

Lauders Credit Fund

Information Memorandum

10 August 2017



Information Memorandum

Lauders Credit Fund

Trustee

Vasco Investment Managers Limited ACN 138 715 009

Investment Manager

Lauders Capital Pty Ltd ACN 607 619 554

Administration Manager

Vasco Funds Management Pty Ltd ACN 610 512 331

10 August 2017



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Notice

This Information memorandum is dated 10 August 2017 and supersedes the IMs issued on 4 November 2016 and 10 May 2017. It is issued by Vasco Investment Managers Limited ACN 138 715 009, holder of AFS licence number 344486, (Trustee), which is the trustee of the Lauders Credit Fund (Fund).

The purpose of this IM is to provide information for prospective Investors to decide whether they wish to invest in the Fund.

The Trustee has appointed Lauders Capital Pty Ltd (Investment Manager) as the investment manager of the Fund under the Investment Management Agreement. The Investment Manager is an authorised representative (number 1243421) of Specialised Investment and Lending Corporation Pty Ltd ACN 149 520 918, and holder of AFS licence number 407100.

NO DISCLOSURE REQUIRED

This IM is intended to provide potential Investors with information only and does not constitute a product disclosure statement or other disclosure document required by the *Corporations Act 2001* (Cth) (Act). This IM has not been lodged with the Australian Securities and Investments Commission (ASIC) or any other government body.

The offer made under this IM is only available for persons who qualify as wholesale clients (as defined in section 761G (7) of the Act), or sophisticated investors (as defined in section 761GA of the Act), (collectively, "Qualifying Investors"). The Trustee will not issue Units in the Fund to a person unless it is satisfied that the person is a Qualifying Investor.

FOREIGN JURISDICTIONS

RESTRICTIONS ON DISTRIBUTION

This IM does not constitute, and may not be used for the purposes of, an offer of units or an invitation to apply to participate in the Fund by any person in any jurisdiction in which such offer or invitation is not authorised or in which the person endeavouring to make such offer or invitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or invitation.

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

It is the responsibility of prospective investors to satisfy themselves as to full compliance with the relevant laws and regulations of any territory in connection with any application to participate in the Fund, including obtaining any requisite governmental or other consent and adhering to any other formality prescribed in such territory.

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

In particular, this product has not been and will not be registered under the US Securities Act or the securities laws of any state of the United States and may not be offered, sold, delivered or transferred in the United States or to, or for the account of, any "US Person" (as defined in Regulation S under the US Securities Act). Neither this



IM nor any Application Form or other material relating to this product may be distributed in the United States.

Investors from Australia

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

Accordingly, this IM is not a product disclosure statement and does not contain all of the information that would be included in a product disclosure statement issued under the Corporations Act.

Investors from Singapore

With respect to Singaporean jurisdiction, this IM has been prepared on the basis that prospective Investors are also accredited investors or certain other persons prescribed under s305 of the Securities and Futures Act.

Accordingly, this scheme is not authorised or recognised by the Monetary Authority of Singapore and Units in this scheme are not allowed to be offered to the retail public.

Further, this IM is not a prospectus as defined in the Securities and Futures Act and, accordingly, statutory liability under the Securities and Futures Act in relation to the content of prospectuses does not apply, and the offeree should consider carefully whether the investment is suitable for them.

The Trustee is regulated by the Australian Securities and Investments Commission (ASIC) under the Corporations Act 2001(Cth). ASIC is located at 120 Collins Street, Melbourne VIC 3000, Australia and can be contacted on 1300 300 630.

NO RESPONSIBILITY FOR CONTENTS OF DOCUMENT

To the maximum extent permitted by law, neither the Trustee nor any of its associates, related parties, directors, officers, employees, advisors (including financial, accounting and legal advisors) or representatives make any recommendation in relation to the Fund, or make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information contained in this IM.

This IM does not purport to contain all the information that a prospective Investor may require in evaluating a possible investment in the Fund. This IM must be read in conjunction with the Fund's Constitution, a copy of which is available (free of charge) by contacting the Trustee on +61 3 8352 7120. To the extent there are any inconsistencies between the Constitution and this IM, the Constitution will prevail.

NO DISTRIBUTION

Distribution of this IM to any person other than the person receiving this copy from the Trustee or Investment Manager is unauthorised. Any photocopying, disclosure or alteration of the contents of this IM, and any forwarding of this copy of the IM or any portion thereof by electronic mail or any other means to any person other than the person receiving this copy from the Trustee or Investment Manager is prohibited.

NOT REGULATED BY APRA

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

FORWARD LOOKING STATEMENTS



This IM includes forward looking statements that may contain the words “believe”, “intend”, “estimate”, “expect” and words of similar meaning. All statements other than statements of historical facts included in this IM, including, without limitation, those regarding a Borrower’s financial position and business or investment strategy, plans and objectives are forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of a borrower to be materially different from future results, performance or achievements expressed or implied by such forward looking statements.

Any forward looking statements are based on numerous assumptions regarding a Borrower’s operations and present and future business and investment strategies and the markets in which a Borrower will operate in the future. These forward-looking statements are current only as at the date of this IM. Accordingly, there can be no assurance that such statements, estimates or projections will be realised.

INDEPENDENT ADVICE RECOMMENDED

Prospective Investors are not to construe the contents of this IM as tax, legal or investment advice. The information contained in this IM is general information only and does not take into account your objectives, financial situations or needs. An investment in the Fund should be regarded as speculative and may not be appropriate for all persons or entities. You should seek appropriate professional advice and should conduct your own independent investigation and analysis regarding any information contained in this IM. You should rely on your own enquiries, in particular in obtaining your own legal, investment and tax advice in determining whether to invest in the Fund.

NO GUARANTEE

An investment in the Fund is subject to investment risk, including the loss of income and capital invested. Neither the Trustee nor any of its directors, officers, employees, advisers or representatives guarantee the rate of return or performance of the Fund, the meeting of the objectives of the Fund, nor do they guarantee repayment of committed capital.

TRUSTEE LIMITATION OF LIABILITY

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

UPDATED INFORMATION

The information contained in this IM can change, and the IM may be updated or replaced from time to time. Unless the changed information is materially adverse to you, the Trustee may not always update or replace this IM to reflect the changed information. Updated information can be obtained by calling us on +61 3 8352 7120.

CONFIDENTIALITY

This IM is confidential and is being provided to prospective Investors for them to consider investing in the Fund. Its use for any other purpose is not permitted. It may not be reproduced or redistributed, in whole or in part, and its contents may not be disclosed to any person.

GLOSSARY



Certain capitalised words and expressions used in this IM are defined in the Glossary.
All references to dollar amounts in this IM are to Australian Dollars (AUD), unless otherwise stated.

1. Key Features

The table below is only a summary of the key features of an investment in the Fund. It is not intended to be exhaustive. You must read the whole of this IM to obtain more detailed information before making a decision to invest in the Fund.

About the Fund		Section
Trustee	Vasco Investment Managers Limited is the trustee of the Fund, and will be responsible for holding title to the Fund's assets. The Trustee will also have responsibility for enforcement of Loans which are in default.	7.1
Investment Manager	Lauders Capital Pty Ltd has been appointed as the manager of the Fund and is responsible for managing the Fund's assets. The Investment Manager will source and assess potential Loans for the Fund and will monitor the day-to-day management of the Fund's Loans.	7.2
Investment objective	The Investment Manager's aim is to provide Investors with a regular income through professionally managed Loans made predominantly to special purpose vehicle companies (SPVs) each responsible for undertaking a single project, where Lauders Developments Pty Ltd (Lauders Developments): (a) is the controlling shareholder of each SPV, and/or (b) controls the development/project by way of a formal project management agreement. Lauders Developments is a related entity of the Investment Manager. While the Investment Manager's intention is to have all available funds invested in Loans, when they are not, they will be invested in cash and fixed income securities.	2.1
Investment Options	The Fund provides Investors with different Investment Options, each offering investors different rights in respect of: <ul style="list-style-type: none">- Target Return- Minimum Initial Investment Amount These terms are set out the relevant Term Sheet for each Investment Option. All assets owned by the Fund will be pooled and hence beneficially owned by all Investors, irrespective of the Investment Option selected.	
Target Return	The Target Return for each Investment Option is specified in the relevant Term Sheet. Note the Target Return is not a forecast. The Fund may not be successful in meeting this objective. Returns are not guaranteed.	2.1

Minimum Initial Investment Amount	The Minimum Initial Investment Amount is for each Investment Option is specified in the relevant Term Sheet, subject to the Trustee's absolute discretion to accept applications for lesser or greater amounts.	1.1
Key benefits	<ol style="list-style-type: none"> 1. The Fund has an independent trustee that will provide an enhanced level of oversight ensuring that Loans are made in accordance with this Information Memorandum and the Constitution of the Fund. See Section 7 for information about the Trustee. 2. By pooling investment funds, the Fund is able to target larger and more varied loan investment opportunities. 3. The underlying projects are undertaken and managed by a property developer with extensive experience and track record across a variety of project types. 4. Transparency through regular investment reports prepared by the Trustee. 5. Accounting, financial reporting and tax affairs of the Fund managed by the Trustee to ensure independence, transparency and governance. 	
The Fund	<p>The Fund is an unregistered managed investment scheme which pools Investors' money and invests in a portfolio of Loans predominantly for property development projects in Australia, secured by Real Property Mortgages and also on an unsecured basis.</p> <p>All investments are made in accordance with the Fund's Lending Guidelines.</p>	2.2 & 2.4
Loans	<p>Loans will be made to approved Borrowers to facilitate the development of residential property projects in Australia in the following instances:</p> <ol style="list-style-type: none"> (1) As a senior lender to the Borrower. (2) As a lender of mezzanine debt, with either a registered or unregistered second mortgage. (3) Unsecured loans. 	3.1

Types of security	<p>The Fund will lend on both a secured and unsecured basis. Where the Loan is secured, the Fund will hold a Real Property Mortgage over the relevant Borrower's real property to secure the Loan made by the Fund. The Real Property Mortgage will be, at a minimum, a second ranking mortgage. Where the Real Property Mortgage is second ranking, it may be registered or unregistered.</p> <p>There is significantly more risk with lending on an unsecured basis (which means the Loans will not be secured by a Real Property Mortgage). As such, unsecured Loans may not exceed 50% of the Fund's total portfolio. Unsecured Loans may be made to Borrowers in the following scenarios:</p> <ul style="list-style-type: none"> (a) after the Borrower has secured an option over potential development land, but before the Borrower has purchased the land; or (b) where the Borrower has entered into a contract to purchase the development land but that contract has not settled. <p>In these cases, the Borrower may use Loan funds to meet costs associated with acquisition costs (such as deposits), preliminary work (such as project investigations, surveys and tests), project management fees, sales and marketing costs and securing necessary development approvals. It will generally be a condition subsequent to each unsecured Loan that the Borrower provide the Trustee with a Real Property Mortgage once the real property has been acquired by the Borrower; however, neither the Trustee nor the Investment Manager can guarantee this will occur and it may not be appropriate in some circumstances.</p> <p>To better secure the Fund's position, the Trustee will, usually, where practicable, take a general security interest over all of the assets of the Borrower (GSA). The Trustee may also take other forms of security, which may include personal guarantees or directors' guarantees.</p>	3.1
Who can invest in the Fund?	The Offer is only available to persons who, if they reside in Australia, are a wholesale client as defined in section 761G of the Corporations Act and, if they reside in Singapore, are an accredited investor or certain other person prescribed under s305 of the Securities and Futures Act (collectively, "Qualifying Investors").	2.3
Cash Fund	<p>In order to maximise your returns prior to a Loan being made by the Fund, your Application Money will be initially invested in a Cash Fund called the Vasco Cash Enhanced Fund (Cash Fund).</p> <p>Vasco Investment Managers Limited is also the trustee of the Cash Fund and will hold the capital you invest in the Cash Fund until the Investment Manager notifies it that the capital is required to be applied to a Loan, at which time your Cash Fund Units will be redeemed and you will be issued with Units in the Lauders Credit Fund.</p>	2.5 & 4

Investment Period	<p>The Investment Manager aims to identify suitable Loans for the Fund within three months from the date on which your Cash Fund Units are issued.</p> <p>The Trustee, in consultation with the Investment Manager, reserves the right to extend either of the above Investment Periods by up to one month.</p> <p>If the Investment Manager is unable to identify suitable Loans within the above Investment Periods, and apply your investment held in the Cash Fund to the Lauders Credit Fund, you will be allowed to withdraw your investment by submitting a withdrawal request to the Trustee, which will be processed within 3 Business Days of your withdrawal request being received, provided it is received by 11am on the first Business Day.</p>	
Unit price	<p>We intend to issue Units at \$1.00, however the Unit price is based on the underlying value of the Fund's assets and is calculated in accordance with the terms of the Constitution.</p> <p>The withdrawal price for a Unit is also based on the underlying value of the Fund's assets. This price may be different from the price originally paid for the Unit.</p> <p>The Unit price that will apply to the issue of your Units will be calculated on the last Business day of the calendar month in which the Investment Manager notifies the Trustee that it requires the capital to be applied to a Loan. Unit prices are available at http://www.vascofm.com/. However, the price that will apply to your application may be different from that on the website as the one that will apply will be the one calculated after you submit your application.</p>	2.5
Issue of units	<p>Units in the Fund will be issued monthly on the first Business Day of the calendar month immediately following the month during which the Investment Manager notifies the Trustee that it requires the capital to be applied to a Loan. However, the Trustee may issue Units more frequently in its absolute discretion.</p> <p>Cash Fund Units will be issued as soon as practicable after a completed Application Form is received.</p>	2.7
Distributions	<p>It is intended that distributions on Units in the Fund will be paid quarterly, within 14 days after the last day of each calendar quarter.</p>	2.8

Withdrawal opportunities for Investors	<p>Due to the nature of the Loans, you should consider an investment in the Fund as an illiquid investment. The Trustee may make withdrawal offers from time to time where there are funds available to do so. However, the Trustee does not expect to do so prior to April 2018 and does not guarantee that a withdrawal offer will be made during the term of the Fund.</p> <p>You will not be able to withdraw your Application Money invested in the Cash Fund during the Investment Period. If the Investment Manager has not called your Application Money (plus any interest it has earned) from the Cash Fund for the purpose of making a Loan by the end of the Investment Period you will be able to withdraw your Cash Fund Units by providing the Trustee with a withdrawal request, which will be processed within 3 Business Days of your withdrawal request being received, provide it is received by 11am on the first Business Day.</p>	2.9
Risks	<p>Like any investment of this type, there are risks associated with an investment in the Fund. It is important that you read and consider the risks associated with the Fund before deciding whether to invest.</p> <p>Distributions are not guaranteed and neither are any capital returns. Further details regarding the risks associated with investing in the Fund are included in Section 4 of this IM.</p>	4
Fees and other costs	<p>There are fees and costs payable in relation to the management of the Fund.</p> <p>The Investment Manager will receive a fee in relation to each Loan (Line Fee) directly from the Borrower.</p> <p>The Investment Manager will pay the Fees and Costs of the Fund from the amount it receives as the Line Fee. If the Line Fee is not sufficient to pay the fees payable to the Trustee or the Administration Manager, then those fees will be paid from the assets of the Fund. The Trustee is also entitled to pay or recover the costs and expenses of the Fund from the assets of the Fund if they are not paid by the Investment Manager.</p> <p>In addition to the Line Fee, the Investment Manager may receive other fees directly from the Borrower in relation to each Loan.</p> <p>The trustee of the Cash Fund is entitled to an ongoing management fee of 0.75 percent per annum of the gross value investments in the Cash Fund, plus reimbursement for other reasonably incurred costs.</p>	6

The Fund will invest predominantly in development projects managed or developed by Lauders Developments.

All investments are made in accordance with the Fund's Lending Guidelines. Please see section 3.1 for more information.

From time to time the Trustee may have excess capital which is not immediately required or able to be invested in the suitable Loans or funds which are being held pending distribution to Investors. In those circumstances the Trustee may invest those funds in cash and cash equivalents (i.e. term deposits offered by ADIs) or such other similar creditworthy and liquid investments as determined by the Trustee from time to time. The excess capital may also be used to make a withdrawal offer.

2.3 Who can invest in the Fund?

The Offer is only available to Qualifying Investors, meaning an Investor who—

- (1) invests \$500,000 or more in the Fund; or
- (2) provides a certificate from a qualified accountant (substantially in a form provided by and available from the Trustee) that states the Investor has net assets of at least \$2.5 million or has a gross income for each of the last two financial years of at least \$250,000; or
- (3) is a professional investor (including the holder of an Australian financial services licence, a person who controls more than \$10 million or a person that is a listed entity or a related body corporate of a listed entity); and
- (4) if residing in Singapore, can also demonstrate (in addition to one of the above) they are an accredited investor or certain other person prescribed under s305 of the Securities and Futures Act by providing a declaration to that effect and suitable documentary evidence.

2.4 Fund structure

The Fund is an unlisted, unregistered managed investment scheme structured as a unit trust. There is no intention to register the Fund with ASIC or to list the Fund on a secondary market such as the ASX.

The Fund was established by a constitution dated 7 July 2016 which regulates the relationship between the Trustee and Investors. The Trustee has appointed the Investment Manager as the manager of the Fund pursuant to the Investment Management Agreement.

Each Investment Option will correspond to a different Unit Class created by the Trustee, offering investors different rights with respect to Target Returns and Minimum Initial Investment Amount. All assets owned by the Fund will be pooled and hence beneficially owned by all Investors, irrespective of the Unit Class they find themselves in.

2.5 Cash Fund

When you first invest you will be issued with units (Cash Fund Units) in the Vasco Cash Enhanced Fund (Cash Fund). This is necessary because the Fund may not require capital immediately. Therefore, to maximise returns to investors in the Fund over time, your Application Money will be invested in the Cash Fund.

Vasco Investment Managers Limited is also the trustee of the Cash Fund and will hold the capital you invest in the Cash Fund until the Investment Manager notifies it that the capital is required to be applied to a Loan, at which time the Trustee is authorised to redeem your Cash Fund Units and apply the proceeds to your application for Units on your behalf.

By signing the application form, you are granting the Trustee a power of attorney to enable the Trustee to—



- (1) complete the application form for the Cash Fund up to the amount you have elected to invest in the Fund
- (2) complete a withdrawal request to withdraw Cash Fund Units, and
- (3) apply the proceeds from the withdrawal of your Cash Fund Units to your application for Units on your behalf.

Your units in the Cash Fund will be issued as soon as practicable after a completed Application Form is received.

Your Cash Fund Units will be redeemed and then replaced with Units in the Fund as follows:

- (1) The redemption will occur when the capital invested in the Cash Fund is required to be drawn down for contribution to a Loan. The Investment Manager aims for this to occur within three months from the date on which your Cash Fund Units are issued.

The Trustee reserves the right to extend the Investment Period by up to one month.
- (2) All of your Cash Fund Units will be exchanged for Units in the Fund at the same time.
- (3) Investor's Cash Fund Units will be redeemed on a first in first out basis by reference to the time at which their properly completed Application Form and Application Money is received by the Trustee.

You will not be able to withdraw your Application Money invested in the Cash Fund during the Investment Period. If the Investment Manager has not called your Application Money (plus any interest it has earned) from the Cash Fund for the purpose of making a Loan by the end of the Investment Period you will be able to withdraw your Cash Fund units by providing the Trustee with a withdrawal request, which will be processed within 3 Business Days of your withdrawal request being received, provided it is received by 11am on the first Business Day.

For further information on the Cash Fund, including information about distributions and withdrawals, see section 4.

2.6 Unit price

We intend to issue Units at \$1.00, however the Unit price is based on the underlying value of the Fund's assets and is calculated in accordance with the terms of the Constitution.

Units will be issued at the Unit price calculated on the last Business Day of the calendar month during which the Investment Manager notifies the Trustee that it requires the capital to be applied to a Loan. The Unit price is available from the following website: <http://www.vascofm.com/>. However, the actual Unit price applied might be different from the Unit price shown on the website at the time the Application Form is lodged because the Unit price used will be the one set after receipt of the Application Form and Application Money.

The withdrawal price for a Unit is also based on the underlying value of the Fund's assets. This price may be different from the price originally paid for the Unit.

2.7 Issue of Units

Units will be issued monthly on the first Business Day of the calendar month immediately following the month during which the Investment Manager notifies the Trustee that it requires the capital to be applied to a Loan. However, the Trustee may issue Units more frequently in its absolute discretion.

2.8 Distributions

It is intended that distributions on Units in the Fund will be paid quarterly, within 14 days after the last day of each calendar quarter.

Investors will receive their pro-rata portion of the income of the Fund, after Fees and Costs have been paid (if any), up to the Target Return. This means they will receive a proportion of the Fund's income based on the amount of Units they hold in relation to the amount of Units on issue and the number of days they have held the Units for during the month. Income of the Fund up to and including the Target Return is eligible for distribution.

As of the date of this IM it is not intended that there will be a distribution reinvestment facility.

2.9 Withdrawal rights

Due to the nature of the Loans, you should consider an investment in the Fund as an illiquid investment and you will have no right to withdraw other than in accordance with a withdrawal offer issued by the Trustee.

As a project is completed and the Borrower repays Loans to the Fund, the Trustee intends to make withdrawal offers to Investors from funds which are available at the time. Withdrawal offers will be published on the Investment Manager's website, at www.lauderscapital.com.au and communicated to you via electronic mail.

The nature of the Fund means it is not possible to predict with any certainty when those withdrawal offers will be made, however the Trustee anticipates to be in a position to make withdrawal offers after 18 months from the First Closing Date.

If the Trustee makes a withdrawal offer, then Investors wanting to take advantage of the offer must complete a Withdrawal Request which can be found at the following website:

www.lauderscapital.com.au. Where there are insufficient funds to satisfy all Withdrawal Requests received in response to a withdrawal offer, Withdrawal Requests will be satisfied on a pro-rata basis.

It is possible that the Trustee will not make a withdrawal offer during the term of the Fund and you will therefore not be able to withdraw your investment in the Fund until the Trustee winds up the Fund.

2.10 Transfer of Units

You can transfer the ownership of your Units at any time provided that the transferee meets the requirements of an Investor in the Fund and has been approved by the Trustee.

Under the Constitution, the Trustee has the discretion to refuse the transfer of Units and is not obliged to accept a transfer of Units. Please note that a transfer of Units may have taxation consequences. See Section 8 of the IM for further information.

There will not be any established secondary market for the sale of Units.

2.11 Borrowings

The Fund will not borrow.

3. The Loans

3.1 Lending Guidelines

The following table provides a summary of the key terms of the Fund's Lending Guidelines:

Borrowers	<p>Loans will be made to Borrowers, who will predominantly be SPVs responsible for undertaking a single project where Lauders Developments:</p> <ul style="list-style-type: none"> (a) is the controlling shareholder of the SPV, and/or (b) controls the development/project by way of a formal project management agreement.
Loans	<p>Loans may be made to approved Borrowers in the following instances:</p> <ul style="list-style-type: none"> (1) As a senior lender to the Borrower with a registered first ranking Real Property Mortgage. (2) As a lender of mezzanine debt, with a registered or unregistered second ranking Real Property Mortgage. (3) As a senior or mezzanine lender, without a Real Property Mortgage. <p>It is anticipated that Loans not secured by a Real Property Mortgage will amount to no more than 50 percent of the Fund's total portfolio.</p>
Purpose of Loans	<p>Loans may be used by Borrowers to facilitate the development of residential projects which may include broad acre subdivisions and single or multi-dwelling construction (e.g. townhouses). For example, the funds may be used to fund the following (this is not an exhaustive list):</p> <ul style="list-style-type: none"> (1) The acquisition of real property by the Borrower, including deposit payments and acquisition costs. (2) Construction and civil works. (3) Construction of multi or single dwellings. (4) Costs incurred in securing appropriate development approvals. (5) Other costs related to property development including sales and marketing, preliminary work (such as investigations, surveys and tests), development compliance costs and project management fees. <p>Loans will not be used for personal, domestic or household purposes.</p>
Location of projects	<p>All projects will be in Australia with a focus on capital cities and major regional centres.</p> <p>Initially, the projects will be located in Victoria.</p>
Real Property Mortgage	<p>A registered Real Property Mortgage is not required for all Loans. However, Loans not secured by a Real Property Mortgage must not exceed 50 percent of the Fund's total portfolio.</p> <p>Where a Real Property Mortgage is taken, it may or may not be registered. Where the Real Property Mortgage is not registered, then there is a risk that another party may register a mortgage against the relevant real</p>

	<p>property which would then take priority to the Fund's interest in the real property. To mitigate this risk, a written undertaking will be obtained from the Borrower not to deal with the real property, including not to permit any further encumbrances (whether a caveat or Real Property Mortgage).</p> <p>Where a second ranking Real Property Mortgage is obtained, it will rank behind the first ranking financier's mortgage in terms of priority.</p>
Security Interests	<p>To better secure the Fund's position, the Trustee will take a GSA over all of the assets of each Borrower where a Real Property Mortgage is not taken by the Fund. The Trustee will also generally take a GSA where the Loan is secured by a Real Property Mortgage, but may not if it reasonably considers that the Loan is appropriately secured by the Real Property Mortgage.</p> <p>The Trustee may also take other forms of security referred to as Security Interests, which may include personal guarantees or directors' guarantees.</p>
Loans not secured by a Real Property Mortgage	<p>Loans not secured by a Real Property Mortgage may only be provided where funds are used:</p> <ol style="list-style-type: none"> (1) as a deposit payment in the acquisition of real property by the Borrower; (2) as an option payment in securing a development site; and (3) for associated property development costs including sales and marketing, preliminary work (such as investigations, surveys and tests), project management fees and securing necessary development approvals <p>It will generally be a condition subsequent to each unsecured Loan that the Borrower provides the Trustee with a Real Property Mortgage once the real property has been acquired by the Borrower; however, neither the Trustee nor the Investment Manager can guarantee this will occur and it may not be appropriate in some circumstances.</p>
Amount	<p>There is no maximum amount that will be lent to any one Borrower.</p>
Loan to value ratio (LVR)	<p>Loans will be offered with a maximum individual project LVR of up to 70% of Gross Realisable Value. Where the Fund is investing as a second ranking lender, then the senior lender must not have loaned any more than 65% of the Gross Realisable Value of the underlying property.</p> <p>The actual LVR for each investment will vary depending upon the credit risk of the Borrower and the nature of the property which is the subject of a Real Property Mortgage.</p>
Term	<p>The Term of a Loan will be determined between the Investment Manager and the Borrower on the basis of the specific funding needs of the relevant project.</p>
Interest rate & terms	<p>The interest rate will be as determined between the Investment Manager and the Borrower, but will be no less than 10% per annum.</p> <p>Interest payment will only be capitalised where the Borrower fails to make an interest payment</p>

Default interest rate	As agreed with each Borrower but no less than the then current interest rate plus 5% per annum, on any amounts not paid when due and payable. Default interest will be compounded monthly on the last Business Day of each calendar month.
Default terms	Standard events of default including failure to pay amounts when due, breach of financial covenants and insolvency of the Borrower.
Other key requirements	Typical representations, warranties, undertakings and events of default, including restrictions on the Borrower disposing of the security property (where relevant) or incurring additional financial indebtedness.
Use of receipts from Borrowers	The Investment Manager will deal with payments made by Borrowers under the terms of the Loan document with the Borrower in accordance with the instructions of the Trustee. This may include using those payments to make additional Loans to new Borrowers.

3.2 Lending strategy

The Investment Manager will ensure at all times that the risk profile of each Loan is appropriate having regard to the quality and value of the Loan, underlying security property (if any) and the risk analysis process.

All Loan investment decisions will be based on appropriate credit risk assessment over the term of the Loan. All Loans, Borrowers and Real Property Mortgages are assessed and managed by the Investment Manager, as described below.

In addition, each Loan will be properly documented and appropriately secured following a comprehensive assessment of the purpose, servicing capability of the Borrower, valuation, insurance and management protocols proposed for each Loan.

3.3 Loan selection and assessment process

The Investment Manager will be responsible for undertaking the assessment of any Loans proposed to be made by the Fund, having regard to the Lending Guidelines outlined above.

1. Analysis and evaluation

Assessment of a Loan commences when an application and accompanying financial data is received from a proposed Borrower.

The Investment Manager will assess the merits of each prospective Loan and the associated risks. The analysis takes into account a set of criteria including available security, the precise nature of the security property, loan-to-valuation ratio and evidence of capacity to service the Loan. The risks can be described in three broad categories as follows:

- (1) Security / Development Risk – the Investment Manager must assess the character and geographic suitability of the security property, the proposed capital expenditure for the development and a number of extraneous factors such as permissible usage, competition and the appeal and demand for the development asset.
- (2) Servicing risk—the ability of the Borrower to meet Loan commitments, which focusses on the income and cash flow sources of the Borrower.
- (3) Saleability – the exit strategy at the Loan conclusion including the ability of the Borrower to sell the property, the end value of the asset and the ability of the Borrower to refinance.

3.5 Documentation and settlement of security property

Loan documents are prepared and reviewed by the Fund's legal advisor who is chosen from an experienced panel of legal firms experienced in finance, verification and validation requirements, who also attend to settlement of the legal documentation.

Normal development funding conditions such as receipt of independent engineers and/or quantity surveyors report confirming costs, expenses, and cost to complete the project will be required before any Loans are made.

3.6 Arrears and default management

Investors may be affected by any default by a Borrower under a Loan.

Where a Borrower fails to make an interest payment on or before the due date, the Investment Manager will allow a grace period of up to seven days to allow the Borrower to make the payment. If the Borrower does not do so, then the Investment Manager must immediately inform the Trustee of the Borrower's missed payment. The Trustee will then contact the Borrower directly and issue a payment request.

Depending on the Borrower's response to the payment request, the Trustee may issue a default notice, and commence recovery action against the defaulting Borrower.

If recovery action is issued against a Borrower—

1. the Trustee may become a mortgagee in possession of the security property
2. the Trustee will procure a new valuation in respect of the security property
3. the security property may be placed on the market for sale
4. depending on the nature of the security property, the Trustee may appoint parties to manage the security property or complete the development of the security property before commencing a sale process, and
5. if the security property is sold at a price that is less than the amount required to satisfy the outstanding balance of the Loan together with interest and costs (including recovery fees), then recovery action against the Borrower and any guarantors will continue.

The ability of the Trustee to take the above actions where there is a second ranking Real Property Mortgage will depend upon the arrangement between the Trustee and the first ranking financier. Generally, the Trustee will not be able to enforce its rights under the Real Property Mortgage and will instead have to wait for the first ranking financier to enforce under its security.

Where the Loan is made on an unsecured basis, then the Trustee will not have any rights to sell the real property of the Borrower to recover the amounts owing to the Fund, although it would have the right to sell the personal property of the Borrower pursuant to the GSA. Where the personal property of the Borrower is insufficient to satisfy the amount owing by the Borrower, the Trustee will consider taking recovery action against the Borrower through a court process.

The enforcement procedure can involve significant costs, including legal costs and receiver's fees. These costs may be funded as follows:

1. Paid by the Investment Manager from its own funds. In which case, the Investment Manager will be able to recover these costs from the proceeds received from the Borrower in priority to any payment to Investors.
2. By the Trustee undertaking a rights offer to raise the capital required. It is likely that any future capital raising undertaken to pay for enforcement expenses would be undertaken at an issue price less than the original issue price of \$1 per Unit and will therefore be dilutive. It is important for Investors to understand there is a possibility they may have to contribute further



capital to the Fund in the future and if an Investor chooses not to contribute, then their proportionate holding in the Fund may be diluted.

3. Paid by a third party. In which case, any expenses paid plus any amount agreed with the lender (for example interest of success fees) would be recovered from the proceeds received from the Borrower in priority to any payment to Investors.

3.7 *Investing surplus funds*

From time to time the Trustee may have excess capital which is not immediately required or able to be invested in the suitable Loans or funds which are being held pending distribution to Investors. In those circumstances the Trustee may invest those funds in cash and cash equivalents (i.e. term deposits offered by ADIs) or such other similar creditworthy and liquid investments as determined by the Trustee from time to time.

4. Vasco Cash Enhanced Fund

In order to maximise your returns prior to a loan being made by the Fund, your Application Money will be initially invested in a Cash Fund called the Vasco Cash Enhanced Fund (Cash Fund).

Vasco Investment Managers Limited is also the trustee of the Cash Fund.

The Cash Fund is an unregistered managed investment scheme that pools investor's contributions and invests them in a portfolio of bank deposits and ASX listed floating rate notes that provide a high level of security and liquidity. The investments of the Cash Fund will only include bank deposits, term deposits, government securities and ASX listed floating rate notes or units in managed funds with similar investment restrictions. The Cash Fund Trustee may change the Cash Fund's range of investments and the level of investment in an asset class from time to time without notice.

The features of the Cash Fund as it relates to the Lauders Credit Fund can be described as follows:

4.1	<i>Power of Attorney</i>	By signing the Application Form, you are granting the Trustee a power of attorney to do the following on your behalf: <ol style="list-style-type: none"> 1. Complete the application form for the Cash Fund up to the amount you have elected to invest in the Fund. 2. Complete a withdrawal request to withdraw your Cash Fund Units. 3. Apply the proceeds from the withdrawal of your Cash Fund Units to your application for Units.
4.2	<i>Cash Fund unit price</i>	Cash Fund Units will be issued at \$1.00 each.
4.3	<i>Distributions</i>	Distributions will be reinvested.
4.4	<i>Withdrawals</i>	You will not be able to withdraw your Application Money invested in the Cash Fund during the Investment Period. If the Investment Manager has not called your Application Money (plus any interest it has earned) from the Cash Fund for the purpose of making a Loan by the end of the Investment Period you will be able to withdraw your Cash Fund Units by providing the Trustee with a withdrawal request, which will be processed within 3 Business Days of your withdrawal request being received, provided it is received by 11am on the first Business Day.
4.5	<i>Fees and costs</i>	The trustee of the Cash Fund is entitled to an ongoing management fee of 0.75 percent per annum of the gross value investments in the Cash Fund, plus reimbursement for other reasonably incurred costs in connection with the administration, management and winding up of the Cash Fund, or the performance of duties under the Cash Fund's constitution.

5. Risks

Like any investment, there are risks associated with investing in the Fund. There are a number of risk factors that could affect the performance of the Fund and the repayment of Investor's capital. Many risk factors fall outside of the Trustee and the Investment Manager's control and cannot be completely mitigated.

The following is a non-exhaustive list of the main risks associated with investment in the Fund. Investors should consider and weigh them up carefully and make their own assessment as to whether they are comfortable with them.

Distributions are not guaranteed and neither is the return of Investor's capital.

Risks associated with the performance of the Investment Manager

The success of the Fund is dependent on the Investment Manager identifying suitable Loans for the Fund to make and then managing those Loans to ensure that the Loans are repaid. If the Investment Manager is unable to achieve this, then this may adversely affect the Fund's returns.

Risks associated with the solvency and financial position of the Investment Manager and Borrowers

The financial performance of the Loans will be impacted by the financial performance of the Investment Manager and the Borrowers, and the success of the projects undertaken by these related entities of the Investment Manager.

If the Investment Manager either becomes insolvent or encounters financial difficulties, which mean that it is unable to perform its role under the Investment Management Agreement, then the Trustee will most likely need to terminate the Investment Management Agreement. If that were to occur, then the Trustee would either need to find a replacement investment manager or wind up the Fund. This could result in you suffering a loss or a diminished return on your investment in the Fund.

If Borrowers become insolvent or face financial difficulties, then the Fund may suffer losses and you may lose some or all of your investment as a result.

Liquidity risk

Investors cannot withdraw from the Fund, unless the Trustee makes a withdrawal offer. The Trustee has complete discretion over when to make a withdrawal offer and the terms of the offer. If the Trustee does not make a withdrawal offer, then you will not be able to access your investment until the Fund is wound up.

Return risk

The Fund seeks to deliver the Target Return to Investors. It is designed for Investors seeking a return greater than the interest paid on basic deposit and saving products offered by an ADI. The Fund is targeting returns which are significantly higher than interest paid on basic deposit products. However, as a general rule, higher potential returns have higher levels of uncertainty (high-risk) than investments with lower potential returns and low levels of uncertainty (low-risk).

The Target Return is not a forecast. The Fund may not be successful in meeting this objective. Returns are not guaranteed.

Investors should note that an investment in the Fund is not an investment in an ADI (such as a bank) regulated by APRA and an investment in the Fund carries more risk than an investment in a bank.



Unsecured lender risk

The Fund may make Loans which are unsecured. Therefore, if the Borrower defaults on the Loan, then there will be no rights to recover the debt by seeking to take control or sell any real property of the Borrower. Depending on the terms of the Loans, any rights to enforce against the Borrower will be entirely subordinated to the rights of any senior lenders who may have security over particular assets of the Borrower.

There is a significant risk that if the Borrower defaulted on the Loan and the Fund took enforcement action, there may not be sufficient assets remaining after paying other secured creditors of the Borrower to repay the Fund.

Junior lender risk

If the Fund is a mezzanine lender then its Real Property Mortgage (if any) will rank in priority behind a senior lender's mortgage. Therefore, in the event of a default by the Borrower the ability to recover the amount owing under the Loan will be affected by the actions of the senior lender.

Generally, the senior lender will have the right to take possession of, and deal with, the security property and assets of the Borrower if various covenants of the senior lender's loan facility are not met. Because the Fund's security will rank behind the senior lender, if the Borrower defaults under any of the loan facilities and the senior lender exercises its security, then the Trustee will not have day-to-day control over the Borrower's assets. This will generally mean the Trustee cannot exercise the Fund's security until the senior lender has been paid in full. In addition, any monies available to the Fund in these circumstances would be limited to what is recovered after the senior lender has been paid in full.

Concentration risk

The Fund will lend to a limited number of Borrowers, and these Borrowers and/or projects will be controlled by Lauders Developments, who is a related entity of the Investment Manager. It is also possible that all Loans may be in relation to projects in Victoria.

The Investment Manager will endeavour to diversify the underlying projects that the Fund will lend to in terms of type, location and loan tenor however, there may be instances where this is not possible.

There is possibility of an increased risk associated with Loans that are highly concentrated in terms of particular types of Loans, location, activities or Borrowers.

Loan loss risk

The Fund will not maintain a reserve of funds to meet losses on Loans, should they occur. This means any Loan losses caused as a result of Borrower default or otherwise will have to be met from the Fund's capital, which may impact upon the Fund's unit price and may result in a capital loss being incurred by Investors.

Development loan risk

The Fund will be making Loans for development purposes, and the risks associated with such loans are generally higher than those made for established properties.

Enforcement risk

Where the Trustee takes enforcement action in respect of a defaulting Loan, the costs incurred in doing so could be substantial.

The Investment Manager may pay for those enforcement costs from its own resources (such as the costs of appointing a receiver, legal fees in enforcing against the Borrower, agent's commissions for sale of the security property etc.). It is also possible that the Trustee may procure a third party to

underwrite the enforcement expenses on commercial arrangements. The Investment Manager or third party will have the right to recover these costs from the proceeds received from the enforcement action before any payments are made to Investors plus any fee or interest agreed with a third party. This will most likely lead to a reduction in distributions paid to the Investors. If the enforcement costs cannot ultimately be recovered out of the proceeds from the sale of the security property or recovered directly from the Borrower, then it may result in Investors suffering a loss of capital.

It is also possible the Trustee will undertake a further capital raising to raise the capital required to pay for the expenses associated with enforcing the Loan. There is therefore a risk that Investors may be requested to contribute further capital to the Fund. It is highly likely that any such future capital raising will be undertaken at a price less than the original issue price for the Units and may therefore dilute the proportional holdings in the Fund of those Investors that decide not to contribute further capital.

Documentation risk

A deficiency in documentation could, in certain circumstances, adversely affect the return on a Loan. This may make it difficult for the Fund to enforce its Real Property Mortgage in respect of the Loan and may also affect the ability to recover any penalties imposed against the Borrower.

Valuation risk

The valuation of the security property for a Loan may be inaccurate or not accurately reflect its true value at the time the valuation is undertaken. If the valuation of the security property for a Loan is incorrect, then the amount realised on the sale of a security property may not cover the amount lent to the Borrower.

Market risk

This is the risk that negative market movements will affect the price of assets within a particular market. By their nature, markets experience periods of volatility involving price fluctuations of varying magnitudes. Property market risk is the risk that the property market as a whole declines in value in line with various trends in the Australian or overseas markets. This may be due to a number of factors, such as over-supply of real estate, economic conditions, interest rate movements or general market sentiment.

The Fund's assets will be made up of Loans made for the purpose of property development. Therefore, factors which affect the property market may impact upon the value of Fund assets.

A fall in property values may affect the ability to fully recover the amount owing under a Loan where a Borrower defaults. If the Borrower defaults and the security property is sold for less than the outstanding Loan amount (including the costs of the sale and interest), then this may result in the Fund suffering a loss if the Borrower cannot repay the balance of the outstanding debt from other assets of the Borrower.

Operational risk

Operational risk exists in all managed investments. This refers to the possibility the Investment Manager may fail to anticipate market movements, to manage the investment risks appropriately, or to properly execute the Fund's investment strategy.

There is also an inherent risk associated with the death or departure of the Trustee's or the Investment Manager's key personnel.

Regulatory and economic risk

There is the risk that the value of an investment may be affected by changes in domestic or international policies, regulations or laws (including taxation laws). There is also a risk that a downturn in domestic or international economic conditions may adversely affect investments.

These factors are outside the control of the Trustee and the Investment Manager but they may have a negative impact upon the operation and performance of the Fund.

5.1 Risks of an investment in the Cash Fund

Investment in the Cash Fund carries risks, including volatility of returns. Volatility refers to the degree to which returns may fluctuate around their longer term average. There is also the risk that the Cash Fund Trustee will choose particular investment strategies that are less profitable than others. All investments are subject to risk. The Cash Fund Trustee believes the risks set out below are the most significant risks of the Cash Fund.

Investment risk

The investments identified and selected by the Cash Fund Trustee for the Cash Fund may not increase or decrease in value with the consequence that the Cash Fund may not be able to make distributions or repay the capital invested.

Interest rate risk

Changes to interest rates can have a direct and indirect impact (negative or positive) on returns.

Credit risk

When investing in bank deposits and fixed interest securities it is necessary to consider credit risk. Credit risk refers to the counterparty failing to meet an obligation to pay periodic interest or to repay the principal sum at maturity.

Fund risk

There is a risk that the Cash Fund will terminate, fees and charges will increase, the Cash Fund Trustee will be replaced as trustee of the Cash Fund or, its investment professionals will change. Note that, although the Cash Fund Unit price is set at \$1.00, there is no guarantee on the capital or return of the Cash Fund. An investment in the Cash Fund does not get the benefit of any government guarantee.

We strongly recommend that Investors obtain independent financial advice before investing in the Fund.

6. Fees and costs

6.1 *Payment of Fees and Costs*

The interest payable by Borrowers in relation to a Loan will be collected by the Trustee. In addition to this amount, the Borrower will also pay the Line Fee to the Investment Manager. The Investment Manager will pay all Fees and Costs from this amount.

If the Investment Manager fails to pay the Fees and Costs, then they will be paid from the assets of the Fund before paying any distribution to Investors.

6.2 *Trustee fees*

The Investment Manager has agreed to pay the Trustee from its own funds for work the Trustee does in fulfilling its role. However, if the Investment Manager fails to meet its obligation to pay the Trustee, then the Trustee may deduct its fees from the assets of the Fund.

The Trustee is entitled to the following fees:

1. A once off establishment fee of \$14,500 payable on establishment of the Fund
2. A fee equal to 0.2% per annum of the Fund's gross asset value, subject to a minimum fee of \$15,000 for the first year after the establishment of the Fund, \$20,000 for the second year after the establishment of the Fund and \$25,000 for each subsequent year. This fee is calculated daily and will accrue and is payable to the Trustee monthly in arrears.
3. An arrears and default management fee of \$150 per hour for any arrears and default management activities undertaken in accordance with section 3.6

6.3 *Administration fee*

For the first year after the establishment of the Fund, the Administration Manager is entitled to a fee of—

- \$15,000 per annum where the Fund has total assets less than \$12 million or there are less than 30 Investors
- \$25,000 per annum where the Fund has total assets of \$12 million or more and less than \$25 million or there are 30 Investors or more and less than 60 Investors, or
- \$32,000 per annum where the Fund has assets of \$25 million or more or 60 or more Investors.

For each subsequent year, the Administration Manager is entitled to a fee of—

- \$20,000 per annum where the Fund has total assets less than \$12 million or there are less than 30 Investors
- \$30,000 per annum where the Fund has total assets of \$12 million or more and less than \$25 million or there are 30 Investors or more and less than 60 Investors, or
- \$40,000 per annum where the Fund has assets of \$25 million or more or there are 60 or more Investors.

For each Unit Class after the first, the Administration Manager is entitled to an additional fee of \$5000 per annum.

Where the Investment Manager does not pay these fees, it will be paid from the assets of the Fund.



6.4 *Investment Manager's fees*

The Investment Manager will not be paid fees from the assets of the Fund. It will collect fees from the Borrower of each Loan, which will include the Line Fee and may also include some or all of the following:

1. loan administration fees, and
2. default management fees.

6.5 *Expenses*

The Trustee is entitled to be paid or reimbursed for expenses associated with establishing and the operation of the Fund, such as the costs associated with the administration or distribution of income and other expenses properly incurred in connection with performing its duties and obligations in the day to day operation of the Fund.

Provided the Line Fee payable to the Investment Manager is sufficient to meet these costs, they will be paid by the Investment Manager from its Line Fee. If the Investment Manager does not pay these expenses, then the Trustee may deduct them from the assets of the Fund.

6.6 *Goods and services tax*

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

6.7 *Fee changes*

The Constitution allows for higher fees to be charged than those detailed and specifies circumstances where additional fees may be charged. The Trustee will provide Investors with at least 30 days' written notice of any such fee imposition or increase.

6.8 *Waiver, deferral or rebate of fees*

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

7. Management of the Fund

7.1 The Trustee and Administration Manager

Vasco Investment Managers Limited (Trustee) and Vasco Funds Management Pty Ltd (Administration Manager) are part of an investment management group that provides responsible entity, trustee, fund administration and distribution services to Australian and international investment managers.

The Vasco team have significant experience in the Asia Pacific region in the management of equity funds, fixed income funds, REITs, private equity real estate funds, real estate securities funds, and mortgage and real estate debt funds.

Some of the funds Vasco's executives have developed include the \$1 billion Australian Unity Healthcare Property Trust ARSN 092 755 318 and the \$1 billion AIMS AMP Capital Industrial REIT listed on the Singapore Securities Exchange.

The directors of Vasco were responsible for establishing the Australian Unity Funds Management Limited and Macarthur Cook Limited real estate funds management businesses as well as establishing the Asian platform for industrial real estate manager, Goodman Group.

Clients of Vasco have included Golden Age Development Group, Mawson Opportunity Fund, D H Flinders Microcap Equity Fund, Infrastructure Partners Investment Fund, Vital Healthcare Property Fund, Residential Property Fund, EMR Capital Pty Ltd, Phillip Asset Management Limited and Morgan Stanley Real Estate.

As trustee, Vasco Investment Managers Pty Ltd, will manage the Fund in accordance with the Constitution and its duties and obligations under Australian law and, importantly, will have regard to the best interests of Investors in all decisions that it makes with respect to the Fund.

7.2 The Investment Manager

Lauders Capital Pty Ltd is the sponsor and Investment Manager of the Fund. Lauders Capital is a corporate authorised representative (number 1243421) of Specialised Investment and Lending Corporation Pty Ltd trading as The SILC Group (AFS Licence 407100).

Lauders Capital is managed by an experienced and highly skilled team who collectively have experience across funds management, corporate advisory and banking and finance sectors.

Key Personnel:

Michelle Tay – General Manager

Certified Practising Accountants (CPA) Program; Master of Applied Finance (FINSIA); Bachelor of Commerce – Accounting & Finance (Monash); Certificate IV in Financial Services - Finance/Mortgage Broking (KAPLAN)

Michelle is responsible for the day-to-day management of Lauders Capital including its investment management activities as well as credit and compliance matters.

Michelle is also General Manager and Executive Director at The SILC Group overseeing finance, compliance, legal and various operational areas, as well as transactional involvement across the business units.

She had a successful career at the Australia and New Zealand Banking Group (ANZ Bank) in the Business Banking division, servicing commercial and business clients and as a senior manager within the Corporate Finance division managing a portfolio of complex syndicated corporate and structured finance transactions for corporate and institutional clients. Michelle has also had experience with the commercial team at an ASX-listed oil and gas company, involved in the commercialisation strategies



of the company's natural gas projects particularly in Australia and South Africa and working closely with senior management and stakeholders.

7.3 The Investment Committee

The Investment Committee is a committee formed to provide objective oversight of the Fund's investment risk profile and risk management framework, while at all times acting in the best interests' of Investors. They will be responsible for assessing suitability of prospective Loans, where it is required under the Lending Guidelines.

The Investment Committee is governed by the Investment Committee Charter which sets out the purpose, terms and conditions of appointment, powers, responsibilities, conduct of meetings, decision making process and reporting procedures of the Committee. All decisions by the Committee will be made with reference to the Lending Guidelines.

There will be a minimum of two (but up to three) members of the Investment Committee, who must not be employees of the Investment Manager or Lauders Development. In accordance with the Investment Committee Charter, two members of the Investment Committee will be appointed by The SILC Group. Any additional members may be appointed by the Investment Manager but must be independent of both the Investment Manager and Lauders Developments.

Key Personnel:

Koby Jones – Investment Committee Chairman

Certified Practising Accountants (CPA) Program; a Bachelor of Commerce – Accounting, Commercial Law, Finance (Deakin University), Diploma in Financial Advising (Securities Institute of Australia), and Advanced Certificate in Management Skills (RMIT).

Koby is the Chairman of the Fund's Investment Committee and is a representative of The SILC Group, under whose AFS licence (No. 407100) the Investment Manager is authorised as a corporate authorised representative (number 1243421). He is involved in the assessment and approval of Loans in accordance with the Fund's mandate and Lending Guidelines

Koby Jones is the Founder, Responsible Manager and Managing Director of The SILC Group. He is involved in all aspects of the company's operations including general management, business development, client interaction, product selection, strategic initiatives, technology, governance, risk and compliance.

Koby has considerable experience in the Financial Services Industry spanning mainly across both Global Financial Markets and Private Wealth Management with major Financial Institutions Westpac Banking Corporation (WBC), Australia and New Zealand Banking Group (ANZ) and National Australia Bank (NAB), as well as Wilson HTM Investment Group predominantly in advisory, structuring and product distribution positions. His product experience covers all investment asset classes, structured finance and extensive financial markets exposure, while in his various capacities he has dealt with many varied clients ranging from Corporates to High-Net-Worth Individuals.

Frank Russo – Investment Committee Member

Fellow of FINSIA and Certified Practising Accountant (CPA); Masters of Business Administration (Melbourne Business School); Post Graduate Diploma of Applied Finance and Investment (FINSIA); Bachelor of Commerce – Accounting & Economics (University of Melbourne).

Frank is a member of the Fund's Investment Committee and is a representative of The SILC Group under whose AFS licence (No. 407100) the Investment Manager is authorised as a corporate authorised representative (number 1243421). He is involved in the assessment and approval of Loans in accordance with the Fund's mandate and Lending Guidelines

Frank Russo is the Executive Director and Head of Portfolio Solutions at The SILC Group, providing a range of portfolio construction, funds management and investment advisory services to our institutional and high net worth clients.

Frank has almost 30 years of experience across traditional and alternative asset classes in terms of individual investments, manager selection, portfolio configuration, strategic asset allocation and portfolio performance reviews. He was most recently Director, Alternative Investments Consulting in Australia for Russell Investments, providing investment consulting advice in relation to alternative and traditional assets. His previous experience in senior roles has included time at Access Capital Advisers, EquipSuper and Westpac.

7.4 *Lauders Developments Pty Ltd—the Developer and Project Manager*

Lauders Developments Pty Ltd is the property development and project management entity of the Lauders Group of companies (Lauders Group).

Established in 1976, the Lauders Group of Companies (Lauders Group) has 40 years' experience in the property sector. Key personnel have extensive experience in the delivery of property development projects, including land subdivisions, medium density developments and traditional, detached housing. The Lauders Group is a fully integrated property development and real estate sales group of companies offering 'end-to-end' property services including:

- Project acquisition (sourcing, feasibility and due diligence)
- Approvals (planning and engineering)
- Project management (construction supervision)
- Sales and marketing (domestic and international)
- Dwelling construction (detached houses and medium density units)
- Property management (rental supervision)

Key personnel within the Lauders Group have been responsible for the delivery of more than 2,000 residential allotments, and also have extensive experience, qualifications and skills in undertaking vendor negotiations, legal and structuring, planning and design, development authority liaison, accounting, management, finance and investor relations

Key Personnel:

Craig Bass – Managing Director

Masters Degree in Business Administration (MBA), an Honours Degree in Science B.Sc. (Hons).

Craig is Managing Director of the various companies that form Lauders Group and oversees all aspects of the Group's activities.

Craig has extensive experience in the land development and sales & marketing being owner and Director of Lauders for more than 15 years. Earlier in his career he held marketing and business development roles for multinational companies and also headed sales and marketing teams for some of Melbourne's largest builders.

Tim Chamberlain – Chief Financial Officer

Bachelor of Commerce, Graduate Diploma (Advance Finance and Investment) and Chartered Accountant (CA)

Tim is responsible for the overall financial management, accounting and compliance for Lauders Developments and its project entities. Tim also manages banking relationships for those projects involving senior debt.



Tim has more than 10 years' experience managing the finance and compliance requirements of a property developer and its various project entities. He has also had many diverse accounting, finance and compliance roles, including project related experience with multinationals such as Microsoft, Boeing, Gillette, Incitec Pivot and Cadbury Schweppes, as well as public accounting experience.

Clinton Burke

Bachelor of Engineering (Civil) (Hons),

Clinton is a Chartered Engineer with over 17 years' experience in the property development industry. Clinton has been responsible for the acquisition, management and delivery of land development projects across Victoria, New South Wales and Queensland.

Clinton's expertise spans from project inception to project completion. His skill set include pre purchase analysis, feasibility, site acquisition, design, permits and approvals, project financial administration, procurement of project finance, contract administration, sales, marketing and management of all stakeholders.

Clinton enjoys creating wealth for land owners and investors and delivering win-win outcomes for all project stakeholders.

Jarran Rapsey

Bachelor of Applied Policy (Planning), Graduate Certificate (Urban Planning) and Licenced Real Estate Agent

Jarran has more than fifteen years' experience in property development, urban economics, planning and marketing. His background includes roles as a Company and Project Director of a property development company, an urban economics consultancy, local government and a technology start-up.

Jarran has a track record of delivering high quality subdivision projects, including a 10-year, 750 lot master planned community which won an Urban Development Institute of Australia Award (2013 - Best Residential Subdivision, Victoria 250+ lots). Jarran has extensive knowledge of the entire development processes from feasibility, through planning and engineering approvals, authority negotiations, delivery and liaison with land owners, investors and financiers.



8. Taxation information

The Trustee has engaged HLB Mann Judd, an award-winning and leading mid-sized chartered accounting group, to provide a general outline of the Australian tax implications of purchasing Units pursuant to this IM as well as the holding and disposing of such units, which is contained in the following letter.

Taxation laws are both complex and subject to change and Investors should obtain their own advice taking account of their own circumstances.

10 August 2017

The Directors
Vasco Investment Managers Limited as Trustee for the Lauders Credit Fund
Level 5, 488 Bourke Street
Melbourne, Victoria 3000

Dear Sirs

Australian Taxation Implications for Investors in the Lauders Credit Fund

As requested, this letter has been prepared for inclusion in the Information Memorandum dated on or around 10 August 2017, in relation to the issue of units in the Lauders Credit Fund (*the Fund*).

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

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

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

Finally, we note our comments below also apply consistently to the acquisition of units in the Vasco Enhanced Cash Fund (***the Cash Fund***) which is intended to facilitate a generation of returns prior to a loan being made by the Fund. This is because the Cash Fund is also a unit trust with an issue price of \$1.00 per unit and is expected to return interest income to Investors.

1. Tax Treatment of the Fund

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

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

HLB Mann Judd (VIC) Pty Ltd ABN 56 143 698 709

Level 9, 575 Bourke Street, Melbourne VIC 3000 | GPO Box 2850, Melbourne VIC 3001 | DX 154 Melbourne | Tel: +61 (0)3 9606 3888 | Fax: +61 (0)3 9606 3800

Email: mailbox@hlbyic.com.au | Website: www.hlbyic.com.au

Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (VIC) Pty Ltd is a member of  International. A world-wide network of independent accounting firms and business advisers

We understand the investments in the Fund may include professionally managed loans made to residential property development projects and cash or fixed income securities for liquidity purposes. Therefore, the expectation is that the taxable income from the Fund will primarily be in the form of interest income which will ultimately flow through to Investors.

2. Tax Treatment of Investors

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

2.1 Australian Resident Investors

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

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

The redemption or transfer of units will constitute a disposal by an Investor for tax purposes. If the Investor holds their units on capital account, any gain made by the Investor on disposal will be subject to CGT. If the Investor makes a capital loss, it may be used to offset capital gains derived in the current or a future tax year. We understand that it is intended by the Trustee that unit price is constantly maintained at \$1.00 per unit but this may not always be the case.

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

2.2 Non- Resident Investors

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

That is, the Trustee is required to withhold a 10% IWHT to the Australian Taxation Office and non-resident investors are not required to lodge an Australian income tax return if interest income is the only source of income as the IWHT is treated as a “final” tax liability.

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

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

On the basis the Fund’s investment will primarily consist of secured and unsecured loans for residential property development projects and not directly in any underlying real property, it is expected that a non-resident investor should not have any CGT implications arising from their disposal or redemption of



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

3. Common Reporting Standards (CRS)

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

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

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

The CRS regime took effect on 1 July 2017, with the first exchange of information to occur in 2018.

4. Attribution Managed Investment Trust (AMIT) regime

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

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

5. Goods and Services Tax (GST)

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

6. Change of Tax Residency

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



7. Tax File Number (TFN)

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

Yours sincerely

HLB Mann Judd (Vic) Pty Ltd
Chartered Accountants

Josh Chye
Director

9. Additional Information

9.1 Summary of material documents

The following is a summary of material documents relevant to the Fund. The material documents are:

1. Constitution
2. Investment Management Agreement
3. Escrow Agreement

You should consider whether it is necessary to obtain independent advice on any of the documents.

1. Constitution

The Constitution is the primary document that governs the way the Fund operates and sets out many of the rights, liabilities and responsibilities of both the Trustee and Investors.

Each Unit gives you an equal and undivided interest in the Fund. However, a Unit does not give you an interest in any particular part of the Fund. Subject to the Constitution, as an Investor you have the following rights:

- The right to share in any distributions.
- The right to attend and vote at meetings of Investors.
- The right to participate in the proceeds of winding up of the Fund.
- The Constitution contains provisions about convening and conducting meetings of Investors.

The Trustee can amend the Constitution without Investors' approval provided it reasonably considers the change will not adversely affect Investors' rights.

The Constitution can also be amended by a special resolution passed by Investors.

A copy of the Constitution is available free of charge by contacting the Trustee on +61 3 8352 7120.

2. Investment Management Agreement

The Investment Management Agreement is between the Investment Manager and the Trustee under which the Investment Manager provides investment management services to the Fund.

The Investment Management Agreement sets out the Investment Manager's obligations to the Trustee and to the Fund. The agreement also contains the arrangements in relation to the Fees and Costs that are summarised in Section 6.

The Investment Management Agreement will remain in force until the Fund is wound up, unless the agreement is terminated earlier in accordance with its provisions. The agreement can be terminated by the Trustee if the Investment Manager is in material breach of the agreement, and that breach has not been remedied after a certain time. There are also provisions allowing the Trustee to terminate if, for example, the Investment Manager becomes insolvent.

The Investment Manager is permitted to terminate the agreement in certain circumstances, such as if the Trustee ceases to be the trustee for the Fund.

3. Escrow Agreement

The Trustee has entered into the Escrow Agreement with the Cash Fund Trustee pursuant to which the Cash Fund Trustee will hold as an escrow agent all amounts invested in the Cash Fund by Investors (Escrow Amount).

Under the Escrow Agreement the Cash Fund Trustee will—

1. not permit Investors to withdraw their Cash Fund Units, unless approved by the Trustee, and
2. accept withdrawal requests made by the Trustee on behalf of Investors (pursuant to the Power of Attorney).

9.2 Related party transactions

The Trustee may from time to time face conflicts between its duties to the Fund as trustee, its duties to other funds that it manages and its own interests. The Trustee will manage any conflicts in accordance with its conflicts of interest policy, the Constitution, ASIC policy and the law.

The Investment Manager is not a related party of the Trustee. The contractual arrangements between the Trustee and the Investment Manager are negotiated at arm's length between the parties.

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

Loans will be made to Borrowers, who are associated with the Investment Manager. The procedure for evaluating such loans and taking enforcement action if required is set out above in Section 3.

9.3 Privacy

In applying to invest, you are providing the Trustee and the Investment Manager with certain personal details (your name, address etc). The Trustee uses this information to establish and manage that investment for you.

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. You can also tell the Trustee at any time not to pass on your personal information by advising it in writing.

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.

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

By applying to invest, you give the Trustee permission to pass information 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 AML/CTF law or in connection with the holding of Application Money. The Trustee may also use your information to provide you with details of future investment offers made by it or the Investment Manager.

9.4 Anti-money laundering law

The Trustee is required to comply with the Anti-Money Laundering and Counter Terrorism Financing Act 2006 ("AML/CTF Law"). This means that the Trustee will require potential Investors to provide personal information and documentation in relation to their identity when they invest in the Fund. The Trustee may need to obtain additional information and documentation from Investors to process applications or subsequent transactions or at other times during the period of the investment.

The Trustee may need to identify:

- (a) an Investor prior to purchasing 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.

9.5 Common Reporting Standards (CRS)

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

The CRS regime took effect on 1 July 2017, with the first exchange of information to occur in 2018.

9.6 Foreign Account Tax Compliance Act (FATCA)

FATCA is United States (US) tax legislation that enables the US Internal Revenue Service (IRS) to identify and collect tax from US residents that invest in assets through non-US entities. If you are a US resident for tax purposes, you should note that the Fund is or is expected to be a 'Foreign Financial Institution' under FATCA and it intends to comply with its FATCA obligations, as determined by either the FATCA regulations or any inter-governmental agreement (IGA) entered into by Australia and the US for the purposes of implementing FATCA. Under these obligations, the Fund will have to obtain and disclose information about certain Investors to the Australian Taxation Office (ATO). In order for the Fund to comply with its obligations, we will also request that you provide certain information about yourself, including your US Taxpayer Identification Number (TIN). We will only use such information for this purpose from the date the Fund is required to do so.

9.7 Consents

Written consent to be named in the Information Memorandum in the form and context in which they are named have been provided by the following parties who and have not withdrawn their consent prior to the date of this Information Memorandum:

- Lauders Capital Pty Ltd
- Lauders Developments Pty Ltd
- Specialised Investment and Lending Corporation Pty Ltd, trading as The SILC Group
- Vasco Funds Management Pty Ltd
- HLB Mann Judd (Vic) Pty Ltd

10. Glossary

Act	Corporations Act 2001 (Cth) for the time being in force together with the regulations of the Corporations Act.
ADI	Authorised deposit-taking institution.
Administration Manager	Vasco Funds Management Pty Ltd ACN 610 512 331
AFS licence	Australian financial services licence.
Application Form	The application form included in or accompanied by this IM.
Application Money	The money paid by an applicant for Units.
ADI	Australian Deposit-Taking Institutions.
APRA	Australian Prudential Regulation Authority.
ASIC	Australian Securities and Investments Commission.
ASX	The Australian Securities Exchange Limited.
Borrower	The borrower under a Loan.
Business Day	A day on which banks are open for business in Melbourne, except a Saturday, Sunday or public holiday.
Cash Fund	The Vasco Cash Enhanced Fund.
Cash Fund Trustee	Vasco Investment Managers Limited as trustee of the Cash Fund.
Cash Fund Units	Ordinary units in the Cash Fund.
Constitution	The constitution of the Fund dated 7 July 2016 as amended from time to time.
Escrow Agreement	The escrow agreement dated 22 July 2016 between the Trustee and the Cash Fund Trustee that appoints the Cash Fund Trustee to act as escrow agent to hold funds in the Cash Fund on behalf of the Fund.
Fees and Costs	<p>The following amounts:</p> <ol style="list-style-type: none"> 1. The fees payable to the Trustee and the Administration Manager as set out in Sections 6.2 and 6.3. 2. The expenses associated with the operation of the Fund, such as the costs associated with the administration or distribution of income, custody fees, and other expenses properly incurred by the Trustee, the Investment Manager and the Administration Manager in connection with performing their duties and obligations in the day to day operation of the Fund.
Fund	Lauders Credit Fund.

Gross Realisable Value	The expected end gross sale value of the project, on a cost to complete basis (including GST) as determined by an independent valuer.
GSA	A general security agreement pursuant to which a Borrower provides a security interest over all of its personal property (being any property other than land).
GST	Goods and Services Tax as defined in A New Tax System (Goods and Services Tax) Act 1999, as amended.
IM	This information memorandum.
Investment Committee	The investment committee for the Fund as described in Section 7.3.
Investment Management Agreement	The investment management agreement between the Trustee and the Investment Manager dated on or about the date of this IM.
Investment Manager	Lauders Capital Pty Ltd ACN 607 619 554. An authorised representative (number 243421) of Specialised Investment and Lending Corporation Pty Ltd ACN 149 520 918, holder of AFS licence number 407100.
Investment Option	<p>A Unit Class of the fund providing Investors with different rights in respect of:</p> <ul style="list-style-type: none"> - Target Return - Minimum Initial Investment Amount <p>All assets owned by the Fund will be pooled and hence beneficially owned by all Investors, irrespective of the Investment Option selected.</p>
Investment Period	<p>The period from the date of issue of Cash Fund Units until the date that is three months after the date of issue of Cash Fund Units.</p> <p>The Trustee has the discretion to extend either of the above Investment Periods by up to one month.</p>
Investor	A holder of Units.
Lauders Developments	Means Lauders Developments Pty Ltd ACN 613 380 251.
Lending Guidelines	The Investment Manager's lending guidelines for the Fund.
Line Fee	A line fee payable to the Investment Manager from each Borrower.
Loan	Means a loan advanced by the Fund to a Borrower.
LVR	Loan to value ratio.
Minimum Initial Investment Amount	The Minimum Investment Amount for each Investment Option is specified in the relevant Term Sheet, subject to the Trustee's absolute discretion to accept applications for lesser or greater amounts.
Offer	The offer under this IM to acquire Units.
Power of Attorney	The power of attorney included in the Application Form that grants the Trustee the power to apply for Cash Fund Units, to withdraw the Cash Fund Units on

	behalf of the Investor and to apply the proceeds from the withdrawal of the Investor's Cash Fund Units to their application for Units.
Qualifying Investor	The Offer is only available to persons who, if they reside in Australia, are a wholesale client as defined in section 761G of the Corporations Act and, if they reside in Singapore, are an accredited investor or certain other person prescribed under s305 of the Securities and Futures Act (collectively, "Qualifying Investors").
Real Property Mortgage	A mortgage over real property to secure a Loan.
Security and Futures Act or SFA	Singapore's Securities and Futures Act (Chapter 289)
Security Interest	Security over assets other than real property to secure a Loan, including a GSA, personal guarantee and director guarantee.
Target Return	The Target Return for each Investment Option is specified in the relevant Term Sheet.
Trustee	Vasco Investment Managers Limited ACN 138 715 009, holder of AFS licence number 344486.
Unit	A unit in the Fund.
Withdrawal Request	A withdrawal request by an Investor to withdraw from the Fund.

Schedule - Offering legends

It is the responsibility of any persons wishing to subscribe for interests to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdictions. Prospective Investors should inform themselves as to the legal requirements and tax consequences within the countries of their citizenship, residence, domicile and place of business with respect to the acquisition, holding or disposal of interests, and any foreign exchange restrictions that may be relevant hereto.

AUSTRALIA

This IM may not be circulated or distributed and no offer for subscription or purchase of the units offered hereby, nor any invitation to subscribe for or buy such interests has been made or issued, directly or indirectly, in Australia, other than to prospective Investors who are wholesale clients as defined in section 761G of the Corporations Act in an offer exempt from the disclosure requirements of Part 7.9 of the Corporations Act. Further, the units offered hereby may not be resold in Australia within a period of 12 months after the date of issue otherwise than by means of an offer exempt from the disclosure requirements of Part 7.9 of the Corporations Act.

This IM is not a prospectus or product disclosure statement under the Corporations Act and is not required to be, and has not been, lodged with the Australian Securities and Investments Commission. To the extent that information in this IM constitutes financial product advice, it is general financial product advice only, is provided by the Investment Manager and does not consider the specific objectives, financial intentions or needs of any particular person. Each person considering subscribing for interests should read this IM in full before making a decision to acquire any interests. There is no cooling-off regime in Australia that applies in respect of the issue of the interests.

SINGAPORE

The Fund is a restricted scheme as referred to in s305 of the SFA and an application for registration will be submitted to the Monetary Authority of Singapore prior to any offer made to investors in Singapore. This IM has been prepared on the basis that prospective Investors from Singapore are accredited investors or certain other persons prescribed under s305 of the SFA. Accordingly, this scheme is not authorised or recognised by the Monetary Authority of Singapore and Units in this scheme are not allowed to be offered to the retail public. Further, this IM is not a prospectus as defined in the Securities and Futures Act and, accordingly, statutory liability under the Securities and Futures Act in relation to the content of prospectuses does not apply, and the offeree should consider carefully whether the investment is suitable for them. The Trustee, Investment Manager and Fund are all regulated by the Australian Securities and Investments Commission (ASIC) under the Corporations Act 2001(Cth). ASIC is located at 120 Collins Street, Melbourne VIC 3000, Australia and can be contacted on 1300 300 630.

CHINA

The units are not being offered or sold and may not be offered or sold, directly or indirectly, to the general public in the People's Republic of China ("PRC") (for such purposes, not including the Hong Kong and Macau Special Administrative Region or Taiwan). This IM or other offering materials has not been filed with or approved by the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Region or Taiwan) authorities, and is not an offer of securities (whether IPO or private placement) within the meaning of the PRC securities law or other pertinent laws and regulations of the PRC. This IM shall not be offered to the general public if used within the PRC, and the interests can only be offered or sold to PRC Investors that are authorised to engage in the purchase and sale of the type being offered or sold. PRC Investors are responsible for obtaining all relevant government regulatory approvals/licenses themselves, including without limitation any which may be required from the State Administration of Foreign Exchange, the China Banking Regulatory Commission, and complying with all relevant PRC regulations.

11. Application Form



Use this application form if you wish to invest in:

Lauders Credit Fund

This Information Memorandum (IM) for the Lauders Credit Fund (Fund) dated 10 August 2017 includes information about purchasing units in the Fund. Any person who gives another person access to the application form must also give the person access to the IM and any incorporated information. You should read the IM and any incorporated information before completing this application form. The trustee of the Fund is Vasco Investment Managers Limited (Vasco) ABN 71 138 715 009, AFSL 344486. Vasco or a financial adviser who has provided an electronic copy of the IM and any incorporated information, will send you a paper copy of the IM and any incorporated information and application form free of charge if you so request.

Customer identification

If you are a new investor, you are also required to complete the relevant Customer Identification Form (FSC/FPA forms) depending on what type of investor you are e.g. individual or super fund. The Customer Identification Forms are available on our website www.vascofm.com or by calling our Investor Services team on 03 8352 7120.

Australia's Anti-Money Laundering and Counter Terrorism Financing (AML/CTF) legislation obliges us to collect identification information and documentation from prospective investors.

Investors are required to complete this Application Form together with the relevant Customer Identification Form and send these to us with the required identification documentation. We will not be able to process your Application without a correctly completed Customer Identification Form and the required identification documentation.

Important Information for Financial Advisers

When using this Customer Identification Form, please complete Sections 1 or 2 and 3.

If you are a financial adviser who has identified and verified the investor, by completing this Customer Identification Form together with the verification procedure and in the consideration of Vasco Investment Managers Limited (Vasco) accepting the investor's application:

- you agree to identify and verify all new investors, using this Customer Identification Form or the industry standard FSC/FPA Identification Form for identifying new investors
- you agree to retain a copy of the completed forms and all identification documents received from the investor in the investor's file for seven (7) years after the end of your relationship with the investor
- you agree to advise Vasco in writing when your relationship with the investor is terminated and agree to promptly provide Vasco all identification documents and/or the record of identification received from the investor at this time, or as otherwise requested from Vasco, from time to time.

Contact details

Mail your completed application form and identity verification documents to:

Vasco Investment Managers Limited
Level 5, 488 Bourke Street
Melbourne VIC 3000

If you have any questions regarding this form or the required Customer Identification requirements, please contact our Investor Services team on 03 8352 7120.

Checklist

Before sending us your application please ensure you have:

- ☐ completed this form in full;
- ☐ for new investments, completed the relevant 'Identity Verification Form' available on our website www.vascofm.com;
- ☐ if paying via direct debit, completed section 11 ensuring ALL bank account signatories have signed;
- ☐ if paying via cheque, ensure cheque is made payable to 'Vasco Investment Managers Limited <ATF Lauders Credit Fund>' and attach it to this application form; and
- ☐ read the declaration and provided all relevant signatures.

PLEASE USE BLOCK LETTERS AND BLACK INK TO COMPLETE THIS APPLICATION FORM

1. Investment details

Is this a new investment or an additional investment?

[illegible]

2. Investor type

☐ Individual investor – also complete ‘Customer Identification Form – Individuals and Sole Traders’

☐ Joint investors – also complete ‘Customer Identification Form – Individuals and Sole Traders’

☐ Sole Trader – also complete ‘Customer Identification Form – Individuals and Sole Traders’

☐ Super Fund – also complete ‘Customer Identification Form – Superannuation Funds and Trusts’

☐ Trust – also complete ‘Customer Identification Form – Superannuation Funds and Trusts’

☐ Australian company – also complete ‘Customer Identification Form – Australian Companies’

☐ Other – contact our Investor Services team on 03 8352 7120 for other Customer Identification Forms.

3. Investor name

3A. Individual investor/joint investors/sole trader

Investor 1

[illegible][illegible]

Title (Mr/Mrs/Miss/Ms)						Date of birth		/		/					
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Business name of sole trader (if applicable)

Investor 2

[illegible][illegible]

Title (Mr/Mrs/Miss/Ms)							Date of birth	/	/				
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3B. Super fund/Trust/Australian company/other

[illegible]

3C. Account designation (if applicable)

Provide the name of the person for whom the investment is being made (if applicable). Please note we do not accept investments from people under 18 years of age; however, investments may be designated on their behalf.

[illegible][illegible]

Title (Mr/Mrs/Miss/Ms)					
------------------------	--	--	--	--	--

We are only required to act on instructions from the investors listed in 3A and 3B. Vasco is not bound to take any notice of any interest of any person listed in 3C.

4. Contact details

This is the address where all correspondence will be sent.

Contact person	<input type="text"/>																				
Unit number	<input type="text"/>				Street number	<input type="text"/>															
Street name	<input type="text"/>																				
Suburb	<input type="text"/>																				
State	<input type="text"/>			Postcode	<input type="text"/>																
Country	<input type="text"/>																				
Phone (after hours)	<input type="text"/>										Phone (business hours)	<input type="text"/>									
Mobile	<input type="text"/>										Facsimile	<input type="text"/>									
Email	<input type="text"/>																				

5. Tax information

It is not against the law if you choose not to give your TFN or exemption reason, but if you decide not to, tax may be taken out of your distributions at the highest marginal tax rate (plus Medicare levy).

5a. Individual investor or entity

TFN	<input type="text"/>									
Tax exemption	<input type="text"/>									
ABN	<input type="text"/>									

5b. Investor 2 (joint investors)

TFN	<input type="text"/>									
Tax exemption	<input type="text"/>									

5c. Non-residents

If you are an overseas investor, please indicate your country of residence for tax purposes.

<input type="text"/>																			
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6. Investment allocation and payment options

Please indicate how you will be making your new or additional investment and the amount you wish to invest.

I/we are making my/our investment via:

☐ Direct Credit/EFT → see below.

☐ Cheque → make cheque payable to 'Vasco Investment Managers Limited <Lauders Credit Fund>'.

Fund name	Initial investment
Total Investment Amount	\$ <input type="text"/> , <input type="text"/> , <input type="text"/> . <input type="text"/> 0 <input type="text"/> 0
Investment Option Name	<input type="text"/>

Cheque Instructions: Cheques or drafts must be made payable to Vasco Investment Managers Limited ATF Lauders Credit Fund. Only cheques or drafts in Australian currency and drawn on an Australian bank will be accepted. Your cheque(s) should be crossed NOT NEGOTIABLE. Mail or deliver your completed Application Form with your cheque(s) to:

Vasco Investment Managers Limited
Level 5, 488 Bourke Street
Melbourne, VIC, 3000
P +61 3 8352 7120 F +61 3 8352 7199 E info@vascofm.com

Direct Credit / EFT Instructions

Alternatively you can direct credit your application funds to:
Vasco Investment Managers Limited ATF Lauders Credit Fund
Macquarie Bank
BSB 182 512
Account number 964 146 500
Please note the applicants name when transferring the funds.
Please ensure all funds transferred are net of all bank charges.

7. Annual report

☐ A copy of the annual report for the Fund will be provided on the Vasco website www.vascofm.com. Please cross (X) this box if you wish to receive a paper copy of the annual report(s) for the Fund. If you choose to have an annual report mailed to you, it will be mailed to the address provided in section 4 or your current address on file for existing investors. For additional investments, a nomination in this section overrides any previous nominations.

8. Qualified Investor Qualification

In order to participate in the Offer you must be an Qualified Investor. Please complete this section so that the Trustee can determine whether you are eligible to participate in the Offer. If residing in Singapore and investing less than SG\$200,000, suitable documentary evidence (in a form provided by Vasco) is also required.

Part 1 – Investor category

Each Applicant must mark the box (X) which best describes the category of investor they are.

(a) **Sophisticated Investor**

Applicant 1 Applicant 2
(if joint application)

<input type="checkbox"/>	<input type="checkbox"/>	I am applying for \$500,000 or more worth of Units.
<input type="checkbox"/>	<input type="checkbox"/>	I have net assets of at least \$2.5 million (please arrange for a Qualified Accountant to complete Part 2 of Section 8 of this Application Form).
<input type="checkbox"/>	<input type="checkbox"/>	I have earned at least \$250,000 per annum for each of the last two financial years (please arrange for a Qualified Accountant to complete Part 2 of Section 8 of this Application Form).
<input type="checkbox"/>	<input type="checkbox"/>	I have sufficient experience in investing in securities (please arrange for an AFSL holder to complete Part 3 of Section 8 of this Application Form).

(b) Professional Investor

Applicant 1 Applicant 2
(if joint application)

[illegible]

Part 2 – To be completed by a Qualified Accountant

Insert full name and address of Qualified Accountant

[illegible]

8. Eligible Investor Qualification (continued)

Declaration by Qualified Accountant

I, the Qualified Accountant named above, certify that the following is true and correct:

- (a) I am a Qualified Accountant;
- (b) this certificate is given at the request of the Applicant described above in relation to the Units in the Fund to be issued by the Trustee; and
- (c) please indicate which option below applies by marking the relevant box for each Applicant:

Option 1

Applicant 1 Applicant 2
(if joint
application)

The Applicant is known to me and for the purposes of section 761G (7)(c) of the Corporations Act, the Applicant either personally or in conjunction with a company or trust controlled by the Applicant, has:

- ☐ ☐ net assets of at least \$2.5 million; or
- ☐ ☐ a gross income for each of the last two financial years of at least \$250,000 a year.

Option 2

Applicant 1 Applicant 2
(if joint
application)

The Applicant is a company or trust controlled by a person known to me for the purposes of section 761G (7)(c) Corporations Act, who has:

- ☐ ☐ net assets of at least \$2.5 million; or
- ☐ ☐ a gross income for each of the last two financial years of at least \$250,000 a year.

Option 3

Applicant 1 Applicant 2
(if joint
application)

- ☐ ☐ For the purposes of section 761G(7)(d) of the Corporations Act, the Applicant controls gross assets of at least \$10 million (including any amount held by an associate or under trust that the Applicant manages).

Signature of Qualified
Accountant

Date / /

Part 3 – To be completed by the Applicant and an Australian financial services licensee

Applicant to sign this acknowledgment

I/We, the Applicant(s) acknowledge that the financial services licensee named below has not given me/us:

- (a) a product disclosure statement as referred to in Part 7.9 of the Corporations Act in relation to the Offer to acquire Units in the Fund; and
- (b) any other document required to be given under Chapter 7 of the Corporations Act if the product were provided to the Applicant as a retail investor; and
- (c) the licensee does not have any other obligation to the Applicant under Chapter 7 of the Corporations Act that the licensee would have if the product were provided to the Applicant as a retail investor.

Signature of Applicant 1

Date / /

Signature of Applicant 2

Date / /

11. Declaration and applicant(s) signature(s)

Please read the declarations below before signing this form. The signatures required are detailed at the bottom of this form.

I/We declare that:

- all details in this application and all documents provided are true and correct and I/we indemnify the Trustee of the Fund against any liabilities whatsoever arising from acting on any of the details or any future details provided by me/us in connection with this application;
- I/we have received a copy of the current IM and all information incorporated into the IM to which this application applies and have read them and agree to the terms contained in them and to be bound by the provisions of the current IM (including the incorporated information) and current constitution (each as amended from time to time);
- I/we have legal power to invest in accordance with this application and have complied with all applicable laws in making this application;
- I/we have received and accepted this offer in Australia or Singapore;
- the details of my/our investment can be provided to the adviser group or adviser named at the end of this form or nominated by them by the means and in the format that they direct;
- if this application is signed under Power of Attorney, the Attorney declares that he/she has not received notice of revocation of that power (a certified copy of the Power of Attorney should be submitted with this application unless we have already sighted it);
- sole signatories signing on behalf of a company confirm that they are signing as sole director and sole secretary of the company;
- I/we acknowledge that if Vasco reasonably believes an email or facsimile communication it receives is from me/us Vasco is entitled to rely on that email or facsimile communication and will not be liable for any loss it may suffer if it is later found the email or facsimile communication was fraudulent.
- unless alternative authority for signature is notified to and accepted by Vasco, the person/persons that signs/sign this form is/are able to operate the account on behalf of the company and bind the company for future transactions, including in respect of additional deposits and withdrawals, including withdrawals by telephone and fax;
- I/we acknowledge that I/we have read and understood the information under the heading 'Privacy' contained in the relevant IM. I am/We are aware that until I/we inform Vasco otherwise, I/we will be taken to have consented to all the uses of my/our personal information (including marketing) contained under that heading and I/we have consented to my/our financial adviser providing such further personal information to Vasco as is required or reasonably deemed necessary by Vasco under applicable law;
- I/we understand that if I/we fail to provide any information requested in this application form or do not agree to any of the possible use or disclosure of my/our information as detailed on the IM, my/our application may not be accepted by Vasco and we agree to release and indemnify Vasco in respect of any loss or liability arising from its inability to accept an application due to inadequate or incorrect details having been provided;
- I/we acknowledge that none of Vasco, or any other member of Vasco or any custodian or investment manager, guarantees the performance of the Fund or the repayment of capital or any particular rate of return or any distribution;
- I/we are bound by the Constitution and that an application for Units is binding and irrevocable;
- I/we have not relied on statements or representations made by anybody, other than those made in the IM;
- I/we agree and acknowledge no cooling off period applies and I/we have had the opportunity to seek independent professional advice on subscribing for Units;
- I/we agree and acknowledge Vasco is required to comply with the anti-money laundering laws in force in a number of jurisdictions (including the Financial Transactions Reports Act 1988 (Cth) and I/we must provide Vasco with such additional information or documentation as Vasco may request of me/us, otherwise my/our Application for Units may be refused, Units I/we hold may be compulsorily redeemed, and any disposal request by me/us may be delayed or refused and Vasco will not be liable for any loss arising as a result thereof;
- I/we have provided a tax file number, and if not, I/we consent to Vasco withholding tax at the highest marginal tax rate;
- I/we agree and acknowledge that property investment and development is risky and the estimates and forward looking statements included in this IM are subject to significant variation due to timing, terms of commercial agreements, timing of commercial agreements, approval turnaround, construction and/or refurbishment costs and other such risks, and as such may not prove to be correct.

I/We also warrant and acknowledge that:

- All information contained in my/our Application is true and correct;
- I/we are not a Politically Exposed Person (PEP) as defined by the AML/CTF legislation;
- I/we are a "wholesale client" for the purposes of section 761G of the Corporations Act or, if residing in Singapore, an "accredited investor" or certain other person prescribed under s305 of the Securities and Futures Act and relevant information has been provided to confirm this and by investing in this Fund I/we will not cause any breach of the Corporations Act by or for Vasco;
- if the Applicant is a SMSF, it is compliant and investing in this Fund complies with the Superannuation Industry Supervision Act 1993 (Cth); and
- I/we hold the appropriate authorisations to become an Investor in the Fund and that offer cannot be revoked.

Refer to list of signatories on page 6 of this application form

11. Declaration and applicant(s) signature(s) (continued)

Investor 1

Signature

Date / /

Surname

Given name(s)

Capacity ☐ Sole Director ☐ Director
(company investments only)

Investor 2 (joint investors)

Signature

Date / /

Surname

Given name(s)

Capacity ☐ Director ☐ Company Secretary
(company investments only)

Signing Authority

Please tick to indicate signing requirements for future instructions (e.g. withdrawals, change of account details, etc.)

☐ Only one required to sign.

☐ All signatories must sign.

COMPANY SEAL
(if applicable)

12. Adviser use only

☐ In consent to my advisor, whose details are provided below, receiving information about my investment in the Fund.

Office name

Surname

Given name(s)

Title (Mr/Mrs/Miss/Ms)

Phone (business hours)

Email

Adviser group

Adviser group AFSL

Important notes

This application must not be handed to any person unless the relevant IM and access to the information incorporated into the IM is also being provided. Vasco may in its absolute discretion refuse any application for Units. Persons external to Vasco or other entities who market Vasco products are not agents of Vasco but are independent investment advisers. Vasco will not be bound by representations or statements which are not contained in information disseminated by Vasco. Application monies paid by cheques from investment advisers will only be accepted if drawn from a trust account maintained in accordance with the Corporations Act.

Signatories

The table below provides guidance on completing the Declaration and applicant(s) signature's section of the application form. Before signing the application form please ensure you have read the declaration.

Type of investor	Names required	Signature required	TFN/ABN to be provided
Individual and/or joint investors	i. Full name of each investor (please do not use initials).	Individual investor's; or each joint investor's	Individual investor's; or each joint investor's
Sole trader	i. Full name of sole trader; and ii. Full business name.	Sole trader's	Sole trader's
Australian company	i. Full company name as registered with ASIC; and ii. Name of each director of the company; and iii. Name of each beneficial owner where their holding is 25% or greater.	i. Sole director's; or ii. Two directors'; or iii. One director's and company secretary's	Company's
Trust/Superannuation fund If you are investing on behalf of a superannuation fund, we will assume the superannuation fund to be a complying fund under the Superannuation Industry (Supervision) Act.	i. Full trust/superannuation fund name (e.g. Michael Smith Pty Ltd ATF Michael Smith Pty Ltd Super Fund); and ii. Full name of the trustee(s) in respect of the trust/super fund (either individual(s) or business name). Please note, if any of the trustees are an Australian company, all information in the 'Australian company' section must also be completed; and iii. Names of beneficiaries (if identified in Trust Deed).	Individual trustee(s) 'as trustee for' If any of the trustees are an Australian company, the signatures set out in the 'Australian company' section are also required.	Superannuation fund's or trust's
Account designation	Name of the responsible adult, as the investor.	Adult(s) investing on behalf of the person/minor	Adult(s)
If the investment is being made under Power of Attorney (POA) Please ensure an original certified copy of the POA is attached to the application form. Each page of the POA must be certified.	i. Full name of each investor(s) (as listed in section 3); and ii. Full name of person holding POA (underneath signature).	Person holding Power of Attorney In the case that the POA document does not contain a sample of the POA's (i.e. Attorney's) signature, please provide a certified copy of either the POA's driver's licence or passport containing a sample of their signature.	Individual investor's; or each joint investor's