



YHS Investment Fund Information Memorandum

1 October 2018

Trustee

Vasco Investment Managers Limited ACN 138 715 009

Investment Manager

YHS Capital Pty Ltd ACN 625 373 864

Administration Manager

Vasco Funds Management Pty Ltd ACN 610 512 331

IMPORTANT INFORMATION

This Information Memorandum (**IM**) is dated 1 October 2018.

This IM details the features, benefits, risks and general information about the YHS Investment Fund (**Fund**).

The trustee for the Fund and issuer of this IM is Vasco Investment Managers Limited ACN 138 715 009 AFS Licence number 344486 (**Trustee or Issuer**).

The Trustee has appointed YHS Capital Pty Ltd ACN 625 373 864 (**Investment Manager or YHS Capital**) as the investment manager of the Fund.

The Investment Manager is a corporate authorised representative (No.001265552) of D H Flinders Pty Ltd ACN 141 601 596 AFSL 353001.

The Trustee has also appointed Vasco Funds Management Pty Limited ACN 610 512 331 (**Administration Manager**) as the administration manager of the Fund.

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

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, unless otherwise stated.

Images

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

Updated information

Information in this IM may change and may be updated or replaced from time to time. Unless the changed information is materially adverse, the Trustee may not always update or replace this IM to reflect the changed information. Updated information regarding this IM may be made available on the Trustee's website or otherwise by issuance of a replacement or supplementary information memorandum published on the Trustee's website at www.vascofm.com.

Questions

Any questions regarding this IM should be directed to the Investment Manager on +61 3 9020 5998 or the Trustee on +61 3 8352 7120 or at info@vascofm.com or at Level 5, 488 Bourke Street, Melbourne, Victoria, 3000, Australia.

ASIC

This IM has not been lodged with ASIC and ASIC takes no responsibility for the content of this IM.

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 Issuer 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").

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 offered should consider carefully whether the investment is suitable for them.

The Issuer and Investment Manager are 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.

Investor to undertake own due diligence

Information contained in this IM has been provided to prospective Investors to assist them to make an assessment of whether or not to invest in the Fund. In relation to the information contained in this IM, the Trustee, Investment Manager, Administration Manager, or their related parties, officers, employees, consultants, advisers or agents do not warrant or represent that:

- all information which is relevant to the making of an investment in the Fund has been provided in this IM;
- all information provided under this IM is accurate or correct or does not contain misleading or deceptive statements.

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

None of the Trustee, the Investment Manager, or their related parties, officers, employees, consultants, advisers or agents have carried out an independent audit or independently verified any of the information contained in this IM. The Trustee has not sought to verify any statements contained in this IM about the investments proposed by the Investment Manager, the Investment Manager's business or the business of any other parties named in this IM.

Prospective investors are strongly encouraged to undertake their own due diligence in relation to the Fund before making an investment. In addition, prospective investors should read this IM in its entirety and seek independent professional advice as to the financial, taxation and other implications of investing in the Fund and the information contained in this IM.

To the maximum extent permitted under the law, the Trustee and the Investment Manager disclaim any liability arising from any information provided in the IM.

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

IMPORTANT WARNING STATEMENTS

No performance guarantee

None of the Investment Manager, the Trustee, Administration Manager, nor their associates or directors or any other person guarantees the performance or success of the Fund, the repayment of capital invested in the Fund or any particular rate of return on investments in the Fund.

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

An investment in the Fund does not represent a deposit with, or a liability of, the Investment Manager, the Trustee, the Administration Manager, or any of their associates.

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

Prospective Investors should read the whole of this IM before making a decision about whether to invest in the Fund. The information contained in this IM is general information only and not personal financial product advice and therefore does not take into account the individual objectives, financial situation, needs or circumstances of investors.

Past performance should not be perceived as an indication of future performance as returns are variable and may be lower than expected.

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

Should it be required to protect all investments in the Fund, the Trustee, may use its discretion to delay or suspend redemptions from the Fund.

No representation other than this IM

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

No person is authorised to give any information or to make any representation in connection with the Offer of Units in the Fund described in this IM, which is not in this IM. This IM supersedes any prior IM or marketing materials given prior to the issue of the IM to the extent of any inconsistency. Any information or representation in relation to the Offer of Units in the Fund described in this IM not contained in this IM may not be relied upon as having been authorised by the Trustee, the Investment Manager or their advisers.

Forward looking statements

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

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

Due to various risks and uncertainties, including those set forth under “Risks” in Section 7, actual events or results or the actual performance of the Fund may differ materially from those reflected or contemplated in such forward-looking statements.

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

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

Confidentiality

Neither this IM nor any other information provided by the Trustee or Investment Manager may be disclosed to any other party, except for the purpose of obtaining independent advice in connection with the consideration of an investment in the Fund, or used for any purpose other than the consideration of an investment in the Fund, unless the express prior written consent of the Trustee is obtained. Any reproduction of all or part of this IM is strictly prohibited without the written consent of the Trustee. In the event that the recipient does not participate in the Fund, this IM, along with all related materials, must be returned to the Trustee immediately upon demand.

Summary of key documents only

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

Independent financial advice

You should obtain independent professional advice specific to your circumstances and requirements from a licensed investment advisor.

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Dear Investor

On behalf of the investment management team at YHS Capital Pty Ltd (YHS Capital) it is my pleasure to present to you an opportunity to invest in the YHS Investment Fund (Fund).

The Fund will be investing by lending money to YHS Projects Pty Ltd (YHS Projects), or other related parties within the YHS Group, which will subsequently invest this money in property projects, including but not limited to those managed by the YHS Group.

The YHS Investment Fund will provide investors the opportunity to select from different Investment Options, each offering different target return rates depending on the minimum amount invested in the Fund. More details are available in this IM about the terms of each Investment Option.

As part of the YHS Group, YHS Projects has completed a number of townhouse and apartment developments across promising areas of metropolitan Melbourne which have been designed to provide residents with a high-quality lifestyle experience. With numerous developments in the pipeline, YHS Projects continues to work hard to pursue these objectives to strengthen its reputation and deliver accordingly.

The Fund has an independent Trustee, Vasco Investment Managers Limited (Vasco). Vasco is part of an investment management group that provides responsible entity, trustee and fund administration 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 \$1.5 billion Australian Unity Healthcare Property Trust and the \$1.5 billion AIMS AMP Capital Industrial REIT listed on the Singapore Stock Exchange (SGX).

I invite you to read through this IM (including Section 7 entitled "Risks") to allow you to make an informed decision before investing in the Fund.

On behalf of YHS Capital Pty Ltd, I look forward to your participation with us in this outstanding investment opportunity.

Regards

Yan Sheng

Director

YHS Capital Pty Ltd

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.

Feature	Description	Further Details
Investment Manager	YHS Capital Pty Ltd	5.1
Trustee	Vasco Investment Managers Limited	5.2
Administration Manager	Vasco Funds Management Pty Ltd	5.2
Investment structure	The Fund is an unlisted unregistered open-ended managed investment scheme structured as a unit trust. The Fund provides Investors with an opportunity to acquire Units in the Fund which entitles them to returns (primarily interest income) generated by the Fund.	4.1
Investment Strategy	<p>The Investment Manager aims to provide Investors with an annual Target Income Return by lending money to YHS Projects, or other related parties within the YHS Group (Borrower).</p> <p>Each Borrower will subsequently invest this money in a broad range of property development projects, including but not limited to those managed by the YHS Group.</p> <p>Any loan to a Borrower will be secured by a General Security Agreement creating a security interest over the assets of YHS Projects or a Borrower.</p> <p>The Borrower will pay the Fund interest on an annual basis and repay any amount of a Loan required to meet any Withdrawal Requests or terms of settlement under a Redemption Direction.</p>	2
Investment Options	<p>The Fund may provide Investors with different Investment Options, each offering Investors different rights in respect of:</p> <ul style="list-style-type: none"> - Target Income Return - Minimum Investment Amount - Minimum Investment Terms <p>These terms are set out in the relevant Term Sheet for each Investment Option.</p>	
Target Income Return	Investors can expect to receive a Target Income Return on their investment, as specified in the Term Sheet for the Investment Option in which they are investing.	
Minimum 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.	-
Minimum Investment Term	The Minimum Investment Term for each Investment Option is specified in the relevant Term Sheet.	-
Maximum Fund Size	There is no maximum fund size.	-
Issue of Units	Units will be issued within 10 Business Days of the end of the month in which a completed Application and the investment amount are received.	4.3
Distributions	Annually, following the end of the financial year subject to the level of income earned by the Fund.	4.7
Redemptions	<p>Withdrawal Requests will be honoured pro-rata on a quarterly basis after the end of Minimum Investment Term, subject to available liquidity.</p> <p>Investors in an Investment Option with a Redemption Direction (described below) will not have the option of withdrawing from the Fund prior to settlement of the property specified in the Redemption Direction and up to the value of that amount specified in the Redemption Direction.</p>	4.5

Feature	Description	Further Details
Redemption Direction	Where an Investor (or their nominee) enters into a property contract to acquire one or more of the properties in a project undertaken by the YHS Projects or its related parties, then the Investor has the option of directing the Trustee to pay their redemption amount to the vendor on settlement of the property contract. Any income accrued will be paid following the end of the financial year.	9.1
Qualifying Investors	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 section 305 of the Securities and Futures Act.	4.2
Entry and exit fees	An application fee of 4.5% of an Investor's application monies will be paid to the Investment Manager to cover capital raising costs. There are no exit fees.	6.5
Fees and Costs	Fees and costs payable from the assets of the Fund include (excluding GST): <ul style="list-style-type: none"> - Trustee fees of between 0.03% and 0.10% per annum of the Fund's gross asset value, subject to a minimum fee of \$25,000 per annum - Administration fees of between \$15,000 and \$25,000 per annum, subject to a 5% increase on the 1st of January of each year - There will be a spread between the return offered to Investors and the interest charged on the money lent to the Borrower. Any remaining income after distributions, fees and expenses will be paid to the Investment Manager as a performance fee - Expenses incurred by the Trustee or Investment Manager properly incurred in connection with performing their respective duties - An arrears and default management fee of \$150 per hour for any arrears and default management activities undertaken in accordance with section 2.3 	6
Borrowings	The Fund will not have any borrowings	2.4
Risks	It is important that you read and consider the risks associated with and investment in the Fund before deciding whether to invest. For example, distributions or capital returns are not guaranteed.	7

2. Investment Strategy

2.1 Introduction

The Fund provides investors with an opportunity to provide development finance, through the Fund, to YHS Projects or other related parties within the YHS Group (each a Borrower) which will subsequently invest in a broad range of property development projects. The projects may be projects developed and managed by the YHS Group or other third-party projects which the YHS Group invests in but which are managed by other developers.

A detailed profile on recent projects undertaken by the YHS Group is included below in section 3.

2.2 Loan terms

A Loan Agreement between the Fund and YHS Projects or other related parties within the YHS Group (each a Borrower) will specify the terms and conditions on which monies are loaned by the Fund.

The Loan to the Borrower will be secured by a registered General Security Agreement (GSA) creating a security interest over the assets of the Borrower.

The Loan Agreement allows for multiple advances to be made to the Borrower from time to time as Investors monies are accepted into the Fund. The amount advanced to the Borrower under the Loan will depend upon the amount of capital raised by the Fund. The Loan Agreement will provide for annual repayments of interest. The Borrower will also be required to repay an amount of the Loan required to meet any Withdrawal Requests or terms of settlement under a Redemption Direction. The Loan and other security documents are reviewed by the Fund's legal advisor who is chosen from an experienced panel of legal firms experienced in finance, verification and validation requirements

2.3 Arrears and default management

Investors' capital and returns may be affected if a Borrower defaults on the Loan made to it by the Fund.

As the Loan will be made to a related party of the Investment Manager, the Trustee will administer arrears and default management procedures in the event of late payment or default in accordance with the relevant loan documents prepared by the Fund's legal advisor.

Where a Borrower fails to make a payment by the payment date under a Loan Agreement, the Trustee will look to enforce the Loan according to the enforcement procedures specified in that Loan Agreement.

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 Fund.
2. 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.
3. Paid by a third party in which case, any expenses paid plus any amount agreed with the lender (for example interest or success fees) would be recovered from the proceeds received from the Borrower in priority to any payment to Investors.

2.4 Borrowings

The Fund will not have any borrowings.

2.5 Valuation Policy

Loans made by the Fund will be valued at the loan amount unless a Borrower has defaulted and the Trustee considers the Loan to be impaired. The Trustee maintains and complies with a written valuation policy, which is

reviewed at least annually or as market circumstances dictate. This policy may be updated from time to time and is available on the Trustee's website at www.vascofm.com.

2.6 **Investing Surplus Funds**

From time to time the Fund may have excess capital which is not immediately required or able to be suitably invested or funds which are being held pending distribution to Investors. In those circumstances the Fund 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 Investment Manager from time to time.

3. YHS Group projects

Below is a summary provided by the Investment Manager of recent projects undertaken by the YHS Group:

Project Name	Location	Description
The Cooper	Bundoora VIC 3083	Residential 27 Townhouses
<div style="display: flex; justify-content: space-between;"> <div data-bbox="236 555 879 1021">  </div> <div data-bbox="916 551 1445 1025"> <p>The Cooper is a community of twenty-seven townhouses located in Melbourne’s thriving urban north. Each elegantly designed townhouse allows families to evolve and develop their own sense of space over two and three levels. The Cooper’s expansive heritage parkland views only hint at what this promising centre is becoming. Emerging from a rich cultural and environmental heritage, Bundoora is now an urban centre on the rise.</p> <p>Within easy reach of the townhouses are RMIT and La Trobe universities, local primary and secondary schools, golf courses and sports centres, Bundoora Square, University Hill and much more – all highly accessible through a comprehensive transport network to Melbourne’s CBD.</p> </div> </div>		
Lulu	Burwood VIC 3125	Residential 34 Apartments
<div style="display: flex; justify-content: space-between;"> <div data-bbox="236 1245 868 1659">  </div> <div data-bbox="916 1245 1445 1666"> <p>Addresses don’t come more convenient than the Burwood Highway. This leafy suburb is home to a world-leading university and elite private schools, only 14km from Melbourne and close to everything you need around the clock. Jump on the tram at your doorstep and head to famous shopping precincts or right into the city.</p> <p>The clever open-plan layout gives you more room for work, rest and play, weaving from the designer kitchen, to the spacious living area and right out onto the balcony. Tasmanian oak timber floors and 100% pure New Zealand wool carpets are just some of the premium materials you’ll find inside every abode.</p> </div> </div>		

<p>Thames</p>	<p>Box Hill VIC 3128</p>	<p>Residential 8 Townhouses</p>
<div style="display: flex; justify-content: space-between;"> <div data-bbox="225 353 868 846" style="width: 40%;">  </div> <div data-bbox="868 353 1461 846" style="width: 55%;"> <p>The most prestigious of Melbourne’s five key satellite cities, Box Hill is growing rapidly and attracts high levels of investment.</p> <p>This is an exclusive community of eight premium townhouses off a tree-lined street just minutes from the heart of Box Hill. Nearby parks, shopping centres, and restaurants offer a rich lifestyle close to home. At the same time, the Eastern Freeway, 109 tram line, and Box Hill railway station give easy access to the Melbourne city centre.</p> <p>It has some of Melbourne’s best public schools, thousands of jobs, numerous transport options, and a dynamic shopping precinct with a multicultural, inner-city feel.</p> </div> </div>		
<p>Autun</p>	<p>Malvern East VIC 3145</p>	<p>Residential 39 Townhouses 22 Apartments</p>
<div style="display: flex; justify-content: space-between;"> <div data-bbox="225 1106 868 1491" style="width: 40%;">  </div> <div data-bbox="868 1106 1461 1491" style="width: 55%;"> <p>Autun’s two and three-storey townhouses represent an unprecedented feat of residential design in Malvern East, a suburb nestled in the heart of Melbourne’s leafy inner ring.</p> <p>Transcending the traditional divide between modern apartment living and private residences, occupants of these luxury townhouses benefit from the best of both worlds: the lofty spaciousness afforded by split-level townhouse structures, and the sense of community warmth unique to multiresidential settings.</p> </div> </div>		

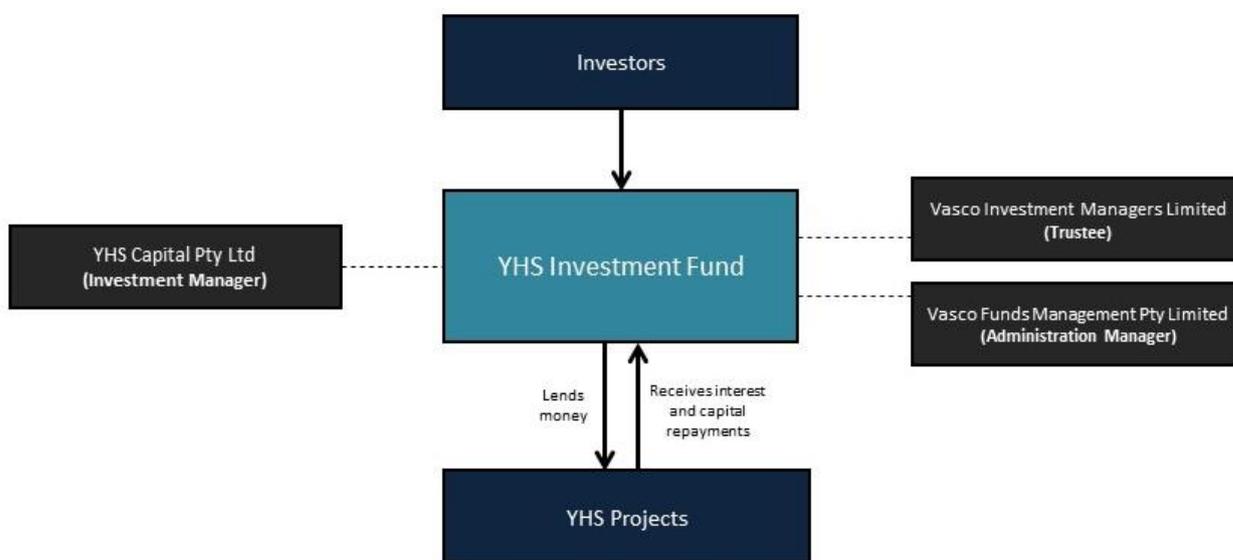
4. Offer Details

4.1 Investment Structure

The Fund is an unlisted unregistered managed investment scheme structured as a unit trust and established by a Trust Deed dated 11 July 2018 which regulates the relationship between the Trustee and Investors.

The monies contributed by Investors as Application Money will be pooled and invested in accordance with the Investment Strategy detailed in section 2.

The following diagram illustrates the structure of the Fund and relevant parties involved:



Details about the role each of the parties play and their expertise is provided in Section 5.

As at the date of this IM, there is no requirement or intention to register the Fund with ASIC or to list the Fund on a secondary market such as the ASX.

4.2 Qualifying Investors

This Offer is generally only available to wholesale clients within the meaning of the Corporations Act 2001. A wholesale client means an Investor who:

- invests \$500,000 or more in the Fund or
- if investing less than \$500,000:
 - provides a certificate from a qualified accountant (substantially in a form provided by and available from the Trustee) that states that 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
 - 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).

The Trustee has the discretion to accept applications from people who are not Qualifying Investors, provided these people are otherwise permitted by law to participate in the Offer.

The Trustee reserves the right to reject an application without providing a reason.

4.3 Issue of Units

Units will be issued within 10 Business Days of the end of the month in which a completed Application and the investment amount are received.

Further detail about applying for Units in the Fund is outlined in section 11.

4.4 Unit Price

The Unit price for the initial issue of Units in the Fund is \$1 per Unit.

At any other time, the Unit price will be based on the underlying value of the Fund's assets and is calculated in accordance with the terms of the Trust Deed. The redemption 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 as the Fund's assets are re-valued.

The Unit price will be updated on the Trustee's website from time to time.

The value of your investment is not guaranteed. Further detail about the Fund's valuation policy is outlined in section 2.5.

4.5 Redemptions

Withdrawal Requests will be honoured on a quarterly basis after the end of the Minimum Investment Term, subject to available liquidity.

Where there is insufficient liquidity in a given quarter to satisfy all Withdrawal Requests, Investors will be redeemed pro-rata each quarter until their Withdrawal Request is satisfied in full.

Withdrawal requests must be lodged at least 20 days prior to the end of the quarter. Withdrawal forms are available online at www.vascofm.com.

Under the terms of the Trust Deed, in certain situations, the Trustee is able to, amongst other things, suspend all redemptions or compulsorily redeem Investors where it believes that doing so is in the best interests of Investors in the Fund as a whole.

Investors in an Investment Option with a Redemption Direction (described below) will not have the option of withdrawing from the Fund prior to settlement of the property specified in the Redemption Direction and up to the value of that amount specified in the Redemption Direction.

4.6 Redemption Direction

Where an Investor (or their nominee) enters into a property contract to acquire one or more of the properties in a project undertaken by the YHS Projects or its related parties, then the Investor has the option of directing the Trustee to pay their redemption amount to the vendor on settlement of the property contract.

All redemptions will be made after deduction of any withholding tax and relevant Fund Fees and Costs.

Other than in the case of the insolvency of the vendor, a Redemption Direction is irrevocable and once a direction is given, the Trustee must pay such amounts to the Vendor and not directly to the Investor.

The terms of the property contract and the entry into the contract does not form part of the Investor's investment in the Fund and is not a condition of entry into the Fund.

The Trustee does not warrant that the returns from the Fund will be sufficient to pay all of the purchase price payable in respect of any property contract. An Investor should seek their own advice regarding the terms of any property contract as this does not form part of their investment in the Fund.

4.7 Distributions

Distributions are expected to be calculated annually as at the end of each Financial Year. Distributions will be paid to investors by 30 September of each year, following the finalisation of the Fund's annual accounts.

Distributions will only be made from the income earned by the Fund over the course of the preceding Financial Year.

The Trustee reserves the right to make distributions more frequently in its absolute discretion.

The Trustee may also decide not to distribute amounts which it reasonably considers necessary required to meet any outgoings or liabilities (actual or contingent) in respect of the Fund including any amounts required for tax withholdings. Taxes paid or withheld that are allocable to one or more Investors will be deemed to have been distributed to such Investors for the purposes of determining the above calculations.

Distributions to Investors will take into account the number of Units held by the Investors each day during the Financial Year.

5. Management of the Fund

5.1 The Investment Manager

YHS Capital Pty Ltd (**Investment Manager**) is the Fund's investment manager and is responsible for marketing the Fund and managing the Fund's investments.

The Investment Manager has been appointed as a corporate authorised representative of D H Flinders Pty Ltd (**D H Flinders**) for the sole purpose of acting as an investment manager of the Fund and is restricted to providing Financial Services that are authorised in the AFSL held by D H Flinders. Additionally, the Investment Manager and its employees and officers are subject to the policies of D H Flinders.

The Investment Manager is part of the YHS Group, a property developer which has completed a number of townhouse and apartment developments across promising areas of metropolitan Melbourne which have been designed to provide residents with a high-quality lifestyle experience. With numerous developments in the pipeline, YHS Projects continues to work hard to pursue these objectives to strengthen its reputation and deliver accordingly.

Projects in areas such as Malvern East, Burwood, Box Hill and Springvale see the YHS Group optimally poised to capitalise on its investments, establishing its brand as a reputable developer in the process.

The Investment Manager describes their senior management team as follows:

- **Yan Sheng, MAppFin**

Yan Sheng has a wealth of experience in financial institutions such as the Commonwealth Bank of Australia, Swedbank, Dah Sing Bank and the Bank of China and is also a licensed estate agent. She has participated in several property development projects in Melbourne and has had six years of experience marketing properties.

- **Hongda Yu, MComm (Marketing)**

Hongda has over 12 years of experience in marketing Australian and overseas properties. He is also a licensed estate agent and the founder and a director of Auswell Group, being responsible for the development of ten properties in Melbourne during this period.

- **Kenneth Tan, Certificate IV from Master Builders Association**

A member of Master Builders Victoria, Kenneth is a well-credentialed project manager who has worked across a number of sectors in the construction industry for over 30 years, specialising in residential and medium-density projects.

- **Tatjana Medvedev, BSc (Eng.Arch), BSc (Urbanism)**

Tatjana has been actively involved in urban design, urban planning and architectural work, transit-oriented development, heritage preservation and research, resort design and residential development for over 20 years. She has worked on architectural and urban design projects from concepts to design development and implementation as well as site supervision. Tatjana has been involved in projects in Australia, Yugoslavia, Russia, Vietnam and Brazil.

5.2 The Trustee and Administration Manager

Vasco Investment Managers Limited (**Trustee**) and Vasco Funds Management Pty Ltd (**Administration Manager**) are part of an investment management and services group that provides responsible entity, trustee and fund administration 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 \$1.5 billion Australian Unity Healthcare Property Trust ARSN 092 755 318 and the \$1.5 billion AIMS AMP Capital Industrial REIT listed on the Singapore Securities Exchange.

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

Clients of Vasco have included Golden Age Development Group, Lauders Development Group, China Asset Management (HK), Cyan SIV Emerging Companies Fund, Infrastructure Partners Investment Fund, Vital Healthcare Property Fund, EMR Capital Pty Ltd, Phillip Asset Management Limited and Morgan Stanley Real Estate.

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

6. Fees and Costs

6.1 Payment of fees and costs

The Investment Manager has agreed to pay the fees and costs of the Fund described below (other than performance fees and entry and exit fees) until such time as they are able to be paid from the assets of the Fund before paying any distribution to Investors, and may be reimbursed from the Fund for these payments.

6.2 Trustee fees

The Trustee is entitled to the following fees (excluding GST) from the assets of the Fund:

1. An establishment fee of \$19,500
2. An annual fee, subject to a minimum fee of \$25,000, equal to:
 - 0.10% per annum of the Fund's gross asset value on amounts up to \$100 million; plus
 - 0.05% per annum of the Fund's gross asset value on amounts greater than \$100 million but less than \$200 million; plus
 - 0.03% per annum of the Fund's gross asset value on amounts greater than \$200 million.

This fee accrues and is calculated monthly from execution of the Trust Deed and is payable to the Trustee monthly in arrears.
3. Where the Trustee is terminated or replaced, a trustee replacement fee is payable at the time of termination or replacement of:
 - \$9,500; plus
 - where the Trustee is terminated or replaced within 3 years of the establishment of the Fund, the balance of the annual fee which would have been otherwise payable calculated on the basis of the gross asset value of the Fund at that time.
4. An arrears and default management fee of \$150 per hour for any arrears and default management activities undertaken in accordance with section 2.3.

6.3 Administration fees

The Administration Manager is entitled to an annual fee (excluding GST) of:

- \$15,000 where the Fund has gross assets of less than \$20 million and there are less than 25 unitholders
- \$25,000 where the Fund has gross assets greater than \$20 million or where there are 25 or more unitholders
- \$5,000 for each unit additional investment option offered to investors beyond the first.

These administration fees are calculated and payable monthly in arrears from processing of the first Application to invest in the Fund and subject to an annual increase of 5% on the 1st of January of each year.

6.4 Performance fees

There will be a spread between the return offered to Investors and the interest charged on the money lent to YHS Projects or other related parties within the YHS Group. Any remaining income after distributions, fees and expenses will be paid to the Investment Manager as a performance fee.

6.5 **Entry and exit fees**

An application fee of 4.5% of an Investor's application monies will be paid to the Investment Manager to cover capital raising costs. This fee will be deducted from Investor's application monies prior to the issuance of their Units. There are no exit fees.

6.6 **Expenses**

The Trustee and Investment Manager are entitled to be paid or reimbursed for all expenses properly incurred in connection with performing their duties and obligations in the day to day operation of the Fund. Such expenses include, but are not limited to, any additional costs associated with the administration or distribution of income, asset management and the management of defaults and arrears.

The Trust Deed for the Fund contains a full description of the expenses the Trustee is entitled to be paid or reimbursed for. The Investment Management Agreement between the Trustee and Investment Managers sets out the expenses which the Investment Manager can properly claim from the Trustee.

6.7 **Buy sell spread**

There is no buy or sell spread.

6.8 **Goods and services tax**

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

6.9 **Waiver, deferral or rebate of fees**

The Trustee or Investment Manager may 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. 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.

General investment risk

The value of an investment may rise or fall, distributions may or may not be paid and an Investor's capital may or may not be returned.

Return risk

The Fund seeks to deliver returns (primarily interest income) to Investors. The Fund is targeting returns which are higher than interest paid on basic deposit products. However, 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. 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 Income Return is not a forecast. The Fund may not be successful in meeting this objective and returns are not guaranteed.

None of the Trustee, the Investment Manager nor any other person or entity guarantees any income or capital return from a special purpose vehicle or the Fund.

Investment Manager risk

The Trustee and Investment Manager may elect to retire or may be replaced as the Trustee or Investment Manager of the Fund or the services of key personnel of the Trustee and Investment Manager may become unavailable for any reason.

There is always a risk that the Trustee and Investment Manager may fail to identify and adequately manage the investment risks of the Fund and thus affect the ability to pay distributions or reduce the value of the Units.

Operational risks of the Trustee, the Investment Manager and the Administration Manager include the possibility of systems failure, regulatory requirements, documentation risk, fraud, legal risk and other unforeseen circumstances.

The Fund is relying on the ability of the Investment Manager to achieve its investment objectives. If the Investment Manager were not to continue in its role, the Fund may not be able to achieve these objectives.

Related party transactions

The Trustee may from time to time face conflicts between its duties to the Fund as trustee and its duties to other funds which it manages or its own interests. The Trustee will manage any conflicts in accordance with its conflicts of interest policy, the Trust Deed, ASIC policies 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. For example, the Administration Manager is a related party of the Trustee.

By making an investment in the Fund, Investors acknowledge that the Fund will lend money to a Borrower, who is a related party of the Investment Manager.

It is not the responsibility of the Trustee to assess the merits of this investment recommended by the Investment Manager, but rather to ensure that this investment is within the terms outlined in this IM and permissible under the Trust Deed. Accordingly, the Trustee does not guarantee that this investment is made on arm's length terms.

By investing in the Fund, Investors acknowledge that the Investment Manager is responsible for making investment decisions for the Fund and that they have made their own independent investigations to satisfy themselves of the benefit of becoming an Investor in the Fund.

Enforcement action procedures, if required, in the event of default on the Loan to a Borrower will be managed by the Trustee and is set out above in Section 2.3.

Diversification Risk

The Fund's only investment will be the indirect financing of real estate developments in Australia through loans to related parties of the Investment Manager. As such, the Fund will not be diversified by sector and its diversification in respect of geography or the number of investments is only expected to grow slowly if at all and Investors will be exposed to any events which have an adverse effect on the value of each development project.

Default and Credit Risk

There is a risk that a Borrower may not be able to meet its financial obligations under the Loan Agreement. This may be for a wide range of reasons, including a change in the individual financial or other circumstances of a Borrower or a change in the economic climate generally.

In addition, the ability of the Fund to recover any of its investment may be impacted by and subject to the rights of a senior secured lender. This means that where a senior debt lender has priority in respect of funds generated by the projects invested into by a Borrower, there may not be sufficient funds to repay the Fund's investment after repayment of the senior debt facility.

Further, there will be no rights to recover the debt by seeking to take control or sell any real property of the Investment Manager.

Early repayment

Early repayments by a Borrower of loan monies from the Fund will impact on the expected returns of the Fund.

Construction and development risk

Investments in the Fund will be lent to a Borrower for use in property construction projects. There are specific risks associated with these types of projects, including:

- construction or development costs can exceed budgeted costs and the borrower may be unable to complete a project unless the borrower can obtain further funds;
- loan funds kept in reserve by the Manager to complete a project being insufficient to meet the cost of completion; and
- a change in market conditions could result in a project's value on completion being worth less than anticipated, or in lower sale rates and prices than expected.

Legal, regulatory and compliance risk

Changes in government legislation, regulation and policies generally could materially adversely affect the operating results of the Fund. Although unable to predict future policy changes, the Investment Manager intends to manage this risk by monitoring and reacting to any potential regulatory and policy changes.

The operation of a funds management business in Australia is subject to significant regulation by Australian government authorities including without limitation the Australian Securities and Investments Commission, the Australian Transactions Reporting and Analysis Centre, the Foreign Investment Review Board and the Australian Consumer and Competition Commission. There is a risk that the Fund may not comply at all times with its various obligations under government regulations and this may result in the loss of authorisations of the Australian Financial Services Licence held by the Trustee thereby preventing the continued operation of the Fund.

Liquidity risk

The Fund is an illiquid investment.

This is the risk stemming from the lack of marketability of an investment that cannot be bought or sold quickly enough to prevent or minimise a loss or make a profit.

There is currently no secondary market for Units in the Fund and it is unlikely that any active secondary market will develop. There are substantial restrictions upon the transferability of Units under the Fund documents and applicable securities laws.

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

Information not complete or accurate

The Trustee is not in a position to confirm the completeness, genuineness or accuracy of any information or data included in this IM. A significant amount of the material provided in this IM was supplied by third parties including the Investment Manager. This information has not been audited or independently reviewed.

Tax risk

Tax regulations can change and changes can be adverse. Investors should consider their own circumstances before investing.

Operating history

The Fund has no operating history upon which Investors may base an evaluation of its likely performance. The success of the Fund's investment activities will depend almost entirely on the Investment Manager's ability to carry out the proposed investment strategy successfully. While the principals of the Investment Manager have previous experience making and managing investments of the type contemplated by the Fund, a number of the targeted investment types could be considered to require detailed market and industry knowledge, and there can be no assurance that the Fund's investments will achieve the Target Income Return or will avoid a loss.

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 a Loan and other security (if any) in respect of the Loan and may also affect its ability to recover any penalties imposed against 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 security.

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.

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.

Fees and expenses

The Fund will incur fees and expenses regardless of whether it is successful. The Fund will pay investment management fees, Trustee fees and administration fees whether or not it receives its returns.

In addition, the Fund will also be required to pay investment management fees, Trustee fees and administration fees whether the funds raised are fully utilised or not. The Fund must therefore ensure that sufficient liquidity is maintained in order to meet these and other expenses.

The Trustee and the Investment Manager expect to incur significant costs and expenses in seeking to source, evaluate, structure, negotiate, close, monitor and exit an investment including, but not limited to, financial, legal, technical, regulatory, commercial advisers, engaged to assist the Trustee and the Investment Manager in seeking to source, evaluate, structure, negotiate, close, monitor and exit the investment. There can be no assurance that the Fund will be successful in being able to recover these fees and expenses from a successfully closed investment. These amounts may be significant and could have an adverse impact on the return that Investors might otherwise realise.

Currency risk

The Fund's investments will be domiciled in Australian dollars and therefore the weakening of a country's currency relative to the Australian dollar will negatively affect the value of the Fund from the perspective of an international investor.

Thinly-capitalised management

The Investment Manager does not have any material independent financial resources. If an action or claim is brought against the Investment Manager and such claim is not covered by the professional indemnity or directors' and officers' insurance policies arranged by or on behalf of the Investment Manager, the Fund cannot assure that the Investment Manager will have sufficient financial resources to cover any amounts payable under any such claim. The Fund is reserved to certain wholesale investors who are required to be aware of the risks involved in an investment such as the Fund and who accept that they will have recourse only to the Fund's assets in existence at any given time.

Other risks

It is important to note that not all risks can be foreseen. It is therefore not possible for the Investment Manager to protect the value of the Fund's investment from all risks. Investors should ensure they obtain appropriate professional advice regarding the suitability of an investment in the Fund having regard to their individual circumstances, including investment objectives, their level of borrowings, their financial situation and individual needs.

Whilst the Investment Manager has taken steps to ensure that the information presented in this IM is correct, it is possible that due to factors such as the passage of time or the uncertainty in forecast details that the information contained in this IM may be inaccurate at the date of release of the IM or at a later time.

The Trustee has not sought to verify any statements contained in this IM about the investment opportunity described herein, the investment strategy employed by the Investment Manager, the Investment Manager's business or the business of any other parties named in this IM.

Neither the Trustee nor Investment Manager guarantees the repayment of investments or the performance of the Fund. We strongly recommend that Investors obtain independent financial advice before investing in the Fund.

8. Taxation information

Each Investor's taxation position will depend on their individual circumstance and Investors should seek their own taxation advice in relation to the taxation of income distributed by the Fund, whether interest, dividends, capital gains, etc.

8.1 Tax File Number and Australian Business Number

It is not compulsory for an Investor to quote a Tax File Number (TFN), claim a valid exemption for providing a TFN, or (in certain circumstances) provide an Australian Business Number (ABN). However, if an Investor does not provide a TFN, exemption or ABN, tax will be required to be deducted from the Investor's distributions at the highest marginal tax rate plus Medicare levy and any other applicable Government charges (currently 49%).

8.2 Stamp Duty on the transfer of Units

As the register of the Fund will be maintained in Victoria, no marketable securities duty is payable on the transfer of Units in the Fund. Land rich or landholder duty may be payable in the issue, redemption or transfer of Units in any Australian jurisdiction where the Fund owns or has an interest in land.

8.3 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.

8.4 Common Reporting Standards (CRS)

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

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

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. Trust Deed
2. Investment Management Agreement
3. Administration Agreement
4. Loan Agreement
5. Redemption Direction

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

1. Trust Deed

The Trust Deed 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 or asset of the Fund. Subject to the Trust Deed, 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 Trust Deed contains provisions about convening and conducting meetings of Investors. Under the Trust Deed, the Trustee may create different Unit classes which may have different rights and obligations. As at the date of this IM, there is no intention to create multiple Unit classes.

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

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

A copy of the Trust Deed is available for review by contacting the Trustee.

2. Investment Management Agreement

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

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. Administration Agreement

The Administration Agreement is between the Administration Manager and the Trustee under which the Administration Manager provides fund administration and accounting services to the Fund.

4. Loan Agreement

The Loan Agreement between YHS Projects or other related parties within the YHS Group (each a Borrower) and the Trustee sets out the terms on which the Fund lends money to a Borrower.

5. Redemption Direction

Where an investor (or nominee) separately enters into a property contract with a vendor to acquire a property in a project undertaken by the vendor or its related entity, then the Investor may direct the Trustee redeem their investment and pay the withdrawal proceeds to the vendor on settlement of the property contract.

All distributions will be made after deduction of any withholding tax and relevant Fund Fees and Costs. Investors should note that the direction to pay distributions (of capital on a winding up) is irrevocable, except where the Developer is insolvent.

Importantly, the acquisition of any residential property by an Investor does not form part of an investment in the Fund and accordingly, the Trustee has no rights or obligations with respect to the property contract.

The Trustee does not warrant that the returns from the Fund will be sufficient to pay all of the purchase price payable in respect of any such property contract. An Investor should seek their own advice regarding the terms of any property contract as this does not form part of their investment in the Fund.

9.2 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.

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.

9.3 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.

9.4 **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 Trust Deed, 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.

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

9.5 **Consents**

Written consent to be named in the IM 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 IM:

- YHS Capital Pty Ltd
- YHS Projects Pty Ltd
- Vasco Funds Management Pty Ltd

10. Glossary

Administration Manager	Vasco Funds Management Pty Ltd ACN 610 512 331
AFSL	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
ASIC	Australian Securities and Investments Commission
ASX	The Australian Securities Exchange Limited
Borrower	YHS Projects or some other related party of the Investment Manager who is borrowing monies from the Fund for the purposes of undertaking property development projects managed by or invested in by the YHS Group
Business Day	A day on which banks are open for business in Melbourne, except a Saturday, Sunday or public holiday
Corporations Act	Corporations Act 2001 (Cth) for the time being in force together with the regulations of the Corporations Act
Financial Services	The meaning given to that term in the Corporations Act
Fund	YHS Investment Fund, established pursuant to the Trust Deed
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 Manager, or YHS Capital	YHS Capital Pty Ltd ACN 625 373 864, a corporate authorised representative (No. 001265552) of D H Flinders Pty Ltd ACN 141 601 596 AFSL 353001.
Investment Options	Investment options provided by the Fund to Investors with each investment option offering different rights and returns
Investor	A holder of Units
Loan	A loan advanced by the Fund to a Borrower
Loan Agreement	The loan agreement between the Fund and a Borrower in respect of a Loan
Minimum Investment Amount	A minimum investment amount in respect of an Investment Option, as specified in the relevant Term Sheet
Minimum Investment Term	The length of time which an Investor must hold Units before they are eligible to make a Withdrawal Request
Offer	The offer under this IM to acquire Units
Project	A property development project for which the Fund advances a Loan for
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").
Target Income Return	A target income return which Investors can expect to receive on their investment, as specified in the Term Sheet for the Investment Option
Term Sheet	A term sheet issued by the Trustee in respect of an Investment Option
Trust Deed	The trust deed establishing the Fund dated 11 July 2018 as amended from time to time

Trustee	Vasco Investment Managers Limited ACN 138 715 009 AFSL 344486
Unit	A Unit in the Fund
Withdrawal Request	A withdrawal request by an Investor to withdraw from the Fund
YHS Group	Any entity who is a related party of YHS Capital
YHS Projects	YHS Projects Pty Ltd ACN 617 240 285

11. How to Apply for Units

An application for Units can only be made by completing and lodging the Application Form that is included below (**Application**).

Instructions relevant to completion of the Application Form are set out in the form.

A completed original Application Form, including relevant identification documents, should be lodged by sending it to the Administration Manager at the following address:

**YHS Investment Fund
Vasco Funds Management Pty Ltd
Level 5, 488 Bourke Street
Melbourne, Victoria 3000
Australia**

An Application constitutes an offer by the applicant to subscribe for Units on the terms and subject to the conditions set out in this IM.

If the Application Form for Units is not completed correctly or if the payment of the application monies is for the wrong amount, the Application may still be treated as a valid Application at the sole discretion of the Trustee. However, where the payment is for less than the number of Units applied for, the Application will be deemed to be for the lower number of Units.

The Trustee reserves the right to reject an Application (in whole or in part) without reason.

All application monies received in relation to the Offer will be held in the account of the Trustee until allotment.

Any interest earned on application monies will be retained by the Trustee and will not form part of the Fund's assets.

Application Form

YHS Investment Fund

YHS | CAPITAL



Use this application form if you wish to invest in:

YHS Investment Fund

The Information Memorandum (IM) dated 1 October 2018 for the YHS Investment Fund (Fund) includes information about purchasing units in the Fund. Any person who gives another person access to this 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 this 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 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 the 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 the Customer Identification Form together with Section 11 and the verification procedure and in the consideration of Vasco accepting the investor's application:

- you agree to identify and verify all new investors, using this Customer 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 9 ensuring ALL bank account signatories have signed;
- if paying via cheque, ensure cheque is made payable to 'Vasco Investment Managers Limited ATF YHS Investment Fund' and attach it to this application form; and
- read the declaration and provided all relevant signatures.

4. Contact details

This is the address where all correspondence will be sent.

Contact person

Unit number Street number

Street name

Suburb

State Postcode

Country

Phone (after hours) Phone (business hours)

Mobile Facsimile

Email

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

5b. Investor 2 (joint investors)

TFN TFN

Tax exemption Tax exemption

ABN

5c. Non-residents

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

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.
- Bank Cheque → make cheque payable to 'Vasco Investment Managers Limited ATF YHS Investment Fund'.

Fund name	Investment Amount*
YHS Investment Fund	\$ <input type="text"/> , <input type="text"/> , <input type="text"/> . <input type="text"/> <input type="text"/>
Investment Option Number <input type="text"/>	

The minimum initial investment is stated in the Term Sheet for your selected Investment Option.

Cheque Instructions: Bank Cheques or drafts must be made payable to Vasco Investment Managers Limited ATF YHS Investment 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 YHS Investment Fund
 Macquarie Bank
 BSB 182 512
 Account number 966410805
 Please note the applicants name when transferring the funds.
 Please ensure all funds transferred are net of all bank charges.

* Please note that under the terms of the IM an Application Fee of up to 4.5% (plus GST) will be deducted from Investment Amount prior to Units being issued for the remainder.

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. Qualifying Investor Confirmation

In order to participate in the Offer you must be a Wholesale Investor. Please complete this section so that the Trustee can determine whether you are eligible to participate in the Offer. Investors from Singapore must also provide a Singapore Accredited Investor Certificate available from the Trustee.

Part 1 – Investor category

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

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 gross income 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 or control gross assets of at least \$10 million (please provide a Statutory Declaration).
<input type="checkbox"/>	<input type="checkbox"/>	I hold Australian Financial Services Licence No. (please provide AFSL no.) <input type="text"/>

Part 2 – To be completed by a Qualified Accountant

Insert full name and address of Qualified Accountant

Name	<input type="text"/>	
Address	<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"/>	
Professional classification (eg. CPA)	<input type="text"/>	Membership No: <input type="text"/>

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:
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<input type="checkbox"/>	<input type="checkbox"/>	net assets of at least \$2.5 million; or
<input type="checkbox"/>	<input type="checkbox"/>	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:
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<input type="checkbox"/>	<input type="checkbox"/>	net assets of at least \$2.5 million; or
<input type="checkbox"/>	<input type="checkbox"/>	a gross income for each of the last two financial years of at least \$250,000 a year.

Signature of Qualified Accountant	<input style="width: 350px; height: 40px;" type="text"/>	Date <input type="text"/> <input type="text"/> / <input type="text"/> <input type="text"/> / <input type="text"/> <input type="text"/>
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11. Adviser use only

By submitting this form with this section completed by your advisor you consent to your advisor receiving information about your investment in the Fund.

Office name

Surname

Given name(s)

Title (Mr/Mrs/Miss/Ms)

Phone (business hours)

Adviser group email

Adviser group name

Adviser group AFSL

Adviser Signature

Date

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 (if any).	Sole trader's	Sole trader's
Australian or foreign company	i. Full company name as registered with the relevant regulator; and ii. Name of each director of the company; and iii. Full name of each beneficial owner*	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. Where the trustee is an individual, all information in the 'Individual and Sole Traders' section must be completed. 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). iv. Full name of the settlor** v. Full name of each beneficial owner	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

* Beneficial owner means an individual who ultimately owns or controls (directly or indirectly) the investors. Owns mean ownership (either directly or indirectly) of 25% or more of the investor.

**This is not required in some circumstances.

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 Units.

SINGAPORE

The Fund is a restricted scheme as referred to in section 305 of the Securities and Futures Act 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 section 305 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, 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.

Corporate Directory

INVESTMENT MANAGER

YHS Capital Pty Ltd

Level 10 / 420 St Kilda Rd, Melbourne

Telephone: +613 9020 5998

Email: info@yhs.com.au

TRUSTEE

Vasco Investment Managers Limited

Level 5, 488 Bourke Street

Melbourne Victoria 3000

Australia

Telephone: +613 8352 7120

Email: info@vascofm.com

ADMINISTRATION MANAGER

Vasco Funds Management Pty Ltd

Level 5, 488 Bourke Street

Melbourne Victoria 3000

Australia

Telephone: +613 8352 7120

Email: info@vascofm.com