residents that invest in assets through non-US entities. If you are a US resident for tax purposes, you should note that the Fund is or is expected to be a 'Foreign Financial Institution' under FATCA and it intends to comply with its FATCA obligations, as determined by either the FATCA regulations or any inter-governmental agreement (IGA) entered into by Australia and the US for the purposes of implementing FATCA. Under these obligations, the Fund will have to obtain and disclose information about certain Investors to the Australian Taxation Office (ATO).

In order for the Fund to comply with its obligations, we will also request that you provide certain information about yourself, including your US Taxpayer Identification Number (TIN). We will only use such information for this purpose from the date the Fund is required to do so.

## **7.14. QUESTIONS, FEEDBACK AND COMPLAINTS**

If an Investor has any questions or complaints, the Investor should contact the Trustee in writing. The Trustee will acknowledge an Investor's query or complaint in writing within 10 Business Days. The Trustee will then give proper consideration to the complaint and advise the Investor of the outcome within 30 Business Days after receipt of the complaint. The Trustee's contact details may be found in section 9.



## SECTION 8. DEFINITIONS

ADI	Authorised deposit-taking institution.
Administrator	SILC Funds Administration Pty Ltd ACN 628 993 386.
Administration Agreement	The administration agreement between the Trustee and the Administrator, as amended from time to time.
AFSL	Australian financial services licence.
AMLCTF	Means the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth).
Application Forms	The application form(s) accompanying Part A, Part B or Part C of this IM (as relevant).
Application Form (Part 1)	The Application Form (Part 1) accompanying Part A of this IM, through which a Qualifying Investor registers an interest in Units.
Application Form (Part 2A)	The Application Form (Part 2A) accompanying Part A of this IM, through which a Qualifying Investor applies for Cash Units.
Application Form (Part 2B)	The Application Form (Part 2B) accompanying Part B of this IM, through which a Qualifying Investor applies for Discrete Loan Units.
Application Form (Part 2C)	The Application Form (Part 2C) accompanying Part C of this IM, through which a Qualifying Investor applies for Pooled Loan Units.
APRA	Australian Prudential Regulation Authority.
ASIC	Australian Securities and Investments Commission.
Borrower	The borrower under a Loan.
Business Day	A day on which banks are open for business in Melbourne Australia, except a Saturday, Sunday or public holiday.
Basic Deposit Products	Includes bank accounts, term deposits with ADIs and cash funds which invest in short term call deposits and cash equivalent securities such as treasury notes, bank bills, semi-government, corporate and asset backed promissory notes.
Cash Units	Units in the Fund in the class known as "Cash Units".
Commitment Fee	The interest rate or fee applicable to undrawn Loan commitments.
Committed Amount	An amount committed by an Investor to subscribe for Discrete Loan Units.
Corporations Act	Corporations Act 2001 (Cth) for the time being in force together with the regulations of the Corporations Act.
Credit Policy	The Investment Manager's Credit Policy for the Fund.
Development Loan	A Loan which is provided to assist with funding of property construction and development.
Discrete Loan Memorandum	A disclosure document issued by the Trustee in Part B - Discrete Loan Units of the IM setting out details of a Loan that is available for investment.
Discrete Loan Units	A class of Units referable to a specific Loan as described by the Discrete Loan Memorandum for that class.
Fund	SILC Credit Fund.



Fund Agreements	Means the Trust Constitution, Investment Management Agreement and Administration Agreement.
GST	Goods and Services Tax as defined in A New Tax System (Goods and Services Tax) Act 1999, as amended.
IM	For a class of Investors, the information memorandum comprising this Part A, Part B and Part C documents relevant to each respective Investor class.
Investment Management Agreement	The investment management agreement between the Trustee and the Investment Manager, as amended from time to time.
Investment Manager	SILC Portfolio Solutions Pty Ltd ACN 616 916 593, an authorised representative (number 1252859) of Specialised Investment and Lending Corporation Pty Ltd trading as The SILC Group holder of AFSL number 407100.
Investor	An investor in the Fund or holder of Units.
Junior Debt	Means debt that is secured by a second ranking Mortgage (which may or may not be registered) and has a lower priority than that of another debt claim on the same asset or property (such as Senior Debt).
Line Fee	A fee payable by the Borrower to the Trustee as set out in each Loan and Security Documentation.
Loan	Means a loan advanced by the Fund to a Borrower.
Loan Units	Means Discrete Loan Units and Pooled Loan Units.
Loan and Security Documentation	The Loan and Security Documentation entered into between the Trustee on behalf of the Fund and the Borrower setting out the terms of the Loan.
Loan Management Fees	Means loan management fees charged to and paid by the Borrower, as set out in each Loan and Security Documentation, for the administration and management of Loans.
LVR	Where Loans are secured by real property, LVR is the 'loan to valuation ratio' which is a measure of the amount of the Loan advanced to the value of any security granted in respect of the Loan.
Mortgage	A Mortgage over real property to secure a Loan.
NCCP	National Consumer Credit Protection Act 2009 (Cth).
Pooled Loan Memorandum	A disclosure document issued by the Trustee in Part C - Pooled Loan Units of the IM setting out details of a pool of Loans that is available for investment.
Pooled Loan Unit	A class of Units as described by the Pooled Loan Memorandum for that class, which is referable to a pool of Loans.
Qualifying Investor	Has the same meaning as defined in section 1.3.
RBA Cash Rate	Means the prevailing cash rate published on the Reserve Bank of Australia's website ( <a href="http://www.rba.gov.au">www.rba.gov.au</a> ) from time to time.
Securities and Futures Act or SFA	Singapore's Securities and Futures Act (Chapter 289).
Security Interest	Security over assets other than real property to secure a Loan.
Senior Debt	Means debt that is secured by a first ranking Mortgage and takes priority over other unsecured or otherwise more "junior" debt owed by a Borrower.



The SILC Group	Means the group of entities associated with the Trustee.
Trust Constitution	The Trust Constitution of the Fund dated 26 July 2017, as amended from time to time.
Trustee	Specialised Investment and Investment Corporation Pty Ltd ACN 149 520 918, holder of AFSL number 407100.
Unit	A unit in the Fund.
Valuation Policy	The Investment Manager's valuation policy for real property provided as security for Loans, as amended from time to time.
Withdrawal request	Means a written request (in the specified form) made by an Investor to withdraw some or all of their Units.



## SECTION 9. CORPORATE DIRECTORY

### TRUSTEE

Specialised Investment and Lending Corporation Pty Ltd  
Level 9, 179 Queen Street  
Melbourne Victoria 3000  
Telephone +61 3 9600 2828  
Email: [investors@silcgroup.com.au](mailto:investors@silcgroup.com.au)

### INVESTMENT MANAGER

SILC Portfolio Solutions Pty Ltd  
Level 9, 179 Queen Street  
Melbourne Victoria 3000  
Telephone +61 3 9600 2828  
Email: [loans@silcgroup.com.au](mailto:loans@silcgroup.com.au)

### ADMINISTRATOR

SILC Funds Administration Pty Ltd  
Level 9, 179 Queen Street  
Melbourne Victoria 3000  
Telephone +61 3 9600 2828  
Email: [investors@silcgroup.com.au](mailto:investors@silcgroup.com.au)

### AUSTRALIAN LEGAL ADVISORS

HWL Ebsworth Lawyers  
Level 26, 530 Collins Street  
Melbourne Victoria 3000  
Telephone +61 3 8644 3500

### AUSTRALIAN TAX ADVISORS

HLB Mann Judd  
Level 9, 575 Bourke St  
Melbourne Victoria 3000  
Telephone +61 3 9606 3888





[www.silcgroup.com.au](http://www.silcgroup.com.au)