



HOME OWNERS PARTNERING EQUITY

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Information
Memorandum
HOPE Housing Residential
Property Trust

Dated: 02 August 2024

HOPE Housing Residential Property Trust

Trustee

Specialised Investment and Lending Corporation Ltd
ACN 149 520 918
AFSL 407100

Manager

HOPE Housing Fund Management Limited
ACN 629 589 939
Authorised representative number 001289514

Important notices

This Information Memorandum (**IM**) is prepared and issued by Specialised Investment and Lending Corporation Ltd (ACN 149 520 918, AFSL 407100) (**SILC, Trustee**) as the trustee of the HOPE Housing Residential Property Trust (**Fund**).

The Trustee is the issuer of units in the Fund (**Units**). HOPE Housing Fund Management Limited (ACN 629 589 939) is the investment manager of the Fund (**Manager, HOPE, HOPE Housing**). HOPE is an authorised representative (number 001289514) of SILC Fiduciary Solutions Pty Ltd (ACN 638 984 602, AFSL 522145). The authority of the Manager is limited to providing general advice and dealing by arranging services relating to the Fund and to wholesale clients only.

You should read this IM in its entirety before making a decision about whether to invest in the Fund. This IM sets out general information about the Fund for the recipient of this IM (**Recipient**) to consider in making a decision as to whether the Recipient should acquire an interest in the Fund.

Date

This IM is dated 02 August 2024 (**IM Date**). Its delivery at any time after the IM Date does not imply that the information contained in it is accurate, timely, and complete at any time subsequent to the IM Date.

Glossary

Certain words and expressions used in this IM are defined in Section 11 (*Glossary*) of this IM.

Conditions of receipt

This IM is not made available generally to the public but rather is supplied personally to the Recipient on the conditions set out below, which are taken to be accepted and agreed by the Recipient as evidenced by the retention by the Recipient of this IM, in part consideration of the supply of this IM. If these conditions are not acceptable this IM must be returned immediately.

Eligible Investors

The Offer is only open to wholesale clients (within the meaning of that term under the *Corporations Act 2001* (Cth)) receiving this IM within Australia and who accept the conditions of receipt of this IM.

Disclosure document status

This IM is intended to provide potential Investors with general information only and does not constitute a Product Disclosure Statement or disclosure document as those terms are defined under the *Corporations Act 2001* (Cth).

This IM has not been, and is not required to be, lodged with the Australian Securities and Investments Commission (**ASIC**) or any other government body.

Restrictions on distribution

The Offer is an offer which is available to persons receiving this IM within Australia but does not constitute an offer of interests in the Fund in any jurisdiction where, or to any persons to whom, it would be unlawful to make the Offer.

This IM does not constitute an offer to sell or the solicitation of an offer to buy any securities or other financial products other than Units.

It is the responsibility of any person located in a jurisdiction other than Australia to ensure compliance with all laws of any country relevant to the Offer. The return of a duly executed Application Form will be taken to constitute a representation and warranty that there has been no breach of any relevant laws and that all approvals and consents have been obtained.

The Trustee has authorised the use of this IM as disclosure to investors and prospective investors who invest indirectly in the Fund, as well as investors and prospective investors through an investor directed portfolio service, master trust, wrap account or an investor directed portfolio service-like scheme (**IDPS**). This IM is available for use by persons applying for units through an IDPS (**Indirect Investors**).

The operator of an IDPS is referred to in this IM as the “**IDPS Operator**” and the terms and conditions governing an IDPS are referred to as the “**IDPS Guide**”. If you invest through an IDPS, your rights and liabilities will be governed by the terms and conditions of the IDPS Guide. Indirect Investors should carefully read the terms and conditions outlined in the IDPS Guide before investing in the Fund. Indirect Investors should note that they are directing the IDPS Operator to arrange for their money to be invested in the Fund on their behalf. Indirect Investors do not become Unitholders or have rights of Unitholders. The IDPS Operator (or its custodian) becomes the Unitholder in the Fund and acquires these rights. Indirect Investors should refer to their IDPS Guide for information relating to their rights and responsibilities as an Indirect Investor, including information on any fees and charges applicable to their investment and any applicable cooling-off rights. Information regarding how Indirect Investors can apply indirectly for units in the Fund (including an application form where applicable) will also be contained in the IDPS Guide. SILC accepts no responsibility for IDPS Operators or any failure by an IDPS Operator to provide Indirect Investors with a current version of this IM as provided by SILC or to withdraw the IM from circulation if required by SILC.

Please ask your adviser if you have any questions about investing in the Fund (either directly or indirectly through an IDPS).

Indirect Investors

You may be able to invest indirectly in the Fund via an IDPS by directing the IDPS Operator to acquire Units on your behalf. If you do so, you will need to complete the relevant forms provided by the IDPS Operator and not the Application Form attached to or accompanying this IM. This will mean that you are an Indirect Investor in the Fund and not a Unitholder. Indirect Investors do not acquire the rights of a Unitholder as such rights are acquired by the IDPS Operator who may exercise, or decline to exercise, these rights on your behalf.

Indirect Investors do not receive reports or statements from the Fund and the terms of the IDPS determine when you can direct the IDPS Operator to apply or redeem the Units held by them. Your rights as an Indirect Investor should be set out in the IDPS Guide or other disclosure documents issued by the IDPS Operator.

Investors to undertake own due diligence

Information contained in this IM has been provided to Investors to assist them to make an assessment of whether or not to invest in the Fund. In relation to the information contained in this IM, none of the Trustee, Manager, Administrator or their officers, employees, related parties, associates, consultants, advisers and agents, warrant or represent that:

- all information which is relevant to the Offer or to the acquisition of Units has been provided in this IM; or
- all information provided under this IM is accurate, correct or complete or does not contain misleading or deceptive statements.

Whilst the Trustee has undertaken due diligence in relation to the Fund and the information which has been presented in this IM, it is possible that due to factors such as the passage of time or the uncertainty in forecast details, the information contained in this IM may be inaccurate at the date of release of this IM or at a later time.

Except where expressly disclosed, the information contained in this IM has not been independently verified or independently audited. To the maximum extent permitted by law, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Trustee or Manager and their associates or advisers as to the accuracy or completeness of any part of this IM, nor will they have any responsibility to update or supplement this IM.

The Trustee has not sought to verify any statements contained in this IM about the investments proposed by the Manager, the Manager's business or the business of any other parties named in this IM.

This IM has been prepared without taking into account the objectives, financial situation or needs of any particular person. Investors are strongly encouraged to undertake their own due diligence in relation to the Fund before making an investment. In addition, Investors should 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.

To the maximum extent permitted under the law, the Trustee and the Manager disclaim any liability arising from any information provided in this IM, including any errors or omissions.

By making an investment in the Fund, an Investor warrants and represents to the Trustee and Manager that they have undertaken their own due diligence in relation to the Offer, Units, and an investment in the Fund, including without limitation, in relation to the structure of the Fund, its investments and the likelihood of returns from the Fund.

No performance guarantee

None of the Trustee, Manager or Administrator, or their officers, employees, related parties, associates, consultants, advisers and agents, or any other person, guarantees the performance or success of the Fund, the repayment of capital invested in the Fund by an Investor or any particular rate of return on investments in the Fund.

There can be no assurance that the Fund will achieve results that are comparable to the track record of the Trustee or the Manager, or that the Fund's investment objectives will be achieved.

An investment in the Fund does not represent a deposit with, or a liability of, the Trustee, Manager or Administrator, or any of their associates. The Trustee is not authorised under the *Banking Act 1959* (Cth) to carry on banking business or for any other purpose and is not supervised by APRA, and investments in the Fund are not covered by the depositor protection provisions available to depositors that make a deposit with an Australian authorised deposit taking institution (**ADI**) under that Act.

An investment in the Fund is subject to investment risks which are described in Section 7 (*Risk factors*) of this IM, including possible delays in repayment and loss of some or all of your income or capital invested. The risks associated with an investment in the Fund are different to a cash deposit or investment in an ADI.

Illiquid investment

Recipients acknowledge that the Fund will invest primarily in Security Interests over real property, which are long term and illiquid in nature.

No personal advice

Investors should read the whole of this IM before making a decision about whether to invest in the Fund.

The information contained in this IM is general information only and is not personal financial product advice. It does not take into account the individual objectives, financial situation, needs or circumstances of any person.

Investors should not construe the contents of this IM as tax or investment advice.

No representation other than this IM

No person is authorised to give any information or to make any representation in connection with the Offer which is not set out in this IM.

This IM supersedes any other private placement memorandum, disclosure document or marketing materials given prior to the issue of this IM to the extent of any inconsistency. Any information or representation in relation to the Offer not contained in this IM may not be relied upon as having been authorised by the Trustee, the Manager or their advisers.

Forward-looking statements

Certain information contained in this IM constitutes 'forward-looking statements' that can be identified by the use of forward-looking terminology such as 'may', 'will', 'should', 'expect', 'anticipate', 'estimate', 'target', 'intend', 'continue', or 'believe' or the negatives or other variations of those words or comparable terminology.

Furthermore, any projections or other estimates in this IM, including estimates of returns or performance, are 'forward-looking statements' and are based on certain assumptions that may change.

Due to various risks and uncertainties, including those set out in Section 7 (*Risk factors*) of this IM, actual events or results or the actual performance of the Fund may differ materially from those reflected or contemplated in any forward-looking statements.

The forward-looking statements included in this IM involve subjective judgment and analysis and are subject to uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to, the Trustee and Manager. Actual future events may vary materially from the forward-looking statements and the assumptions on which those statements are based. Given these uncertainties, Investors are cautioned to not place undue reliance on any forward-looking statements.

Any estimate, forecast, projection, feasibility, cash flow or words of a similar nature or meaning in this IM are forward-looking statements and subject to the above disclaimer.

Past performance information

Where this IM sets out any past performance in respect of the Australian property market, Investors must not interpret that information as a representation about the future performance of the property market or of the Fund. Past performance is not a reliable indicator of future performance.

Confidentiality

The contents of this IM are confidential. Neither this IM nor any other information provided by the Trustee or Manager may be disclosed to any other party, except for the purpose of obtaining independent advice in connection with the consideration of an investment in the Fund, or used for

any purpose other than the consideration of an investment in the Fund, unless the express prior written consent of the Trustee is obtained. Any reproduction of all or part of this IM is strictly prohibited without the written consent of the Trustee, and may only be reproduced in accordance with that consent. In the event that the Recipient does not participate in the Fund, this IM, along with all related materials, must be returned to the Trustee immediately on demand.

Summary of key documents only

This IM contains a summary of the terms of the Fund and certain other material documents. However, Investors should refer to the complete legal documentation for the Fund (available upon request from the Trustee). Investments in the Fund are governed by the Trust Deed and associated Fund documents and nothing in this IM limits or qualifies the powers and discretions conferred on the Trustee and the Manager under those documents. This IM should be read in conjunction with the Trust Deed and associated documents for the Fund. In the event of any inconsistency between the Trust Deed and associated documents for the Fund and this IM, then the Trust Deed and associated documents will prevail to the extent of the inconsistency.

Applications may be rejected

The Trustee reserves the right to evaluate any applications or subscriptions to acquire Units and to reject any or all of them (in whole or in part), without giving reasons for rejection. Neither the Trustee nor the Manager is liable to compensate the Recipient or any Investor for any costs or expenses incurred by any person in reviewing, investigating or analysing any information in relation to the Offer, the Fund or otherwise.

No cooling-off rights

No cooling-off rights apply to the issue of Units.

Trustee limitation of liability

Except in certain circumstances prescribed by law, the Trustee enters into transactions in respect of 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.

Updated information

Information in this IM may change. Updated information regarding this IM may be made available by the Trustee; however, the Trustee is not required to, and may elect not to, update, supplement or replace this IM.

Currency

In this IM any reference to currency, '\$', 'A\$' or 'AUD' is to Australian Dollars, unless otherwise indicated.

Language

The primary language of this IM is English. This IM may be translated into different languages, with the consent of the Trustee. Any translations provided or procured by the Trustee 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.

Images

Any photographs or images in this IM do not depict assets of the Fund, unless otherwise indicated.

Any photographs, images, charts and diagrams in this IM are for illustrative purposes only.

Questions

Any questions regarding this IM should be directed to the Manager, whose contact details are set out in Section 12 (*Directory*) of this IM.

Contents

| | | |
|----------|---|-----------|
| 1 | Investment summary | 9 |
| 1.1 | Fund overview | 9 |
| 1.2 | Key financial information | 10 |
| 1.3 | Investment details | 10 |
| 1.4 | Key risks | 11 |
| 2 | Investment rationale | 12 |
| 2.1 | Investment overview | 12 |
| 2.2 | Investment philosophy and purpose | 13 |
| 3 | Details of the Offer | 15 |
| 3.1 | Investment opportunity and benefits | 15 |
| 3.2 | Trust objective and investment strategy | 15 |
| 3.3 | Target return | 16 |
| 3.4 | Fund structure | 16 |
| 3.5 | Term of the Fund and exit strategy | 17 |
| 3.6 | Class of Units | 18 |
| 3.7 | Minimum investment | 18 |
| 3.8 | Allotment of Units | 18 |
| 3.9 | Leverage | 18 |
| 4 | How the Fund operates | 19 |
| 4.1 | Fund governance | 19 |
| 4.2 | Unit pricing | 19 |
| 4.3 | Asset valuations | 19 |
| 4.4 | Distributions | 19 |
| 4.5 | Redemptions | 20 |
| 4.6 | Transfers | 21 |
| 4.7 | Reporting | 22 |
| 4.8 | How to invest | 22 |
| 5 | Management of the Fund | 24 |
| 5.1 | About the Manager | 24 |
| 5.2 | About the Administrator | 24 |
| 5.3 | Information about key personnel | 25 |
| | Tim Buskens | 25 |
| 6 | Portfolio information | 26 |
| 6.1 | Co-investment criteria | 26 |
| 6.2 | Portfolio limit | 26 |
| 6.3 | Location | 26 |
| 6.4 | Valuation methodology | 26 |
| 7 | Risk factors | 27 |
| 8 | Taxation information | 31 |
| 8.1 | Taxation of the Fund | 31 |
| 8.2 | Taxation of Unitholders on Fund income | 31 |
| 8.3 | Disposal of Units by the Unitholder | 32 |
| 8.4 | Statements | 32 |
| 8.5 | ABN/TFN withholding | 32 |
| 8.6 | Stamp duty | 32 |
| 8.7 | Land tax | 33 |
| 9 | Fees and other costs | 34 |

| | | |
|-----------|--|-----------|
| 9.1 | Fees and other costs summary | 34 |
| 9.2 | Changes to fees and costs | 35 |
| 9.3 | GST | 35 |
| 9.4 | Payment to IDPS Operators | 36 |
| 10 | Other information | 37 |
| 10.1 | Trust deed | 37 |
| 10.2 | Investment Management Agreement | 40 |
| 10.3 | Related party investments and transactions | 40 |
| 10.4 | Privacy information statement | 41 |
| 10.5 | Consents | 41 |
| 10.6 | Electronic instructions | 42 |
| 10.7 | Anti-money laundering law | 42 |
| 10.8 | Tax file number and Australian business number | 43 |
| 10.9 | Foreign Account Tax Compliance Act | 43 |
| 10.10 | Common reporting standards (CRS) | 43 |
| 10.11 | Eligible Investors | 44 |
| 10.12 | Investor inquiries | 44 |
| 11 | Glossary | 45 |
| 12 | Directory | 47 |

1 Investment summary

1.1 Fund overview

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| Trust name | HOPE Housing Residential Property Trust (the Fund) | |
| Trust type | <p>The Fund is an open-end, multi-class unlisted unit trust. The Trustee expects the Fund to qualify as an Attributed Managed Investment Trust (AMIT). However, the AMIT status cannot be guaranteed.</p> <p>The Fund is not registered with ASIC as a registered scheme. The Trustee may in the future seek the registration of the Fund with ASIC.</p> | Section 3.4 |
| Investment objective and strategy | <p>The Fund will seek to acquire a portfolio of equity interests in high-quality, geographically diversified owner-occupied residential property located throughout Australia. The asset focus will be on residential real estate which will position the Fund to capture long term capital growth due to favourable long-term demand and supply drivers.</p> <p>The equity contributions made by the Fund towards residential properties will be made for the benefit of Australian essential services workers seeking to purchase owner-occupied properties, enabling them to live closer to where they work, reducing stress and improving wellbeing and family stability.</p> <p>A portion of the Fund's assets will be invested in cash and cash-like investments to provide some liquidity.</p> | Section 3.2 |
| Fund term and termination | <p>Under the Trust Deed, there is no specific term of the Fund. The Fund may be terminated in accordance with the Trust Deed or by operation of law.</p> <p>Upon termination, the Trustee may do one of the following with the remaining Fund assets:</p> <ul style="list-style-type: none">■ sell Fund assets to an investment vehicle managed by the Manager;■ package and sell Fund assets on secondary market; or■ dispose of Fund assets on a case-by-case basis. | Section 3.5 |
| Redemptions | <p>The Fund is not liquid. Unitholders have no right to withdraw their investment in the Fund.</p> <p>However, the Trustee may from time to time provide limited redemption opportunities on terms it sees fit, depending on available liquidity and the volume of redemption requests received. In such circumstances, a Unitholder may request the Trustee to redeem the Unitholder's units by giving a redemption request to the Trustee, and subject to available liquidity the Trustee (in consultation with the Manager) may accept the redemption request in whole or in part.</p> | Section 4.5 |
| Applications | <p>Generally, applications in the Fund are processed on a monthly basis.</p> <p>For each calendar month, generally only applications received within five Business Days prior to the end of that month are processed that month.</p> | Section 4.8 |

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| | The Trustee may reject an application, or change the frequency of issue of Units, at its absolute discretion. | |
| Transfers of Units | Except in relation to certain permitted transfers, all transfers require the Trustee's consent in consultation with the Manager, which will not be unreasonably withheld. However, there may not be a secondary market for Units. | Section 4.6 |
| Trustee | Specialised Investment and Lending Corporation Ltd (ACN 149 520 918). | Section 5 |
| Manager | HOPE Housing Fund Management Limited (ACN 629 589 939). | Section 5.1 |
| Administrator | SILC Funds Administration Pty Ltd (ACN 628 993 386). | Section 5.2 |

1.2 Key financial information

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| Target return | The Manager aims to deliver to investors a target return of 15% (pre-tax, post fees) per annum. This is a target return only and is not guaranteed by the Trustee, Manager or any other person. | Section 3.3 |
| Distribution payments | Distributions (if any) will be paid quarterly, namely at the end of 31 March, 30 June, 30 September and 31 December each year or at such other time at the Trustee's discretion in consultation with the Manager and the Investment Committee. Unitholders may elect to have their distributions reinvested, if the Trustee permits distribution reinvestment. | Section 4.4 |
| Leverage | The Fund intends to borrow from one or more third party financiers for cash management (i.e. liquidity management) purposes and to enhance the return on the Fund's assets. | Section 3.9 |

1.3 Investment details

| | | |
|-------------------------------|---|----------------------|
| Unit issue and pricing | The initial allotment of Units will be at \$1.00 per Unit. For any subsequent issues of Units during the term of the Fund, the issue price is calculated on the basis of the Net Asset Value of the Fund per Unit plus any applicable buy spread. | Sections 3.8 and 4.2 |
| Buy/sell spread | Nil | Section 4.2 |
| Minimum investment | The minimum investment under the Offer is \$100,000 (unless otherwise determined by the Trustee at its discretion, in consultation with the Manager). | Section 3.7 |
| Eligible Investors | Wholesale Clients receiving this IM within Australia and who accept the conditions set out in the 'Important Notices' section of this IM. | Section 10.11 |
| Investor reporting | Investors will receive or otherwise have available to them annual audited financial statements in respect of the Fund, annual tax statements and a range of reports in relation to ongoing key activities and performance of the Fund, including the impact of the Fund's investments in improving housing for Australian essential services workers. | Section 4.7 |

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| Fees and other costs | <p>The management fee payable to the Manager covers ordinary expenses such as Trustee fees, custodian fees (excluding transaction-based fees such as trading or settlement costs incurred by the custodian), fund administration and audit fees.</p> <p>No performance fee is payable to the Manager or the Trustee.</p> | Section 9 |
|-----------------------------|--|-----------|

1.4 Key risks

| | | |
|---------------------|---|-----------|
| Risk factors | <p>Investments in the Fund are subject to varying degrees of risk. Types of risk factors include general investment risks, general property risks, Homeowner risks and Fund risks.</p> <p>Investors should consider all of the risks described in this IM before investing.</p> | Section 7 |
|---------------------|---|-----------|

2 Investment rationale

2.1 Investment overview

By investing alongside owner-occupiers, HOPE Housing seeks to generate capital growth portfolio returns in excess of those provided by the broader Australian residential real estate market, without the property-related overheads associated with being a landlord.

This is achieved through an asset selection process that considers a range of factors such as geographical spread, property type and quality, property location and purchase price, to build a portfolio of out-performing residential properties.

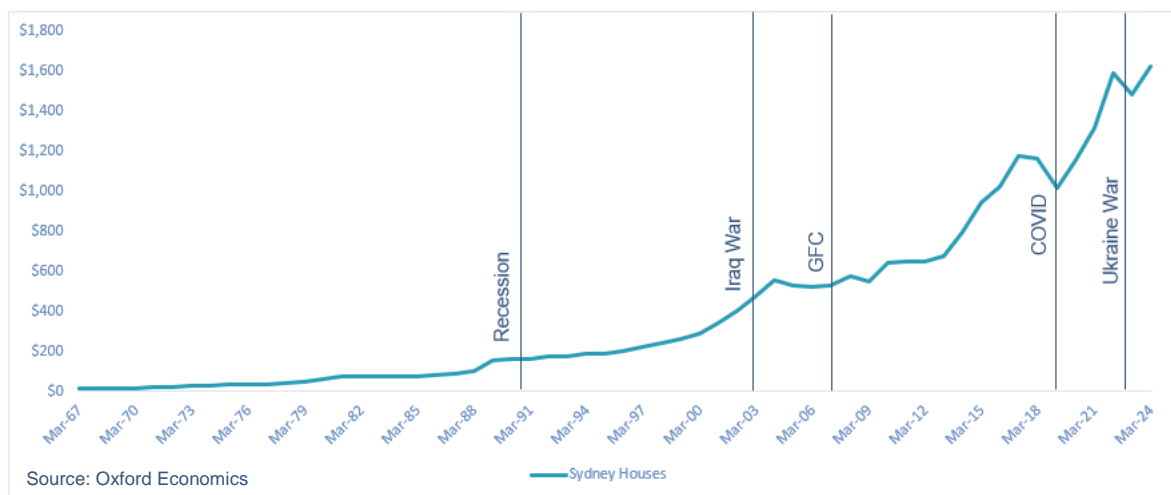
2.1.1 Market overview

As of May 2024, the Australian residential property market was valued at \$10.7 trillion.¹ It is the largest asset class in Australia and the primary source of wealth for most Australians.

The Australian residential property market has shown long-term structural growth characteristics. This is exemplified by the capital growth rate of Sydney houses, which have averaged a 9% return over the last 50 years. Over that same period, on a 10-year rolling returns basis, the Sydney market has never experienced a period of negative returns. House prices in other major capital cities have similarly performed strongly over this time horizon.²

The chart below highlights the robustness of the Sydney housing market through numerous macro-economic shocks, including the early 1990s recession, the Iraq War, Global Financial Crisis (GFC), Covid-19 pandemic and Ukraine war.

Growth in the median sale price of Sydney houses since 1967



2.1.2 Growth drivers in the Australian residential property market

The Manager believes that capital growth is the most compelling reason to invest in residential real estate in Australia, rather than pursuing returns through rental yields. Despite the increase in property values, rental yields have not kept pace. Average house rental yields have decreased from 4.0% in 2012 to 3.5% in June 2022, with unit rental yields also experiencing a decline. The steady

¹ CoreLogic – Monthly Housing Chart Pack, June 2024

² HOPE calculation using *Oxford Economics Australia* median house price data as at June 2023

appreciation of property values over time not only builds wealth but also offers significant potential returns upon the sale of properties.

HOPE believes that Australian residential markets will continue to experience sustained capital growth, in line with the long-term trend observed over the last 50 years. HOPE considers that there are five megatrends that underpin this outlook:

1. **Population Growth and Supply Constraints** – Migration will continue to drive increased demand for housing, impacting real estate prices and construction activity.
2. **Demographics** – An increasing number of women in the workforce and Australians delaying retirement and living for longer will be contributing factors to rising household incomes, which will support continued borrowing power.
3. **Wealth Transfer** – \$4.9 trillion in wealth will be passed from ‘Baby Boomers’ and their parents to younger generations by 2034. A portion of this wealth will likely be re-leveraged into home ownership.³
4. **Taxation and Government Policies** – Around 70% of Australian household wealth is tied to the value of homes (which is made up of land and dwellings). Changing favourable capital gains tax and land tax settings for owner-occupiers is politically challenging.⁴
5. **Homeowner Behaviour** – Owner-occupiers have been shown to be more likely to delay selling a property to achieve a positive capital growth outcome. This behaviour leads to a greater proportion of owner-occupiers making a capital gain on their asset, as compared to landlords.

2.1.3 How asset selection drives out-performance

Through careful selection and vetting of properties, HOPE aims to out-perform the CoreLogic Home Value Index.

Each property submitted by prospective homeowners in relation to which the Fund may make an Equity Contribution undergoes thorough pre-purchase due diligence, enlisting professional valuers and legal experts to ensure that properties are in an investable condition and that final agreed prices are in line with the market expectation for each property in the relevant location.

Properties are not eligible for portfolio inclusion if they:

- (a) do not meet minimum historical capital growth thresholds, at both the asset and location level;
- (b) have substantial defects/maintenance issues;
- (c) are priced above the agreed pre-purchase valuation; or
- (d) do not meet standard bank credit criteria.

2.2 Investment philosophy and purpose

The Fund’s social purpose and objective is to assist Australian essential services workers (such as police officers, nurses, and teachers) to achieve home ownership. The investment philosophy is to

³ "Growth of Women and Wealth," JBWere, accessed June 20, 2024, <https://www.jbwere.com.au/content/dam/jbwere/documents/campaigns/JBWere-Growth-of-Women-and-Wealth.pdf>

⁴ "Econosights: Australian Household Wealth," AMP Insights Hub, accessed June 20, 2024, <https://www.amp.com.au/insights-hub/blog/investing/econosights-australian-household-wealth>

capture the strong Australian residential property market growth of the owner-occupier segment of the market and enhance Unitholder returns by:

- (a) creating a portfolio of well-diversified residential properties, co-invested with essential workers through the Fund making Equity Contributions.
- (b) accessing deep residential property market expertise through a structured due diligence process adding value to the property selection process; and
- (c) partnering with essential workers, who often are reliable and dependable members of the community.

HOPE's structured due diligence process enlists property expertise, professional valuers, and legal experts to ensure that properties are in an investable condition and that final agreed prices are in line with the market expectation for each property in the relevant location.

In this partnership, HOPE brings insight and experience to support essential workers in identifying properties that are located close to their place of work, are the right size and have the required characteristics all within their personal affordability. The Fund's objective is therefore to maximise Unitholder returns whilst meeting the Fund's social impact mandate.

3 Details of the Offer

3.1 Investment opportunity and benefits

An investment in the Fund can potentially provide the opportunity for a target 15% net return per annum according to HOPE's shared equity model whilst also delivering a quantifiable social return. The Fund gives Investors the opportunity to invest indirectly in the Australian residential property market and enjoy the following significant benefits:

- Exposure to a diversified portfolio of vetted residential properties, occupied by low credit risk Homeowners in stable, high-demand industries.
- No land tax, property transaction, letting and maintenance costs, as Properties are owner-occupied, with Homeowners being responsible for all Property-related costs.
- Access to the distribution of cash returns derived from the realisation of a Property or refinancing of a loan by a Homeowner, proportionate to Fund's share in the Property, where equity buybacks, refinance events and home sales occur over time across the Portfolio.
- Measurable and quantifiable impact on the lives of essential workers who are Homeowners, and communities in which they operate, in using social value modelling.

3.2 Trust objective and investment strategy

The investment objective of the Fund is to provide Investors with exposure to the capital growth of the owner-occupier segment of the Australian residential property market. To achieve this objective, the Fund will work with one or more Lending Partners to help Australian essential services workers to buy their own home.

To help essential workers buy their own home, the Fund will make an investment by contributing an amount (the **Equity Contribution**) towards the purchase price of a Property. The Equity Contribution will be secured by a registered charge or registered mortgage (as the case may be) over the Property (**Security Interest**). The Equity Contribution is not a loan to a Homeowner and it will not grant the Fund or the Trustee any proprietary interest in the Property, and the Fund or the Trustee cannot require a Homeowner to sell the Property in the future.

Under the current and anticipated arrangements with the Lending Partners, the Lending Partner will lend the Homeowner the amount the Homeowner requires to settle the purchase of the Property, having regard to the Equity Contribution. The Lending Partner will take a registered mortgage over the Property. When a Property is sold or refinanced, the Fund will receive its proportionate share of the sale proceeds or market value of the Property and the Security Interest will be discharged.

The Fund will establish a portfolio of Equity Contributions in high-quality, geographically diversified houses and units, with a target weighting of 75% houses and 25% units. The preference for residential houses over units has the potential to position the Fund to obtain higher capital growth returns, on aggregate.

The investment thesis is supported through the careful asset allocation process which is ultimately vetted by the Investment Committee. The Investment Committee will regularly review key attributes of the investment criteria, such as:

- (a) geography – initially targeting Sydney, HOPE will then expand to other major metropolitan regions. HOPE targets a suburb concentration of no more than 10% by Fund value;

- (b) target growth – co-investing in housing stock that demonstrates at least 6% growth⁵ (5.5% for units) from inception;
- (c) asset type – targeting 75:25 ratio houses to units/apartments; and
- (d) social impact on the individual, family and employer.

Further information about co-investing with Homeowners is set out in Section 6 (*Portfolio information*) of this IM.

In addition to the Equity Contributions, the Fund may invest in cash, cash-like and short-term fixed interest investments as well as other suitable collective investment vehicles.

The Fund may also seek to execute the above investment strategy indirectly through a holding of units in the HOPE Housing Investment Trust. The HOPE Housing Investment Trust is a closed end unregistered and unlisted unit trust with an investment strategy similar to the Fund, and which is also managed by HOPE. The trustee of the HOPE Housing Investment Trust is the same as the Fund, being Specialised Investment and Lending Corporation Ltd (ACN 149 520 918, AFSL 407100). The Fund may execute this strategy by acquiring units in the HOPE Housing Investment Trust from existing unit holders in that trust, including by issuing Units to such unit holders as consideration for the transfer of their units in the HOPE Housing Investment Trust to the Fund.

Further, the Fund may also invest in other collective investment vehicles which have an investment strategy similar to, or consistent with, the investment strategy of the Fund. These other vehicles may be established, promoted or managed by HOPE, or that may be established or managed by third party fund managers.

A portion of the Fund's assets will be invested in cash and cash-like investments to provide some liquidity. Cash-like products are investments which have either a maturity of less than three months or which could be converted to cash within three months, such as term deposits, money market securities, bank bills, certificates of deposit and cash management trusts.

3.3 Target return

The Manager aims to deliver to investors a 15% (pre-tax, post fees) return per annum. This is a target return only and is not guaranteed by the Trustee, Manager or any other person.

3.4 Fund structure

The Fund is a multi-class unit trust established under the Trust Deed. The Fund is a managed investment scheme that is not, and is not required to be, registered with ASIC, but may be registered with ASIC in the future at the Trustee's discretion. The Fund is not listed, and Units are not quoted, on any securities exchange.

Investors' money is pooled and used by the Trustee to acquire the Portfolio and other assets. Under the Trust Deed, each Unit will provide the Unitholder with an equal undivided beneficial interest in the Fund's net assets as a whole, including the Portfolio, but a Unitholder does not have any interest in a particular asset of the Fund.

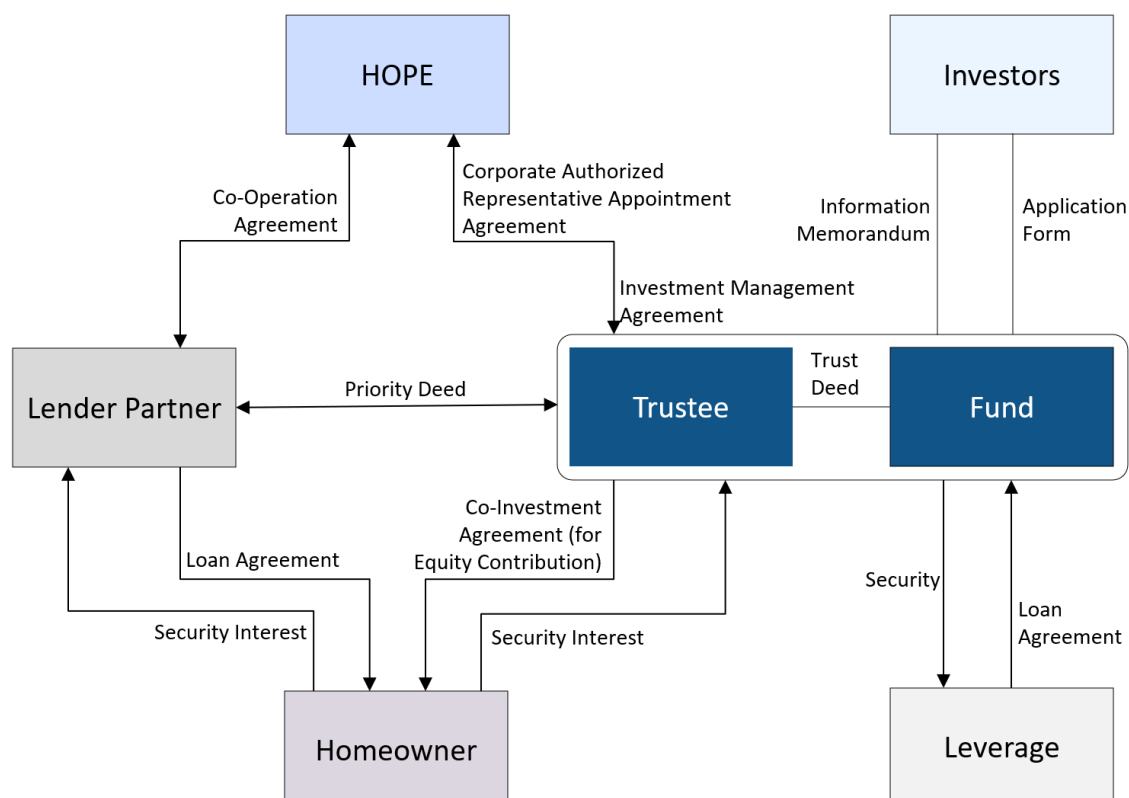
The Trust Deed (in addition to the Corporations Act and general law) sets out the Trustee's powers, duties and obligations, as well as the rights of Investors. Together with this IM, the Trust Deed also sets out the framework under which the Fund operates.

⁵ Compound Annual Growth Rate

The Fund has been established for the purpose of acquiring and holding the Portfolio and any other assets.

SILC is the trustee and custodian of the Fund, and HOPE is the investment manager of the Fund. As the investment manager, HOPE has the responsibility of managing the operations of the Fund and its assets, under the fiduciary oversight of the Trustee. The Trustee is also the custodian of the Fund, meaning that it holds legal title to the Fund's assets. The Trustee has appointed SILC Funds Administration Pty Ltd (ACN 628 993 386) as the Fund's administrator.

A diagrammatic representation of the Fund is set out below:



3.5 Term of the Fund and exit strategy

Under the Trust Deed, there is no specific term of the Fund. The Fund may be terminated in accordance with the Trust Deed or by operation of law.

The Trustee has the power under the Trust Deed to terminate the Fund by giving at least three months advance notice to Unitholders with effect from the termination date specified in the notice, although it will only do so in consultation with the Manager and the Trustee considers that it would be in the best interests of Unitholders.

Upon termination, the Trustee may do one of the following with the remaining Fund assets:

- (a) sell Fund assets to an investment vehicle managed by the Manager;
- (b) package and sell Fund assets on secondary market; or
- (c) dispose of Fund assets on a case-by-case basis.

3.6 Class of Units

Under the Offer, ordinary units of the same class in the Fund will be issued.

All Units will be issued on a fully-paid basis. Accordingly, Investors are required to pay in full the issue price of the Unit before any applications are accepted and any Units are issued.

3.7 Minimum investment

The minimum investment under the Offer is \$100,000.

The Trustee, in consultation with the Manager, may accept applications below the minimum investment at its discretion provided the Investor is an Eligible Investor.

3.8 Allotment of Units

Units will generally be issued (in respect of applications which have been accepted by the Trustee acting in its absolute discretion) each calendar month within five Business Days after the prevailing unit price is available following the end of the month in which the completed application is accepted by the Trustee. Information about how to apply for Units, the process the Trustee will apply to consider an application, is set out in Section 4.8 (*How to invest*) of this IM.

The Trustee, in consultation with the Manager, may issue less than the number of Units applied for, or may reject any application in its absolute discretion. In either case, the Trustee will refund any surplus Application Money to the applicant (without interest) as soon as practicable generally within 5 Business Days after the Trustee decides to reject the application in whole or in part (as the case may be).

The Trustee may issue Units at any time in its discretion, subject to the Trust Deed. Where it does so, all Units of the same class will rank equally in all respects.

Pending the issue of Units, Application Money will not accrue interest for applicants.

3.9 Leverage

The Fund intends to borrow from one or more third party financiers for cash management (i.e. liquidity management) purposes and to enhance the return on the Fund's assets. The target portfolio loan-to-value ratio is 30% to 50%. The ability of the Fund to borrow for these purposes is subject to prevailing market conditions. Such borrowings may be from a Unitholder, or from persons who are associates of the Manager or a Unitholder.

The borrowing described above does not include short term borrowings, intra-group borrowings or leases. The repayment period for short term borrowings is limited to 90 days.

Investors should note that any borrowings by the Fund will remain repayable by the Fund regardless of the performance of the Portfolio.

It is not the responsibility of the Trustee to assess the merits of each loan recommended by the Manager, but rather to review the loan term's consistency with this IM and the Trust Deed and that the Fund's borrowing is otherwise in the best interests of Investors as a whole.

4 How the Fund operates

4.1 Fund governance

SILC is the trustee of the Fund. The Trustee must administer the Fund in accordance with the Trust Deed and the laws relating to trusts and unregistered managed investment schemes.

If the Fund is registered with ASIC in the future, the Trustee must abide by additional duties and obligations under the Corporations Act.

HOPE is the investment manager of the Fund. The Manager must discharge its duties having regard to the Investment Management Agreement and this IM.

4.2 Unit pricing

The initial allotment of Units will be at \$1.00 per Unit. The initial Units are those Units issued before the first valuation of the Fund's assets after the issue of the first Unit under the Offer.

For any subsequent issues of Units during the term of the Fund, the issue price is calculated on the basis of the Net Asset Value (**NAV**) of the Fund per Unit plus any applicable buy spread.

When funds are withdrawn from the Fund via a redemption that has been accepted by the Trustee, they are redeemed at the relevant Unit redemption price for the Fund. The redemption price is calculated on the basis of the NAV per Unit minus any applicable sell spread.

As at the date of this IM, each of the buy spread and the sell spread is nil. The Trustee, in consultation with the Manager, may charge a buy spread or a sell spread in the future.

The ongoing Unit price is calculated by dividing the NAV (determined by the net market valuation of assets owned, less all liabilities held, including fees, provisions and accrued expenses in accordance with the Trust Deed) divided by the number of Units on issue.

The Trustee may issue different classes of Units. The Manager may negotiate a rebate of management fees directly with Wholesale Clients outside of the Fund.

Unit prices are generally finalised by and made available within ten Business Days after the end of each calendar month. Unit prices are typically calculated using the Net Asset Value of the Fund for the end of the last Business Day for each month, unless otherwise calculated by the Administrator.

4.3 Asset valuations

The Manager is responsible for the valuation of all Fund assets in accordance with the Valuation Policy, under the oversight of the Trustee. It is intended that valuations of assets will occur once each month for Unit pricing purposes, or at such other times the Trustee in consultation with the Manager considers appropriate.

The Manager may procure third parties to undertake the valuation of Fund assets. The costs of such valuations will be paid out of the Fund's assets.

4.4 Distributions

Due to the illiquid nature of the Fund's investments, it is not expected that there will be any regular distributions from the Fund to Unitholders. There is no guarantee that any distributions will be paid to Unitholders.

Any such distributions will be paid quarterly, namely at the end of 31 March, 30 June, 30 September and 31 December each year or at such other time at the Trustee's discretion in consultation with the Manager and the Investment Committee. It is intended that the distributions will be calculated and paid within 60 days of the end of each calendar quarter. However, at the end of each financial year, due to the time required to prepare annual investor distribution statements and carry out the tax compliance obligations, the Trustee will endeavour to pay the final distributions (if any) for the financial year as soon as these requirements are met and, generally, within three months of the end of the financial year.

Unitholders may elect to have their distributions reinvested, if the Trustee permits distribution reinvestment.

All distributions which are not reinvested will be paid directly into an Australian bank or an account with a financial institution (where there is a branch in Australia). Distributions will not be paid by cheque. Distributions will be paid to the Investor's nominated bank account (which must be in the same name as the Investor).

Indirect Investors should review their IDPS Guide for information on how and when they receive any income distribution.

It is important to note that, where the Fund makes an election to be an AMIT, a distribution received by a Unitholder may be different to the taxable income which is attributed to the Unitholder (refer Section 8 (*Taxation information*) of this IM. A Unitholder will be assessable on the taxable income of the Fund that is attributed to that Unitholder irrespective of whether a distribution is actually paid by the Fund to the Unitholder.

The Trustee will provide Investors with a distribution statement for each distribution payment made which will summarise the components of the distribution and may include a return of capital. In addition, where the Fund makes an election to be an AMIT, the Trustee will provide Investors with an AMIT member annual statement (**AMMA statement**) within three months of the end of the financial year.

Finally, if there are funds in excess of the funds required to execute the Fund's investment strategy, such excess funds will be distributed to Unitholders (generally as returns of capital). Generally, the excess funds represent the funds which the Trustee (in consultation with the Manager and the Investment Committee) considers is not necessary to retain for the purposes of executing the investment strategy of the Fund.

4.5 Redemptions

The Fund will be illiquid. Unitholders will not be able to redeem their Units during the term of the Fund, except with the consent of the Trustee. From time to time, the Trustee will use its best endeavours to provide limited redemption opportunities on terms it sees fit (including on terms involving a pro rata scale back of any redemption requests and/or placing an aggregate cap on all redemption requests), depending on available liquidity and the volume of redemption requests received. Further, a portion of the Fund's assets will be invested in cash and cash-like investments to provide some liquidity opportunities to Unitholders, but you should regard your investment in the Fund as being not liquid and should be considered as a long-term investment.

The Trust Deed allows a Unitholder to request the Trustee to redeem the Unitholder's Units by giving a redemption request to the Trustee. Under the Trust Deed, the Trustee is entitled, but not obliged, to give effect to a Redemption Request in whole or in part and may do so without giving any reasons to the Unitholder.

If the Trustee (in consultation with the Manager) decides to satisfy a redemption request in whole or in part having regard to available liquidity at that time, it must do so within 20 Business Days after it decides to do so, or a longer period of up to 120 days in certain circumstances or such additional

days thereafter if those circumstances continue to subsist set out in the Trust Deed. Any such permitted redemptions will be processed at the redemption price per Unit, which is based on the NAV per Unit minus any applicable sell spread.

If you are an Indirect Investor, you need to provide your withdrawal request directly to your IDPS Operator. The time to process a withdrawal request will also depend on the particular IDPS Operator and the terms of the IDPS.

If the Fund is registered with ASIC in the future, and if the Fund is not liquid (within the meaning of the Corporations Act), a Unitholder may make a redemption request only in accordance with the terms of any current withdrawal offer made by the Trustee in compliance with the provisions of the Corporations Act regulating offers of that kind. If there is no withdrawal offer open for acceptance by Unitholders, a Unitholder has no right to make a redemption request. The Trustee does not have to make a withdrawal offer to Unitholders.

Under certain circumstances specified in the Trust Deed, the Trustee has on reasonable notice to a Unitholder the power to compulsorily redeem all or a portion of Units held by that Unitholder in its absolute discretion.

4.6 Transfers

A Unitholder, with the consent of the Trustee, in consultation with the Manager, may be able to transfer their Units to third parties. Further, the following transfers are permitted:

- (a) the transfer is to an affiliate of the Unitholder, provided that the affiliate covenants with the Trustee (if required by the Trustee, acting reasonably), at or before the time of the transfer, that while it holds Units it will remain an affiliate and the Trustee consents to the transfer; or
- (b) in the case of a trustee Unitholder, the transfer is to a replacement trustee or responsible entity, custodian or nominee (or sub-custodian or nominee) of the trustee Unitholder, provided that the transfer would not result in a change in the beneficial ownership of the Units that are the subject of the transfer,

subject to some conditions, including the transferee meeting the criteria for being a Unitholder as determined by the Trustee.

The Trustee will not consent to the transfer where, without limiting other matters:

- (a) the intended transferee is not an Eligible Investor;
- (b) the transfer instrument is not duly stamped (where required);
- (c) the Trustee considers the transfer will, for any reason, have an adverse impact on the Investors, the Fund's assets or the Trustee; or
- (d) the transfer would prejudice the Fund's status as a managed investment trust under applicable tax legislation.

From time to time, the Trustee or the Manager may facilitate the transfer of Units from Unitholders to other Unitholders or to third parties, but where such a facility is offered the price and terms of any transfers will be determined between the parties themselves.

Transfers will not be effective until registered by or on behalf of the Trustee. Subject to the Trust Deed, the Trustee may refuse to register any transfer of Units.

4.7 Reporting

Investors will receive the following regular reports about the Fund and their investments in the Fund from the Manager:

- (a) a report setting out the performance and operation of the Fund each quarter;
- (b) reports on the social impact of the Fund at least annually;
- (c) valuation summaries of the Portfolio at least annually; and
- (d) ad hoc reports on the Portfolio and relevant market conditions.

Additionally, the Trustee will provide the following:

- (a) a confirmation statement following the allotment of Units as and when they are issued;
- (b) distribution statements for each distribution payment;
- (c) an annual tax statement, which will summarise the distributions paid/payable in respect of that income year and the tax components; and
- (d) annual audited financial statements in respect of the Fund.

The above reports may, with the agreement of the Investor, be delivered or made available electronically.

Please note that Indirect Investors who access the Fund through an IDPS will receive reports directly from the IDPS Operator and not from the Trustee. However, the Manager will be providing the relevant reports to the relevant IDPS Operators. Indirect Investors should refer to their IDPS Guide for information on the reports they will receive regarding their investment through the IDPS.

4.8 How to invest

The Offer is only open to Eligible Investors.

To participate in the Offer, you must complete the Application Form attached to or accompanying this IM and submitting it (along with the required supporting material) to the Trustee. The Trustee may require the Application Form to be completed using an online portal, the details of which will be provided to you.

The Trustee will need to verify your identity before Units are issued to you, as described in Section 10.7 (*Anti-money Laundering Law*) of this IM.

Units will not be issued to you without the payment of your Application Money. Payment of your Application Money may be made by direct credit to the bank account indicated on the Application Form. The Trustee can only accept electronic funds transfers from a bank, building society or credit union account in the name of the Investor. Cash or cheque payments will not be accepted.

A completed and lodged Application Form, together with the payment for the number of Units applied for, cannot be withdrawn (unless the Trustee agrees in consultation with the Manager) and constitutes a binding application for the number of Units specified in the Application Form, or a lesser number as determined by the Trustee, on the terms set out in this IM. If the Application Form is not completed correctly, the Trustee may in its discretion either reject it or treat it as valid.

Generally, applications are processed monthly at the end of the calendar month in which the completed application (including full payment of Application Money and supporting material) are

received and accepted by the Trustee. For each calendar month, generally only applications received within five Business Days prior to the end of that month are processed that month, provided that the Application Money is received, the requested supporting material is received, and your identity is verified for the purposes of AML/CTF Law before the end of the calendar month. Investors are strongly encouraged to submit applications as least five Business Days prior to the end of any calendar month to allow sufficient time for the applications to be processed.

The Trustee reserves the right to reject any application in its absolute discretion. If an application is not accepted by the Trustee, the Trustee will refund the Application Money to the applicant (without interest) as soon as practicable after the Trustee decides to reject the application.

It is important that you read this entire IM and consider consulting with your financial or other professional adviser before deciding to apply for Units.

5 Management of the Fund

SILC is the trustee and custodian of the Fund and will manage the Fund in accordance with the Trust Deed and its duties and obligations under Australian law and, importantly, will have regard to the best interests of Unitholders as a whole in all decisions that it makes with respect to the Fund.

5.1 About the Manager

(a) Overview

HOPE Housing Fund Management Limited is a not-for-profit company aimed at raising funds for the purpose of providing shared equity investment in residential property to support essential service workers to live closer to their work.

(b) Key personnel

- (i) Tim Buskens;
- (ii) Tim Sims; and
- (iii) Sam Kong.

(c) Investment Committee

The role of the Investment Committee includes identifying suitable investments for the Fund, monitoring the execution of the Fund's investment strategy and reviewing the performance of the Portfolio. The representatives of the Investment Committee are determined by the Manager, and the initial members will comprise all of the members of the HOPE board.

5.2 About the Administrator

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 processes (including applications and unit registry) and fund accounting. Collectively, the team has a breadth of experience in the banking, funds management and financial services sector. The Administrator is a related party of the Trustee.

5.3 Information about key personnel

Tim Buskens



Tim is the Chief Executive Officer and a Founding Director of the Manager. Tim has over 25 years' experience in financial services across both private and public sectors, most recently as Chief Operating Officer of the Association of Superannuation Funds of Australia. Tim has also held executive positions in Link Group, Oasis Asset Management and ASIC. Tim has completed a Bachelor of Business with Victoria University and a Master of Applied Finance with Macquarie University.

Tim Sims



Tim Sims is the Founder and Managing Director of the Manager. Tim is also a Founder and Managing Partner of Pacific Equity Partners, a leading private equity fund manager in Australasia with assets under management over \$6 billion. Prior to founding Pacific Equity Partners in 1998, Tim was the Chairman of Bain & Company's Australasian and African businesses and an elected member of the Global Executive Committee. Prior to that, Tim was a Founder of the LEK Partnership. Tim has a BA/MA from Oxford University where he was a Mitsui Scholar and an MBA from Harvard where he was a Kennedy Scholar.

Sam Kong



Sam Kong is a Director of the Manager. Sam is also a Managing Director and Chief Operating Officer of Pacific Equity Partners, a leading private equity fund manager in Australasia with assets under management over \$6 billion. Prior to joining Pacific Equity Partners in 1998, Sam was a senior accountant at PricewaterhouseCoopers where he advised clients in the financial services, retail, shipping and manufacturing industries. Sam received a BEc from the University of Sydney and an MBA from the Australian Graduate School of Management, University of New South Wales. He is a Certified Practising Accountant.

6 Portfolio information

6.1 Co-investment criteria

The Fund will work with the relevant Lending Partner to determine who will be eligible to become Homeowners.

There are restrictions associated with the Fund's arrangements with eligible Homeowners, including but not limited to the following:

- (a) Homeowners must be Australian essential services workers at the time of entry into the arrangements with the relevant Lending Partner and the Fund;
- (b) Homeowners may purchase any kind of residential accommodation, such as a house, duplex, townhouse, apartment or unit, but must not purchase off the plan property;
- (c) the maximum loan-to-value ratio in respect of each loan to a Homeowner is 95%;
- (d) Homeowners must purchase the Property as their primary place of residence; and
- (e) Homeowners may improve their Property in accordance with their arrangements with HOPE.

6.2 Portfolio limit

In relation to the entire Portfolio, the Trustee intends to limit each initial Equity Contribution to not more than 50% of the purchase price of each Property at the time of the purchase plus the value of the stamp duty associated with that purchase.

In limited circumstances, the Fund's exposure in relation to a value of a Property may increase, such as in circumstances of agreed financial hardship on the part of the Homeowner, or capitalisation of unpaid costs such as essential maintenance not performed by a Homeowner but performed by the Fund.

6.3 Location

The Properties may be located in any Australian State or Territory.

6.4 Valuation methodology

The Manager maintains and complies with a written Valuation Policy. The Manager must procure a valuation of a Property at any time at the request of the Trustee.

Valuation summaries will be provided by the Manager to Unitholders.

7 Risk factors

All investments carry some level of risk. In investment terms, risk is the variability of returns over time and the potential loss of capital. Risk means it is not possible to predict the returns that an investment will achieve. Investment returns are not guaranteed and past performance is not an indicator of future performance.

The following table outlines the key risks of the Fund. The value of your investment will rise and fall in line with the changing value of the Portfolio and any other assets of the Fund. The table does not purport to cover or explain all the risks of investing in the Fund. Each Investor has their own particular investment objectives, financial situation and particular needs. You should consult with your financial adviser before investing and from time to time, to ensure your investment is, and remains, appropriate to your needs.

| Risk | Description |
|--------------------------------|--|
| General investment risk | |
| Market risk | <p>An investment in the Fund is subject to general market risks, in Australia or in another country or region. For example, an investment is subject to:</p> <ul style="list-style-type: none"> ■ a downturn in general economic and market conditions; ■ movements in relevant markets, including real estate markets of which the Portfolio forms part; ■ unfavourable movements in interest rates, employment rates or inflation; ■ changes to the law, government policy and tax settings; ■ changes to governments; ■ changes to consumer confidence; ■ political or social unrest; and ■ natural disasters, including terrorist attacks or war. |
| Force majeure risk | <p>Force majeure is the term generally used to refer to an event beyond the control of a party claiming that the event has occurred, including acts of God, fire, flood, pandemics, epidemics, earthquakes, war, acts of terrorism and labour strikes. Some force majeure risks are uninsurable or are unable to be insured economically.</p> <p>If there is a force majeure event, it may adversely affect the ability of the Manager to achieve the investment strategy of the Fund.</p> |
| Personal circumstances risk | <p>Investment risks can affect your financial circumstances in a number of ways, including:</p> <ul style="list-style-type: none"> ■ your investment in the Fund may not keep pace with inflation, which would reduce the future purchasing power of your money; ■ the stated aims and objectives of the Fund may not be met; ■ the amount of any distribution you receive from the Fund may vary or be irregular, which could have an adverse impact if you depend on regular and consistent distributions to meet your financial commitments; and ■ your investment in the Fund may decrease in value, which means you may get back less than you invested. <p>Other factors such the length of time you intend to hold your investment, other investments you may hold, and your personal risk tolerance will affect the levels of risk for you as an investor. As the risks noted in this section do not take into account your personal circumstances, you should consider obtaining tax and financial advice before making a decision about investing in the Fund.</p> |

| Risk | Description |
|-------------------------------|--|
| General property risks | |
| Valuation risk | <p>The value of the Portfolio may be adversely affected by a downturn in real estate market conditions or the underlying performance of the Portfolio. There is no guarantee that the Portfolio or Investors will achieve a capital gain or that the Portfolio will not fall in value relative to the current valuation.</p> |
| Diversification risk | <p>The Fund will invest predominantly in one asset class only (Security Interests), and therefore there is limited diversification of investments of the Fund across different asset classes.</p> <p>Generally, the more diversification of the Fund's portfolio, the lower the impact that an adverse event affecting one asset in the portfolio will have on the income or capital value of the overall portfolio.</p> <p>This risk is reduced where the Fund invests in other collective investment vehicles, and in addition the Fund will also invest a portion of the Fund's assets in cash and cash-like investments.</p> |
| Property market risk | <p>The property market, like markets for other assets, fluctuates over time. Nevertheless, the consensus is that the value of residential property in metropolitan areas of Australia has increased over time (in real terms). There is a risk that the value of the Property may decrease over time, whether in relation to one particular Property or the entire Portfolio.</p> <p>The Manager's forecast returns set out in Section 3.3 (<i>Target return</i>) of this IM takes into account the variability of returns in the Portfolio, and assumes a conservative capital growth values in preparing these forecasts.</p> |
| Property investment risk | <p>The Fund's returns may be affected by factors relating to real estate investments, such the demand for real estate by prospective homeowners, the quality of the buildings and improvements on land, ongoing expenses for maintenance and repairs, costs and losses associated with natural disasters, or other disasters or events outside of the Manager's reasonable control.</p> <p>Homeowners own their Property, and the Trustee does not have any title to the Property. Therefore, the Fund's control over the maintenance, renovation and repairs of a Property subject to a Security Interest is limited.</p> <p>These types of factors may affect the ability of the Manager to achieve the investment strategy of the Fund.</p> |
| Tail risk | <p>Historical data shows that, on average, residential property in Australia is sold or refinanced every seven to ten years. When a Property is sold or refinanced, the Fund will receive its proportionate share of the sale proceeds or market value of the Property and the Security Interest will be discharged. There will be some Homeowners, however, who do not sell or refinance their Properties in this timeframe. The Fund will either need to hold these or sell down these exposures. However, there may be a limited market for the sale or transfer of Security Interests that are not discharged in the expected timeframe.</p> |
| Asset illiquidity risk | <p>The major assets of the Fund are Security Interests.</p> <p>Real estate, by its nature, is an illiquid investment. Further, the Trustee does not have the right to sell the Property at will, as its rights to the Property are limited to the terms of the Security Interest.</p> <p>Where the Fund invests in other collective investment vehicles, there are risks associated with the performance of these investments. Further, investments in cash and cash-like investments may under perform relative to investments in real estate or collective investment vehicles.</p> <p>The above factors may affect the Manager's ability to achieve the target return or return capital to Investors, and may reduce the Unit value.</p> |

| Risk | Description |
|------------------------|---|
| Homeowner risks | |
| Borrowing risk | <p>There is a risk that that Homeowners may default on their loan payment obligations with the relevant Lending Partner.</p> <p>This may result in the Lending Partner enforcing its security interest in relation to the Property, which may include a sale of the Property.</p> <p>The Lending Partner's recourse is limited to the share funded by the Homeowner. Therefore, there is a risk that the sale proceeds might not be sufficient to discharge fully the debt obligations of the Homeowner. This represents a reputational risk to the Fund, as the Homeowner might be left with ongoing obligations to the Lending Partner even after the Property is sold.</p> <p>The Fund seeks to mitigate these risks through active engagement in hardship processes before any enforcement proceedings are commenced.</p> |
| Counterparty risk | <p>There is a risk that a Homeowner may not comply with its obligations secured under the terms of the Security Interest.</p> |
| Property sale risk | <p>A Homeowner may sell their Property at any time with the approval of the Trustee. If the price at which a Homeowner sells their Property is at least market value (and other conditions are met) approval is generally granted.</p> <p>The sale price of the Property may affect the Manager's ability to return capital to Investors and may reduce the Unit value.</p> |
| Due diligence risk | <p>There can be no assurance that the Properties will be free from latent defects, or will be free from environmental or structural risks.</p> <p>While the Manager will conduct pre-acquisition due diligence in relation to each Property, neither the Trustee nor the Manager can guarantee the identification and mitigation of all risks associated with a real estate asset.</p> |
| Fund risks | |
| Investment risk | <p>There is a risk that an investment in the Fund may not produce the target return, or any return at all, or that Investors may suffer a loss of capital.</p> <p>None of the Trustee, Manager or Administrator, or their officers, employees, related parties, associates, consultants, advisers and agents, or any other person, guarantees the performance or success of the Fund, the repayment of capital invested in the Fund by an Investor or any particular rate of return on investments in the Fund.</p> <p>There can be no assurance that the Fund will achieve results that are comparable to the track record of the Trustee or the Manager, or that the Fund's investment objectives will be achieved.</p> |
| Distributions risk | <p>As a result of the inherent risk in any property investment, there is no guarantee that the Fund will pay distributions on terms set out in this IM or at all.</p> |
| Fund borrowings risk | <p>If there is a debt facility, the Fund will be subject to the terms and conditions of any debt facility, including key covenants. If the Fund has drawn down on the facility, a fall in the value of the Portfolio or the net income from the Portfolio could result in a breach of a borrowing covenant under the debt facility.</p> <p>Breaches of these covenants or any other default of terms may enable the financier to enforce its rights against the Fund or the Portfolio or both.</p> <p>If there is a default under any debt facility, the financier may enforce against the assets of the Fund.</p> <p>To the extent that the financier takes action to recover any amounts owed to it (such as interest and principal payment obligations), the financier's interest would rank in priority to the</p> |

| Risk | Description |
|------------------------------------|---|
| | interests of Unitholders and will have a first claim over the assets of the Fund in a winding-up scenario. |
| Refinancing and debt funding risks | <p>If there is a debt facility, and that facility requires refinancing, there is no certainty that debt funding to replace the debt facility will be obtained or will be obtained on comparable terms. In that event, the Fund may need to obtain finance on unfavourable terms or raise further equity from new Investors.</p> <p>There is also a risk that the Fund may not be able to obtain debt funding at all. The failure to do so may have an adverse impact on the ability of the Fund to execute the investment strategy of the Fund or to achieve the target return.</p> |
| Liquidity risk | <p>An investment in the Fund should be viewed as a long-term investment and should be considered illiquid. No Unitholder has the right to redeem their Units. However, from time to time, the Trustee will use its best endeavours to provide limited redemption opportunities on terms it sees fit, depending on available liquidity and whether Unitholders wish to exit the Fund. Further, a portion of the Fund's assets will be invested in cash and cash-like investments to provide some liquidity opportunities to Unitholders, but you should regard your investment in the Fund as being not liquid and should be considered as a long-term investment.</p> <p>A Unitholder may, with the consent of the Trustee, transfer their Units (but the Trustee may, in certain circumstances, refuse to register any transfer of Units as described in Section 4.6 (<i>Transfers</i>) of this IM).</p> |
| Taxation and stamp duty risk | <p>The effect of taxation on Investors is complex and the summary in Section 8 (<i>Taxation information</i>) of this IM is general in nature. Investors should seek professional taxation advice specific to their own circumstances.</p> <p>Taxation and stamp duty considerations taken into account by the Manager in preparing this IM are based on relevant legislation, regulations, court decisions and rulings and pronouncements of relevant taxation and revenue authorities now in effect, all of which are subject to change or differing interpretations. Investors should note that any changes could have retroactive application so as to result in taxation and stamp duty consequences different from those taken into account by the Manager. The Manager has not sought any ruling from relevant taxation or revenue authorities with respect to these considerations and there can be no assurance that relevant taxation or revenue authorities will not assert, or that a court will not sustain, a contrary position.</p> |
| Legal risk | <p>The Fund may, in the ordinary course of business, be involved in possible litigation and disputes; for example, disputes with Homeowners and any legal claims or third-party claims.</p> <p>A material or costly dispute or litigation may affect the value of the assets, the income of the Fund or the ability of the Manager to achieve the investment strategy of the Fund. The cost of any potential or actual litigation is borne by the Fund's assets.</p> |

8 Taxation information

Australian tax laws are complex and subject to change. The Investors must take full and sole responsibility for the associated taxation implications arising from an investment in the Fund. This includes any change in the taxation implications arising during the term of their investment.

The following is a general outline of certain expected Australian income tax implications for Australian resident Unitholders who hold their units on capital account and certain other matters, based on the Australian tax law at the date of this IM. The following does not purport to be a complete analysis of the Australian tax consequences for prospective investors. This outline cannot be relied on and each prospective Australian resident Unitholder should obtain its own independent tax and legal advice on any implications that may arise from investing in the Fund.

8.1 Taxation of the Fund

The Fund is a unit trust established in Australia. Subject to meeting certain eligibility requirements (including the composition of the Investors of the Fund), the Fund may elect into the AMIT regime.

Irrespective of whether the Fund qualifies as an AMIT, the Fund should be taxed on a 'flow-through' basis. That is, the Trustee should not be subject to tax in respect of the net income of the Fund. Instead, the net income of the Fund will be taxed in the hands of the Unitholders.

8.2 Taxation of Unitholders on Fund income

Where the Fund qualifies and elects to be an AMIT, the taxable income of the Fund will flow through to Unitholders based on the amount and character of taxable income which the Trustee 'attributes' to the Unitholder, rather than being necessarily based on the share of the trust income to which the Unitholder is presently entitled and therefore distributed.

Amounts attributed from the Fund will retain their particular character or source in the hands of the Unitholders (refer below for the Australian tax treatment of the discharge of Security Interests by the Fund). The Trustee will make such an attribution on a fair and reasonable basis.

It is important to note that a Unitholder will be assessed on all taxable income of the Fund that is attributed to the Unitholder, even where the Fund accumulates this income or the Unitholder does not otherwise receive this income. In the event that the amount distributed to a Unitholder is lower than the taxable income that is attributed to that Unitholder, an upward tax cost base adjustment will arise for the Unitholder. In the event the amount distributed to a Unitholder exceeds the taxable income attributed to the Unitholder, such excess (the 'non-assessable amount') will reduce the cost base of a Unitholder's units. To the extent that distributions of non-assessable amounts in respect of a unit exceed the cost base of that unit, the excess will be taxable to the Unitholder as a capital gain.

In the event that the Fund does not qualify as an AMIT, each Unitholder of the Fund will be made presently entitled to a share of the net income of the Fund at the end of an income year. The Unitholders will be required to include, in their assessable income, their proportionate share of the net income of the Fund. Distributions from the Fund which are attributable to a particular character or from a particular source should retain that character or source in the hands of the Unitholders.

Taxation of the Security Interests

The realisation of the Security Interests should give rise to ordinary income (and not capital gains) and distributions will retain that character in the hands of the Unitholders. This is irrespective of whether the Fund qualifies as an AMIT or whether the rules for the taxation of financial arrangements (TOFA) in Division 230 apply.

8.3 Disposal of Units by the Unitholder

Upon disposal of its Units, a Unitholder who holds its Units on capital account will realise a capital gain if the capital proceeds received on disposal exceed the cost base of the Units held in the Fund. Alternatively, the Unitholder will make a capital loss if the capital proceeds received on disposal are less than the reduced cost base of the Units held in the Fund. Provided that the unit has been held for 12 months, eligible Unitholders can apply the capital gains tax (**CGT**) discount to any capital gain derived by the Fund. The CGT discount percentage is currently 33.33% for superannuation funds and 50% for individuals and trusts. Companies cannot access the CGT discount.

8.4 Statements

Following the end of each year, the Trustee will issue a tax statement to Unitholders including the amount and character of any taxable income in the hands of the relevant Unitholder.

8.5 ABN/TFN withholding

The Fund is required to withhold an amount of investment income in relation to any Investor that has not provided us with their tax file number (**TFN**) unless an exemption applies. The rate of withholding is the highest marginal tax rate plus the Medicare Levy. This amounts to a withholding rate as at the date of this IM of 47%.

As an alternative to the provision of a TFN, an Investor may provide a copy of their Australian Business Number (**ABN**) if their investment in the Fund is made in the course of carrying on their business.

There are a number of exemptions from the ABN/TFN withholding regime. For example, ABN/TFN withholding does not apply in respect of Investors that are:

- (a) non-residents; or
- (b) entities that are not required to lodge tax returns.

This is not a complete list of the exemptions available. Where an Investor seeks to rely on an exemption, that Investor will need to provide the Trustee with sufficient information that demonstrates that the relevant exemption applies.

8.6 Stamp duty

No duty liability should arise on an initial issue of Units that occurs at a time when the Fund only has cash. Also, in all instances, no duty liability arises if Units are issued on a pro rata basis such that the interests of the Unitholders remain unchanged before and after the issue of Units.

Fund has made Equity Contributions only:

If the Fund has only made Equity Contributions, then subject to the comments below regarding Victoria, the acquisition of Units (by issue, transfer or otherwise) in the Fund should not give rise to duty.

In Victoria, the Fund may be a landholder if it has entered into arrangements to participate in the capital growth of a Property which has a value of \$1,000,000 or more. However, provided that an Investor does not, together with associated parties or parties acting under substantially one arrangement, acquire an interest of 20% or more in the Fund, no duty liability should arise. Alternatively, no duty liability arises if Units are issued on a pro rata basis such that the interests of the Unitholders remain unchanged before and after the issue of Units.

Fund has made Equity Contributions and also has other investments:

The comments above in relation to Victoria, in addition to the comments below, are relevant to any acquisition of Units at a time when the Fund has other investments in addition to the Equity Contributions.

If the Fund has Equity Contributions and only has investments in HOPE Housing Investment Trust but no other investments, the acquisition of Units (by issue, transfer or otherwise) in the Fund should not give rise to duty subject to the comments above and below regarding Victoria.

If the Fund has Equity Contributions and has only invested in the HOPE Housing Investment Trust but no other investments, and the interest that the Fund has in HOPE Housing Investment Trust is an interest of 20% or more, then the Fund may be a landholder in Victoria. The Fund may be a landholder in Victoria if HOPE Housing Investment Trust has entered into arrangements to participate in the capital growth of a Property which has an unencumbered value of \$1,000,000 or more. In those circumstances, an acquisition of Units could give rise to a duty liability in Victoria. However, provided that an Investor does not, either alone or together with associated persons (including together with persons who are unrelated but who are acting under substantially one arrangement) acquire an interest of 20% or more in the Fund, then no duty liability should arise.

If the Fund has other investments aside from Equity Contributions and interests in the HOPE Housing Investment Trust, then a duty liability may arise in any State or Territory in which the Fund is a landholder. Also, duty will arise in Queensland on the acquisition of Units if the Fund has any dutiable property in Queensland either directly, or indirectly, through other funds.

Investors should seek their own stamp duty advice before making an investment in these circumstances.

8.7 Land tax

No land tax implications should arise for any Unitholders.

9 Fees and other costs

9.1 Fees and other costs summary

| Fee | Fee Charged | Comment |
|----------------------------------|--|---|
| Establishment Costs | The Fund may pay (or reimburse the Trustee or the Manager or an associate of either of them) the expenses reasonably incurred in establishing the Fund. | The Establishment Costs may be amortised, by a method, in the amounts and at a time or times, determined by the Trustee. |
| Acquisition/ Disposal fees | Nil | |
| Management Fee and Fund expenses | <p>A management fee of 1.5% p.a. of the Fund's net asset value (NAV) is payable to the Manager for managing and operating the Fund (Management Fee). The Management Fee is calculated and accrued on the last business day of each calendar month and paid from the Fund's assets monthly in arrears.</p> <p>Out of the Management Fee, the Manager will pay the ordinary fees, costs and expenses of the Fund such as the fees and expenses of the Trustee and Administrator, accounting and audit fees, fees payable to IDPS Operators, and legal fees in relation to matters arising during the ordinary operation of the Fund.</p> <p>However, the following fees, costs and expenses of the Fund are not covered by the Management Fee and are payable from the Fund's assets as and when they are incurred:</p> <ul style="list-style-type: none"> • Extraordinary Costs; • Transaction Costs; and • borrowing costs (see below for more information). | <p>The maximum Management Fee is set out in the IMA, which is the amount set out in the middle column of this table. The Manager has the sole discretion to reduce Management Fees in line with its not-for-profit objective.</p> <p>Under the IMA and the terms of the Trust Deed, where the Manager does not pay the Fund's ordinary fees, costs and expenses out of the Management Fee, the Trustee has a right to seek payment or reimbursement from the Fund's assets.</p> |
| Trustee's fees | All of the Trustee's fees payable under the terms of the Trust Deed will be payable by the Manager. | <p>Under the Trust Deed, the Trustee is entitled to a fee of the greater of \$2,500 per calendar month and tiered fee based on following criteria:</p> <ul style="list-style-type: none"> • 0.06% up to \$150m GAV, • 0.05% greater than \$150m, but equal to or less than \$300m GAV, • 0.04% greater than \$300m GAV, |

| Fee | Fee Charged | Comment |
|--------------------------------------|--|---|
| | | subject to 3.5% increase on the anniversary of the execution date of the Trust Deed. The Trust Deed also sets out a break fee and additional fees to which the trustee is entitled in certain circumstances. Under the IMA and the terms of the Trust Deed, where the Manager does not pay the Trustee's fees, the Trustee has a right to seek payment or reimbursement from the Fund's assets. |
| Performance fee | Nil | |
| Other costs and expenses of the Fund | The Manager will pay its normal operating expenses such as salaries, benefits, rentals and overheads out of the Management Fee. | |
| Borrowing costs | The Fund may also incur borrowing costs associated with borrowing money. Such costs are borne by the Fund and are not covered by the Management Fee. | |

9.2 Changes to fees and costs

Fees, costs and expenses of the Fund may increase or decrease for many reasons, including on account of changes in regulatory and industry environments or simply from changes in third party costs. To deal with this, the Manager has the right to either:

- (a) increase the Management Fee (with the agreement of the Trustee) or decrease the Management Fee at its election; or
- (b) determine that a fee, cost or expense of the Fund will be, or will no longer be, borne by the Manager out of the Management Fee (being a decision that does not require the consent or approval of the Trustee),

in either case without requiring Unitholder consent or approval.

The Manager will provide 30 days' prior written notice to Unitholders should any of the options above be implemented.

9.3 GST

Unless otherwise stated, all fees and costs in this section and elsewhere in the IM are shown exclusive of GST. Where applicable, the relevant service provider will charge to the Fund an amount on account of GST in addition to the relevant GST-exclusive fee / cost. Where the Fund is not entitled to an input tax credit or reduced input tax credit under the GST legislation for GST incurred in

respect of the fees, costs and other expenses charged to the Fund, the net cost to the Fund of those expenses will be higher. For information in relation to the taxation implications of an investment in the Fund please see Section 8 (*Taxation information*) of this IM.

9.4 Payment to IDPS Operators

Subject to the law, payments may be made to select IDPS Operators where they offer access to the Fund on their investment menus. Subject to Section 9.2 (*Changes to fees and costs*), such payments will be paid by the Manager out of the Management Fee.

10 Other information

10.1 Trust deed

The Fund's Trust Deed (in addition to the general law) sets out the terms and conditions under which the Fund operates, as well as many of the rights, liabilities, duties and obligations of Investors and the Trustee. Your rights, duties and obligations as a Unitholder will be governed by the Trust Deed and the general law relating to trusts. These rights include the right to attend Unitholder meetings, to make (but not expect satisfaction of) redemption requests, receive and reinvest distributions, and participate in proceeds of the termination and winding up of the Fund.

Some key terms of the Trust Deed are described below, but it does not summarise all of the provisions. Other terms have been described elsewhere in this IM, including in relation to the nature of an Investor's interest in the Fund's assets, redemptions of Units, Unit pricing, transfers of Units, distributions and Trustee fees.

Investors should refer to the Trust Deed for the detail of the provisions. A potential Investor, and a Unitholder, may obtain a copy of the Trust Deed on request to the Trustee. If the Fund is registered with ASIC, there are additional provisions in the Trust Deed which apply while the Fund is registered, which are not described below.

(a) **Classes of Units**

The Trustee may create and issue one or more different classes of Units with rights, obligations or restrictions differing from each other class of Unit, and may at any time consolidate, divide or re-classify Units, provided that any consolidation, division or re-classification must be undertaken for all Units in a Class and does not alter the aggregate beneficial interest in the Fund's assets held by an Investor or value of the relevant Investor's aggregate holding of Units.

Each Class does not have segregated assets and liabilities, and does not constitute a separate trust.

(b) **Transfer of Units and security over Units**

A Unitholder may transfer Units in the manner as the Trustee from time to time prescribes but must not do so without the express written consent of the Trustee (which may be withheld in its absolute discretion). See Section 4.6 (*Transfers*) of this IM for more information about transfers.

A Unitholder may not create any encumbrance or other security interest over a Unit without the consent of the Trustee.

(c) **Security over Units**

A Unitholder may not create any encumbrance or other security interest over a Unit without the consent of the Trustee.

(d) **Trustee's role, obligations and rights**

The Trustee's duties and obligations to Investors are imposed, and functions and powers conferred, by the Trust Deed, the Corporations Act (where relevant) and general law.

Examples of the Trustee's powers include acquiring and disposing of the Fund's assets, entering into agreements, operating accounts, and raising money.

Under the Trust Deed, the Trustee has (among other things) a broad power of investment, an entitlement to be paid the specified fees out of the Fund's assets, a right to pay out of the Fund's assets fees and costs incurred by the Trustee in the performance of its duties (including payment of the fees and costs of the Manager under the Investment Management Agreement, and other Fund expenses such as in connection with custody, administration, valuation and dealing of Fund assets), and (subject to limitations operating by law) a right to be indemnified out of the Fund's assets for any fees or costs incurred by it, in its own capacity or through an agent, manager, advisor or delegate.

(e) Trustee's indemnity and limitation of liability

The Trustee, as the trustee of the Fund, has to the fullest extent permitted by law, a right to be indemnified out of the Fund's assets for any cost, expense liability incurred by it, in its own capacity or through an agent, manager, advisor or delegate.

To the fullest extent permitted by law, the Trustee, and each director or other officer of the Trustee, are not liable in contract, tort or otherwise to any future trustee, any Unitholder or any other person.

(f) Liability of Unitholders

Generally, the liability of a Unitholder is limited to the amount, if any, which remains unpaid in relation to the Unitholder's subscription for Units. However, you should be aware that the effectiveness of such a limitation is yet to be conclusively determined by the courts.

(g) Trustee's retirement and removal

The Trustee may retire as trustee of the Fund effective on the appointment of a replacement trustee, by giving notice to the Unitholders. Where the Trustee retires, the Manager may by notice in writing to the Trustee nominate a person to be the replacement Trustee, and the Trustee must (without the need for any approval of Unitholders) appoint the person to be the replacement Trustee provided that the Trustee does not notify the Manager in writing within ten Business Days of receipt of the notice of nomination from the Manager that it objects to the Trustee's nomination. The Trustee's notice of objection must set out the Trustee's reasonable grounds for its objection to the Manager's nominated replacement Trustee. If the Manager has not nominated a replacement Trustee, the Trustee may nominate and appoint another person in writing as the replacement Trustee without the need for any approval of Unitholders.

The Trustee must retire as trustee of the Fund when required by law or directed to retire by a special resolution provided that Unitholders holding in aggregate at least 50% of all Units on issue vote (in person or by proxy) on the resolution and provided that the Trustee must not retire until a replacement trustee is appointed. Where the Trustee is directed to retire, the Manager may by notice in writing to the Trustee nominate a person to be the replacement Trustee, and the Trustee must (without the need for any approval of Unitholders) appoint the person to be the replacement Trustee provided that the Trustee does not notify the Manager in writing within ten Business Days of receipt of the notice of nomination from the Manager that it objects to the Trustee's nomination. The Trustee's notice of objection must set out the Trustee's reasonable grounds for its objection to the Manager's nominated replacement Trustee. If the Manager has not nominated a replacement Trustee, a replacement Trustee may be appointed with the approval by Unitholders by special resolution provided that Unitholders holding in aggregate at least 50% of all Units on issue vote (in person or by proxy) on the resolution.

(h) **Meetings of Unitholders**

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

In respect of a meeting of all Unitholders, Unitholders with at least 67% of the votes that may be cast on the resolution can request the Trustee to call and arrange such a meeting.

(i) **Termination of the Fund**

The term of the Fund is described in Section 3.5 (*Term of the Fund and exit strategy*) of this IM.

In addition, the Unitholders may at any time terminate the Fund by special resolution provided that Unitholders holding in aggregate at least 75% of all Units on issue vote (in person or by proxy) on the resolution.

The Trustee at any time may terminate the Fund by written notice to the Unitholders with effect from the termination date specified in the notice.

(j) **Amending the Trust Deed**

Where the Fund makes an election to be an AMIT, the Trustee may amend the Trust Deed without the approval of Unitholders if, in the reasonable opinion of the Trustee, the amendment:

- is necessary or advisable to comply with the law;
- is necessary or advisable to avoid:
 - the Fund or the Trustee being subject to taxation; or
 - any other material adverse effect on the Fund or the Fund assets;
- is necessary or desirable to facilitate compliance with, or the proper administration and operation of the Fund in relation to, the AMIT regime;
- is necessary to correct a manifest error, or is otherwise of a formal, technical or administrative nature;
- is made to cure any ambiguity or correct or supplement any defective or inconsistent provision; or
- in any other case, is not materially prejudicial to the interests of Unitholders as a whole.

In other circumstances (where the Fund makes an election to be an AMIT), the approval of Unitholders by special resolution is required to amend the Trust Deed.

Where the Fund has not made an election to be an AMIT, the Trust Deed:

- may be amended by the Trustee in any way if the amendment would not have an adverse effect on any Unitholder; and

- must be amended by the Trustee in any way if the amendment is approved by a special resolution of Unitholders, provided that any amendment that would adversely affect a Unitholder's rights or obligations under the Trust Deed must also be approved by that Unitholder.

10.2 Investment Management Agreement

The Trustee and Manager have entered into an investment management agreement (**IMA**). Generally, under the terms of the IMA:

- the Trustee appoints the Manager to promote and distribute the Fund, source investments for the Fund and manage the investments of the Fund;
- the Trustee agrees with the Manager to manage the Fund in accordance with relevant laws and the terms of the Trust Deed;
- the Manager agrees to provide regular reporting to the Trustee and be subject to the regular monitoring of the Trustee. The Manager also agrees to provide proper instructions for the making of investments in the Fund;
- the fees and expenses payable to the Manager and Trustee are specified; and
- terms are set out for the termination of the IMA including where either party has breached the IMA or becomes insolvent.

Under the IMA, and subject to the Trustee's limitation of liability set out in the IMA, the Trustee indemnifies the Manager against any liabilities reasonably incurred by the Manager arising out of, or in connection with the Manager or any of its officers or agents properly acting under the IMA or on account of any bona fide investment decision made by the Manager or its officers or agents, except to the extent that any liability is caused by:

- any gross negligence, fraud, default or dishonesty of the Manager or any of its officers, employees or supervised agents;
- the Manager's material breach of the IMA; or
- any act or omission of the Manager or any of its officers, employees or agents that causes the Trustee to be liable to Unitholders for which the Trustee has no right of indemnity from the Fund.

10.3 Related party investments and transactions

Related parties of the Trustee and Manager, including employees, family, friends and associated affiliates, may invest in the Fund.

The Trustee and Manager may appoint any of their related entities to provide services and to perform functions in relation to the Fund, including acting as their delegate. These arrangements will be based on arm's length commercial terms.

The Trustee may be paid a fee for work performed in connection with the Fund in its personal capacity and not in its capacity as the responsible entity or trustee of the Fund. The Trustee may retain these fees for its own purposes and is not required to account for them to the Fund or to Unitholders.

In the course of managing the Fund, the Trustee and Manager may have conflicts in respect of their duties in relation to the Fund, related funds and their own respective interests. The Trustee and Manager have policies and procedures in place to manage these appropriately.

In addition, as explained in Section 3.2 (*Trust objective and investment strategy*) of this IM, the Fund may also invest in the HOPE Housing Investment Trust (which is managed by HOPE) or in other funds promoted or established by HOPE. Further, as explained in Section 3.9 (*Leverage*) of this IM, the Fund may borrow from a Unitholder, or from persons who are associates of the Manager or a Unitholder.

10.4 Privacy information statement

The Trustee and the Manager may collect personal information from Investors as part of the application process or during the administration of the Fund.

The Trustee and the Manager use this information to establish and manage that investment for you. If you do not provide the Trustee with your contact details and other information, then it may not be able to process your application to invest in the Fund.

Under the *Privacy Act 1988* (Cth), you can access personal information about you held by the Trustee, except in limited circumstances. Please let the Trustee know if you think the information is inaccurate, incomplete or out of date.

The Trustee and the Manager may disclose Investors' personal information to external service providers engaged to supply administration, financial or other services, and anyone that Investors have authorised (including an Investor's custodian or financial adviser) or if required by law. The Manager is obliged, under the Investment Management Agreement, to adhere to the Trustee's privacy policy.

Under various laws and regulatory requirements, the Trustee may have to pass on certain information to other organisations, such as the Australian Taxation Office or the Australian Transaction Reports and Analysis Centre (or 'AUSTRAC').

By applying to invest, you give the Trustee permission to pass information it holds about you to other companies which are involved in helping it administer the Fund, or where they require it for the purposes of compliance with anti-money laundering and counter terrorism financing laws or in connection with the holding of application moneys.

The Trustee may also use your information to provide you with details of future investment offers made by it or the Manager. You will be able to opt out of receiving notification of these offers.

The Trustee's privacy policy is available from the Trustee. The Manager's privacy policy is available from the Manager.

10.5 Consents

Each of the Manager, the Administrator, BDO Australia (accounting and auditor adviser), Hall & Wilcox (legal advisers) and Clayton Utz (tax advisers):

- (a) has made no statement included in this IM or on which a statement made in this IM is based, other than the details about it, and the other sentences in this IM that refer to it;
- (b) has consented to those statements being included in this IM in the form and context in which they appear and has not withdrawn this consent before the date of this IM;
- (c) specifically disclaims responsibility for, and liability to any person in the event of, any omission from, or any false or misleading statement included in, any other part of this IM; and
- (d) has not authorised or caused the issue of any part of this IM.

10.6 Electronic instructions

Investors can provide instructions on their account and investment to the Trustee by email, subject to the Trustee's discretion to require original documentation.

In respect of electronic instructions, the Trustee will not accept an instruction unless it is accompanied by the scanned signature(s) of the Investor(s) or as otherwise determined by the Trustee.

The Trustee (and its related parties, officers, employees, consultants, advisers and agents) will not be responsible for any loss or delay that results from a transmission not being received by the Trustee and will only process electronic instructions received in full and signed by authorised signatories of the Investor.

Only instructions received from an Investor or a person authorised by the Investor will be accepted by the Trustee. Investors must comply with any security or verification procedures required by the Trustee from time to time.

The Trustee and its related parties, officers, employees, consultants, advisers and agents will assume that any instruction received in respect of an Investor's investment has been authorised by the Investor, and the Trustee and its related parties, officers, employees, consultants, advisers and agents will not investigate or confirm that authority (unless the Trustee is actually aware that the instruction was not authorised).

The Trustee may refuse to act on any instruction until the validity of the instructions have been confirmed, and the Trustee (and its related parties, officers, employees, consultants, advisers and agents) will not have any liability to the Investor or any other person for any consequences resulting from not acting on the instruction.

If an Investor chooses to provide electronic instructions, the Investor releases the Trustee and its related parties, officers, employees, consultants, advisers and agents from any claims and indemnifies those parties against all costs, expenses, losses, liabilities or claims arising from any payment or action those parties make based on instructions (even if not genuine) that any of those parties receive and which they reasonably believe are genuine, including as a result of gross negligence or wilful default by any of those parties.

Each Investor also agrees that neither the Investor, nor anyone claiming through the Investor, has any claim against the Trustee and its related parties, officers, employees, consultants, advisers and agents in relation to acting on instructions received (authorised by the Investor or otherwise).

Investors should be aware that there is a risk that fraudulent requests can be made by someone who has access to an Investor's account information.

The Trustee may vary the conditions of service of any communications at any time by providing notice, either in writing, by email or other electronic communication.

10.7 Anti-money laundering law

The Trustee is required to comply with the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) and related laws (**AML/CTF Law**).

As a part of making an application for Units, Investors will be required to provide customer identification materials to enable the Trustee's compliance with AML/CTF Law. In addition to the customer identification material and documents required to be sent with an Investor's Application Form, the Trustee may require further information or documentation from an Investor at any time during the period of their investment in the Fund in order to satisfy its obligations under AML/CTF Law.

For example, the Trustee may need to identify:

- (a) an Investor prior to subscribing for units in the Fund. The Trustee will not issue units until all relevant information has been received and an Investor's identity has been satisfactorily verified; and
- (b) anyone acting on behalf of an Investor, including a power of attorney.

In some circumstances, the Trustee may need to re-verify this information.

By applying to invest in the Fund, Investors also acknowledge that the Trustee may decide to delay or refuse any request or transaction, including by suspending the issue or withdrawal of units in the Fund, if it is concerned that the request or transaction may breach any obligation of, or cause the Trustee to commit or participate in an offence under, any AML/CTF Law, and the Trustee will incur no liability to Investors if it does so.

10.8 Tax file number and Australian business number

Australian tax resident Investors may provide their TFN or TFN exemption on the Application Form. It is not compulsory for a TFN or exemption to be provided, however you must declare your primary tax residence and the Trustee may be required to deduct tax from any distribution payable to you at the highest marginal tax rate plus the Medicare levy (and any other levies applicable, from time to time). The collection of TFNs is authorised, and their use is strictly regulated by tax and privacy laws.

10.9 Foreign Account Tax Compliance Act

In compliance with the United States (**US**) income tax laws commonly referred to as the Foreign Account Tax Compliance Act (**FATCA**) and the Intergovernmental Agreement signed between the US and Australian Governments in April 2014 in relation to FATCA, the Fund will be required to provide information to the Australian Taxation Office (**ATO**) in relation to Investors that are:

- (a) US citizens or residents;
- (b) entities controlled by US persons; and
- (c) financial institutions that do not comply with FATCA.

Where Investors do not provide appropriate information to the Fund, the Fund will also be required to report those accounts to the ATO.

10.10 Common reporting standards (CRS)

CRS is the single global standard set by the Organisation for Economic Co-operation and Development 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 will be a 'Reporting Financial Institution' under the 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).

10.11 Eligible Investors

Only Wholesale Clients receiving this Offer within Australia, and who accept the conditions of receipt set out in the 'Important Notices' section of this IM, may apply for and hold Units. The Manager or Trustee may request information from an Investor to determine to its own satisfaction that the Investor is a Wholesale Client.

Investors agree to make applications for Units on terms set out in the Trust Deed, their completed Application Form and this IM.

Generally, an Investor is a 'wholesale client' for the purposes of the Corporations Act where any one of the following applies:

- (a) the Investor's investment is \$500,000 or more;
- (b) the Investor provides an accountant's certificate stating that the Investor has net assets of at least \$2.5 million or has earned at least \$250,000 in each of the last two financial years;
- (c) the Investor is a 'professional investor' (including those that hold an AFSL, are APRA regulated or have or control at least \$10 million worth of assets); or
- (d) the Trustee (or the Manager on its behalf) is satisfied on reasonable grounds that the Investor has suitable previous experience in financial products, subject to certain conditions.

10.12 Investor inquiries

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 5 Business Days. The Trustee will then give proper consideration to the complaint and advise the Investor of the outcome within 30 days after acknowledgment of the complaint. However, complex complaints may take longer to resolve. In these cases, the Trustee will regularly update you on the progress and likely timeframe for resolution. The Trustee's contact details may be found in Section 12 (*Directory*) of this IM.

11 Glossary

In this IM the following terms have the following meanings unless the context otherwise requires:

| Term | Meaning |
|-----------------------------|---|
| AFSL | Australian financial services licence issued by ASIC under the Corporations Act. |
| Administrator | at the time of this IM, SILC Funds Administration Pty Ltd (ACN 628 993 386). |
| AMIT | attribution managed investment trust. |
| AML/CTF Law | has the meaning given in Section 10.7 (<i>Anti-money laundering law</i>) of this IM. |
| Application Form | the application form for interests in the Fund, attached to or accompanying this Information Memorandum, the form of which is determined by the Trustee from time to time. |
| Application Money | the money paid (or property transferred) by an applicant for a Unit. |
| APRA | Australian Prudential Regulation Authority. |
| ASIC | Australian Securities and Investments Commission. |
| Bank Bill Rate | the average daily rate for 90 day bills displayed on or about 10.45am on that day on the BBSY page (or its successor page) of the Reuters monitor screen. |
| Business Day | a day that is not a Saturday, Sunday, bank holiday or public holiday in Melbourne and Sydney, Australia. |
| Corporations Act | <i>Corporations Act 2001</i> (Cth) and regulations and other subordinate legislation made pursuant to that Act. |
| Eligible Investor | a Wholesale Client receiving this IM within Australia and who accepts the conditions set out in the 'Important Notices' section of this IM. |
| Equity Contribution | the contribution made by the Fund to the purchase price of the Property acquired by the Homeowner. |
| Extraordinary Costs | any fee, cost or expense of the Fund incurred outside the normal day-to-day management and administration of the Fund, including, for example, defending or bringing litigation proceedings, termination of the Fund, replacement of the Trustee, changing the Trust Deed, calling and holding Unitholder meetings, and other unforeseen costs that may be incurred from time to time. |
| Fund | HOPE Housing Residential Property Trust, established and constituted by the Trust Deed. |
| Gross Asset Value, GAV | the total value of the Fund's assets before any Fund liabilities. |
| GST | 'GST' as defined in <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth). |
| Homeowner | the person who acquires or proposes to acquire (as the case may be) a real estate asset forming part of or which will form part of (as the case may be) the Portfolio. |
| HOPE, HOPE Housing, Manager | HOPE Housing Fund Management Limited ACN 629 589 939. |
| IDPS | investor directed portfolio service, master trust, wrap account or an investor directed portfolio service-like scheme. An IDPS is generally the vehicle through which an investor purchases a range of underlying investment options from numerous investment managers, with the IDPS Operator providing the investor with consolidated and streamlined transaction statements and other reporting. |

| Term | Meaning |
|--------------------------------------|---|
| IDPS Guide | the terms and conditions governing an IDPS issued by the IDPS Operator. |
| IDPS Operator | an entity that operates an IDPS. |
| Indirect Investor | A person who invests indirectly in units in a Fund through an IDPS. |
| Investment Management Agreement, IMA | the investment management deed between the Trustee and the Manager dated on or around the date of this IM. |
| Investor, you, your | a prospective applicant for Units, an applicant for Units, or a Unitholder, or any or all of them, as the context requires. |
| Lending Partner | a financier with whom the Trustee and Manager has a commercial agreement to secure funding for Homeowners. |
| Management Fee | the fee payable to the Manager, as described in Section 9.1 (<i>Fees and other costs summary</i>) of this IM. |
| Net Asset Value, NAV | the total value of the Fund's assets less the total value of the Fund's liabilities, as determined under the Trust Deed. |
| NAV per Unit | NAV divided by the number of Units on issue in the Fund. |
| Offer | the offer to make an investment in the Fund subject to the terms of this IM, the Trust Deed and the Application Form. |
| Portfolio | the portfolio of Security Interests. |
| Property, Properties | a residential property acquired, or to be acquired, by a Homeowner with the assistance of an Equity Contribution. |
| Information Memorandum, IM | this document. |
| Security Interest | a registered charge or registered mortgage, as the case may be, over a Property. |
| Transaction Costs | any fee, cost or expense of the Fund associated with: <ul style="list-style-type: none"> ▪ acquiring or disposing of a Property, or acquiring or disposing of or entering into a Security Interest, including fees, costs and expenses of professional service providers associated with such transactions such as lawyers, valuers and real estate agents; ▪ negotiating with, or entering into arrangements with, a potential or current Lending Partner, or varying such arrangements; or ▪ obtaining tax advice on any nature on any matter. |
| Trust Deed | the trust deed of the Fund dated 02 August 2024, as amended or replaced from time to time. |
| Trustee | the trustee of the Fund, being, at the time of this IM, Specialised Investment and Lending Corporation Ltd (ACN 149 520 918) |
| Unit | an ordinary unit in the Fund, with the rights, obligations and restrictions attaching to it as set out in the Trust Deed. |
| Unitholder | a person who holds a Unit. |
| Valuation Policy | the valuation policy of the Manager described in Section 6.4 (<i>Valuation methodology</i>) of this IM. |
| Wholesale Client | has the same meaning as 'wholesale client' under the Corporations Act. |

12 Directory

Trust

HOPE Housing Residential Property Trust

Trustee

Specialised Investment and Lending Corporation Ltd (ACN 149 520 918)
Level 14, 356 Collins Street, Melbourne, Victoria
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Manager

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