Information Memorandum

20 May 2021

Trustee Vasco Custodians Pty Ltd (ACN 644 232 539)

Investment Manager Pennington Cliffs Management Pty Ltd (ACN 648 320 512)

> Administration Manager: Vasco Fund Services Pty Limited (ACN 610 512 331)

CONTENTS

Important Information	3
Letter from the Investment Manager	6
Section 1: A snapshot of the Fund	7
Section 2: Investment Strategy	11
Section 3 Investment Details	14
Section 4: Financial Details	18
Section 5: Roles and Responsibilities	24
Section 6: Making Investments and Withdrawal	s 29
Section 7: Unit Pricing and Distributions	30
Section 8: Fees and other costs	31
Section 9: Taxation Information	34
Section 10: Risks	36
Section 11: Additional Information	46
Section 12: Application Form	50
Section 13: Glossary	51
Section 14: Corporate Directory	52

IMPORTANT INFORMATION

This Information Memorandum is dated 20 May 2021 (**IM**) and relates to the offer of units (**Units**) in the Pennington Cliffs Property Trust (**Fund**).

This IM is issued by Vasco Trustees Limited ACN 138 715 009 AFSL number 344486 (**Vasco Trustees**) on behalf of Vasco Custodians Pty Ltd ACN 644 232 539 (**Vasco** or the **Trustee**), in its capacity as trustee of the Fund.

Vasco is a corporate authorised representative (No. 001283924) of D H Flinders Pty Ltd ACN 141 601 596 AFSL number 353001 (D H Flinders).

The issue of units in the Fund is arranged by Vasco Trustees under an intermediary agreement with the Trustee under section 911A(2)(b) of the Corporations Act. The Trustee will only issue units in the Trust in response to acceptances by prospective Investors of offers under the intermediary arrangement.

The Trustee has appointed Pennington Cliffs Management Pty Ltd ACN 648 320 512 (**Investment Manager**) as the investment manager of the Fund.

The Investment Manager is a corporate authorised representative (No. 1285834) of Enva Australia Pty Ltd ACN 098 806 501 AFSL number 424494.

The Trustee has also appointed Vasco Fund Services 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 (AUD), unless otherwise stated.

Updated information

Information in this IM may change. Unless the changed information is materially adverse to the Investors' rights, the Trustee may not always update or replace this IM to reflect the changed information. Updated information regarding this IM will 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 <u>www.vascofm.com</u>.

Images

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

ASIC

This IM has not been lodged with ASIC and ASIC takes no responsibility for the contents 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 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).

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. The Trustee 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.

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. 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 Issuer, 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.

Pennington Cliffs Property Trust

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 10 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 10, actual events or results or the actual performance of the Fund may differ materially from those reflected or contemplated in such forwardlooking 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

Pennington Cliffs Property Trust

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 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.

Questions

Any questions regarding this IM should be directed to the Investment Manager on 1300 1680 803 or at investor@thecliffs.com.au or at Shop 8 / 130 Main Road McLaren Vale, SA 5171 or the Trustee on +61 3 8352 7120 or at <u>info@vascofm.com</u> or at Level 4, 99 William Street, Melbourne VIC 3000, Australia.

LETTER FROM THE INVESTMENT MANAGER

Dear Investor

On behalf of the investment management team at Pennington Cliffs Management Pty Ltd it is our pleasure to present to you an opportunity to invest in the Pennington Cliffs Property Trust (**Fund**).

The Fund intends to construct and lease a world class golf course, clubhouse and accommodation facilities on an exceptional property situated on Kangaroo Island, South Australia, located off the coast of the Fleurieu Peninsular. The property comprises more than 500 acres of land located within 20 minutes of Penneshaw and 30 minutes from the Kingscote airport.

The Fund is focused on the expert delivery of the golf course and supports further development of the Pennington Cliffs area where appropriate and in keeping with the unique natural appeal of the site and Kangaroo Island.

The lease arrangement will be designed to provide a sustainable and profitable long-term partnership by way of a 'cap and collar' lease which draws income by way of a fixed annual 'collar' and a percentage of net profit up to a 'cap'. It is designed to enable the tenant to consistently deliver a world class experience and invest in their operation during lower periods while sharing success with the Fund in high periods.

The Investment Manager is made up of highly qualified and credentialled people with a passion for South Australia and a deep understanding of financial management.

Iconic destination assets such as these lift the profile of businesses that surround them. Your investment is not just in a land asset with a quality tenant – it is an investment that brings joy, creates excitement and inspires others and will help Kangaroo Island rebound from the challenges of the bushfires and global pandamic stronger than ever.

With the full support of Kangaroo Island Council and State and Federal governments, the development has received major state development approval and holds all necessary approval and the Crown lease for the project to be shovel ready and open in time to enjoy the rebound in domestic and international tourism post the current pandemic.

We appreciate your time in reviewing this document and invite you to invest in the much-needed expansion of tourism facilities on Kangaroo Island.

The Fund has an independent trustee, Vasco Custodians Pty Ltd (**Vasco**). Vasco is part of an established corporate trustee group that provides fund establishment, trustee and administration services to Australian and international investment managers. The Vasco team have significant experience in the Asia Pacific region in the management of REITs, private equity real estate funds, real estate securities funds, and mortgage and real estate debt funds. Some of the funds Vasco's Managing Director has developed include the \$2.5 billion Australian Unity Healthcare Property Trust and the \$1.5 billion AIMS Industrial REIT listed on the Singapore Stock Exchange.

We ask that you to read through this IM (especially Section 10 entitled 'Risks') to allow you to make an informed decision before investing in the Fund.

On behalf of Pennington Cliffs Management Pty Ltd we invite you to consider our outstanding investment opportunity.

Yours sincerely

Michael Baragwanath Director Pennington Cliffs Management Pty Ltd

SECTION 1: A SNAPSHOT OF THE FUND

The table below is a summary of the key features of an investment in the Fund. It is not intended to be exhaustive or constitute any guarantee as to the future performance or activities of any Unit class in the Fund. You must read the whole of this IM to obtain more detailed information before making a decision to invest. Any fees and costs disclosed below are exclusive of GST unless otherwise stated.

Key features	Description	Further information
Trustee	Vasco Custodians Pty Ltd (ACN 644 232 539)	Section 5
Investment Manager	Pennington Cliffs Management Pty Ltd (ACN 648 320 512) Section	
Administration Manager	Vasco Fund Services Pty Limited (ACN 610 512 331)	Section 5
Investment Structure	The Fund is an unregistered managed investment scheme structured as a unit trust. The Fund provides Investors with an opportunity to acquire Units in the Fund which entitle them to share in the returns generated by the Fund. The Fund will provide Investors the opportunity to earn regular income and enjoy capital growth through the construction of new assets.	Section 3.3
Investment Strategy	The Fund intends to construct and lease a real property investment, including a world class golf course, clubhouse and accommodation facilities on Kangaroo Island, South Australia, located off the coast of the Fleurieu Peninsular. The property comprises more than 500 acres of Land located within 20 minutes of Penneshaw and 30 minutes from the Kingscote airport. The lease arrangement will be designed to enhance a sustainable and profitable long-term partnership by way of a 'cap and collar' lease which draws income by way of a fixed annual 'collar' and a percentage of net profit up to a 'cap'. It is designed to enable the tenant to consistently deliver a world class experience and invest in their operation during lower periods while sharing success with the Fund in high periods.	Section 2
Open Date	20 May 2021	Section 6.1
Close Date	30 September 2021 The Trustee reserves the right to close the Offer earlier if the Total Offer Amount, or such other satisfactory amount as decided by the Trustee, has been raised. Additionally, the Trustee reserves the right to extend the Close Date by up to 3 months to meet a minimum funding target of \$5.0 million.	Section 6.1
Unit Price	\$1	

Key features	Description	Further information
Target Amount	The Investment Manager is seeking to raise \$10,500,000.	Section 6.1
	Should Applications exceed the amount that the Investment Manager is seeking to raise the Trustee has the right to scale back Applications but may choose to accept additional capital.	
Minimum Investment	\$250,000	
Amount	The Trustee reserves the right to accept lesser investments amounts on the recommendation of the Investment Manager.	
Minimum Investment Term	10 years. With 12 months remaining in the lease, the Trustee will call a vote of Investors to decide by simple majority to either sell the property or retain it.	
Withdrawal Rights	The Investment Manager will attempt to provide Investors with an opportunity to realise their investment through the completion of a withdrawal request form. Remaining existing investors will have first right to acquire the units and facilitate the withdrawal.	Section 6.2
	Investors will have an opportunity to vote on whether to sell the Property and realise the proceeds in the 9 th year prior to the commencement of a new lease renewal or where an unsolicited bid is received by the Investment Manager.	
Target Returns	The Investment Manager is targeting an income return of 8% per annum (after Fund fees and costs) from approximately Financial Year 2024.	Section 4.2
	Upon completion of the asset construction the Investment Manager is expecting capital growth of 16% as a one-off with a further 4.5% return per annum for 8 years as a result of construction payments over the term of the construction contract arrangement with Programmed Turnpoint, the specialist golf course construction provider appointed by the Fund.	
	The Investment Manager expects to deliver a rolling average income of more than 6% per annum over the 10-year initial lease term and capital growth of 56% over the same period.	
	The Target Returns are not a forecast or a guaranteed return.	
Distributions	Annual Distributions of income are expected to be calculated at the end of each calendar quarter commencing in Financial Year 2024.	Section 4.2
	Distributions are expected to be paid within 30 days of the end of the September, December and March calendar quarters and within 90 days of the end of the June calendar quarter.	
	No income distributions are expected to be paid prior to the calendar quarter ending September 2024.	
	Distributions will be calculated based on the number of Units on issue at the time a distribution is calculated.	

Key features	Description	Further information
Key Benefits	The Investment Manager considers the key benefits of an investment in the Fund to be:	Section 3
	Capital growth achieved through land improvements.	
	• Unit price appreciation with the repayment of construction over the term of the contract paid from cashflow.	
	 Consistent income returns paid regularly from approximately September 2024. 	
	• Tax effective income due to depreciation of land improvements.	
	Potential for future development already approved with title.	
Gearing	The Investment Manager expects that the Fund will borrow funds on an as if completed basis, commonly referred to as construction finance and retain this debt as a regular commercial facility.	
Risks	The Investment Manager considers the key risks of an investment in the Fund to be:	Section 10
	 Planning and development risk associated with the construction and development of the property. 	
	• Leasing and property income risks, including through associated demand for the golf course, clubhouse and accommodation facilities.	
	• Environmental and disaster risk related to the location of the property, including associated effects on tourism.	
	It is important that you read and consider the risks associated with the investment in the Fund before deciding whether to invest, as well as considering with your financial advisor whether this investment is suitable for your financial objectives, situation or needs – none of which have been considered by the Trustee or Investment Manager.	
	Neither the Trustee nor Investment Manager guarantee distributions or capital returns.	

Fees and costs payable directly by the Investors		
Overseas transfer fee	\$50 (plus any currency exchange charges) per transfer attempt	Section 8
Entry and Exit Fees	Nil.	Section 10
Buy and Sell Spread	Nil	Section 8

Fees and costs payable by the Fund		
Trustee Fees	 The Trustee is entitled to the following ongoing fees: An annual fee of 0.1% per annum of the gross asset value of the Fund, subject to a minimum annual fee of \$25,000. A regulator levy fee of \$1,000 plus \$60 per \$1m of gross asset value payable annually. The Trustee is also entitled to an establishment fee, a transaction review fee and a termination fee as further detailed in Section 8. 	Section 8
Investment Managers Fees	 The Investment Manager is entitled to: An annual fee of 0.5% per annum of the gross asset value of the Fund. A performance fee of: 20% of Fund realised returns in excess of 8% per annum calculated annually plus 25% of sale proceeds received above a completed asset value of \$21.7million. 	Section 8
Administration Fees	 The Administration Manager is entitled to: an annual fee of \$15,000 per annum provided there are less than 25 investors in the Fund and \$25,000 per annum where the number of Investors in the Fund is 25 or more. \$5,000 per annum to administer any additional unit classes if established. The above fees are subject to an annual increase of 5% on 1 January each year. 	Section 8
Expenses	The Trustee is also entitled to recover all reasonable expenses properly incurred in the performance of its duties.	Section 8

SECTION 2: INVESTMENT STRATEGY

PLEASE NOTE: The sections below have not been independently verified by the Trustee and Investors are advised to undertake their own due diligence prior to investing in the Fund.

The Investment Manager has provided the below summary of their investment strategy.

2.1 OVERVIEW

The Fund's investment strategy is to generate consistent income and capital growth by retaining the assets it currently owns, acquiring adjacent property, and constructing a new development which is then leased to a professional operator.

The assets to be retained are:

Title Type:	Torrents Title – Fee Simple		Crown Lease	
Lot(s):	15-16	6-8	Q500-Q501	2
Plan Number:	Development Plan	Development Plan	Development Plan	Development Plan
	70358	70357	71448	76540
Volume/Folio:	5966/24-25	6171/733-735	6171/737	6171/738
Lease	N/A	N/A	N/A	Op030476 / perpetual
number:				

The adjacent land expected to be acquired is:

Title Type:	Torrents Title – Fee Simple
Lot(s):	22
Plan Number:	Deposited Plan 48559
Volume/Folio:	5495/701
Lease	N/A
number:	

The total land costs are expected as follows:

ltem	Expense	Notes
Total land	\$5,500,000	Includes the following:
cost		\$930,000 original acquisition of site by original ownership group
		\$850,000 additional site acquisition (5495/701)
		\$1,950,000 approvals, engineering, environmental studies.
		\$350,000 lease preparation, legal costs.
		\$380,000 crown lease bond to SA Gov.
		\$780,000 exit of original ownership group
		\$160,000 stamp duty and transfer costs
		\$100,000 general consultants including marketing, finance, accounting.

The development expenses are as follows:

ltem	Expense	Notes
Golf Course Construction	\$9,735,000 (excluding maintenance costs)	Integrated Golf Construction and Maintenance Contract paid over the term of the agreement. Golf Construction will be paid in the first seven years and the remaining three years consist of ongoing maintenance. Maintenance will commence through grow-in period on finalisation of the first hole.
Clubhouse construction	\$6,000,000	Includes 8 accommodation units, clubhouse, restaurant, road improvements, on site power, water and supply connections.

2.2 BORROWINGS

The Investment Manager proposes to secure a debt facility to support the Fund's investment strategy and has received an indicative non-binding proposal for a loan. Based on the proposal received, it is anticipated that the debt facility will be on the following terms:

Loan Facility – Construction Finance -	
Bank	
Type of Loan	First Mortgage Construction facility converting to Corporate Debt Facility
Total facility limit	\$6,500,000
Facility draws down	\$6,000,000
Gearing ratio	Up to 35% on an as is completed value drawn on a cost to complete basis.
Bank covenant	Less than or equal to 35%
Interest Cover Ratio	No less than 2.5 times
Bank Covenant	No less than 2.00 times
Repayments	Interest Only
Term	24 months reviewed annually
Interest cost including margin	3-5%
Security	First registered mortgage over the Properties.
Establishment Fees and Costs	Establishment fees estimated to be no more than \$20,000.

Investors should note that the Investment Manager may consider gearing the Fund's investment portfolio further at any time and outside of the above parameters. However, the Investment Manager does not expect the Fund's gearing ratio (excluding the Construction payments made over the term of the contract outlined below) at any point in time to exceed 50% of the market value of the portfolio. Security granted to a financier will be on a limited recourse basis and include the Fund's assets. Investors will not be asked to offer any of their assets as security to the financier.

2.3 INTEGRATED CONSTRUCTION AND MAINTENANCE CONTRACT ARRANGEMENTS

The golf course construction firm expected to be engaged by the Fund, Programmed Turnpoint, provides an Integrated Construction and Maintenance Contract paid over the term of the Contract.

The arrangement is not a loan with interest but a deferred creditor arrangement with payments payable annually.

The Golf Construction and Maintenance Contract include the following:

Construction and Maintenance Pricing Model

The Integrated Construction and Maintenance Contract is payable by the Fund with 100% of course maintenance costs recovered as outgoings from the tenant.

Scope of Project:

Construction and maintenance of golf course until 30th September 2032:

- Phase 1 Commence construction in July 2021 and complete construction in 16 months
- Phase 2 As each hole is completed, the 'grow in period' will commence in relation to that completed hole.

Phase 3 – For each hole, after the 'grow in period' is successful, the hole will have ongoing maintenance. After all holes are completed and the 'grow in period' is finalised for each hole, ongoing course maintenance works will be provided until 30th September 2032.

Assumptions

- Construction Start Date on 1st October 2021.
- Amounts are exclusive of GST.

- Underlying pricing model includes a 3% annual increase on maintenance costs beyond the "grow in/construction" period.

- The invoicing incorporates equipment associated with the maintenance of the golf course (but excludes an ad hoc equipment hiring or purchase for variation works which cannot otherwise be carried out with the existing equipment).

Note : The fund's financial forecasts (Section 4) exclude outgoings and detail the amount of the course construction fee payable by the trust only.

2.4 CONSTRUCTION PROJECT MANAGEMENT

The course construction and project delivery will be managed by the proposed operator – The Cliffs Kangaroo Island Pty Ltd.

The expected payment arrangements are as follows:

Project Manager	
Name of operator	The Cliffs Kangaroo Island.
Fixed cost management fee	\$900,000 over 18 months.
Tasks required	Procurement of all design and construction services.
	Management of course construction project.
	Management of clubhouse construction project.
	Sourcing of start-up materials and tenant marketing.
	Staff recruitment and management.
Warranties to the landowner	Capable and resourced to complete the undertaking.
	Fee is fixed and not variable.
	Ensure construction costs are delivered on time and budget.

2.5 OPERATING LEASES

The Investment Manager proposes to offer a lease to The Cliffs Kangaroo Island Pty Ltd on following terms:

Lease to operator	
Type of lease	Leasehold – Cap and Collar
Lease term	99 months initial term (8.25 years).
Lease start date	To be entered into 1 July 2021, with payments to commence from July 2023, being
	three months post the expected date of completion.
Rights of renewal	4 rights of renewal (Original lease +10+10+10+10 years) in line with the term of the
	Crown Lease.
Rights to review rent	External market review 2x per lease term – lease collar adjusted to match asset
	value.
Lease calculation	6% of asset value + 30% of operator net profit capped to 10% of asset value.
Incentives	Incentives will be provided by way of a waiver of all rental payments until the
	course is constructed. Project management fees (2.4) will be considered a lease
	insentive.
Notes	'Cap and Collar' lease arrangements are common to hotel and seasonal business
	operations. The 'collar' is a minimum payment linked to the value of the asset.

The 'Cap' is the maximum payment amount. The purpose of this arrangement is to capture more revenue for the Fund as property owner in high periods without causing financial stress to the tenant during start-up and in low periods.

2.6 FUTURE EXPANSION AND FURTHER DEVELOPMENT

The Investment Manager remains open to the opportunity to further develop or to acquire assets that will streamline or support the golf course operation. Subsequent investments may include:

- Acquiring land or completed housing in and around the area to house construction and operational staff.
- Acquiring accommodation facilities to control the experience for interstate and overseas visitors.
- Acquiring food and beverage facilities.
- Acquiring service provider buildings (e.g., laundry services).

In general terms the Investment Manager's objective will be to acquire assets that generate yield and ensure the long-term viability of the primary investment being the golf course facility. The Investment Manager may issue units in lieu of cash payments and may extend borrowings to acquire assets.

2.7 EXIT STRATEGY

The Investment Manager has specified the following exit strategies:

- Acceptance of an unsolicited offer to be voted on by unitholders with a simple majority
- A partial or full sale to the operator, The Cliffs Kangaroo Island.
- Investor election in the 9th year of operation Investors will be asked to vote to retain or dispose of the asset(s) and wind up the Fund.
- Conversion to a retail managed investment scheme allowing for investment by retail investors and exit of wholesale investors as requested. The Investment Manager does not consider this option viable unless more than \$30million in assets are acquired or developed owing to the higher regulatory and compliance costs of retail public offer investment vehicles.

SECTION 3 INVESTMENT DETAILS

PLEASE NOTE: The sections below have not been independently verified by the Trustee and Investors are advised to undertake their own due diligence prior to investing in the Fund.

3.1 OVERVIEW

The Fund will provide Investors the opportunity to invest in what is expected to be one of the world's best destination golf locations and to enjoy the income and prestige that comes with the ownership of such a quality asset.

3.2 KEY BENEFITS

The Investment Manager considers the key benefits of an investment in the Fund to be:

Capital growth achieved through land improvements.

More than 75% of capital deployed will be used to construct new buildings and services. Typically, capital improvements deliver a return on investment of 15% - 25% depending on the development. The Investment Manager is targeting a 15% uplift in the value of the Fund's real property in excess of construction costs upon completion of capital works.

• Unit price appreciation with the repayment of construction over the term of the contract paid from cashflow.

The Integrated Construction and Maintenance Contract with Programmed Turnpoint (see Section 2.3 for more detail) amount to costs of approximately \$765,000 per year. These costs are expected to be paid from gross lease income for 7 years.

The Investment Manager expects this to amount to a capital gain of approximately 65% over the first lease term. However, these capital gains are projected figures only, and are not and cannot be guaranteed by the Trustee, Investment Manager or by Programmed Turnpoint.

• Consistent income paid regularly.

By appointing an experienced operator with sufficient resources and skill to operate the course the Investment Manager expects to deliver consistent income to Investors on a calendar quarterly basis.

• Tax effective income due to depreciation of land improvements.

The intention is for the Fund to improve and develop the property assets and own all of the property assets including fit out. This allows the Fund to claim depreciation on improvements over time. The Investment Manager expects that depreciation will exceed any tax payable on distributions for the first 4 years of operation.

Potential for future development already approved with title.

The property owned by the Fund is currently approved for a further 120 room hotel and land sub-divisions for further accommodation options on the eastern side of the site. Currently these improvements are optioned to the original landowners for a period of 5 years. The Fund may choose to buy back the option or wait until their expiry to further develop the land.

It should be noted that it is the view of the Investment Manager that residential housing is not and will never be an appropriate use for the property.

Likely further developments include:

- o Additional self-contained, fully sustainable accommodation pods.
- A separate restaurant / merchandising location so as to separate dedicated golf visitors from regular drop in tourists.

It is important that you also read and consider the risks associated with the investment in the Fund as outlined in Section 10 before deciding whether to invest as well as considering with your financial advisor whether this investment is suitable for your financial situation, objectives or needs – none of which have

been considered by the Trustee or Investment Manager. Neither the Trustee nor Investment Manager guarantee distributions or capital returns.

3.3 INVESTMENT STRUCTURE

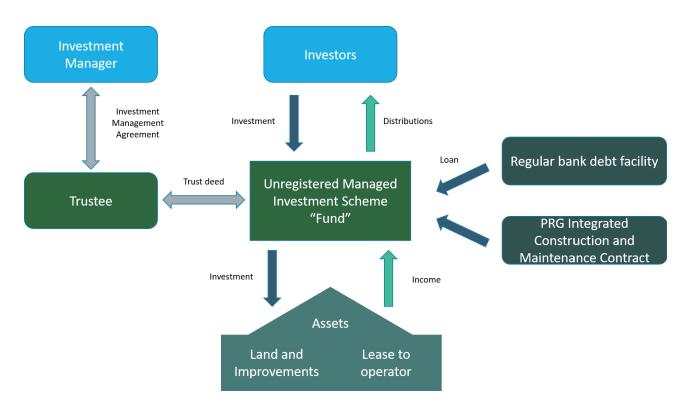
The Fund is an unlisted unregistered managed investment scheme structured as a unit trust and established and governed by the Trust Deed which regulates the relationship between the Trustee and Investors.

The Trustee has appointed Pennington Cliffs Management Pty Ltd as the Fund's Investment Manager, having responsibility for managing the Fund's investments.

The Trustee has also appointed Vasco Fund Services Pty Limited as the Fund's Administration Manager, having responsibility for, among other things, processing applications and fund accounting.

The monies contributed by Investors as application money will be used to acquire Units in the Fund, providing Investors with a beneficial interest in the Fund's assets and income generated by the Fund.

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



Details about the role each of the parties that provide its services to the Fund is provided below 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.

3.4 QUALIFYING INVESTORS

An investment in the Fund is generally only available to wholesale clients within the meaning of the Corporations Act. 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).
- 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.

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.

3.5 VALUATION POLICY

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 <u>www.vascofm.com</u>.

The valuation policy will be considered in relation to the following matters:

- Valuation uplift due to development per the Trustee Valuation policy
- The financial forecast projects an asset value increase of 15%. This amount is in line with the Trustee's Valuation policy being 10% uplift for construction approval and 5% for construction commencement.
- The site will be valued upon completion by a professional specialist valuer however for the purpose of the initial lease term the completed asset value has been estimated to be \$21.7mil. The Investment Manager considers that with debt and investment of \$17million combined with construction payments over the tem of the contract (8 year) fee valued at more than \$6million the asset value is likely to exceed \$21.7million within 2 years of operation commencement.
- independent valuations will be undertaken in the event of an unsolicited bid or should the Investors vote to sell the property.
- The current valuation of units is based on cash contributed on a dollar-for-dollar basis.

SECTION 4: FINANCIAL DETAILS

Investors should also note that these sections have not been independently verified by the Trustee and Investors are advised to undertake their own due diligence prior to investing in the Fund.

4.1 BASIS OF PREPARATION

The financial information provided by the Investment Manager in this section consists of the following:

- o Estimated income and distribution statements
- o Pro forma balance sheet
- o Estimated Cash Flow Statement
- o Best estimate assumptions
- o Statement of significant accounting policies

The financial information set out below has been prepared by the Investment Manager to illustrate the expected financial position of the Fund following completion of the development.

The financial information has been prepared to ensure the Target Return information is accurate and as close to the actual position of the Fund following completion as possible. However, they are intended to be illustrative only and may not reflect the actual position and balances as at the date of this IM or at the completion of the development.

The pro forma Balance Sheet has been prepared in accordance with the accounting policies set out below, the recognition and measurement principles prescribed in Australian Accounting Standards and the Corporations Act and should be read in conjunction with those accounting policies and the risk factors set out in section 10 of the IM. The pro forma Balance Sheet has been presented in an abbreviated form. It does not contain all of the disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act.

Investors should review the financial information and make your own independent assessment of the future performance and prospects of the Fund. The adopted financial information is based on the Investment Manager's knowledge of the property industry.

Whilst the Investment Manager considers that the assumptions on which the financial information contained within this section are reasonable as at the date of thisIM, Investors should be aware that there are many factors, outside of the Investment Manager's control, which may affect the best estimates, either positively or negatively, and which may not be capable of being foreseen. As such, actual results may differ from the best estimates.

Given these uncertainties, prospective Investors are cautioned to not place undue reliance on the financial information in this section. No guarantee is given that the income and profit in this section will be achieved, None of the Trustee, the Investment Manager nor any other person or entity guarantees any income or return from an investment of the Fund.

4.2 ESTIMATED INCOME STATEMENT

Set out below is the estimated summary of key metrics over a 10-year forecast including construction and start-up phase. This statement should be read in conjunction with the best estimate assumptions and key accounting policies set out in this section and the risks set out in section 10. Dollars shown as '000 (hundreds of thousands).

Financial Year	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32
Capital Invested	10,500	0	0	0	0	0	0	0	0	0	0
Constructi on Finance Drawings	0	6,500	0	0	0	0	0	0	0	0	0
Lease Income	0	0	1,436	1,633	1,814	1,856	1,949	2,046	2,149	2,150	2,150
Total Expenses	82	245	673	793	795	797	699	702	704	707	710
Unit Distribution	0	0	645	534	713	753	844	938	1,039	1,037	1,790
% Income yield *	0%	0%	6.14%	5.09%	6.79%	7.17%	8.04%	8.94%	9.89%	9.88%	17.05%
Estimated Unit price	0.99	1.28	1.3	1.33	1.35	1.38	1.42	1.46	1.5	1.54	1.51

Notes:

- *Income yield increases significantly once the deferred course construction arrangement (section 2.3) is completed. The Investment Manager may utilise borrowings up to 50% of the completed asset value to settle the construction costs (section 2.3) early which could bring forward this higher income period less increased costs.
- Refer to section 7.1 regarding Unit pricing.

4.3 PROJECTED PROFIT AND LOSS - 10-YEAR FORECAST

Set out below is the estimated profit and loss statement for the Fund for over a 10-year forecast including construction and start-up phase. This statement shows the expected profit available for distribution to investors by adjusting profit before fair value adjustments for certain non-cash and significant items.

Financial Year	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32
Income			1,436	1,633	1,814	1,856	1,949	2,046	2,149	2,150	2,150
Total Income	0	0	1,436	1,633	1,814	1,856	1,949	2,046	2,149	2,150	2,150
Less: Non-Recurring Costs											
Trustee Establishment Fees (Vasco)	15	-	-	-	-	-	-	-	-	-	-
Trustee IM Fees (Vasco)	5	-	-	-	-	-	-	-	-	-	-
Less: Operating Costs											
Trustee administration	35	37	38	40	42	44	46	49	51	54	57
Management Fees	27	108	108	108	108	108	108	108	108	108	108
Interest - Bank Loans	-	-	77	195	195	195	195	195	195	195	195
Amortisation		100	100	100	100	100					
Depreciation	-	-	350	350	350	350	350	350	350	350	350
Total Expenses	82	245	673	793	795	797	699	702	704	707	710
Net Profit/(Loss)	-82	-245	763	840	1019	1059	1250	1344	1445	1443	1440

Notes

- Refer to section 8 for summary of management and trustee fees.
- Refer to section 2.5 regarding lease terms.

4.4 PROJECTED CASHFLOW - 10-YEAR FORECAST

Financial Year	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32
Opening cash	0	3,658	188	0	0	0	0	0	0	0	0
Net Profit before Income Tax	-82	-245	763	840	1,019	1,059	1,250	1,344	1,445	1,443	1,440
Add:											
Capital Raising - Unitholders	10,500										
Construction Finance - Club House		6,500									
Amortisation		100	100	100	100	100					
Depreciation	-	-	350	350	350	350	350	350	350	350	350
Total	10,500	6,600	450	450	450	450	350	350	350	350	350
Less;											
Land Acquisition + On Costs	5,500										
Capitalised trust establishment costs	500										
Golf Course Constructions Costs (PRG) average mthly fees	760	2,925	756	756	756	756	756	756	756	756	0
Road, services and contingency		400									
Club House Construction Costs		6,500									
Total	6,760	9,825	756	756	756	756	756	756	756	756	0
Net Cash Flow	3,658	-3,470	457	534	713	753	844	938	1,039	1,037	1,790
Less Unitholder Distributions	-	-	645	534	713	753	844	938	1,039	1,037	1,790
Net Cash Flow after Unitholder Distributions	3,658	-3,470	0	0	0	0	0	0	0	0	0
Closing Cash	3,658	188	0	0	0	0	0	0	0	0	0

Notes

- Refer to Section 2.4 for explanation of golf course construction costs.
- Road services and contingency capital is held in addition to contingency for course construction and clubhouse construction. Surplus capital will either be used to support operator marketing activities or returned to investors as a distribution in the 2024 year.

4.5 STATEMENT OF ASSETS - 10-YEAR FORECAST

Financial Year	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32
Assets											
Current Assets											
Cash at Bank	3,658	188	0	0	0	0	0	0	0	0	0
Road services contingency		400	400	400	400	400	400	400	400	400	400
Non Current Assets											
Capitalised trust establishment costs	500	400	300	200	100	0	0	0	0	0	0
Land (at cost)	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500
Golf Course Constructions Costs	760	9,735	9,735	9,735	9,735	9,735	9,735	9,735	9,735	9,735	9,735
Club House Constructions Costs	-	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500
Less: Accumulated Depreciation	-	-	-350	-700	-1,050	-1,400	-1,750	-2,100	-2,450	-2,800	-3,150
Asset Revaluation - Completed Asset Uplift	-	3,320	3,320	3,320	3,320	3,320	3,320	3,320	3,320	3,320	3,320
Total Assets	10,418	26,043	25,405	24,955	24,505	24,055	23,705	23,355	23,005	22,655	22,305
Liabilities											
Non Current Liabilities											
Course Construction Fees paid to Programmed Turnpoint	-	6,650	5,293	4,537	3,781	3,025	2,268	1,512	756	-	-
Construction Finance	-	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500
Total Liabilities	0	13,150	11,793	11,037	10,281	9,525	8,768	8,012	7,256	6,500	6,500
Net Assets	10,418	12,893	13,612	13,918	14,224	14,530	14,937	15,343	15,749	16,155	15,805
Represented by											
Retained Profits/(Losses) after Unitholder Distributions	-82	-327	0	580	1,488	2,656	3,926	5,240	6,602	8,015	9,482
Unitholder Distributions (Cumulative)	-	-	-645	-1,179	-1,892	-2,645	-3,489	-4,427	-5,466	-6,503	-8,293
Unitholder Equity	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500
Asset Revaluation - Completed Asset Uplift	-	3,320	3,320	3,320	3,320	3,320	3,320	3,320	3,320	3,320	3,320
Total Unitholder Equity Value	10,418	13,493	13,175	13,221	13,416	13,831	14,257	14,633	14,956	15,332	15,009

Notes: Liabilities ignore ATO GST liabilities assuming BAS's paid

All amounts rounded to the nearest \$1,000 where \$1,499 is rounded to \$1,000 and \$1,500 is rounded to \$2,000.

Regarding the Completed Asset Uplift - Refer to section 3.4 - Valuation policy

4.6 BEST ESTIMATE ASSUMPTIONS

The Investment Manager has made the following assumptions in preparing the financial information for this IM.

a) Operating Income and expenses

Income and expenses have been forecasted based on source documents (including contracts, lease schedules and valuation reports) and summaries obtained from the vendors when the land was first acquired.

b) Finance costs

Finance costs have been forecast on the basis of indicative borrowing rates of 3.3% as provided by the mortgagee bank at the time of issue of this IM. These borrowing rates are subject to change and the Investment Manager does not intend to lock in fixed rates on the borrowings immediately. The finance costs are based on the ready availability of finance on the back of a stable economic environment.

c) GST

The financial information has been prepared net of GST where appropriate. The Fund will be registered for GST and will generally be able to claim input tax credits in respect of GST paid. It is assumed that GST will remain at current levels in the foreseeable future and that there will be no significant changes to the existing GST laws.

The Fund may not be entitled to claim a full input tax credit in all circumstances. The impact of any restricted entitlement is not anticipated to be significant.

SECTION 5: ROLES AND RESPONSIBILITIES

5.1 INVESTMENT MANAGER - PENNINGTON CLIFFS MANAGEMENT PTY LTD

The Trustee has appointed Pennington Cliffs Management Pty Ltd (**Pennington Cliffs Management**) as the Fund's Investment Manager. Pennington Cliffs Management is responsible for managing the Fund's investments. Pennington Cliffs Management is a special purpose company established for the management of the Fund's asset only. Their objective is to impose minimal costs on the operation and to maximise the returns to Investors while balancing the need for a sustainable lease with the operator.

More details about Pennington Cliffs Management's broader Investment Strategy can be found in Section 2 above.

Pennington Cliffs Management describes its key management team as follows:

- Michael Baragwanath, Director

Michael has extensive financial services experience and currently operates as the responsible manager for three Australian Financial Services Licensees and assists in the continual operation of two early stage venture capital funds. Michael has previously managed insurance distribution for one of Australia's major banks and provides services in advisory, treasury, product distribution and M&A to property owners and businesses.

He is the treasurer for registered charity Life Education South Australia and a strong advocate for science-based education and breaking cycles of intergenerational welfare.

Michael has an MBA with a specialisation in marketing from UniSA as well as industry qualifications in financial advice, commercial credit and real estate.

- Michael Taylor, Director

Michael is the CEO of one of Adelaide's oldest and largest Law firms for the past 10 years. He has extensive corporate experience having worked in Europe for many years for Abbott Laboratories a large Multinational pharmaceutical company in a variety of senior roles.

Michael has a strong corporate governance focus and has been involved in corporate financing arrangements, property development, agriculture, and commercial investments in South Australia.

Michael is a CPA and holds an Economics degree from The University of Western Australia.

- Annette Seeliger, Secretary

Annette is the General Manager of boutique advisory firm Enva and company secretary for its associated companies. Enva operates in McLaren Vale, Adelaide and Sunshine Coast providing insurance, superannuation and investment advice to more than 2,000 Australian retail and wholesale clients.

Annette has more than 40 years' experience in banking and management including roles such as area manager for Bendigo/Community bank in the Fleurieu region and previously as a branch manager and investment advisor for Commonwealth Bank.

Annette is well known and well regarded in the Fleurieu community and holds appropriate qualifications in Financial Services and Retail Banking.

Appointment of additional directors: The management company agrees that should any one investor hold more than 30% of the total available units then they may nominate a director to the management company to assist in day to operations. The director will be paid a rate equal to the fees charged to the current directors and all Investors will be notified of this appointment.

5.2 TRUSTEE - VASCO CUSTODIANS PTY LTD

Vasco Custodians Pty Ltd (**Trustee** or **Vasco**) is part of a professional investment management group that provides fund establishment, trustee and administration services to Australian and international investment managers.

The Vasco team has 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 Managing Director has developed include the \$2.5 billion Australian Unity Healthcare Property Trust ARSN 092 755 318 and the \$1.5 billion AIMS Industrial REIT listed on the Singapore Securities Exchange.

The Managing Director of Vasco was also responsible for establishing the Australian Unity Funds Management Limited and Macarthur Cook Limited real estate funds management businesses.

Clients of Vasco have included Golden Age 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.

5.3 ADMINISTRATION MANAGER - VASCO FUND SERVICES PTY LIMITED

The Trustee has appointed Vasco Fund Services Pty Limited as the administration manager of the Fund (VFS or Administration Manager). The Administrator Manager will be responsible for the provision of administration services to the Fund, including processing applications, fund accounting and unit registry maintenance.

VFS is an experienced fund administration business providing its services to over 75 investment funds across Australia.

5.4 PROJECT MANAGER, OPERATOR & TENANT – THE CLIFFS KANGAROO ISLAND PTY LTD

The Investment Manager has agreed to a lease with The Cliffs Kangaroo Island Pty Ltd (**Tenant**) for an initial term of 10 years with the right to renewal of 4 times ten (10) year extensions in line with the agreed Crown lease.

To date, the Tenant, since taking management responsibility of the project in September 2019, and through some of the region's most challenging times which include the devastating bushfires of early 2020 and the pandemic, has achieved a number of significant milestones that have allowed this project to go ahead:

- Negotiated and agreed the formal Crown lease to allow the delivery for the project.
- Championed and negotiated the delivery of water infrastructure on Kangaroo Island, funded by the Federal and State governments with a capital investment in excess of \$47 million that will effectively help to drought and fireproof the island and provide enormous opportunities for further commercial, tourism and domestic investment on Kangaroo Island.
- Engaged and completed the negotiations with the golf course construction provider, Programmed Turnpoint, to deliver a world class golf course, which is paid over the term of the Construction and Maintenance Contract that would see the construction paid ovr 7 years to assist with the construction and initial development of this world class site.
- Engaged and completed the negotiations with the designer, Mr Darius Oliver and completed the routing for what will be one of Australia's leading golf courses.
- Engaged and completed negotiations with a leading South Australian architect, Walter Brooke, to design the clubhouse and associated accommodation and hospitality amenities.
- Negotiated and agreed to the option to purchase the land to the west of the golf site to allow further expansion of the golf course and facilities.
- Worked closely with the Kangaroo Island council and Kangaroo Island opinion leaders to ensure that the development is in line with the wants and needs of Kangaroo Island to ensure that the development will add significant value to the future development of the island.
- Worked closely with the South Australian Tourism Commission (SATC) to ensure that the development will add significant opportunities to the State with regards to future tourism, event, public relations and marketing opportunities.
- Developed and implemented the investment strategy via the Fund that will deliver strong results to investors and a unique, bespoke and world class golfing and tourism destination to Kangaroo Island, South Australia.

The Cliffs Kangaroo Island Pty Ltd is headed by Mr. Sam Atkins, a successful and passionate South Australian whose family has had assets on Kangaroo Island for the past 40+ years. Mr Atkins has driven this project over the past 18 months through to a position of strength that will deliver enormous benefits to not only Kangaroo Island but the state of South Australia.

Mr. Atkins is the current Executive Chair of their Adelaide Hills based wine company, Fox Gordon, which is celebrating its 20 years anniversary in 2021 and is also the current Chair of Course of tier 1 Adelaide golf club, Kooyonga.

Mr. Atkins has a Bachelor of Commerce degree from the University of Adelaide, is a Graduate Member of the Institute of Directors (2006) and member of the South Australian Club. Mr. Atkins is well connected in local

and national business circles and has a long history of building strong international business relations and activities.

5.5 RELATED PARTIES

The Investment Manager has an existing business relationship with the proposed operator The Cliffs Kangaroo Island.

Michael Baragwanath has no commercial or familiar relationship with the operator but may exercise options in the shares of The Cliffs Kangaroo Island (the proposed operator) and has provided consulting advice to the group for the past 18 months.

Annette Seeliger is the general manager for Enva Advisory, a company in which Michael Baragwanath has a controlling interest.

Mr Michael Taylor has no commercial or familiar relationships with the proposed operator but does have other dealings with companies owned by Michael Baragwanath.

In short – the parties are known to each other, local to the region in which the Investment Manager will operate and take great pride in delivering a successful commercial project.

5.6 GOLF COURSE CONSTRUCTION & MAINTENANCE - PROGRAMMED TURNPOINT

Programmed Turnpoint (**Turnpoint**) is a leading provider of construction and maintenance services to the golf industry in Australia and the Pacific Region.

As a professional golf course specialist in all aspects of construction and maintenance, Turnpoint provides solutions that combine expertise with passion and understanding. Turnpoint develops and maintains courses of the highest maintenance standards, freeing the club owner to better focus on their core priorities.

Turnpoint has been specifically selected as ithas the experience and the skills to make The Cliffs Kangaroo Island a world-class facility, ranking alongside other renowned courses in Australia and around the world.

Turnpoint (formerly ASX Listed) was acquired by Persol in 2017, a Japanese staffing specialist company.

Persol currently has a market capitalisation of more than USD \$6.0 billion.

Turnpoint, headed by General Manager Mr, Justin Trott, has been involved in the Kangaroo Island project since its inception in 2014 and will deliver an Integrated Construction and Maintenance Contract:

- 1. Construction and Maintenance contract to build the golf course, and associated amenities around water infrastructure and maintenance.
- 2. 8-year Maintenance contract with the tenant to maintain the golf course managed by one of Australia's leading superintendents.

5.7 GOLF COURSE DESIGNER – MR DARIUS OLIVER

Darius Oliver is an Australian golf course designer best known as the Author and Publisher of the Planet Golf series of books, and as the designer of Cape Wickham Links on King Island in Tasmania.

Prior to designing Cape Wickham, Darius spent many years travelling the globe and studying the world's leading 2,000 golf courses. He moved from publishing into design during the Cape Wickham project and was responsible for the many iconic holes built on King Island. Cape Wickham was rated as Australia's number 2 golf course in 2020 by Australian Golf Digest.

Cape Wickham King Island was built by Turnpoint and the same team has been engaged to build The Cliffs Kangaroo Island.

Darius is on record saying, 'The Cliffs Kangaroo Island is one of the greatest golf sites anywhere in the world, and our expectation is that the course will be every bit as memorable as Cape Wickham on King Island.'

After the completion of Cape Wickham, Darius designed the wonderful new par three course at The Hills Golf Club in New Zealand.

Beyond his design expertise, Darius provides independent consultancy services to golf clubs and development clients around the world to help them establish overall design and project goals. His personal design involvement is limited to projects of significance, be they sandy, coastal sites, short courses or important restoration/redesign projects.

SECTION 6: MAKING INVESTMENTS AND WITHDRAWALS

6.1 HOW TO INVEST

Investors can invest in the Fund by completing the Application Form contained within this IM and transferring their Application Money to the Trustee's bank account as detailed in the Application Form.

The Fund will be accepting Application Forms from 20 May 2021 (**Open Date**) and is expected to remain open until 30 September 2021 or earlier if the expected target amount is reached (**Close Date**).

The Minimum Investment Term is 10 years from the Close Date, noting that the Investment Manager will attempt to provide liquidity by allowing new investments to make offers to departing investors or using borrowings to acquire units from departing investors.

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.

Pending the issue of Units in the Fund, the Application Money will be held by the Trustee in a trust account. No interest will be paid to the Investor on Applications for the period from receipt until the issue of Units occurs. Similarly, no interest will be paid to any Investor whose Application (or part of an Application) is returned unfilled. Any interest earned on the Application amount will be paid to the Trustee.

The Trustee may, in its absolute discretion, reject in whole or in part any Application. The Trustee need not give any reason for rejection. In exceptional circumstances, where it is considered to be in the best interest of Investors, the processing of all Applications may be suspended. If this occurs, your Application will be processed using the next available date where Units are issued.

See Section 7 for more information about how the Trustee calculates Unit prices.

6.2 HOW TO WITHDRAW

Prospective Investors must note the Fund is illiquid and there is no guarantee any withdrawal request will be satisfied. The Trustee is under no obligation to facilitate redemptions nor cause the Fund to do so.

Investors will also be given the opportunity to vote on a majority basis should the Investment Manager receive an unsolicited bid to acquire the Fund's property.

Under the terms of the Trust Deed, in certain situations, the Trustee is also 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.

See Section 7 for more information about how the Trustee calculates Unit prices.

SECTION 7: UNIT PRICING AND DISTRIBUTIONS

7.1 HOW WE CALCULATE UNIT PRICES

The Unit price is generally calculated on a monthly basis and will be calculated in accordance with the Trust Deed.

Where fees or costs relate to more than one class, the Trustee will allocate the costs as it deems appropriate.

The Unit price is initially set at \$1.00. Subsequent unit prices will be calculated either by valuation of the Fund's asset (including by external valuation if the Trustee determines) or by amortisation of debt. The Investment Manager does not expect Unit price appreciation through the withholding of income and instead proposes to distribute all taxable income on an annual basis.

Where the Trustee applies its discretion to Unit pricing using its powers under the Fund's Trust Deed, it acts in accordance with its Unit Pricing Policy, available on its website at <u>www.vascofm.com</u>.

Please note in the event of an error in Unit prices resulting in an overpayment to Investor, the Trustee has the right to deduct the value of any overpayment from either distributions or withdrawals, at its discretion, otherwise owed to Investors. In the event that the Trustee is unable to recover any amount of overpayment from an Investor, that amount would lead to a decrease in the value of Fund Units (or relevant class of Units).

7.2 DISTRIBUTION PAYMENTS

Distribution income is expected to be made on a calendar quarterly basis after accounting for direct and indirect expenses and reserving for costs that may be incurred before the next lease payment.

Distributions are generally paid to Investors within 30 days of the end of each distribution calculation period. However, Investors should note that distributions calculated as at the end of each financial year, being 30 June of each year, are likely to be paid by 30 September of each year, following the finalisation of the Fund's annual accounts.

Please note if you are investing through a master fund or IDPS, the operator may pay income at different times and may not offer you a choice of payment options.

The Investment Manager does not propose to allow reinvestment of distributions.

7.3 FUTURE UNIT ISSUES

The Investment Manager may invite new rounds of unit issues to fund redemptions, expand the site facilities or to repay debt. In each case existing unitholders will be invited to participate before any promotional activity is undertaken.

SECTION 8: FEES AND OTHER COSTS

The table below sets out the fees and costs (exclusive of GST unless otherwise stated) that Investors or the Fund may be charged.

Туре	Amount	Paid to and when
Account Fees		
Fees and charges incurred d	lirectly by each Investor on entry and exit	
Entry and Exit Fees	Nil	Not applicable
Buy and Sell Spreads	Nil	Not applicable
Overseas transfer fee	\$50 (plus any currency exchange charges) per transfer attempt	Paid to the Fund prior to processing each transfer to an Investors overseas bank account
Fund Fees Fees and costs paid by the F	und	
Investment Manager fees	The Investment Manager is entitled to an annual Management Fee of 0.5% of the gross asset value of the Fund.	Paid to the Investment Manager monthly in arrears.
	The Investment Manager is entitled to a Performance Fee of:	Income performance paid to the Investment Manager quarterly.
	 (Income Performance) 20% of Fund realised returns in excess of 8% per annum (Sales Performance) 25% of sale proceeds above a completed asset value of \$21.7million 	Sale performance paid to the Investment Manager after all sales costs and at settlement.
	See below for more information about the Performance Fee calculations.	
Trustee fees	The Trustee will be entitled to an Establishment Fee of \$19,500.	Paid to the Trustee on commencement of the Fund
	An Annual Trustee Fee of, subject to a \$25,000 per annum minimum, of 0.1% per annum of the gross asset value of the Fund.	Calculated from execution of the Trust Deed and paid monthly in arrears to the Trustee on commencement of the Fund.
	A regulator levy fee of \$1000 plus \$60 per \$1m of gross asset value payable annually.	Paid to the Trustee annually in arrears as of 1 January of each year.
Trustee termination fee	The Trustee will be entitled to a Termination Fee where the Fund is terminated, or the Trustee is replaced of \$14,500.	Paid to the Trustee immediately prior to their termination or replacement.

Туре	Amount	Paid to and when
Administration fee	 The Administration Manager will be entitled to an Administration Fee of: \$15,000 per annum. \$15,000 per annum provided there are less than 25 investors in the Fund and \$25,000 per annum where the number of Investors in the Fund exceed 25. \$5000 per annum to administer any additional unit classes if established The above fees are subject to an annual increase of 5 % on 1 January each year. 	Paid to the Administration Manager monthly in arrears from commencement of the Fund.
Expenses	The Trustee or relevant party appointed by the Trustee is entitled to be paid or reimbursed for expenses associated with establishing and the operation of the Fund. See Section 8.2 for more information.	Paid to the Trustee or relevant party appointed by the Trustee as and when incurred.

8.1 PAYMENT OF FUND FEES AND COSTS

The Investment Manager has agreed to pay the fees and expenses payable by the Fund until such time as they are able to be paid from the assets of the Fund and may at the discretion of the Trustee be reimbursed from the Fund's assets for these payments.

8.2 EXPENSES

Expenses mean costs incurred by the Trustee in the administration of the Fund and include fees payable to the Administration Manager, auditor and other administrative expenses such as fees for accounting and legal advice, audit fees, insurance premiums, consulting fees, costs relating to unitholder meetings and registry fees.

The Trust Deed does not limit the amount that the Trustee can recover from the Fund as expenses, provided they are properly incurred in operating the Fund.

8.3 PERFORMANCE FEES

The performance fee for income is calculated as follows:

(Income Performance) Where the net income payable to the Investors exceeds 8% of invested capital 20% of the amount above 8% will be collected and paid to the Investment Manager as a performance fee.

For example – If you have invested \$1,000,000 and the Trustee announces a distribution of \$100,000 (10%) a performance fee of \$4,000 (20% of the return above \$80,000) will be deducted and paid to the Investment Manager and the remaining \$96,000 distributed.

(Sales performance) Where the Fund's property sales proceeds net of all costs including agency costs exceeds \$21.7million the Investment Manager will be entitled to 25% of sale proceeds in excess of \$21.7million.

For example – if the property is sold for \$25million and after all disposal costs the Trustee announces a final distribution of \$24.5million (\$2.8million in excess of the target) then \$700,000 will be deducted and paid to the Investment Manager and the remaining \$23.8million distributed.

8.4 BUY/SELL SPREADS

As at the date of this IM, no transaction charges (buy-sell spread) will be factored into the Unit price calculation of the Fund.

Buy and sell spreads are calculated based on the actual or estimated costs the Fund may incur when buying or selling assets, such as stamp duty and selling agent fees. They will be reviewed whenever necessary upon raising capital or redeeming Investors' units to ensure they remain appropriate such that Investors coming and going from the Fund at different points in time bear their fair share of these transactions charges.

The buy and sell spreads are retained within the Fund and are not fees paid to the Trustee or the Investment Manager. The buy spread is taken out of application amounts. The sell spread is taken out of withdrawal amounts.

The buy and sell spreads may be updated from time to time and will be published online at www.vascofm.com or otherwise informed to Investors prior to any additional capital raise or Withdrawal Offer.

8.5 DIFFERENTIAL FEES

The Trustee and or the Investment Manager may rebate fees on an individual basis as permitted by the Corporations Act and ASIC relief. For example, the Trustee may rebate fees with Wholesale Clients.

8.6 CHANGES TO FEES AND EXPENSES

The Trustee may change the fees and expenses referred to in this IM. The Trustee will provide at least 30 days' notice to Investors of any proposed increase in fees or expense recoveries or introduction of new fees.

8.7 GOODS AND SERVICES TAX

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

8.8 WAIVER AND DEFERRAL OF FEES

The Trustee may, in its discretion, accept lower fees and expenses than it is entitled to receive, or may agree to defer payment of those fees and expenses for any time. If payment is deferred, then the fee or expense will accrue until paid.

The Investment Manager has agreed to pay the Trustee's fees until such time as these fees are able to be paid from the Fund's assets. The Trustee has agreed to reimburse the Investment Manager for any fees paid by it to the Trustee from the Fund's assets at such time when the Fund is able to do so.

All deferred fees and expenses will also be paid upon any retirement or removal of the Trustee.

SECTION 9: TAXATION INFORMATION

The taxation information provided in this section is general in nature. Each Investor's taxation position will depend on their individual circumstances and Investors should seek their own taxation advice in relation to the taxation of distributions they may receive from or in respect of the Fund prior to investing in the Fund or dealing with any interest they hold in the Fund.

The following summary assumes that the investment in the Fund is held on capital account. It also discusses the relevant taxation laws as they apply as at the date of this IM, noting that tax laws can change at any time, which may influence the information which is provided in this section.

9.1 INCOME TAX

In general, distributions that Investors receive from the Fund will be assessable to that Investor as income and must be included in the Investor's tax return for that year. There may be exceptions to this general position (for example, where the Fund realises a capital asset, or where the Investor is a regulated Superannuation Fund). Investors will receive a summary breakdown showing how much of the distribution is attributable to income and capital. Each Investor should speak with its advisors in relation to any deductions or other tax benefits to which it is eligible (for example, interest incurred on borrowings used to acquire units in the Fund).

9.2 CAPITAL GAINS TAX

Most Investors will hold their units in the Fund on capital account (however, it is recommended that prospective Investors speak to their advisors prior to investing in the Fund to determine how their units will be characterised). Investors will need to determine whether they have made a capital gain or a capital loss if they transfer (or otherwise dispose of) some or all their interest in the Fund.

The Fund will not provide a separate statement relating to capital gains tax following the disposal of units in the Fund and it is up to the individual Investor to determine this with the assistance of its advisors.

9.3 GOODS AND SERVICES TAX (GST)

No GST is payable by Investors when they acquire or dispose of units in the Fund. However, GST may apply to fees and expenses incurred by the Trustee, which may be passed onto the Investors if the Trustee is not entitled to claim input tax credits to offset any GST it pays.

9.4 STAMP DUTY ON THE TRANSFER OF UNITS

Generally, no stamp duty is payable in South Australia for the transfer, issue, or redemption of units in a unit trust. However, landholder duty may be payable on the issue, redemption or transfer of Units in South Australia where the Fund owns land that does not satisfy the "qualifying land" exemption. Irrespective of whether the land is "qualifying land", the landholder provisions will only apply in South Australia where the relevant Investor holds 50% or more of the units. In these circumstances, stamp duty may be payable when units are acquired or disposed of.

9.5 TAX FILE NUMBER AND AUSTRALIAN BUSINESS NUMBER

Investors will be invited to provide a Tax File Number (**TFN**) or Australian Business Number (**ABN**) when they apply for an interest in the Fund. Investors should speak to their advisors about whether they are entitled to provide an ABN in lieu of a TFN.

It is not compulsory for an Investor to quote a TFN, claim a valid exemption for providing a TFN, or (in certain circumstances) provide an ABN. However, if an Investor does not provide a TFN, exemption or ABN, the

Trustee must withhold (and remit to the Australian Taxation Office (**ATO**)) tax from the Investor's distributions at the highest marginal tax rate plus Medicare levy and any other applicable Government charges (currently 47% for Australian-resident Investors and 45% for foreign Investors). Investors that fail to quote a TFN or ABN may be entitled to claim a credit for amounts withheld in their income tax return.

The Fund complies with the obligations under the *Privacy Act 1988* (Cth) with respect to the collection, use and disclosure of Investor's personal information (including TFNs).

9.7 FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA)

FATCA is United States (**US**) tax legislation that enables the US Internal Revenue Service to identify and collect tax from US residents that invest in assets through non-US entities. Investors that are US residents for tax purposes should be aware 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**) between 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 ATO. In order for the Fund to comply with its obligations, the Trustee will also request that affected Investors provide certain information, including its US Taxpayer Identification Number. We will only use such information for this purpose from the date the Fund is required to do so.

9.8 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).

SECTION 10: 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's 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.

10.1 GENERAL INVESTMENT RISKS

(a) 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.

Investment returns from the Fund are affected by general market conditions and may decline over short or extended periods due to market sentiment, economic, technological, legal, social and/or political factors. Real estate valuations fluctuate and the value of real property is determined by market forces at any particular time. This may result in the value of the property held by the Fund increasing or declining in value. None of these conditions are within the Trustee's or the Investment Manager's control and no assurances can be given that such factors will be anticipated.

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.

(b) 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 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 return from an investment of the Fund.

(c) Interest rate risk

Changes to interest rates can have a direct and indirect impact (negative or positive) on returns. The income return on your investment is not guaranteed and the target returns might not be achieved. This could happen due to factors such as the deterioration of the financial position or credit rating of the financial institution or ADI in which a deposit is held, negative fluctuations in the Australian and overseas

interest rates, market illiquidity, adverse movements of exchange rates, negative changes in monetary policy and other economic, social and political factors.

(d) General economic risks

General economic factors including (but not limited to) equity and credit market cycles and interest rate movements may have an adverse effect on the profitability of investments and the performance of the Fund.

(e) 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's authorising licensee thereby preventing the continued operation of the Fund.

(f) Taxation risk

Changes to tax law and policy (including any changes in relation to how income of the Fund is taxed or to the deductibility of expenses or stamp duty law) might adversely impact the Fund and your returns and may necessitate a change to the Fund's structure to ensure Investor interests are protected. You should obtain independent tax advice in respect of an investment in the Fund.

(g) Environmental, social and governance risks

The valuation of an investment by the Fund or rental income could be adversely affected by discovery of environmental contamination or the incorrect assessment of costs associated with an environmental contamination, as well as restrictions associated with flora and fauna conservation.

There is a risk that adverse and destructive climate events caused by the net addition of carbon to the atmosphere, fertiliser runoff into the ocean and other pollutants as outlined in UN climate and environmental reports. Tourism and outdoor focused activities are more likely to suffer damage and higher insurance costs as storms, flooding, fire and other natural events occur more frequently.

Land contamination and the presence of hazardous materials may be found on the properties and have an adverse impact on the Fund.

Furthermore, changes in environmental policy, ratings systems (e.g., NABERS) and other legislated environmental outcomes may adversely affect the projects. Additionally, changes in social norms, outcomes or expectations, including the governance of investments, may impact positively or negatively on the Fund.

(h) Disaster risk

Disasters such as natural phenomena, acts of God and terrorist attacks may damage or destroy properties. This may result in delays being incurred in repairing the reparing the property or may result

in the property not being reparable at all. In addition, it may not be possible to insure the property against some of these events or to obtain insurance at commercially reasonable rates. Occurrence of these events could also lead to insurance becoming unavailable for such events in the future, or premiums increasing above levels expected by the Investment Manager.

(i) COVID-19

Any number of unknown risks may arise as a result of the current COVID-19 pandemic which may adversely impact the Fund and returns to Investors.

(j) Counterparty risk

There is a risk that a counterparty may breach its obligations, in particular under the Integrated Construction and Maintenance Contract and property lease. Risks have and will continue to be identified and risk mitigation strategies will be put in place for known risks but does not negate other potential risks which may present and currently unknown/unidentified.

(k) Documentation risk

There is a risk that a problem in relevant documentation could, in certain circumstances, adversely affect the return on an investment. The Trustee will manage this risk by using qualified solicitors with professional indemnity cover to prepare documentation.

(a) Cyber Security risk

Investors should be aware that while the Trustee has implemented technologies, processes, and practices designed to protect its networks, devices, programs, and data (or Information Technology Systems) such Information Technology Systems may still be subjected to malicious attack, damage, or unauthorised access.

Such Information Technology Systems may include the storage of information concerning an Investor's identity, financial interests or other personal details provided to the Trustee in connection with their investment in the Fund.

In the event serious harm is a likely outcome of a breach of the Trustee's Information Technology Systems, the Trustee or Investment Manager (as may be required) will notify the affected individuals and recommend steps that ought to be taken in response to the breach. The Trustee may also be required to notify any regulatory authority as required by law.

10.2 PROPERTY INVESTMENT RISKS

(a) Concentration risk

The Fund's only proposed asset is the Kangaroo island property. Investors are therefore exposed to a lack of investment diversity.

(b) Stamp duty risk

In certain circumstances, stamp duty may apply to your dealings in the Fund, such as transfers, issues or withdrawals of Units. Accordingly, before dealing with your Units or acquiring further Units in the Fund you should consider whether the dealing/acquisition may give rise to stamp duty consequences. You should also be aware there is a possibility withdrawals may have stamp duty consequences for the Fund and the remaining Investors.

(c) Property market risk

Many factors can affect the property market generally as well as the individual properties which the Fund owns. These factors will impact both the valuations of the properties from time to time as well as their performance over time. They include the quality of the properties, changes to current and expected future income, development, unforeseen capital expenditure, tenant quality and financial standing, inadequate insurance or the occurrence of uninsurable events. If the value or income of properties to which the Fund has exposure does fluctuate over time, this movement may materially impact net assets and profits available for distribution from the Fund.

(d) Planning and development risk

The Fund will work with developers undertaking planning works and there are numerous risks associated with such works. For example, the Fund could be exposed to adverse planning and building approvals and timing delays which could occur at any stage of the process, increasing the duration of projects and impacting negatively on cash flows. Approval may not be granted or granted on conditions the Trustee does not find acceptable. These risks cannot be completely mitigated however the Trustee intends to mitigate them where possible by including appropriate safeguards in its contracts. There is also a risk that contractors may default under the terms of a contract due to circumstances outside the Trustee's control (for example, if a contractor becomes insolvent). This may in turn affect the value of the underlying property over which a security interest may be granted.

The Fund will be exposed to construction and development risk, e.g., as a result of engaging Turnpoint to undertake the development of the property or as a result of future capital works programs, refurbishment operations or repairs.

(e) Property income

There is a risk that the Fund's revenue may decrease as a result of falling demand for the golf course, clubhouse and accommodation facilities. Downturns in demand may lead to decreased revenue due to the tenant failing to fulfil obligations under the lease agreement or the property not being utilised or occupied in accordance with the best estimate assumptions contained in this IM.

Where there is lower than expected demand or the tenant vacates the property, or there is an adverse change in sentiment toward the property such that it is unable to be fully leased, the income of the Fund will be lower than estimated and the value of the property may decrease. The Fund may also be required to pay marketing expenses and commissions to estate agents who introduce a new tenant (or tenants) to the property and also provide leasing incentives in excess of estimates which may reduce the income or value of the property and therefore the Fund.

(f) Tenancy and leasing risks

If the tenant fails to honour its lease obligations, then this could have a detrimental impact on the Fund. It could result in a reduction to the distributions available to you, or in extreme circumstances, a failure by the Fund to meet its interest obligations to lenders.

There is no guarantee that the current tenant will renew its lease once expired. Any vacancy will diminish the income available to the Fund for distribution and if present on the sale of the property will impact on the return to Investors as the sale price will likely be reduced.

With respect to any vacancy arising, the Fund could incur costs in releasing the property such as contributions to an incoming tenant fit-out, rent free or other incentive payments. This could diminish the income available to the Fund for distribution.

The Investment Manager aims to manage these risks to the extent possible through active property management, including regular contact with the tenant, strong arrears management procedures and utilising professional leasing agents to actively manage any vacancy.

(g) Sovereign specific risk

There is a risk that the market value of the Fund's asset may decline due to specific state or federal government risks. For example, there may changes to SA Water infrastructure currently underway on Kangaroo Island or pricing changes outside of the current state regulated controls. Investments in companies or trusts dependant on infrastructure currently under construction may be less liquid, more volatile or difficult to value if governments do not maintain their commitments.

(h) Due diligence risk

In all investments there exists a risk that material items that could affect the performance of individual investments are not identified during the investment analysis process and that these risks are not mitigated by the Investment Manager.

(i) Valuation risk

The valuation of the property may be inaccurate or not accurately reflect its true value at the time the valuation is undertaken. The ongoing value of a property is influenced by changes in property market conditions (e.g., supply, demand, capitalisation rates and rental and occupancy rates). There is no guarantee that the Fund's investment will enjoy a capital gain on sale or realisation or that the value of the Fund's investment will not fall as a result of the assumptions on which the valuation is based proving incorrect.

(j) Capital expenditure

There is a risk that capital expenditure could exceed expectations resulting in increased funding costs and therefore lower than targeted distributions. The Investment Manager will work closely with the golf course developer and tenant consultants in an effort to ensure ongoing capital expenditure estimates are accurate. The Integrated Construction and Maintenance Contract is also a fixed price contract which mitigates capital expenditure blow-outs. Variations to contracts, should they occur, will be incurred based on agreed definintions of variations, and will be agreed between the parties in writing.

(k) Building risk

Property assets naturally deteriorate over time and are subject to disasters, which can damage the structure of the building. There is a risk that the value of the property could diminish if the building on the property forming part of the Fund's assets deteriorate or are damaged.

(I) Disposal risks

The Fund may be required to make representations and give warranties in connection with the disposal of its property investment. The Fund may be required to indemnify the purchaser to the extent any claims arise in connection with the disposal of the investment.

(m) Settlement risk

Over time, the Fund may purchase additional properties, and as such contracts will be entered into by the Trustee or a related entity for their acquisition. There is a risk that the acquisition of properties may not settle when expected. This may impact the Fund's performance.

10.3 FUND INVESTMENT RISKS

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 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.

(b) 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.

(c) 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 Wholesale Clients 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.

(d) 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. The Administration Manager is a related party of the Trustee.

Investors also acknowledge that all investments made by the Fund will be in related parties of the Investment Manager and may not be on arms-length terms.

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 the Fund's investments are otherwise 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.

(e) Limited track record and operating history risk

The Fund is a newly established managed investment scheme and 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, there can be no assurance that the Fund's investments will achieve the Target Return or will avoid a loss.

(f) 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.

(g) Liquidity and withdrawal 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 are no rights to withdraw your investment in the Fund or to require the Trustee or the Investment Manager to repurchase your investment. 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.

Additionally, abnormal or difficult market conditions may cause some normally liquid assets to become illiquid and restrict our ability to sell them and to make withdrawal payments for Investors without significant delay.

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

(h) 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.

(i) Fund risk

The Fund could terminate, or the fees and expenses paid from the assets of the Fund could change. There is also the risk that investing in the Fund may give different results than investing in the underlying assets of the Fund directly because of the income or capital gains accrued in the Fund and the consequences of investment and withdrawal by other Investors.

(j) Multi-class risk

While it is only intended that one class of units is issued, there could be more classes issued in the future. Such classes of units may be referrable to a particular asset with liabilities arising in respect of the asset being quarantined within the referable unit class. Recent case law has cast doubt some over this referability. You should be aware that the assets and liabilities referrable to that specific unit class remain as the assets and liabilities of the Fund as a whole. Such assets and liabilities may therefore not be quarantined to a specific unit class.

(k) Borrowing risk

It is proposed that finance will be obtained from an Australian financial institution or other major financier. The finance facility is likely to contain lending covenants and review requirements. If any of the facilities are not renewed or additional conditions are imposed this may impact on the return to Investors.

Depending on the arrangements with the financier, security may be pledged or granted over part or all of the assets of the Fund. A default under the terms of a facility agreement may result in the financier enforcing its security.

Whilst the terms of any debt facility are unknown as at the date of the IM, it is very common for a financier to have the power under a facility agreement to require the borrower to cease paying any distributions and instead to apply all income generated from the security asset towards the repayment of the loan facility and other operating costs. If a financier were to exercise this power, the Fund may be prevented from making distributions to Investors.

In addition, providers of the borrowed funds could withdraw their funding and alternative funding sources may not be available, which may have a material impact on potential returns of the Fund.

Falling asset values, declining revenue or other unforeseen circumstances may cause covenants under a debt facility to be breached. A breach of a debt facility covenant may result in a lender enforcing its security. The lender may require repayment of the debt facility, possibly prior to its expected expiry. This could result in a sale of the security property at a less than optimal sale price (for instance, in a depressed market) additional equity being required, or distributions being deferred.

(I) Insurance risk

The performance of the Fund may be adversely affected where losses are incurred due to uninsurable risks, uninsured risks or under-insured risks. Further, any failure by an insurer or re-insurer may adversely affect the Fund's ability to make claims under an insurance policy. The Investment Manager

will aim to maintain all appropriate insurance coverage against liability to third parties and real estate damage in the usual course of business. However, insurance against certain risks, such as earthquake, cyclone, acts of terrorism and force majeure events may be unavailable, available in amounts that are less than the full market value or subject to a large deduction or excess. Further, there can be no assurance that particular risks are insurable, or will continue to be insurable, on an economically feasible basis. The cost of uninsured losses may adversely affect the Fund's performance.

10.41 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. The Trustee strongly recommends that Investors obtain independent financial advice before investing in the Fund.

SECTION 11: ADDITIONAL INFORMATION

Summary of material documents

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

- Trust Deed
- Investment Management Agreement
- Administration Agreement

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

Trust Deed

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

While the intention is to issue only one class of units, the Trust Deed allows the Trustee to issue different classes of Units. Each Unit confers on the Investor a beneficial interest in a class as an entirety and does not confer an interest in a particular part of the Fund or the Fund's assets.

Subject to the Trust Deed, as an Investor you also have the following rights:

- the right to share in any distributions.
- the right to attend and vote at meetings of Investors; and
- the right to participate in the proceeds of winding up of the Fund.

The Trust Deed also contains provisions about convening and conducting meetings of Investors.

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.

The Trustee may appoint delegates, attorneys, or agents to perform any act, carry out any obligation or exercise any of its powers, as well as advisers to assist it with its duties and functions.

The Trustee has a right to be fully indemnified out of the assets of the Fund in respect of all expenses, liabilities, costs and other matters incurred by it in connection with the Fund and against all actions, proceedings, costs, claims and demands brought against it in its capacity as Trustee of the Fund except in the case of its own fraud, gross negligence or wilful default. The Trustee is indemnified and entitled to be reimbursed out of the assets of the Fund for all expenses properly incurred in connection with the Fund or in performing its obligations under the Trust Deed.

A copy of the Trust Deed is available to Investors from the Trustee free of charge.

Investment Management Agreement

The Investment Management Agreement is between the Trustee and the Investment Manager 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 **8.1 Payment of Fund Fees and Costs**.

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 within a certain time. There are also provisions allowing the Trustee to terminate if, for example, the Investment Manager becomes insolvent.

If the Trustee is replaced, then it is intended that the Investment Management Agreement will continue to operate on the same terms as between the Investment Manager and the new trustee of the Fund.

Administration Agreement

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

The Administration Agreement sets out the Administration Manager's obligations to the Trustee and to the Fund, including administrative, accounting, registry, Unit pricing, financial and compliance reporting, AML/CTF and back-office services in exchange for a fee, subject to the overall supervision of the Trustee.

Privacy

The Application process requires you to provide personal information to the Trustee. The Trustee collects this personal information so that it can process and administer any Application for investment in the Fund you make. Additionally, the Trustee collects this information in order to administer, manage and generally service your investment in the Fund.

The Trustee will normally collect personal information directly from you. However, in certain circumstances, the Trustee may collect personal information about you from third parties, such as the Administrator Manager or third-party service providers of the Trustee.

If you do not provide the personal information requested by the Trustee or provide incomplete or inaccurate information, the Trustee may not be able to accept or process your Application for an investment in the Fund or may be limited in the services or assistance the Trustee can provide with respect to the administration of any investment you subsequently make in the Fund.

The Trustee may disclose your personal information to organisations such as the Administrator Manager, any third-party service provider it may engage to provide custody, administration, technology, auditing, mailing, printing or other services and our professional advisers (including legal and accounting firms, auditors, consultants, and other advisers).

Such third parties may use and disclose your personal information for a purpose described in this Privacy Statement which may involve the transfer of your personal information outside of Australia (including to countries where there may be less stringent data protection laws) to process personal information on our behalf. Where this is the case, it may not be possible to ensure that the overseas recipient does not breach the Australian Privacy Principles ('APP') in relation to your personal information.

In providing us with your personal information, you consent to the possibility that your personal information may be transferred outside of Australia for processing and agree that APP 8.1 shall not apply to the disclosure, nor will the Trustee be liable under the Privacy Act 1988 (Cth) ('Privacy Act') in the event that the recipient does not act consistently with the APPs.

The Trustee may also collect certain personal information from you and/or disclose your personal information to government or regulatory bodies where permitted or required to do so by law. For example, the Trustee may be required to collect and disclose certain information in order to comply with the identification and verification requirements imposed under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006. For certain Investors, the Trustee may also be required to collect and disclose certain personal information to the ATO in order to comply with the Foreign Account Tax Compliance Act

If you notify the Trustee that you have a financial adviser, either on your Application Form or in writing (at a later date), you consent to the Trustee disclosing to that financial adviser details of your investment in the Fund and/or other related personal information.

The Trustee will take reasonable steps to ensure that the personal information about an Investor or other relevant person that it collects, uses, or discloses is accurate, complete and up to date. You or another relevant person can request access to your personal information or a copy of the Trustee's Privacy Policy by telephone or writing to the Privacy Officer at:

Privacy Officer Vasco Custodians Pty Ltd Level 4, 99 William Street, Melbourne, Victoria 3000, <u>info@vasco.com</u> +61 3 8352 7120 The Trustee's Privacy Policy is also available on its website: www.vascofm.com

Complaints Handling

Applicants and Investors who wish to make a complaint about the Fund should contact the Trustee by telephone on (03) 8352 7120, by email to <u>info@vascofm.com</u>, or in writing addressed to:

The Complaints Officer Vasco Custodians Pty Ltd Level 4, 99 William Street Melbourne VIC 3000

The Trustee will acknowledge a complaint as soon as practicable after receiving it and will notify the complainant of its decision, remedies, and other information within 45 days of the complaint being made.

Transfers

Investors can transfer the ownership of their Units provided that the transferee meets the requirements of an Investor in the Fund and has been approved by the Trustee.

Any rights attaching to the Units will remain on foot upon transfer of those Units.

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 which are the responsibility of Investors to determine prior to any transfer.

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

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:

- D H Flinders Pty Ltd
- Enva Australia Pty Ltd
- Pennington Cliffs Management Pty Ltd
- Vasco Fund Services Pty Limited
- Vasco Trustees Limited
- Darius Oliver

SECTION 12: APPLICATION FORM

SECTION 13: GLOSSARY

Term	Definition
Administration Agreement	The agreement between the Trustee and the Administration Manager appointing the Administration Manager as the administrator of the Fund.
Administration Manager	Vasco Fund Services Pty Limited (ACN 610 512 331) who is the administrator of the Fund pursuant to the Administration Agreement.
AFSL	Australian financial services licence.
Application	An application for Units made, pursuant to this IM, by completing the Application Form.
Application Form	The application form included in this IM.
ASIC	Australian Securities and Investments Commission.
Business Day	A day on which Australian banks are open for business in Melbourne.
Corporations Act	<i>Corporations Act 2001</i> (Cth) for the time being in force together with the regulations of the Corporations Act.
GST	Goods and Services Tax as defined in A New Tax System (Goods and Services Tax) Act 1999, as amended.
IM	This Information Memorandum in respect of the issue of Units in the Fund.
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 or Pennington Cliffs Management Pty Ltd	Pennington Cliffs Management Pty Ltd (ACN 648 320 512) a corporate authorised representative (No. 1285834 of Enva Australia.
Investor	A holder of Units.
Minimum Investment Term	10 years, being the minimum investment term for which an Investor will not be able to withdraw from the Fund
Offer	Offer of Units in the Fund pursuant to this IM
Trust Deed	The trust deed for the Fund dated 31 July 2016 as amended or replaced from time to time.
Trustee or Vasco	Vasco Custodians Pty Ltd (ACN 644 232 539) a corporate authorised representative (No. 1285834) of Vasco Trustees Limited ACN 138 715 009, AFSL 344486.
Unit	A unit in the Fund.
Wholesale Client	'Wholesale client' as defined under section 761G of the Corporations Act.

SECTION 14: CORPORATE DIRECTORY

Trustee		+61 3 8352 7199 info@vascofm.com
Administration Manager		+61 3 8352 7199 info@vascofm.com
Investment Manager	-	Cliffs Management Pty Ltd (ACN 648 320 512) Main Road McLaren Vale SA 1300 160 803 investor@thecliffs.com.au

Internet:

www.thecliffs.com.au





Fund Services

Application Form Pennington Cliffs Property Trust

Use this application form if you wish to invest in:

Pennington Cliffs Property Trust

The Information Memorandum (IM) for the Pennington Cliffs Property Trust (Fund) dated 7 May 2021, 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 Custodians Pty Ltd ACN 644 232 539 (Vasco). 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 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 Section 11 and the verification procedure and in the consideration of Vasco accepting the investor's application:

- you agree to identify and verify the investor using this Customer Identification Form for 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 Fund Services Pty Limited Level 4, 99 William 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 Application Form in full;

 \perp for new investments, completed the relevant 'Identity Verification Form' available on our website www.vascofm.com; if

ot paying via direct debit, completed section 10 ensuring ALL bank account signatories have signed;

if paying via cheque, ensure cheque is made payable to 'Vasco Custodians Pty Ltd ATF Pennington Cliffs Property Trust' and attach it to this application form; and

ot read the declaration and provided all relevant signatures.

Application Form Pennington Cliffs Property Trust



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

	D BLACK INK TO COMPLETE THIS APPLICATION FORM	
1. Investment details		
Is this a new investment or an ad	dditional investment?	
New investment	Please proceed to section 2.	
Additional investment	Existing account	
	number	
	information provided.	
2. Investor type	vestors – also complete 'Customer Identification Form – Individuals and Sole Traders'	
	'Customer Identification Form – Individuals and Sole Traders'	
	'Customer Identification Form – Superannuation Funds and Trusts'	
	omer Identification Form – Unregulated Trusts and Trustees'	
	complete 'Customer Identification Form – Australian Companies'	
Foreign company – also com	nplete 'Customer Identification Form – Foreign Companies'	
Other – contact our Investor	r Services team on 03 8352 7120 for other Customer Identification Forms.	
3. Investor name		
	3A. Individual investor/joint investors/sole trader	
Investor 1		
Surname		
Full given name(s)		
Title (Mr/Mrs/Miss/Ms	Date of birth	
Business name of		
sole trader (if applicable) Investor 2		
Surname		
Full given name(s)		
Title (Mr/Mrs/Miss/Ms)	Date of birth	
	3B. Super fund/Trust/Australian company/foreign company/other	
Name of entity		
	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 a investments from people under 18 years of age; however, investments may be designated on their behalf.	iccept
Surname		
Sumame		
Full given name(s)		
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 corres	sponden	ice w	ill be	ser	nt.																								
Contact person																													
Unit number					Stree	t ni	umb]															
				-										_][][
Street name																													
Suburb																										Ţ			
State			P	ost	code	, [
Country																													
Phone (after hours)]				- (k					(
Mobile]		Р	hon	e (r	busir				[]						
MODILE										」 ヿ ゠][Fa	acsi	mil	e l										
Email																													
5. Tax information																													
	It is not taken o	-				-				-											-	ı de	cide	not	to, t	:ax r	nayl	be	
	5a. In	divid	dual	in	vesto	or o	r ei	ntit	у] [5b.	Inv	est	or 2	2 (je	oint	: inv	ves	tors	5)					
TEN]					1	FN												7	
]].																	
Tax exemption												」][Tax e	exe	mpt	ION	L												
ABN																													
	5c. No																												
	If you a	re an	ove	rse	as in	vest	or, j	plea	ise ii	ndica	ate y	our/our	cou	ntry	/ of r	esic	den	ce f	or t	ax p	urp	ose	s.						
6. Investment allocation and	d paym	nent	opti	on	S																							-	
Please indicate how you will be ma	aking yo	ur ne	w or	ado	dition	al in	ivest	tme	nt ai	nd th	ie ar	nou	nt yo	u w	vish t	o inv	vest												
I/we are making my/our investme	nt via:																												
$\Box \text{ Direct Credit/EFT} \rightarrow \text{see be}$	low.																												
Bank Cheque \rightarrow make chec	jue paya	able t	o 'Va	asco	o Cus	todi	ians	Pty	Ltd	ATF	Pen	nin	gton	Clif	fs Pr	ope	erty	Tru	ıst'.										
Fund name										I	niti	al ir	ives	tme	ent														
Pennington Cliffs Property Trust										\$,],[].[
The minimum initial investment i	is \$250,(000.																											
Cheque Instructions: Bank Ch Only cheques or drafts in Austral Mail or deliver your completed A	lian curr	ency	and	dra	awn c	on ai	n Áı	ustra	aliar	n ban																	EGC	τia	BLE.
Vasco Fund Services Pty Limited										Di	rec	t Cr	edit	/ E	FTI	nsti	ruc	tio	ns										
Level 4, 99 William Street Melbourne, VIC, 3000													ely y						-					fun	ds to	0:			
P +61 3 8352 7120 F +61 3 8352	7199 E ii	nfo@	vaso	ofr	n.cor	n				Pr BS	ope SB 1	rty ⁻ 82 5	todi Frust 512 num	: Ma	acqu	arie	Ва	nk		-	in C	litts							

Code – MACQAU2SXXX

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 (7) 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. Eligible Investor Qualification

In order to participate in the Offer you must be an Eligible Investor.

Part 1 – Investor category

Each Applicant must mark the box (7) which best describes the category of investor they are.

(a) Sophisticated Investor/Wholesale Client

State

Country

Mobile

Email

Phone (after hours)

Professional classification (e.g., CPA) Postcode

Applicant 1	Applicant 2 (if joint applicatio	on)
		I am applying for \$500,000 or more worth of Units (please continue to Section 9).
		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).
		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).
(b) Professior	nal Investor	
Applicant 1	Applicant 2	
	(if joint applicatio	n)
		I have or control gross assets of at least \$10 million (please arrange for a Qualified Accountant to complete Part 2 of Section 8 of this Application Form).
		I hold Australian Financial Services Licence No. (please provide AFSL no.)
Part 2 – To b	e completed by	y a Qualified Accountant
Insert full name	e and address of (Qualified Accountant
	Name	
	Address	
	Suburb	

Phone (business hours)

Membership No:

Facsimile

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

option 1		
Applicant 1	Applicant2 (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	Applicant2 (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	Applicant2 (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).
Signati	ure of Qualified Accountant	Date
9. Nominate	ed bank account	(must be an Australian financial institution)
details in this se	ection you authorise	vill also be the bank account we credit any withdrawal proceeds and/or distributions. By providing your nominated account e Vasco to use these details for all future transaction requests that you make until notice is provided otherwise. For additional tion overrides any previous nominations.
Fina	ncialinstitution	

Branch																	
Account name																	
Branch number (BSB)]—]				Acc	ount	: nu	mbe	r					

10. 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 Application Form. I/We declare that:

- all details in this Application Form and all documents provided are true and correct and I/we indemnify Vasco 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 IM (including the incorporated information) and current TrustDeed
 of the Fund (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 invitation to subscribe for units in the Fund in Australia and represent and warrant to Vasco that I/We are
 permitted to invest in the Fund without Vasco obtaining any further authorisation, registration or certification in any country other than Australia
 and agree to indemnify Vasco for any loss suffered if this warranty is untrue;
- 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 headings 'Privacy' 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 Trust Deed of the Fund 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 Anti-Money Laundering and Counter-Terrorism Financing Act 2006, the Foreign Account Tax Compliance Act (FATCA) and the Common Reporting Standard (CRS)) 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 acknowledge and agree to having read and understood the risks of investing in the fund as described in the IM and understand that the risks associated with the Fund's investments may result in lower than expected returns or the loss of my/our investment;

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 not a United States citizen or resident of the United States for tax purposes, nor am/are I/we subject to the reporting requirements of FATCA;
- I/we are a "wholesale client" for the purposes of section 761G of the Corporations 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 the relevant sections of this application form.

	:																															
Signature																				Dat	e]_					
Surname																																
Given name(s)																																
Capacity		Sole D			 		irec	tor] т е	uste]	her											T	T	T				
Investor 2 (joint investors) / S							mec	.101			uste	e			.nei							1					_					
			-																													
Circolum	;																			D-+	_][1			٦					
Signature											1								יי רר	Dat	e			」][」][[
Surname																														_ L r		
Given name(s)																																
Capacity	D	irecto	or		Cor	mpa	ny	Secr	etar	у		Trι	uste	e		Otl	ner															
	Pleas (e.g.,														e ins	stru	ictio	ns														
						- 0								,																		
		Only o	ne	requ	ire	d to	sig	n.																								
	A	All sign	nato	ories	mι	ust s	sign																									
PLEASE NOTE: All signatories muthe Customer Identification Form							of	thei	r driv	vers	lice	nse	e or	pas	spc	ort i	n ad	ditio	on t	o ai	ny io	dent	ifica	tion	doc	ume	ents i	requ	uire	d by	'	
11. Adviser use only																																
By submitting this form with this s	ectior	ו com	plet	ted b	ру у	our	adv	visor	you	cor	isen	t to	о уо	our a	advi	sor	rece	eivin	g ir	for	mat	ion	abo	ut yc	our ii	nves	tme	nt i	n th	ie Fi	und.	'
Office name																																
Surname																																
Given name(s)																																
																															[
Title (Mr/Mrs/Miss/Ms			_ L 								1																					
Phone (business hours)]][7][][]][7					
Advisor group email												ןך זר																JL Jr			 	
Advisor groupname																																
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	 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; andii. 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, thesignatures 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 3459-4184-1940, v. 1