

AVESTIX IMPACT PROPERTY FUND

INFORMATION MEMORANDUM

Brought to you by Avestix Capital (the Referrer) on behalf of the Avestix Impact Property Fund.

29 July 2020





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IMPORTANT CONSIDERATIONS FOR INVESTORS

This Information Memorandum (IM) does not constitute an offer to sell or the solicitation of an offer to buy any securities other than Units in the Fund, or an offer or solicitation in any circumstances in which such an offer or solicitation would be unlawful.

This IM is not a prospectus or Product Disclosure Statement and has a lower level of disclosure requirements than a prospectus or Product Disclosure Statement.

This IM does not take into account any prospective Investor's investment objectives, financial situation, and/or particular financial needs. Therefore, prospective Investors should read this IM carefully and in full, and particularly, *Section 6 Risks* set out in this IM.

None of the Fund Manager, its respective Director/s, the Authorised Intermediary, its associates, or any other person provides any guarantee as to the future performance of the Fund, the performance or success of the investment offer, the repayment of capital or any particular rate of capital or income return.

No person is authorised to give any information or to make any representation in connection with the Offer that is not contained in this IM. Any information or representation which is not contained in this IM may not be relied on as having been authorised by the Fund Manager in connection with the Offer.

This IM contains important information and Investors should read it carefully and, in its entirety, and if required, obtain independent legal and financial advice.

Assets shown in any photograph or illustration in this IM are not assets of the Fund unless otherwise stated.

Current as of 29 July 2020

LETTER FROM THE CEO



Dear Investor,

"The coronavirus has exposed the fact that the global capital system is basically broken, and impact investing will be at the core to build future resilience and recovery ... The way we tackle the recovery phase will shape whether we're moving to a new economic order with impact at the centre." — Sebastian Welisiejko, Chief Policy Officer, Global Steering Group for Impact Investment.

Past decades have shown the need to better align investment with environmental and social outcomes. There is growing interest in impact investment being at the core of economic decision making, presenting a clear opportunity for positive social impact through property investment.

Avestix Group aims to be at the forefront of impact investing and is proud to launch an Impact Property Fund to provide finance for projects spanning a wide range of property-related industries, including residential, disability, community development, renewable energy and more. Projects will need to meet a full assessment criterion to proceed. The Fund intends to generate measurable social impact alongside a good financial return and will collect, aggregate and report on both financial and non-financial returns and communicate achieved impact.

For investors, impact investing offers new opportunities for capital to deliver measurable positive environmental and social outcomes as well as be recycled into future investments. It is a way for individual investors to invest their money with purpose and provides a new avenue to combine social responsibility with diversification of revenue streams. By becoming a trusted partner for the industry, we aim to help individuals, family offices, foundations and superannuation funds invest in line with their values, supporting them to move further towards positive social impact.

Avestix and its Executive Team will provide fund management services, and aim to be accountable and transparent to you, our investors at all times. We are committed to helping you meet your impact investment goals for many years to come and have a dedicated Investor Relationship team available during business hours to answer any questions. Please feel free to call on 1300 165 043 to discuss this investment opportunity. Alternatively, you can email investments@avestix.com.

I encourage you to read through this Information Memorandum carefully and make your own judgement and investigations before making your investment decision. Thank you for considering this opportunity.

On behalf of the Executive Team, I look forward to welcoming you as an investor.

Yours sincerely,

Susan Lindeque
Chief Executive Officer
CEO and Founder, Avestix Group

INVESTMENT SNAPSHOT



\$100M

FUND
Initial Offer



\$50K

MINIMUM
Initial Investment



5-8% p.a.

INVESTMENT RETURN
Monthly Distributions



1%

MANAGEMENT FEE
Per Annum



TABLE 1 – INITIAL OFFER SNAPSHOT

Initial Offer	\$100,000,000
Minimum Investment	\$50,000, being 50,000 Units. Minimum additional investment of \$1,000, being 1,000 Units.
The Investment	Units in the Avestix Impact Property Fund, a wholesale Unit Trust.
Term	The Fund will be open ended.
About the Fund	To provide funding for impact projects and property-related developments with an environmental and social outcome, including (but not limited to) residential, disability housing, commercial, retail, mixed use, development sites, industrial properties and renewable energy projects; technology platforms for property related services.
Target Rate of Return	The Fund aims to provide a minimum Target Rate of Return of 5% per annum, variable up to 8%, after costs.
Social Impact	The Fund will apply an ESG Assessment Framework (Environmental, Social, Governance) for assessment of potential projects for their positive environmental and social outcomes.
Distributions	Distributions are paid monthly in arrears at a variable rate.
Management Fees	1% per annum of the total funds under management.

A GUIDE TO INVESTING

The Avestix Impact Property Fund (the Fund) is a pooled mortgage fund designed to encourage systematic change in property development and result in meaningful impact across environmental and social outcomes. The Fund is open to Sophisticated, Wholesale and Experienced Investors and will pay a monthly distribution and report on the financial and non-financial impact of the Fund.

To participate in this offer, you need to complete the following:

STEP 1

REVIEW THIS INFORMATION MEMORANDUM CAREFULLY

You should read this Information Memorandum (IM) in its entirety, prior to deciding on whether to invest in the Fund. Please note that the investment is only open to Eligible Investors that comply with a strict set of criteria and a process of accreditation. (See *Section 9 How to Invest* for more information).

STEP 2

CONSIDER THE OFFER

You should carefully consider all the information in this IM, ensuring that you consider all the risks associated with this investment. Also, you should consider as to whether your particular investment needs and objectives will be well served by an investment in the Fund and whether this Fund is appropriate for you.

STEP 3

OBTAIN ADVICE

Before investing in the Fund, you should discuss this offer with your financial, legal and taxation advisors in order to determine whether investment in the Fund is right for you.

STEP 4

COMPLETE THE APPLICATION FORM

This IM provides a link to Olivia123.com¹, where you will be able to complete an application to invest in the Fund. You will be required to complete a Sophisticated/Wholesale Investor Certification. You may also need to provide an Accountant's Declaration confirming you are an Eligible Investor. An application to invest does not guarantee acceptance of this offer.

STEP 5

PAY YOUR INVESTMENT MONIES

Once your application is accepted, pay your investment monies and create a MyStake login (if you do not have one already). A completed and lodged electronic Application Form, together with investment monies for the number of Units applied for in the Fund cannot be withdrawn and constitutes a binding application for the number of Units or the amount specified in the Application Form on the terms set out in this IM.

CONTACT AVESTIX

143 Wickham Street
Fortitude Valley, 4006
Queensland, Australia
P: 1300 766 261

PO BOX 1550
North Lakes, 4509
Queensland, Australia

E: investments@avestix.com

W: avestix.com

1. www.olivia123.com/avestix-capital-pty-ltd/avestix-impact-property-fund.php

1

INFORMATION MEMORANDUM

1.1 Features of the Fund

1.1 FEATURES OF THE FUND

SUBJECT	DESCRIPTION	SECTION
The Investment	Units in the Avestix Impact Property Fund, a wholesale Unit Trust. The Investment Offer (the Offer) is for up to an initial 100,000,000 Units at a fixed price of \$1.00 per Unit with the right to accept oversubscriptions.	
Issuer of IM & Units	Avestix Impact Property Holdings Pty Ltd ACN 642 339 893 as the Fund Manager, on behalf of the Avestix Impact Property Fund (the Fund).	7.3 8.1
Inception	27 July 2020	
Fund Size & Term	An initial offering of \$100,000,000 at a per Unit issue of \$1.00 each, for up to 100,000,000 Units with the right to accept oversubscriptions. The Fund will be open-ended.	P.3
Classes of Units	Upon investment, funds are placed into an Australian bank (in the Fund's Short-Term Investment Account) and Investors are issued with Cash Units. Cash Units earn distributions at the prevailing interest rate given to the Fund by its bank for cash deposits. Cash Units become designated as Project Units when allocated to the loan pool. For example, this occurs upon the approval of a new Loan.	2.5
Authorised Intermediary	Wholesale Funds Management ACN 612 005 928 AFSL 487419.	7.3 7.4
Referrer	Avestix Capital Pty Ltd.	8.1

1.1 FEATURES OF THE FUND (CONT.)

SUBJECT	DESCRIPTION	SECTION
About the Fund	<p>The purpose of the Fund is to provide Loans for impact projects and property-related developments with an environmental and social outcome, usually holding a general security deed as primary security and a first or second mortgage where appropriate, generally geographically spread across Australia's states and territories (other international locations may be considered).</p> <p>Projects the Fund may provide Loans for include, but will not be limited to, property-related development such as residential, health (disability and aged-care housing), community development (social, affordable and accessible housing), commercial, retail, mixed use, development sites and industrial properties; sustainable agriculture; renewable energy; rejuvenation and environmental projects; international development; technology platforms for property related services (i.e.. Prop-Tech, Fin-Tech, Smart Homes and Cities).</p>	3.1
Social Impact	<p>The Fund will extend Loans for the purposes of impact investing related to property acquisition, refinancing, development, construction, rejuvenation and environmental projects, and any other appropriate activities in order to maximise meaningful impact across environmental and social outcomes, including both financial and non-financial returns.</p> <p>The Fund will apply an ESG Assessment Framework (Environmental, Social, Governance) for assessment of potential projects for their positive environmental and social outcomes, and report on outcomes achieved through investment projects.</p>	3.9
Loans	<p>The Fund will extend Loans for the purposes of property acquisition, development and any other impact projects appropriate in order to maximise impact and Loan returns, including refinance and technology services such as Fin-Tech and Prop-Tech, related to the property sector.</p> <p>Loans are generally pooled from investment monies.</p>	3.4
Minimum Investment	<p>\$50,000, being 50,000 Units.</p> <p>Minimum additional investment of \$1,000, being 1,000 Units.</p>	2.3
Target Rate of Return	The Fund aims to provide a minimum Target Rate of Return of 5% per annum for Investors, variable up to 8%, after costs.	3.5
Distributions	Distributions are paid monthly in arrears at a variable rate.	2.6
Distribution Payment Options	Investors may choose whether their Distribution income is paid into their nominated bank account or reinvested into the Fund.	2.6
Minimum Holding Period	Twelve (12) months for initial investments. The objective is to support Fund liquidity, ensure funds are apportioned to Loans rather than used for redemptions, and to protect future returns.	2.4

1.1 FEATURES OF THE FUND (CONT.)

SUBJECT	DESCRIPTION	SECTION
Redemption of Units	<p>A three-month notice period is required for Redemption of Units (withdrawals), which may be processed and paid earlier, depending on liquidity, at the discretion of the Fund Manager.</p> <p>The three-month notice period is in addition to the minimum holding period of 12 months applying to an initial investment, i.e. Investors should be prepared to hold Units for at least 15 months from the Unit issue date.</p>	2.7
Minimum Balance	The Minimum Balance held by an Investor in the Fund must be no less than \$50,000 (50,000 Units).	2.7
Eligible Investors	The Fund is open for Eligible Investors (Investors) that comply with a strict set of criteria and a process of accreditation.	2.2
Related Parties	Related Party transactions will be made at arms' length on commercial terms and closely monitored.	3.21
Management Costs	Management costs and fees apply to an investment in the Fund and are detailed in full in <i>Section 5 Fees and Costs</i> . The Fund Manager is entitled to be paid ongoing management fees and reimbursement for expenses it incurs in operating the Fund. The costs of third party and related service providers to the Fund may be paid directly from Fund assets.	5
Risks	An investment in the Fund is subject to general investment risks, specific risks of investing in a managed fund such as this one, as well as other risks associated with investing in a portfolio of Loans over real property and other assets that the Fund may hold from time to time.	6
Investor Communications	<p>Investors will receive the following information regarding their investment:</p> <ul style="list-style-type: none"> a) Confirmation of investment and redemptions; b) Monthly Distribution statements; c) Annual taxation statement; d) Updates regarding Fund performance. e) Social impact reports, both financial and non-financial. 	2.11
Access to Current Information	Investors will be able to access current information in relation to the Fund's performance and reports at www.avestix.com once the Fund is fully subscribed.	

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INVESTING IN THE FUND

- 2.1** Making an Investment
- 2.2** Eligible Investors
- 2.3** Minimum Investment Amount
- 2.4** Minimum Holding Period
- 2.5** Classes of Units
- 2.6** Distributions
- 2.7** Redemptions of Units (Withdrawals)
- 2.8** Transferring Units
- 2.9** Additional Investment
- 2.10** Cooling Off Period
- 2.11** Investor Communications
- 2.12** Updating Contact Details
- 2.13** Instructions by Facsimile, DocuSign or Email

2.1 MAKING AN INVESTMENT

There are specific steps to follow to make an investment in the Fund. Applications to invest must be made via the online link contained in *Section 9 How to Invest*, which provides guidance on the online application process through Olivia123.com¹. *Section 9* also explains the use of the MyStake Asset Registry platform maintains a register of Investors which forms part of the Fund Manager's Investment Corporate Governance and Compliance Policy (this is available upon request).

Potential Investors should read this IM carefully and in full (and particularly *Section 6 Risks*) before deciding whether to invest in the Fund. This IM does not purport to contain all the information that a prospective Investor may require in evaluating an investment in the Fund, nor take into account any Investor's investment objectives, financial situation and/or particular financial needs. Therefore, prospective Investors should obtain independent legal and financial advice.

2.2 ELIGIBLE INVESTORS

Participation in this Offer is available only to Wholesale Investors as permitted by subsections 761G or 761GA of the *Corporations Act 2001* (Cth) (the Act) and to parties whose participation in the Offer allows the issuer to comply with section 708 of the Act (Eligible Investors). This includes Wholesale, Sophisticated, Experienced and Professional Investors as described by the Act. See also *Section 9 How to Invest* for more information.

2.3 MINIMUM INVESTMENT AMOUNT

The minimum investment for an initial application to invest in the Fund is \$50,000, for 50,000 Units, and thereafter in multiples of \$1,000. Any interest earned on Application Monies received will form part of the assets of the Fund.

The Authorised Intermediary reserves the right to reject any application or to allocate a lesser number of Units than applied for by the Investor. If this occurs, then any Application Money not accepted will be returned to the Investor without interest.

2.4 MINIMUM HOLDING PERIOD

All initial investments related to this Offer, not including reinvestments from distributions, are subject to a minimum holding period of 12 months. However, this may be waived, and withdrawals may be processed and paid in a shorter time, depending on liquidity of the Fund, at the discretion of the Fund Manager. See *Section 2.7 Redemption of Units* for more details.

1. www.olivia123.com/avestix-capital-pty-ltd/avestix-impact-property-fund.php

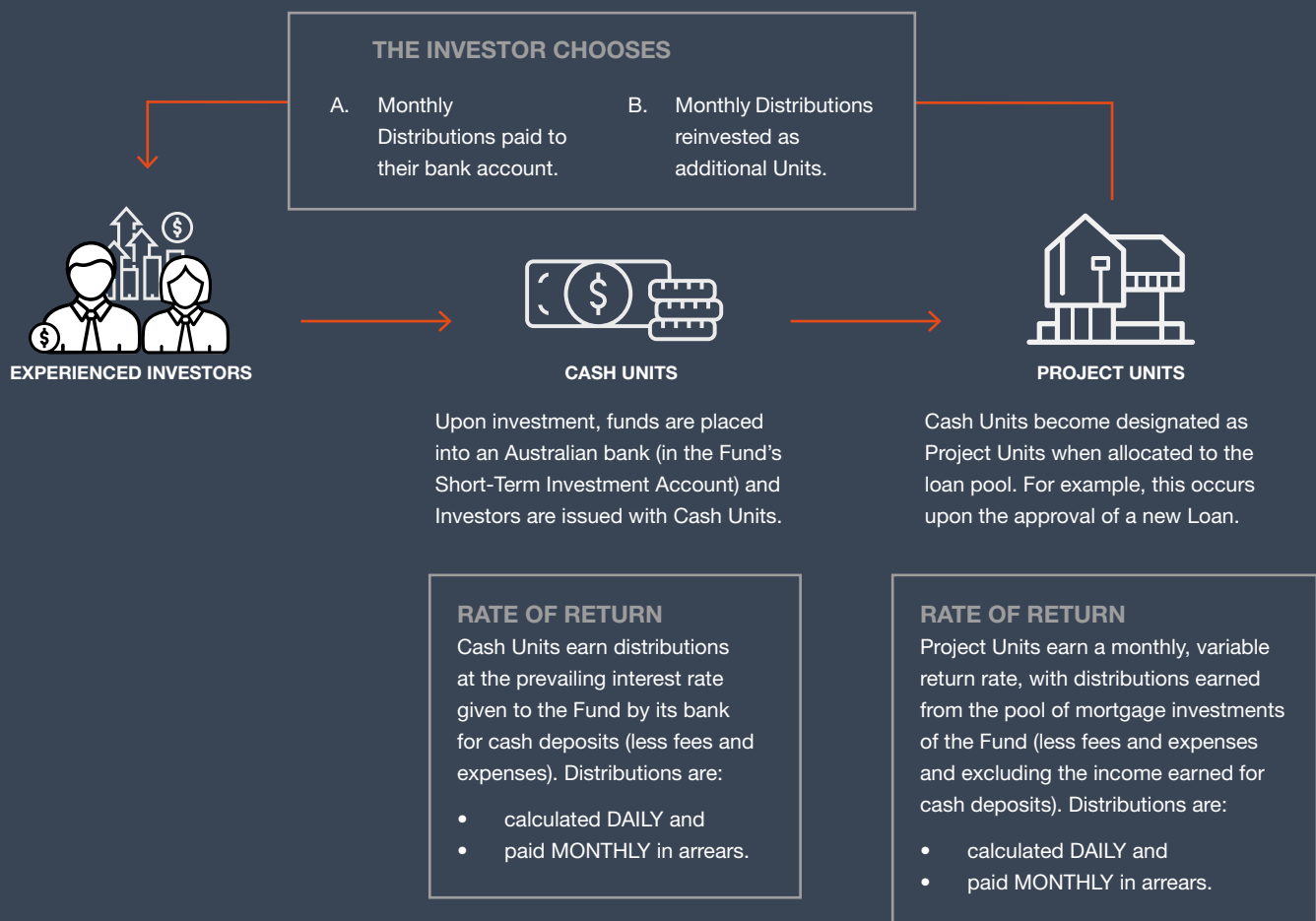


DIAGRAM 1: INVESTING IN THE FUND

2.5 CLASSES OF UNITS

Upon investment, funds are placed into an Australian bank (in the Fund's Short-Term Investment Account) and Investors are issued with Cash Units.

Cash Units – Cash Units earn distributions at the prevailing interest rate given to the Fund by its bank for cash deposits (less fees and expenses). Distributions are:

- calculated DAILY, and
- paid MONTHLY in arrears.

Cash Units become designated as Project Units when allocated to the loan pool. For example, this occurs upon the drawdown of a new Loan.

Project Units – Project Units earn a monthly, variable return rate, with distributions earned from the pool of mortgage investments of the Fund (less fees and expenses and excluding the income earned for cash deposits). Distributions are:

- calculated DAILY, and
- paid MONTHLY in arrears.

2.6 DISTRIBUTIONS

I) CALCULATION OF DISTRIBUTIONS PER UNIT

The distribution per Unit to Investors is calculated from distributable income earned during the relevant distribution period, i.e. monthly.

Cash Units – the distributable income for Cash Units will be sourced from gross interest earned by bank deposits less all provisions for the deduction of fees, expenses, any losses and tax obligations.

Project Units – the distributable income for Project Units will be sourced from gross income earned by allocated project investments less all provisions for the deduction of fees, expenses, any losses and tax obligations.

II) SOURCE OF DISTRIBUTIONS

Loan interest is typically capitalised, although Borrowers may pay interest throughout the period of the Loan. Borrowings that may be made will not be used to fund distributions.

Current distributions may be sourced from cash in the following ways:

- Where interest on a Loan is capitalised, there may be an advance to the Borrower to enable the Borrower to make interest payments due in accordance with provision in the relevant Loan Agreement;
- Where interest on a Loan is not capitalised, from interest paid by Borrowers;
- Repayments of Loans by Borrowers;
- All or part of fees and costs paid by Borrowers relating to lending arrangements and included in Fund revenue;
- Interest received from cash deposits;
- Income derived from other investments.

The Fund Manager may pay monthly distributions based on the income earned in the relevant period but potentially not yet received from a Borrower. In calculating distributions, the Fund Manager may, in its discretion, include in income any amount of management fees to which it is entitled but wishes to waive or defer for the period, in order to achieve a particular rate of return.

Generally, the intention is to smooth returns to Investors with the minimum Target Rate of Return, although this cannot be guaranteed (see *Section 6 Risks*). However, any decision on other inclusions for the return will only be made after analysis of the Fund's position, including anticipated investment income, the mix of Loans secured by the Fund, the interest rate paid by Borrowers, the Fund's liquidity needs, current market conditions and the total of fees and costs received and/or capitalised over the relevant period.

There is a risk of negative income, detailed in *Section 6 Risks*.

III) DISTRIBUTION PAYMENT OPTIONS

Distributions are calculated monthly and distributed in arrears. Investors may choose to have their distributions paid directly into their nominated financial institution account or reinvested as additional Units in the Fund. This can be changed at any time by completing a Change Request Form.

Note that no minimum investment amount applies to any distribution reinvestment.

IV) TIMING OF DISTRIBUTION PAYMENT

Distributions are normally paid on or shortly after the fifteenth (15th) day of each month.

2.7 REDEMPTION OF UNITS (WITHDRAWALS)

The underlying assets of the Fund are illiquid in nature (being determined by Loan agreement terms) and a three-month notice period is required to request any Redemption of Units (withdrawals) by Investors. It should be noted that the Fund is not an 'at call' cash account and cannot be treated as such.

The Fund has a Redemption process to safeguard its liquidity levels and to protect the interests of all Investors. The liquidity of the Fund will affect Redemptions in three ways:

- a. According to the Constitution of the Fund.
- b. The projected cash needs of the Fund to make loans, and to pay fees, expenses and any other costs, and
- c. The proportion of Fund assets held in cash or other assets that can be readily available.

The Fund Manager reserves the right to reject any Redemption request based on the current or future liquidity of the Fund.

Any partial Redemption requires a minimum balance of 50,000 Units retained in the Fund for each Unitholder, although the Fund Manager reserves the right to change or waive this minimum balance requirement at any time at its discretion.

Investors who wish to apply for Redemption of their investment in part or in full must provide notice of their request by completing and signing a Redemption Request and lodging it with the Fund Manager. Forms are available by contacting Avestix at investments@avestix.com.

Please note that the three-month notice period is in addition to the Minimum Holding Period of 12 months applying to an initial investment, i.e. Investors should be prepared to hold Units for at least 15 months from the date of issue of the Units related to this Offer.

2.8 TRANSFERRING UNITS

Unitholders are entitled to transfer Units to a third party at any time after the minimum holding period applying to an initial investment, provided full details of the new Investor and satisfactory evidence of the transfer, including a copy of the transfer instrument, is provided to the Fund Manager.

If a Unitholder has identified a willing buyer for its Units, then the Fund Manager will assist with the paperwork in the transfer process.



2.9 ADDITIONAL INVESTMENT

Investors can add to their investment at any time in minimum increments of \$1,000 by making an electronic transfer with their Investor ID or submitting an additional investment through [Olivia123](https://www.olivia123.com)¹. There is no maximum for additional investment.

Before making any additional investment, contact the Fund Manager for any new or supplementary IM, updates to this IM or for other updates about the Fund, including current performance information. This information is also found on the Avestix website: www.avestix.com.

2.10 COOLING OFF PERIOD

There is no cooling off period. The investment is considered to be an illiquid investment.

2.11 INVESTOR COMMUNICATIONS

Investors must provide an email address. Investors will be deemed to have requested all communications be sent electronically to that email address. Fund Investors will be entitled to receive:

- a. Confirmation of investment and redemptions;
- b. Monthly Distribution statements;
- c. Annual taxation statement;
- d. Updates regarding Fund performance;
- e. Social impact reports, both financial and non-financial.

2.12 UPDATING CONTACT DETAILS

Inform the Fund Manager in writing of any changes to personal details provided when taking up this Offer (refer to *page 4* for contact details). This may be a new postal address, change of name or new account details for dividends and other payments. If details need to be updated, please contact the Fund Manager on investments@avestix.com to receive a form which can then be returned by fax, email, post or completed via DocuSign.

It is important that the person named as the Eligible Investor completes that form, or if there are joint Investors, then all Investors sign the request to change details. In particular, if an Investor requires their bank account details to change, then they should provide an original request, signed by all the signatories of the investment account.

2.13 INSTRUCTIONS BY FACSIMILE, DOCUSIGN OR EMAIL

Each Investor releases, discharges and agrees to indemnify the Fund, Authorised Intermediary, Fund Manager and its agents from and against all actions, proceedings, accounts, claims and demands whatsoever and howsoever, arising from or in connection with or in any way related to the Units in good faith, accepting and acting on instructions received by facsimile, DocuSign or email transmission which are signed by or purporting to be signed by an authorised signatory or signatories.

1. www.olivia123.com/avestix-capital-pty-ltd/avestix-impact-property-fund.php

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INVESTMENT APPROACH

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3.5	Target Rate of Return	3.16	Loan Amounts
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3.7	Project Assessment Process	3.18	Interest Rates
3.8	Project Assessment Criteria	3.19	Credit Contract Loans
3.9	Project Outcomes – ESG Assessment Framework	3.20	Borrowing Strategy
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3.11	Property Insurance		

3.1 ABOUT THE FUND

INSIGHTS

“Under pressure from socially and environmentally-minded stakeholders – and keen to avoid being left behind in a changing world – institutional investors are being drawn to impact investment with its image as a turbo-charged form of environmental, social and governance (ESG) investment.”

– Rachel Fixsen, IPE Real Assets

The Avestix Impact Property Fund (the Fund) is an open-ended pooled mortgage Unit Trust, established by the Trust Deed, in which Investor money is combined to make a series of Loans generally secured over real property. The income from the Loans is combined with income from cash holdings and any other investments to generate monthly distributions to Investors. All assets are held by the Trust.

The Fund will extend Loans for the purposes of impact investing related to property acquisition, refinancing, development, construction, rejuvenation and environmental projects, and any other appropriate activities in order to maximise meaningful impact across environmental and social outcomes, including both

financial and non-financial returns.

The objectives of the Fund are three-fold:

1. To provide a consistent return for Investors from impact investment in property-related projects that provide social and environmental outcomes, enabling Investors to diversify their investment portfolios, minimise capital risks as much as possible and provide some resilience in current market conditions.
2. To encourage impact property and project development deal flow by providing access to an impact funding model that is considerate of accommodating environmental and social outcome requirements.
3. To support the development of Prop-Tech and Fin-Tech service products through innovative, commercialised product execution.

Avestix aims to meet these objectives through applying a specific methodology to assess impact projects through a dedicated professional and experienced Finance and Development Team and, if viable, be recommended for financing through the Avestix Impact Property Fund, which will make Loans to support these impact projects. Support may also be offered to Developers to assess potential development sites prior to bringing them for full project assessment.

As a trusted partner for Developers, Avestix aims to create a pipeline of potential projects for funding, thereby

helping meet continued market demand for new property and related services as well as the increasing need for both positive social and environmental outcomes.

Through the model presented by the Fund, Investors share in a proportional amount of the risk and profit from all the Fund's Loans, rather than any one particular Loan. It would be difficult for most individual Investors to match the opportunity of diversification and potential impact the Fund presents when investing on their own.

Developer's projects must meet the Project Assessment Process and Criteria, including measuring environmental and social impacts through the Project Outcomes – ESG Assessment Framework, to proceed (see sections 3.7 to 3.9 for more information). Developers share in the risk and profit from completed projects.

Transparency, traceability and efficiency are features of Smart Contracts and Blockchain technology – providing an immutable record or registry of ownership. This new technology will become critical to the property sector in the near future, including sales, property management, developments and construction management, and has been included as a potential investment option for the Fund.

3.2 COMPETITIVE EDGE

Avestix draws on an experienced professional Finance and Development Team through its sister company group, Linzen Property Group (Linzen). The Team brings significant experience in project design, development, management and construction. Each project proposal submitted to the Fund will be assessed by the Team for the most beneficial outcome, and once approved carefully managed to ensure it can be completed within expectations and with minimal risk. See Section 3.7 *Project Assessment Process* for more information.

As active property developers, Linzen has completed a range of projects and is currently developing the following large projects:

- Dakabin Crossing, a five-stage \$80 million residential development of 178 townhouses, terrace homes, apartments with a mixed-use retail centre in the northern suburbs of Brisbane; two of the five stages are complete and stage three is under construction. An 800kW distributed solar micro-grid and 2.2mwh central battery storage will provide 90% of Dakabin Crossing's power needs, reducing the development's environmental footprint as well as the energy bills for tenants.

- eNJae Noosa Hub, a \$24.4 million multi-storey innovation hub with organic market, coworking and co-living spaces in Noosa Junction, Sunshine Coast; the property has been secured and the DA is underway.
- Western Sydney Aerotropolis Corridor, an estimated \$800 million series of projects over 10 years incorporating subdivisions, medium to high residential and mixed-use developments; purchase agreements and development approvals for initial projects are underway.

Details on these projects can be found [here](#)¹.

3.3 ASSETS OF THE FUND

The Fund has assets consisting of Loans secured by general security deeds (GSA or General Security Agreement) and/or mortgages held over Australian property, cash at bank, basic deposit products (including term deposits), and other forms of security as appropriate from time to time.

3.4 LOANS

Each Loan will be assessed by the Finance and Development Team on its individual merits, including reviewing against Project Assessment Criteria (sections 3.8 and 3.9), with a recommendation to the Fund Manager to approve or decline the Loan. The Fund Manager will then determine which Loans are suitable for investment.

The performance of all Loans will be carefully and regularly monitored to ensure adherence to ongoing reporting requirements and individual Loan Agreements. The progress of all Loans is monitored via the draw-down process and through regular contact with the Borrower, including progress reports. This is an actively managed process to ensure that all projects are run efficiently and in accordance with the lending criteria.

The Fund uses a diversification strategy to mitigate risks; this is managed by:

- Not concentrating Loans with one particular Borrower or group of Borrowers;
- Not concentrating on one project;
- Not focusing on only one geographical area;
- Ensuring a spread of development types.

Loan performance, including the progress against social and environmental outcomes, will be communicated to Investors through quarterly reports and progress updates.

1. www.avestix.com/property-portfolio/

3.5 TARGET RATE OF RETURN

The Fund will aim to provide Investors with income returns, after costs of a minimum of 5% per annum, variable up to 8%, depending on the profits of the Fund at the time of calculation. Excess profits of the Fund will be passed on to Investors and may exceed the Target Rate of Return from time to time.

The Fund will also collect, aggregate and report on both financial and non-financial returns to accurately measure, manage and communicate the achieved ESG outcomes of the Fund.

3.6 TYPES OF SECURITY

The primary security for each Loan will be a General Security Agreement (GSA) which will provide a fixed or floating charge over the assets of the Borrower, and where security is a property either a first or second mortgage (Security Property). The GSA will provide the necessary protections and remediation for the Fund in the event of default by the Borrower, which may include possession of the assets, including Security Property, secured by the GSA.

Additional types of security may be taken including third party mortgagor documentation and personal guarantees to support Loans.

3.7 PROJECT ASSESSMENT PROCESS

The Fund will extend Loans for a variety of property-related projects and developments; therefore, the feasibility of projects will be determined during the assessment and approval stage. This may include calculation of the amount to be reserved as capitalised interest, and for new construction and development projects, calculations to determine the LVR (loan-to-value ratio) at relevant times during the project.

For construction loans, an integral part of the Loan assessment and ongoing monitoring is for the Finance and Development Team to review an independent valuer's report containing a property's value on both an 'as if complete' (fair value) and an 'as is' (market value) basis, generally accompanied by a quantity surveyor's estimation of the costs to complete the project.

After approval, all funds drawn down for the purposes of property construction or development are only advanced after the Fund Manager is satisfied about the progress of the relevant project.

Further activities, for example investment in other property-related projects, Prop-Tech and Fin-Tech etc, will be determined on a case by case basis.

GUIDING PRINCIPLES

The Fund Manager will ensure at all times that the risk and reward profile of each Loan is appropriate for the Fund and considers the following factors:

- The character and financial and operating capacity of Borrowers;
- The quality and value of the Loan, underlying Security and the risk analysis profile;
- The positive social and environmental outcomes achieved by the project.

All Loan investment decisions will be based on risk-adjusted returns over the term of the Loan. All Loans, Borrowers and Security are assessed under the Project Assessment Criteria, described in *Section 3.8* below, and once approved, will be properly documented and appropriately secured.

3.8 PROJECT ASSESSMENT CRITERIA

The Finance and Development Team will assess the merits of each prospective project and the associated risks and make a recommendation to the Fund Manager for approval or decline. The assessment will take into account a set of criteria including available security, the nature of the Security Property, LVR, serviceability of the Loan, credit worthiness of the prospective Borrower, and features of the proposed project which may include, but not be limited to, geographic location, demographics, proximity to services, improvement/development potential, saleability and the positive impact of measurable social and environmental outcomes (see *Section 3.9* specifically for ESG assessment).

The Project Assessment Criteria is described on the following page.

PROJECT ASSESSMENT CRITERIA

This section provides a summary of the assessment criteria considered for each prospective Loan. This is maintained and updated as required by the Finance and Development Team in consultation with the Fund Manager and, depending on their views as to market conditions, property market cycles and various other conditions, these parameters may vary from time to time and without notice to Investors.

BORROWERS

Entities that satisfy the lending criteria of the Fund Manager.

Creditworthiness and capacity to service the Loan, and nature of the security interest provided.

LOAN TYPE

Loans may be made as primary/ senior debt, or as mezzanine debt.

LOAN PURPOSE

Loan proceeds may be used for, amongst others:

- a. Acquisition of assets (including real property)
- b. Development and construction
- c. Refinance or bridging finance
- d. Technology innovation products related to the property sector

Loans must be used for commercial and business purposes only and may not be used for consumer purposes (such as the purchase of an individual residential property).

PROJECT SECTORS

Projects the Fund may provide Loans for include, but will not be limited to, property-related development such as residential, health (disability and aged-care housing), community development (social, affordable and accessible

housing), commercial, retail, mixed use, development sites and industrial properties; sustainable agriculture; renewable energy; rejuvenation and environmental projects; international development; technology platforms for property related services (i.e. Prop-Tech, Fin-Tech, Smart Homes and Cities).

PROJECT OUTCOMES – ESG ASSESSMENT FRAMEWORK

All projects must include measurable environmental and social outcomes under an ESG framework, being environmental, social and governance factors. See *Section 3.9* for a description of ESG and the assessment framework.

GEOGRAPHICAL LOCATION

Generally, Australia's states and territories (other international locations may be considered).

MAXIMUM AND MINIMUM LOAN AMOUNTS

The maximum and minimum Loan amounts will be assessed on a case by case basis, relative to the liquidity and existing commitments of the Fund.

VALUATION REQUIREMENTS

Valuations must not be more than 4 months old as at the date of approval of the original Loan and be updated:

- a. Every 12 months; or
- b. Within 2 months after the Finance and Development Team forms a view that a likelihood of a decrease in the value of security property may have caused a material breach of the Loan covenant.

LOAN ASSESSMENT FOR PROPERTY CONSTRUCTION LOANS

A detailed feasibility and appropriate due diligence will be performed during the assessment and approval stage for all development and construction loans.

This will include the calculation of LVRs at relevant times during the project as well as an independent valuer's report containing the property value on both an 'as if complete' and an 'as is' basis, generally accompanied by a quantity surveyor report of the estimated cost to complete the project.

LVR (LOAN-TO-VALUE RATIO)

The maximum LVR will depend on the type of Loan to be made, property used to secure the repayment of the Loan, and overall risk profile of the project. The LVR range is expected to be 60-80% per project.

LOAN TERM

The maximum Loan Term is anticipated to be 3 years, with a minimum Loan Term of 6 months.

PROFIT AS INTEREST AND PROCEEDS

Profit for the Fund is generally interest returned on a Loan, with the Interest Rate negotiated with the Borrower based on the expected return of the project and prevailing market interest rates.

Profit may also be negotiated as a percentage share of project proceeds.

LOAN RATE OF RETURN

It is intended the Rate of Return to the Fund for each Loan investment will be 10-12% per annum, however this may be varied depending on the relevant project requirements and anticipated return. The Rate of Return may include:

- a. Interest paid on a Loan
- b. Profit over and above the Interest Rate for the Loan (where applicable)
- c. Fees and costs paid by the Borrower
- d. Interest received on cash deposits
- e. Other income.

3.9 PROJECT OUTCOMES – ESG ASSESSMENT FRAMEWORK

Multiple definitions exist on what constitutes sustainability, with sustainability disclosure terminology broadly covering two main areas:

- Triple bottom line (TBL) reporting refers to an accounting framework which incorporates three dimensions namely social, environmental, as well as financial. Organisations adopt TBL reporting to evaluate their performance beyond a purely economic perspective to potentially create greater business value.
- ESG reporting refers to disclosures on environmental, social and governance risks and how companies are managing them, generally for business performance improvement.

The Fund will use an assessment framework based on Environmental, Social and Governance factors (ESG) for projects disclosing their sustainability profile and how they will meet certain criteria across environmental, social and governance concerns, drawn from best practice guidelines both in Australia and internationally. ESG reporting is commonly referred to for social impact assessment and is now widely used, especially by institutional investors as a tool for identifying investments with positive social and environmental outcomes. Significant assessment and accreditation resources are now available for ESG, including NABERS¹ and Green Star² in Australia, the internationally recognised and applied GRI³ and GRESB,⁴ and a range of ISO standards.

The Fund will not specifically benchmark each project against these recognised standards given some Developers, initially at least, are likely to be small to medium-sized development companies without any formal ESG accreditation, or the means to achieve it; rather, it will assess the objectives of the project against the Fund's ESG Assessment Framework to determine its positive, or negative, environmental and social impact. The framework provides for those Developers who have accreditation, or will apply for it for their project, so as to be included in the assessment, and for others may also eventually lead to or

encourage formal accreditation with one or more of the leading Australian providers.

The ESG Assessment Framework covers (but is not limited to):

1. Environmental criteria – a project's projected energy use, waste, pollution, natural resource conservation (including habitat and species), as well as environmental risks such as disposal of hazardous waste, management of toxic emissions (including carbon impact) and compliance to governmental regulations, where relevant.
2. Social criteria – working conditions, labour practices, health and safety, as well as engagement with local communities and achieving community outcomes.
3. Governance criteria – compliance to governmental regulations, how transparent a company's accounting methods are and, where relevant, areas such as bribery and corruption, executive pay, board diversity and structure, etc.

The application of the framework may increase costs for a project, although any increase is likely to be minimal. The Green Building Council Australia assessed 98 projects across office, education, industrial, residential, retail and public buildings and calculated the average cost of achieving Green Star ratings as a percentage of the project budget of between 1.1% for 4 Star and 2.6% for 6 Star, with the range being 0.3-6.0%.⁵

A summary of the ESG Assessment Framework criteria is provided in *Appendix II*. The Finance and Development Team will include this assessment in its overall recommendation to the Fund Manager on whether to fund the project.

It is expected that the ESG framework will be iterative, supporting the property sector by:

1. Building a comprehensive understanding of the needs of the sector, and small to medium-sized Developers in particular, in incorporating ESG outcomes in developments;
2. Identifying education opportunities for Developers on incorporating ESG outcomes;

1. NABERS: The National Australian Built Environment Rating System introduced in 2004, a program for energy, water, waste and indoor environment quality within the built environment.

2. Green Star is the assessment rating system of the Green Building Council Australia, a member organisation, for the sustainable design, construction and operation of buildings, fitouts and communities.

3. GRI: The Global Reporting Initiative is an international independent standards organisation that helps businesses, governments and other organisations understand and communicate their impacts on issues such as climate change, human rights and corruption.

4. GRESB is the leading ESG benchmark for real estate and infrastructure investments across the world. It defines the global standard for sustainability performance in real assets providing standardised and validated ESG data to more than 75 institutional investors, representing over USD18 trillion in institutional capital.

5. Green Building Council Australia report, Green Star in Focus: The Business Case, page 47.

3. Through funding, increase the capacity of Developers to reduce their footprint and account for ESG outcomes in their developments;
4. Deliver improved environmental and social outcomes for Australian communities.

3.10 RISK ANALYSIS

The Fund Manager will determine which Loans are suitable for investment based on the recommendations of the Finance and Development Team and having regard to the risk profile of each Loan. The following categories of risks are considered in the analysis and final investment decision:

- a. **Security risk** – the characteristics and geographic suitability of the proposed security property.
- b. **Borrower risk** – the suitability of the Borrower, including relevant project experience, current business activities and legal status; the size of the Loan, financials, project revenue and cash flow; the ability for the Borrower to refinance or exit the project.
- c. **Servicing risk** – the ability of the Borrower to meet Loan commitments for the project.
- d. **Market risk** – potential changes in the value of the project due to market and/or economic conditions, or potential negative impacts from changes in laws or government regulations or policy.
- e. **Development and/or construction risk** – potential unexpected escalation of development or construction costs; delays caused by third parties and defaults by potential purchasers or tenants.
- f. **Third party risk** – if the property is owned by a third party, or under a joint venture, and there is a risk of the project coming under dispute, how will this affect the terms of the Loan and the position of the Fund.
- g. **Exit risk** – at the Loan conclusion, the ability for the project to be liquidated, including saleability, end value of the asset/s, and the Borrower's ability to refinance the project in part or in full.
- h. **Impact risk** – potential negative social and environmental outcomes that may adversely affect the community or environment from the project.

3.11 PROPERTY INSURANCE

Prior to a Loan being made, written confirmation must be provided to the Fund Manager confirming that adequate and appropriate insurance relevant to the project is in place, and if relevant, that the interest of the Trust will be noted as an interested party on the relevant policies. Insurance coverage will be monitored on a regular basis.

3.12 DOCUMENTATION

Loan and Mortgage documentation will be prepared and reviewed by a legal firm experienced in mortgage finance, verification and validation requirements, who will also attend to settlement of the Loan.

3.13 REPAYMENT OF LOAN AND DISCHARGE OF BORROWER

When a Borrower is ready to discharge their Loan, the Fund Manager will instruct its legal firm to draft the required release documents, attend to settlement and in exchange for release documents, collect all amounts due including principal, interest and any other fees due.

3.14 LOAN MONITORING

MONITORING

After a Loan is made, the Finance and Development Team will provide regular reports to the Fund Manager in relation to individual Loan performance, including in respect of payment of interest and principal when required, whether the Borrower is observing their Loan covenants and conditions, and progress of the project against expectations.

DEFAULTS OR ARREARS

If a Borrower is late in paying interest or in meeting their repayment obligations, or is unable to do so, the Fund will pursue arrears and potentially enforcement. The Fund Manager will be responsible for this function, which will include the following:

- An attempt to contact the Borrower to remedy the default, including a breach notice.
- Issuing a notice of default if payments remain in arrears for 60 days.
- Instituting legal proceedings for possession of a Security Property if the Borrower fails to comply with the issued notices.

- Recovery through taking possession of the Security Property, if a possession order has been obtained, to sell the property and/or conduct building and improvement works, if appropriate.
- It should be noted that in certain circumstances of default the Borrower may indicate that it will be able to remedy the default within a reasonable period acceptable to the Fund Manager. In such cases, the Fund Manager may delay enforcement action and accept interest for the term of the default, as specified in the relevant Loan agreement.

The Fund Manager will seek to recover any enforcement action costs from the Borrower (including any fees incurred and interest).

3.15 DEFAULT TERMS

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

3.16 LOAN AMOUNTS

The Fund will lend between \$100,000 and \$20 million on any one Loan, with consideration to maintaining Loan diversification as per *Section 4 Loan Diversification*.

3.17 LOAN TERMS

The minimum Loan term is 6 months and the maximum Loan term is 36 months from the time of approval. All Loans may be extended subject to the approval of the Finance and Development Team.

3.18 INTEREST RATES

The interest rates charged to a particular Loan at any time reflects a balancing of economic conditions, interest rates charged by other mortgage providers, and the risks associated with the Borrower or the nature of the security provided.

3.19 CREDIT CONTRACT LOANS

The Fund does not make Loans that are in the nature of credit contracts regulated by the *National Consumer Credit Protection Act*.

3.20 BORROWING STRATEGY

The Fund may hold a loan facility to allow short term borrowings for the purpose of providing short term liquidity. The intention of such a facility is strictly to assist with liquidity management, in order to provide the Fund immediate access to cash. Holding a high proportion of cash has the potential to dilute returns to investors due to the low interest earnings from bank deposits. It is anticipated that the facility would be paid down from the repayment of Loans and/or new applications.

3.21 RELATED PARTY LOANS

The Fund may make Loans to Related Parties of the Fund Manager, at arms' length on commercial terms and closely monitored.



Proposed city-scape – Western Sydney, NSW



LOAN DIVERSIFICATION

- 4.1 Loans Able to be Advanced
- 4.2 Loans by Sectoral Spread
- 4.3 Loans by Geographic Region

4.1 LOANS ABLE TO BE ADVANCED

At the time of issue of this IM, proposed Loan opportunities are available to be considered for lending and these include:

PROJECT	DESCRIPTION	COST	DURATION
Brisbane	Renewable Energy, Refinancing	\$7,000,000	12-month term
Sunshine Coast	NDIS Scheme	\$10,000,000	24-month term
Sunshine Coast	Accessible Housing	\$5,000,000	12-month term
Ipswich	Affordable Housing, Refinancing	\$1,750,000	12-month term
Ipswich	Accessible Housing	\$550,000	12-month term
Regional Queensland	Sustainable Agriculture, Agri-Tech	\$10,000,000	36-month term
Western Sydney Project 1	Acquisition & DA	\$5,000,000	24-month term
Western Sydney Project 2	Acquisition & DA	\$5,000,000	24-month term
Tasmania	Residential Subdivision	\$1,000,000	12-month term

Please note that no funding arrangements have yet been made in respect of lending. Other opportunities will be assessed as they come available on a case-by-case basis.

4.2 LOANS BY SECTORAL SPREAD (PROPOSED)

SECTOR	GUIDELINE	PORTFOLIO LOAN %	LOAN VALUE	NUMBER OF LOANS
Residential/ Renewable Energy	30-60%	34%	\$15,300,000	12
NDIS/ Accessible	20-50%	22%	\$10,000,000	10
Retail/ Commercial	15-40%	0%	\$0	0
Land	20-50%	22%	\$10,000,000	2
Other	10-30%	22%	\$10,000,000	1
Cash on hand	5-20%	0%	N/A	N/A

Please note this is the sectoral spread of proposed Loan opportunities as at the time of the IM and does not include other opportunities that will be assessed once the Fund is subscribed.

4.3 LOANS BY GEOGRAPHIC REGION

REGION	VALUE	NUMBER OF LOANS
Queensland	\$34,300,000	19
New South Wales	\$10,000,000	2
Tasmania	\$1,000,000	4



Proposed mixed-use development – Noosa Junction, Queensland

5

FEES AND COSTS

- 5.1 Fund Management Costs
- 5.2 Other Management Costs
- 5.3 Borrower's Costs
- 5.4 Fee Changes
- 5.5 GST

5.1 FUND MANAGEMENT COSTS

The table below shows fees and other costs that may be charged against the value of an investment in the Fund. They exclude GST. These fees and costs may be deducted from Fund returns or from the assets of the managed investment scheme as a whole.

MANAGEMENT COSTS (FOR MANAGEMENT INVESTMENT IN THE FUND)	
Management Fee	1% per annum of the total funds under management
Withdrawal Fee	\$500 per withdrawal
Exit Fee	\$1,000 – the fee to close a Fund investment and finalise returns

Fees not charged:

- Establishment Fee
- Contribution Fee

5.2 OTHER MANAGEMENT COSTS

Other management costs include other expenses for the benefit of the Fund, which incorporate all relevant expenses and other costs involved in the day-to-day management of the Fund and deriving investment returns. These do not include abnormal expenses. The following expenses may be incurred and paid by the Fund:

- Custodian fees (if relevant);
- Accounting, audit and tax agent fees; and
- Investor communication, reporting and other Fund administration expenses.

While it is the intention of the Fund Manager for other management costs to be met from the management fees it earns and ongoing activities of the Fund (Loan returns), Investors should be aware that any amounts may still be payable out of the assets of the Fund, if required.

Abnormal costs that are not incurred on a day-to-day basis, such as amending the Trust Deed, the cost of producing any specific IM, the cost of litigation, and the like, may require recovery from the Fund. As these costs may vary or be unpredictable, the Fund cannot anticipate the amount of these costs on an annual basis; the Fund Manager will endeavour to keep any such costs to an absolute minimum.

5.3 BORROWER'S COSTS

The following fees and costs are paid by Borrowers to cover the operational and administrative work in managing their Loans. They exclude GST. These amounts paid by Borrowers are added onto the costs of each Loan. They may vary from time to time depending on Loan requirements.

TYPE OF FEE	AMOUNT	WHEN PAID
Legal Fees	\$5,000-15,000 est.	Variable cost depending on the Loan structure; usually capitalised to the Loan
Application Fee	0.5% of Loan amount	Capitalised to the Loan
Administration Fee	1.0% of Loan amount	Capitalised to the Loan
Site Inspection Fee	A fixed dollar amount	Paid at time of inspection, or pre-scheduled and capitalised to the Loan
Security Release Fee	A variable amount generally charged per security released	

5.4 FEE CHANGES

Fees and costs charged against the value of the Fund may change from time to time and the Fund Manager will provide Investors with supplementary information outlining any intended change in fees at least 30 days prior to any such fee imposition or increase.

5.5 GST

The Fund is registered for GST and will lodge BAS returns including any expenses incurring GST.



RISKS

- 6.1 Risks to Consider Before Investing
- 6.2 Borrower Risks
- 6.3 Property Value Assessment Risk
- 6.4 Developer Risk
- 6.5 Market Change Risk
- 6.6 Liquidity Risk
- 6.7 Priority Risk
- 6.8 Income Risk
- 6.9 Borrowing risk

All potential Investors should be aware that subscribing for an investment in the Fund involves various risks, like any other investment. There are a number of risk factors that could affect the performance of the Fund and the repayment of the original investment, from general economic risks to the specific risks associated with an individual Borrower or Security Property. Many risk factors fall outside of the Fund Manager's control and cannot be completely mitigated.

Further to the risks outlined in *Section 3.10*, this section identifies some of the major risks associated with an investment in the Fund and thus in mortgage investments generally. Prospective investors should read the whole of this IM carefully and in full in order to understand such risks. The considerations provided below generally apply to most investments and are intended as a guide only, not as an exhaustive list. Applicants to invest should make their own assessment of the risks based on their own independent legal, financial and taxation advice. The Fund Manager nor its associates do not guarantee any return of capital and interest income, or performance of the Fund.

6.1 RISKS TO CONSIDER BEFORE INVESTING

Capital risk – Unitholder investments in the Fund are not capital guaranteed. Should the Fund suffer a capital loss, such as a Borrower default, this may result in negative income and the Investor may suffer a capital loss.

Return risk – Returns on investments in the Fund are not guaranteed due to the potential volatility of income distributions to Investors, which is wholly dependent on the return that the Fund receives from its investments.

The Fund seeks to minimise fluctuations in Investor income distribution by balancing Loan amounts and terms and maintaining Loan diversification (see *Section 4 Loan Diversification*).

There is a risk that delays in making Loans from the Fund to Borrowers may dilute returns to Investors as higher cash holdings may contribute to lower overall returns.

6.2 BORROWER RISK

If a Borrower is an individual and becomes bankrupt, or dies, or if the Borrower is a company, and becomes insolvent or under external administration, then the Loan will go into default.

If the Loan goes into default, the payment of distributions related to that Loan will cease, and the recoverability of the payments will depend upon the money that can be realised from selling the Security Property and if necessary, pursuing the Borrower and any Guarantor.

Further, a Borrower may delay or stop payment on a Loan or default on the Loan. There is no guarantee nor warranty as to any protection from late payment and/or default, and as such Investors may suffer financial loss of both distribution returns and principal if the Security Property is sold for any less than the total amount owing on the Loan.

6.3 PROPERTY VALUE ASSESSMENT RISK

There is a risk that estimated property values or values provided by external valuers may not be accurate. If the estimated value or external valuer is wrong, then part or all of the Loan may be effectively unsecured (if secured

against a property). This means that in the event of default and the Security Property has to be sold, there may be a partial or total loss of an investment.

Further, there is always risk that the value of the Security Property falls and no longer represents the value as assessed prior to any default or foreclosure; this may diminish the amount of capital and outstanding distribution returns that can be repaid to Investors.

6.4 DEVELOPER RISK

If the Borrower is a Developer, there is risk regarding the Developer remaining solvent and completing the development during the term of the Loan. If the Developer becomes insolvent, or serious deficiencies are uncovered that require extensive rectification works before the property can be sold, then the Fund Manager may have to take control and complete the project or otherwise protect Investors' interests.

There are usually delays associated with such a situation, which may incur extra expenses to be recovered from the sale of the property. Any delays may increase holding costs, including interest costs for the outstanding Loan. These extra costs may erode the money that is finally recovered from the property sale, and this can cause loss of distribution returns and capital to Investors.

6.5 MARKET CHANGE RISK

There are several factors outside of the control of the Fund Manager which could affect returns on investment negatively, including a downward turn in the real estate market, change in legislation, changes to monetary policy, natural or man-made disasters in Australia or overseas.

Any negative change in property market sentiment during the construction of a project or the economy in general may affect distribution returns on an investment in the Fund.

6.6 LIQUIDITY RISK

Once an investment has been committed to the Fund, this investment will be illiquid. This means an Investor will only be able to withdraw their investment from the Fund either after the Minimum Holding Period (*Section 2.4 Minimum Holding Period*) or when liquidity allows from the repayment of Loans.

While Investors will generally not be able to withdraw their investment until the end of a Loan term, the Fund Manager will endeavour to find a replacement Investor to replace their investment, where possible; however, this is not guaranteed.

Further, because the underlying security is generally property, the ability of the Fund to quickly wind up a Borrower in default may be limited, and therefore in these circumstances there may be a delay of distribution returns and original capital.

6.7 PRIORITY RISK

If upon winding up a Loan in default there is a shortfall, the order of priority of repayment of recovered funds is detailed below. This might create a scenario where Investors share in a smaller percentage, or none, of the funds recovered. This is particularly relevant where the Loan is a second or third registered mortgage.

DISTRIBUTIONS WHEN THERE IS A SHORTFALL

Distributions to Investors are paid from the following sources:

- i. Prepaid interest;
- ii. Interest payments made by Borrowers;
- iii. Repayment of Loans by Borrowers;
- iv. The sale of Security Property;
- v. The pursuit of Guarantors and Borrowers, where necessary.

If from all viable sources, there are insufficient funds to:

1. Pay a prior ranking charge (for example a higher-ranking mortgage or Land Tax);
2. Pay all management costs and disbursements;
3. Pay Investors all their distribution returns and capital;

then the available monies will be applied in priority order of 1, 2 and then 3. This means there is a risk that Investors will suffer a shortfall on the payment of distribution returns and capital.

6.8 INCOME RISK

Income received from investments is dependent upon the ability of the Borrower to pay the interest payments as and when they fall due, and to repay the Loan principal on the due date for repayment. Any non-payment by the Borrower will result in not receiving a distribution return from that Loan until payment has been secured.

6.9 BORROWING RISK

Where relevant, unfavourable movements in interest rates may lead to increased interest expenses for any borrowings made by the Fund.

7

CORPORATE DIRECTORY

- 7.1 Who is Avestix?
- 7.2 Management and Governance
- 7.3 Parties to the Offer
- 7.4 Authorised Intermediary
- 7.5 Responsibilities of the Authorised Intermediary



7.1 WHO IS AVESTIX?

The Avestix Group is an ecosystem to nurture innovation and connect opportunities with capital to encourage the development of high-growth companies and the commercialisation of their innovation, while also ensuring we are caring for communities through positive social impact. Avestix aims to build sustainable funding pathways that meet the needs of both innovators and investors, solving systemic issues regarding access to finance.

Avestix provides a range of opportunities for investors through four entities – Avestix Capital, Avestix Equity, Avestix Social and Avestix Lab – and a portfolio of Avestix Funds.

Avestix Capital is dedicated to assisting the raising of investment capital and putting it in the hands of innovators growing their businesses through applying innovative technologies and market disruption or expansion. Avestix Capital has access to significant investment opportunities in property development, healthcare, managed funds and ESVCPLs.

Avestix Equity is a platform for the fractionalisation of property ownership using Blockchain technology. The world is moving to the digitisation of assets and Avestix Equity is at the forefront of this innovation. Fractional ownership represents a new way for Australians to invest in property, providing an opportunity to build wealth through the long-term ownership of a large real estate portfolio.

Avestix Social is a revolutionary model for large-scale capital investment in the profit-for-purpose sector, including non-government organisations, charities and social enterprises. Social impact and the subsequent benefits to community wellbeing are becoming recognised as significant drivers in our future economy. Avestix Social is developing solutions that will provide increased investment in social impact and contribute to societal change.

Avestix Lab is an agile innovation hub for new and emerging businesses in South East Queensland offering coworking, collaboration, mentoring, market access and potential early stage capital funding. Avestix Lab is fostering an organic ecosystem of innovation, shared learning, growth and expansion for its participants applying market solutions in AI, Big Data, IoT and Distributed Ledger technologies across multiple industries.

7.2 MANAGEMENT AND GOVERNANCE

7.2.1 EXECUTIVE TEAM – AVESTIX GROUP



SUSANNA LINDEQUE

BCompt Hons, CA ANZ
FOUNDER AND CEO

Susanna (Susan) is the Founder and CEO of the Avestix Group and Linzen Property Group. She is responsible for overall strategic direction and management, project identification and capital investment for both Groups.

Susan is a registered Chartered Accountant and Real Estate Agent with more than 25 years of successful commercial and financial experience. She has held positions as Chief Financial Officer and Financial Director for various international corporations, where she has managed numerous billion-dollar projects. Her strong negotiation skills and extensive expertise allow her to recognise market trends, demands and conditions to accurately predict project outcomes.



SELAR HENDERSON

GENERAL MANAGER

As General Manager of Avestix Group, Selar's role is to support all Group activities, including leading the expansion of the Brisbane-based Avestix Lab, a technology and new business accelerator with a focus on national and global markets.

Selar is also leading the implementation of a revolutionary model for large-scale capital investment in the profit-for-purpose sector, effectively introducing investors to the sector for the first time and potentially providing substantial increased investment in social impact. Selar has spent nearly 20 years working in and supporting the profit-for-purpose sector in community development, fundraising, strategy and governance across Australia and New Zealand.



CHARLES KU

BeComm Accounting, CA ANZ
GROUP FINANCIAL MANAGER

As Group Financial Manager, Charles is responsible for the management of the financial affairs of Avestix Group. Charles is a qualified Chartered Accountant with an 18-year career in assurance, financial and management accounting, treasury management, information system management and compliance across a diverse range of industries including Government, manufacturing, logistics, not-for-profit and financial services. Charles is passionate about adding business value through engineering process improvement and navigating transitions.

As part of the Executive Team, Charles aims to balance strong financial controls with operational efficiency to support the company's growth and achievement of profitability.



MARIANELLA PICON

BArch, BDes, GradDip Bus,
MMktComms
MARKETING MANAGER

As the Marketing Manager for Avestix Group, Marianella (Nella) is focused on creating impactful marketing and sales strategies while reducing barriers to entry into new markets and technologies. Her role is to strengthen and enable the Avestix Group to become leaders in their field and support operational frameworks for exponential growth. She is responsible for overall marketing direction, integrating efforts with the business development team.

Nella has over fifteen years of experience with an in-depth range of skills in marketing, business development and architecture, including strategic and operational marketing, art direction, branding, project management and more.



7.2.2 ADVISORY COUNCIL – AVESTIX GROUP

The Advisory Council provides strategic advice to the Avestix Group of companies.

MATTHEW SMITH

Matthew (Matt) is a Partner at Prime Financial – Integrated Accounting and Business Advisory, Wealth Management and Capital. Formerly a Partner at Altezza Partners (Altezza merged their practice with Prime to establish Prime's Brisbane presence), and previous to that Business Advisory Senior Manager with another Top 10 Brisbane practice. He has a Bachelor of Commerce and Business Management from the University of Queensland.

Matt is a trusted advisor to many fast-growing technology and research companies. A Certified Practising Accountant with close to 20 years' experience assisting organisations that have research, development and commercialisation at the core of their business. Matt's skills are applied to boost cashflow, continue growth and meet R&D and commercialisation objectives. Matt has a strong strategic mind and has acted in a board advisory capacity for a portfolio of emerging high growth Australian companies.

ADRIAN MCELLIGOTT

Adrian is a creative, problem solving, innovative inventor/entrepreneur. He is the CEO/CTO and Co-founder of Geobytes, Inc and is the creator of all of Geobyte's unique technology, including their patented anti-spam technology. He has presented papers at numerous conferences in both Australia and the United States. Additionally, he is responsible for all direction and vision for Geobytes, Inc.

Adrian has over 30 years experience in technology start-ups, with extensive experience in telecommunications and software development. He is a solution driver and strives to identify win-win relationships through the pursuit of excellence in trade and customer service.

STEPHEN PRONK

Stephen is the Founder and former CEO of Aim Lab and has been the Chairman and Director for many years. Since 1979, Aim Lab has designed, manufactured and distributed laboratory automation equipment for the global pathology and analytical laboratory market, exporting to over 100 nations. Aim Lab Automation Technologies is an award-winning designer and manufacturer of innovative robotic automation instrumentation and modules used in pathology and scientific laboratories, making the processing of large numbers of samples easier through laboratory automation.

Stephen has completed the Masters of Entrepreneurship from the University of Otago as well as qualifications in Management and Electrical Engineering from the University of Queensland and Wellington Polytechnic. He is an investor, advisor, mentor and highly supportive of the start-up ecosystem, environmental and social good.

LOUIS DE BEER

Louis is the legal Practice Director of NXT Legal & Compliance, which specialises in financial services, property law and HR. He holds degrees in commerce and law and is a graduate of the Australian Institute of Company Directors and has been a CEO and CFO in the areas of broadcast media, logistics and technology.

He is passionate about SmartContract and the 'post blockchain' animation of legal services (including FinTech and RegTech) and legislation. With almost 30 years' experience working in law, accounting and senior management, he understands how to assist organisations with developing their approach to the new technology age.

7.3 PARTIES TO THE OFFER

AUTHORISED INTERMEDIARY

Wholesale Funds Management Pty Ltd
ACN 612 005 928
AFSL 487419

4A / 26 Redland Bay Road
PO BOX 1753
Capalaba, 4157
Queensland, Australia

P: 1300 425 594

W: www.wholesalefunds.com.au

FUND

Avestix Impact Property Holdings Pty Ltd
ACN 642 339 893 acting for the Avestix Impact
Property Fund

FUND MANAGER AND TRUSTEE

Avestix Impact Property Holdings Pty Ltd
ACN 642 339 893

7.4 AUTHORISED INTERMEDIARY

Wholesale Funds Management Pty Ltd AFSL 487419 (WFM) is the Authorised Intermediary appointed by the Fund Manager under Section 911A(2)(b) of the Act. WFM is responsible for making offers to Eligible Investors and arranging for the issue of Units on behalf of the Fund Manager under this IM pursuant to its Australian Financial Services Licence (AFSL).

WFM will only make offers to a person if it is satisfied on reasonable grounds that the person to whom the Offer is made is an Eligible Investor. Prospective Investors will be required to provide to WFM a declaration that they qualify as an Eligible Investor.

WFM is not the issuer of, and has not prepared, this IM. WFM makes no representation in, and to the maximum extent permitted by law, takes no responsibility for the accuracy or truth of any statement in, or omission from, any part of this IM.

WFM has held its AFSL since 2017 and is licenced to promote a range of offers to Wholesale Investors. It operates a boutique funds management business specialising in mortgage lending, property development enterprises, venture capital, and alternative investments. The WFM management team come from corporate, banking, accounting, and legal backgrounds, with extensive experience in financial services, property acquisitions, investment fund and mortgage management, compliance and managed investment schemes. More information about WFM can be found at www.wholesalefunds.com.au.

7.5 RESPONSIBILITIES OF THE AUTHORISED INTERMEDIARY

As the Authorised Intermediary, WFM is responsible for:

1. Distributing to persons or entities in Australia that qualify as Eligible Investors copies of the IM directly or through WFM's Authorised Representatives (if appointed);
2. Receiving the Application Forms from Eligible Investors;
3. Receiving Application Money in designated bank accounts under its control;
4. Providing to the Fund Manager a list of Eligible Investors and the number of Units subscribed for;
5. Notifying the Fund Manager once the Minimum Subscription Amount has been achieved, if relevant;
6. Arranging for the Fund Manager to issue the Units to relevant Eligible Investors;
7. Upon notification by the Fund Manager that all contracts and other documents are in order as set out in the IM, transferring the Application Monies to the Fund; and
8. Closing the bank accounts and finalising any outstanding matters with the Fund Manager.



ADDITIONAL INFORMATION

- 8.1** Consents of Named Parties
- 8.2** Privacy Policy
- 8.3** Summary of Material Documents
- 8.4** Unit Pricing Policy
- 8.5** Disclosure of Interests and Related Party Transactions
- 8.6** Conflicting Investor Interests
- 8.7** Change of Trustee
- 8.8** Taxation
- 8.9** Anti-Money Laundering Law
- 8.10** Common Reporting Standard
- 8.11** Indemnity

8.1 CONSENTS OF NAMED PARTIES

Each of the following persons or firms has given, and has not withdrawn before issue of the IM, its consent to the issue of the IM with either a reference to them, or with any statements which may have been made by them included in the form, and context in which they are included. None of these persons or firms are responsible for the issue of the IM, nor are they responsible for any particular part of it other than as specified below:

Wholesale Funds Management Pty Ltd – has consented to be named in this IM in relation to the proposed provision of services as outlined in *Section 7.4* and *7.5* of this IM.

Avestix Impact Property Holdings Pty Ltd – is the issuer of this IM and has consented to be named in this IM in relation to the proposed provision of investment services as the Fund Manager – including preparation of Business Activity Statements, Financial Statements, Income Tax Returns and provision of future professional advice related to activities of the Fund.

Avestix Capital Pty Ltd – has consented to be named as Referrer on behalf of the Avestix Impact Property Fund.

8.2 PRIVACY POLICY

By enquiring and/or applying to invest in the Fund, the Investor consents to information about them being used by the Fund Manager for the purposes for which it was provided, i.e. the provision of investment services by the Fund Manager. The Fund Manager is committed to protecting the privacy of Investors and prospective Investors, and the Privacy Policy broadly outlines what

information is collected, how it is stored, used and disclosed. A copy of the Privacy Policy is available upon request, or from the Avestix website, www.avestix.com.

Information about each Applicant provided on an Application Form is collected for the purpose of processing the Application and, if the Application is successful, to administer the Applicant's investment.

By submitting an Application Form, each Applicant agrees that the Fund Manager and the Authorised Intermediary may use the information provided by an Applicant on the Application Form for the purposes set out in the IM – and may disclose it for those purposes – to the Unit Registry, related bodies corporate, regulatory authorities such as the Australian Taxation Office or the Australian Transactions Reports and Analysis Centre, and third party service providers.

If information is not provided as required on the Application Form, the Authorised Intermediary may not be able to accept or process an Application. An Applicant has a right to gain access to the information that the Fund Manager or the Authorised Intermediary holds, subject to certain exemptions under law, by contacting the Fund Manager directly on investments@avestix.com.

8.3 SUMMARY OF MATERIAL DOCUMENTS

The following is a summary of material documents relevant to the Fund. An Investor should consider whether it is necessary to obtain independent advice on any of these documents.

CONSTITUTION

The Constitution is the primary document governing the relationship between Investors and the Trustee. It contains extensive provisions about the legal obligations, rights and powers of the parties. The Constitution provides for the issue of different classes of Units. The terms of those classes are set out in the Constitution and the terms of issue for the relevant class of Units. The Constitution contains provisions about convening and conducting meetings of Investors.

A copy of the Constitution is available free of charge by emailing the Fund Manager on investments@avestix.com.

8.4 UNIT PRICING POLICY

The Fund Manager has a Unit pricing policy which provides that each mortgage investment will be valued at cost, unless the Fund Manager considers that the particular mortgage investment has changed in value. Therefore, every Unit issued will initially be valued at \$1.00 and every dollar invested will buy one (1) Unit in the Fund.

8.5 DISCLOSURE OF INTERESTS AND RELATED PARTY TRANSACTIONS

The Fund Manager, its Directors, Officers and associates may from time to time enter into transactions with related entities. All transactions will be effected at market rates or at no charge to the Fund.

The Fund Manager, its Directors, Officers, associates and related entities may subscribe for and subsequently hold interests in the Fund. In order to secure a Loan while the Fund Manager is waiting to receive sufficient applications to fund the Loan, there is the potential that some or all of a Loan amount may be initially funded by the Fund Manager (in its own capacity) or persons or entities associated with the Fund Manager. Such funding may occur directly with the Borrower.

8.6 CONFLICTING INVESTOR INTERESTS

The Fund Manager will consider the investment and tax objectives of the Fund and its Investors as a whole, not the investment, tax or other objectives, of any Investor individually.

8.7 CHANGE OF TRUSTEE

A change of Trustee for the Fund requires Investors to pass an extraordinary resolution to give effect to the replacement. An extraordinary resolution must be passed by at least 75% of the total votes that may be cast by Investors entitled to vote (including Investors who are not present in person or by proxy).

8.8 TAXATION

Investing in this Fund is likely to have tax consequences, and an investor may need to pay tax in relation to their investment in the Fund. Tax liability ultimately depends on an individual's circumstances. An Investor should seek professional advice before investing or dealing with the investment.

In general, it is expected that the Fund will be an Australian resident for tax purposes and will not pay tax on behalf of Investors. Investors will be sent all the information needed each year to complete their tax return and to pay tax, if any, on their Distributions from the Fund.

WITHHOLDING TAX (NON-RESIDENT INVESTORS)

Payments to non-resident investors will be subject to Australian Tax law. Australian withholding tax of at least 10% will apply in most cases to any distributions made to non-resident investors which will be deducted at the time of payment.

8.9 ANTI-MONEY LAUNDERING LAW

The *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* and associated rules and regulations require the Authorised Intermediary to verify the identity of the Applicant and any underlying beneficial owner of Units in the Fund before accepting the Application. Units in the Fund will not be issued unless satisfactory identification documents are provided.

8.10 COMMON REPORTING STANDARD (CRS)

CRS is the single global standard set by the Organisation for Economic Co-operation and Development (OECD) for the automatic exchange of information with revenue authorities for tax non-residents that invest in certain financial accounts. The standard covers both the identification of tax non-residents and reporting on the applicable financial accounts. The Fund Manager will be a 'Reporting Financial Institution' under CRS and intends to comply with CRS obligations under any relevant Australia 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).

8.11 INDEMNITY

The Fund Manager, to the extent permitted by law, indemnifies every person who is an officer, auditor or advisor of the Fund Manager, including the Authorised Intermediary and related parties, for all losses or liabilities incurred by the person as an officer, auditor or advisor of the Fund or Fund Manager or of a related body corporate including, but not limited to, liability for negligence or for reasonable costs and expenses, incurred in defending civil or criminal proceedings in which the person is acquitted or judgement is given in favour of the person or in connection with an application, in relation to such proceedings in which the Court grants relief to the person under the Act.



Proposed apartment development – Brisbane, Queensland



HOW TO INVEST

- 9.1** Consultation
- 9.2** Allotment Policy and Issue of Units
- 9.3** Receipt of Applications
- 9.4** Applications Are Binding
- 9.5** Applications to Invest
- 9.6** Our Responsibility to You

9.1 CONSULTATION

Particular attention should be given to the risk factors detailed in *Section 6 Risks* of this IM, and the risks considered in light of each Investor's investment situation. Where appropriate, Investors should consult a financial, taxation or other professional advisor before deciding whether to invest in the Fund. Other considerations for the Investor are provided throughout this IM, including in this section.

9.2 ALLOTMENT POLICY AND ISSUE OF UNITS

No priority will be given to any application for Units. The Authorised Intermediary has the right to reject any application for Units in whole or in part. Where an application is rejected, or the number of Units issued is less than the number applied for, the surplus Application Monies will be refunded to the Applicant.

9.3 RECEIPT OF APPLICATIONS

The Authorised Intermediary will cause all Application Monies to be held in designated bank accounts controlled by the Authorised Intermediary and will issue Units based on the Authority provided by the Fund Manager. The Authorised Intermediary will issue Units in the Fund on behalf of the Fund Manager as Application Monies are received. If the Offer does not proceed or excess Application Monies are received, some or all Units may be cancelled, and Application Monies returned to Investors.

9.4 APPLICATIONS ARE BINDING

A completed and lodged electronic Application Form, together with the Application Monies for the number of Units applied for, cannot be withdrawn and constitutes a binding application for the number of Units or the amount specified in the Application Form on the terms set out in this IM. The Application Form does not need to be signed to be binding.

9.5 APPLICATIONS TO INVEST

For an Application to be considered, it must be completed online. An Investor can complete the Application Form by a simple and secure online application process via Olivia123.com¹. This includes ID verification and electronic execution, and once submitted can be processed immediately by Wholesale Funds Management, the Authorised Intermediary. The process is as follows:

1. Applications for Units can only be made via the online link on this page.
2. Intending Investors will also be required to complete a declaration provided by the Authorised Intermediary confirming their status as an Eligible Investor under Section 708(10) of the Act.
3. The Authorised Intermediary will cause all Application Monies to be held in designated bank accounts controlled by the Authorised Intermediary and will issue Units based on the Authority provided by the Fund Manager as Application Monies are received. If the Offer does not proceed, or is oversubscribed, some or all Units may be cancelled and Application Monies returned to investors.

1. www.olivia123.com/avestix-capital-pty-ltd/avestix-impact-property-fund.php

Access the Application Form by clicking the button below.

START YOUR ONLINE APPLICATION¹

NEED HELP?

This IM contains important information and Investors should read it carefully and in its entirety, and if required, obtain independent legal and financial advice.

If you need help with investing generally, then speak to a licensed financial adviser. ASIC can help you check if an adviser is licensed through their website: www.asic.gov.au.

If you have questions about this Fund, speak to your financial adviser, or call us on 1300 766 261.

9.6 OUR RESPONSIBILITY TO YOU

The Trust Deed establishing the Fund is dated 3 July 2020 and together with this document, your Application Form and the law, it governs our relationship with you.

The Trust Deed deals with a wide range of matters, including:

- Application procedures;
- Your entitlements on winding up: after all of the Fund's expenses (including our fees and other amounts due to us out of the Fund's assets) are paid, Unitholders will be paid their pro rata entitlements to the remaining amount;
- Complaints;
- The nature of your interest in the Fund;
- Income entitlements: Unitholders have a pro rata entitlement to the distributable amount of the Fund in each distribution period;
- Issues and redemptions of Units;
- Transfers of units: in general Units are freely transferable;
- Our powers;
- Investor meetings: meetings will be held in accordance with the *Corporations Act* and the Fund's Constitution. On a show of hands, each Unitholder will have one vote. On a poll, each Unitholder will have one vote per dollar value of their Unit holding;
- Limits on our liability and our rights of indemnity;
- Limits on Investor liability: subject to the Trust Deed and the law, no Unitholder will be personally liable for any liability of or incurred by the Fund; and
- Our fees and right to be reimbursed for expenses.

CONTACT AVESTIX

143 Wickham Street
Fortitude Valley, 4006
Queensland, Australia
P: 1300 766 261

PO BOX 1550
North Lakes, 4509
Queensland, Australia

E: investments@avestix.com

W: avestix.com

1. www.olivia123.com/avestix-capital-pty-ltd/avestix-impact-property-fund.php

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GLOSSARY

Where the following terms are used in this IM they have the following meanings:

TERM	DESCRIPTION
Accountant's Declaration	A declaration from an Investor's accountant that they are an Eligible Investor
Advisory Council	Advisors to the Avestix Group
AFSL	Australian Financial Services Licence
Applicant	The potential Investor of the Fund that meets Eligibility criteria
Application Form	A valid application for Units under the Offer
Application Monies	The dollar amount received which accompanies an Application Form
ASIC	The Australian Securities and Investments Commission is an independent Australian government body that acts as Australia's corporate regulator
ATO	The Australian Taxation Office
AUD or \$	Means one Australian dollar
Authorised Intermediary	The AFSL holder, Wholesale Funds Management Pty Ltd ACN 612 005 928 AFSL 487419, in its capacity as Authorised Intermediary of the Offer
Avestix Impact Property Fund	The Fund on offer to Investors
Borrower	Person or entity borrowing funds for the purposes of a property-related project or development
Cash Units	A class of Units issued to Investors
Change Request Form	A form providing instructions from the Investor to the Fund for a change in payment of distributions
Company Directory	Avestix Group company information
Compliance Policy	Policies, rules and laws to comply to as defined by financial industry codes of conduct
Corporate Governance	The system of policies, processes and rules that direct and control a business's behaviour
CRS	Common Reporting Standard, being the single global standard set by the OECD for the automatic exchange of information with revenue authorities for tax non-residents

TERM	DESCRIPTION
DA	Development Approval
Developer	Person or entity generally undertaking a property-related development
Eligible Investors	Eligible Investors, persons or entities that meet the criteria set out in Sections 708(1), 708(8) and 708(10) of the <i>Corporations Act</i>
ESG	Environmental, Social and Governance factors included in project assessment
Fund	The Avestix Impact Property Fund Unit Trust
Fund Manager	Avestix Impact Property Holdings Pty Ltd ACN 642 339 893
GAV	Gross Asset Value
General Security Deed	A deed of security held over an asset; also General Security Agreement or GSA
GST	Goods and Services Tax
IM	This Information Memorandum and document, or any supplementary or replacement Information Memorandum or other disclosure document, issued by the Fund Manager
Loan	A loan facility advanced by the Fund to a Borrower for the purposes of a property-related development project, secured primarily by a deed over a Security Property
LVR	The 'loan to value ratio' which is a measure of the amount of the Loan advanced to the value of any security granted in respect of the Loan
MyStake Asset Registry	A register of Investors in the Fund
OECD	Organisation for Economic Co-operation and Development
Offer	The investment Offer for the Avestix Impact Property Fund
Olivia123	An online provider for the receipt and processing of Application Forms under this Offer
Product Disclosure Statement	A document to disclose key information to help consumers make an informed decision about purchasing a financial product, lodged with ASIC
Project Units	A class of Units referable to a pool of mortgage investments and allocated cash assets of the Fund
Redemption	Partial or full withdrawal from the Fund by an Investor
Referrer	Avestix Capital, which refers Investors to the Fund Manager
Security Property	Asset held as security for a Loan, usually a project property
Subscription	The Application Monies in whole or in part that is made for the issue of Units
The Act	The <i>Corporations Act</i> 2001 (Cth) as amended, consolidated or replaced
The Anti-Money Laundering and Counter-Terrorism Financing Rules	The <i>Anti-Money Laundering and Counter-Terrorism Financing Act</i> 2006 aims to prevent money laundering and the financing of terrorism by imposing a number of obligations on the financial sector
Trust Deed	The Trust Deed is a legal instrument which is used to create a security interest in the Fund
Unit	The issue of a Unit in the Fund
Unitholder	The holder of Units in the Fund

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APPENDICES

- I. Investor Definitions
- II. ESG Assessment Framework

I. INVESTOR DEFINITIONS

INVESTOR DEFINITIONS

Only Eligible Investors under section 761G or 761GA of the *Corporations Act 2001* (Cth) (the Act) or others to whom a Product Disclosure Statement is not required to be given pursuant to the Act at the discretion of the Authorised Intermediary, will be accepted. The definitions for Eligible Investors are provided below.

EXPERIENCED INVESTORS

Where the Authorised Intermediary is satisfied on reasonable grounds that the person to whom the offer is being made has previous experience in investing in similar investments that allows them to assess:

- The merits of the offer;
- The value of the underlying security;
- The risks involved in accepting the offer;
- Their own information needs; or
- The adequacy of the information given by the person making the offer.

The Authorised Intermediary has assessment criteria in place that allows them to assess whether an investor can be accepted as an Experienced Investor.

SOPHISTICATED INVESTORS

The person or entity invests \$500,000 or more; or

A qualified accountant certifies a person or entity has:

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

PROFESSIONAL INVESTORS

A person or entity who is:

- An Australian financial services licensee;
- A body regulated by APRA outside of superannuation;
- A body registered under the *Financial Corporations Act 1974*;
- Trustees of superannuation funds, approved deposit funds, pooled superannuation trusts and public sector superannuation schemes under the *Superannuation Industry (Supervision) Act 1993* with net assets of at least \$10million;
- A listed entity; or
- Controlling at least \$10million gross assets.

II. ESG ASSESSMENT FRAMEWORK

The Avestix Impact Property Fund Project Outcomes – ESG Assessment Framework is a detailed assessment of the Environmental, Social and Governance (ESG) factors incorporated into the design of a project proposal presented to the Fund for possible funding. Headings for the framework are provided in this appendix; a full copy, including sub-headings and detailed assessment questions, and the reference guide are available upon request.

AVESTIX IMPACT PROPERTY FUND PROJECT OUTCOMES

The ESG Assessment Framework incorporates best practice Australian and international standards for property development to evaluate Environmental, Social and Governance (ESG) outcomes in property-related projects. The ESG Assessment Framework evaluates each project against nine (9) aspects within the framework, including information on performance indicators such as renewable energy and efficiency, waste, water, community engagement and outcomes, compliance and transparency. It is developed to foster innovation and sustainability practices within the property sector and is expected to support the sector by:

Building a comprehensive understanding of the needs of the sector, and small to medium-sized Developers in particular, in incorporating ESG outcomes in developments;

- Identifying education opportunities for Developers on incorporating ESG outcomes;
- Through funding, increase the capacity of Developers to reduce their footprint and account for ESG outcomes in their developments;
- Deliver improved environmental and social outcomes for Australian communities.

The Avestix Impact Property Fund does not require projects to meet all aspects of the ESG Assessment Framework; however, it recommends that Developers incorporate as many of the policies, strategies and measurable actions indicated as possible. Where aspects are not able to be met or have not previously been considered, it is recommended that the Developer identifies actions they can take to improve ESG performance in later developments. Subsequent applications by the same Developer may be assessed against previous applications; ongoing improvements will be encouraged.

The framework may benefit Developers by:

- Helping build comparative business intelligence on where they stand against their peers within the industry;
- Informing a roadmap of ongoing action to improve their ESG performance;
- Communicating the benefits and advantages of purchasing products that incorporate ESG to their customers.

The Assessment Framework will also enable constructive reporting back to the Avestix Impact Property Fund on the ESG risks and opportunities of project investment, social impact achievements of projects the Fund has invested in, and the ongoing benefits to the community of an increasingly sustainable sector.

ESG ASSESSMENT FRAMEWORK

1.0 GENERAL

- 1.1 Is the Developer a member of any ESG-related associations or have any related accreditations?
- 1.2 Does the Developer have specific ESG objectives for the project proposal?
- 1.3 Does the Developer have dedicated personnel (including consultants) for implementing and overseeing the ESG objectives for this project?
- 1.4 Does the Developer intend to disclose its ESG objectives for this project, and in what format?
- 1.5 Does the Developer intend to have its ESG disclosure for this project reviewed by a third-party?
- 1.6 Does the Developer apply an Environmental Management System (EMS) to its development activities?
- 1.7 Does the Developer include ESG-specific requirements for sustainable procurement practices?
- 1.8 Has the Developer, or related party, been involved in any ESG-related misconduct, penalties, incidents or accidents in the reporting year?

2.0 PROJECT OBJECTIVES

2.1 Does the project proposal include any of the following ESG objectives?

- Environmental objectives
- Social objectives
- Governance objectives

2.2 Does the project proposal include sustainable site selection criteria?

2.3 Does the project proposal have sustainable site design and/or development requirements?

3.0 COMMUNITY IMPACT AND ENGAGEMENT

3.1 Does the Developer include assessment of the potential socio-economic impact of its project on the community as part of planning and pre-construction?

3.2 Does the project include a systematic process to monitor the impact of its activities on the local community during different stages of the project?

4.0 HEALTH, SAFETY AND WELLBEING

4.1 Does the Developer promote occupant health and wellbeing in its project?

4.2 Does the Developer promote on-site safety during the construction phase of its project?

5.0 MATERIALS AND CONSTRUCTION

5.1 Does the project require that the environmental and health attributes of building materials be considered for use?

5.2 Is the project aligned with green building rating standards?

5.3 Does the Developer's project portfolio include projects that obtained or are registered to obtain a green building certificate?

6.0 ENERGY EFFICIENCY

6.1 Does the project incorporate on-site renewable energy in the design?

6.2 Does the project include minimum energy efficiency requirements?

6.3 Does the project incorporate operational energy efficiency monitoring?

7.0 WATER CONSERVATION AND WASTE MANAGEMENT

7.1 Does the project promote water conservation?

7.2 Does the project incorporate operational water efficiency monitoring?

7.3 Does the project promote efficient on-site solid waste management, including both hazardous and non-hazardous wastes?



Avestix is a group of companies nurturing innovation and connecting opportunities with capital, dedicated to fostering a growing network of collaborators across the national and global innovation, research and development space.

Avestix is shaping the future by creating pathways for innovative products using Artificial Intelligence, Internet of Things and Blockchain, to access capital investment and global markets across multiple sectors.

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