

Briars Monthly Income Fund Information Memorandum

Briars Monthly Income Fund aims to deliver to Investors regular monthly returns by investing in a pool of first mortgages secured by Australian Real Property

Target Return *

7.00% p.a.
Paid Monthly

* This is a target and not a guaranteed return. It is after deduction of all fees and costs and before taxation. Distributions may be less or more than the target return.

The Fund seeks to ensure:

- » first registered Mortgages over residential property comprise not less than approximately 70% of the pool of Mortgages
- » a weighted average Loan to Valuation ratio in respect of the Mortgages not exceeding 70%

Trustee and Manager: Briars Funds Management Pty Limited ACN 616 499 891 | AFSL 514171

briarsfundsmanagement.com.au

Information Memorandum dated 10 November 2020

Important Notice: Information is current as at the date of issue of this Information Memorandum and is subject to change. The information provided does not take into account your objectives, financial situation or needs. The returns and financial outcomes are not guaranteed by the Trustee and Manager, its staff, any of the Directors or by any other person. They are based on certain assumptions that may not prove to be correct. You should consider whether this investment is appropriate for you in your circumstances. We recommend you seek independent legal and financial advice before you make an investment in this Fund. Briars Funds Management Pty Limited ACN 616 499 891.

Dear Investor,

Briars Funds Management is pleased to invite you to participate in the Briars Monthly Income Fund.

The Fund is an unlisted, unregistered pooled mortgage investment scheme offering Wholesale Investors attractive returns from investments in loans secured by first mortgages over Australian residential real estate or commercial property.

The Fund aims to provide Investors a regular, monthly distribution based on the net returns from a range of loans and cash held in the Fund.

In considering the Briars Monthly Income Fund for potential inclusion in your investment portfolio, we recommend that you read the Information Memorandum in full.

The Information Memorandum is designed to help you understand and assess the potential risks and benefits involved in an investment in the Fund.

If you would like to discuss this opportunity with one of the Directors of Briars you can call **1800 870 550** or simply email **info@briarsfundsmanagement.com.au**.

You may also access further information about the Fund and the Directors' backgrounds on our website **www.briarsfundsmanagement.com.au**.

We look forward to discussing this opportunity with you.

Best regards,



Peter Arnold
Managing Director

Briars Monthly Income Fund

“The Snapshot”

Briars Monthly Income Fund (“Fund”) seeks to deliver Investors regular monthly distributions by investing in a pool of Australian Real Property Mortgages.

As at the date of this Information Memorandum (“IM”), the Fund lends only on first Mortgage Security over Australian Real Estate. It seeks to ensure that:

- » loans secured over residential property comprise not less than 70% of the pool of Mortgages (with a maximum Loan to Valuation Ratio of 75%);
- » loans secured over commercial property comprise not more than 30% of the pool of Mortgages (with a maximum Loan to Valuation Ratio of 65%); and
- » the maximum weighted average Loan to Valuation Ratio for the Fund does not exceed 70%.

Returns paid on investments are determined on the basis of the net income from the Borrowers and expenses from the Fund.

Investor Benefits:

- » Monthly distributions of net income.
- » As part of the credit criteria all loans are secured by Mortgages over Australian Real Property.
- » Briars Monthly Income Fund provides Investors with an alternate asset class.
- » As a pooled mortgage fund, the Fund provides Investors with a spread of risk.

About Us:

The Directors of Briars have in excess of 30 years’ Funds Management experience having previously held Senior Management roles and Board positions in some of Australia’s leading Fund Management organisations.

The GAP Business Lending team has substantial experience in assessing lending opportunities and managing loan portfolios so as to maximise the returns to Investors.

Briars prides itself on its rigorous and disciplined compliance and governance processes that should place it in a position to deliver on the Fund’s objectives to provide regular long term income streams for its Investors.



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01

Executive Summary & Key Features of the Fund



Executive Summary & Key Features of the Fund

Briars Monthly Income Fund		Further Details
Trustee and Manager	Briars Funds Management Pty Ltd ACN 616 499 891, AFSL 514171	Section 3, Page 17
Investor Profile	Wholesale Investors under the Corporations Act. They can include; » Individuals; » Superannuation funds; » Retirees and pension funds; » Trustees; » Institutions; or » Charities and foundations.	Section 2, Page 12
Minimum Investment	Generally \$50,000. The Manager has a discretion to accept a lesser amount or to increase this at any time.	Section 2, Page 12
Unit application price	All units are issued at a price of \$1.00 per unit.	Section 2, Page 12
Investment Term	An investment in the Briars Monthly Income Fund should be considered a long term investment. Minimum 3 months term with 3 months' notice thereafter and is subject to the withdrawal provisions set out in this IM.	Section 2, Page 14
Unit withdrawal price	All units are withdrawn at a withdrawal price of \$1.00 per unit.	Section 2, Page 14
Targeted Income Returns	Distributions are targeted to be 7.00% p.a. commencing 14 days after acceptance of the application, adjusted to the next distribution date. Distributions at this rate are not guaranteed and are dependent on receipt of interest from Borrowers.	Section 2, Page 9
Income Distribution	Income generally distributed monthly in arrears to the Investor's nominated bank account within 14 business days after the last day of the month. Distributions may be reinvested.	Section 2, Pages 9 and 13
Mortgage Security	As at the date of this IM, the Fund lends only on first Mortgage Security over Australian Real Estate. It seeks to ensure that: » loans secured over residential property comprise not less than 70% of the pool of Mortgages (with a maximum Loan to Valuation Ratio of 75%); » loans secured over commercial property comprise not more than 30% of the pool of Mortgages (with a maximum Loan to Valuation Ratio of 65%); and » the maximum weighted average Loan to Valuation Ratio for the Fund does not exceed 70%.	Section 2, Page 11
Management Fees	Distributions outlined in this IM are net of Management Fees.	Section 4, Page 21
Entry / Exit Fees	Nil.	Section 4, Page 21
Cooling-off Period	No cooling-off period applies to any investment in the Fund.	Section 2, Page 14
Reporting	Investors will receive an Annual Tax Statement.	Section 2, Page 14
Risks	Investors must consider the risks of an investment in the Fund before investing.	Section 5, Pages 24, 25 and 26

02

The Fund



The Fund

Introduction

The Briars Monthly Income Fund provides Wholesale Investors (“Investors”) with the exclusive opportunity to invest in a managed investment scheme that will hold a range of loans secured by first mortgages over Australian residential and commercial real property that may not otherwise be available to Investors.

Returns paid on investments are determined on the basis of income from the Borrowers and expenses of the Fund and may be less than the target rate of 7.00% per annum for the term of the Investment. No investment, Mortgage or otherwise, is entirely risk free and in the case of an investment in a scheme which holds Mortgage Investments there is a risk to both income and capital.

Amongst other things these risks include default by the Borrower, changes in market interest rates generally and decline in the value of the security. Briars’ risk management strategy is addressed in more detail within this IM.

Refer to Section 5 of this IM, Risk Management.

The Briars Monthly Income Fund is an unregistered managed investment scheme under the Corporations Act.

Briars Funds Management Pty Limited is the trustee and the manager of the Fund.

Refer to Section 7 of this IM, Important Notices and Disclaimers.

Pooled Mortgage Investment

The Fund provides Investors with the opportunity to invest in units in a pooled mortgage fund where loans are secured by registered first Mortgages, provided by the Borrower/s over Australian Real Property.

As from the date of this IM each individual Mortgage in the pooled Fund has a term of up to 3 years and does not exceed the loan to valuation ratios detailed in this IM.

Investor funds are pooled and invested only in Australian Mortgage Investments.

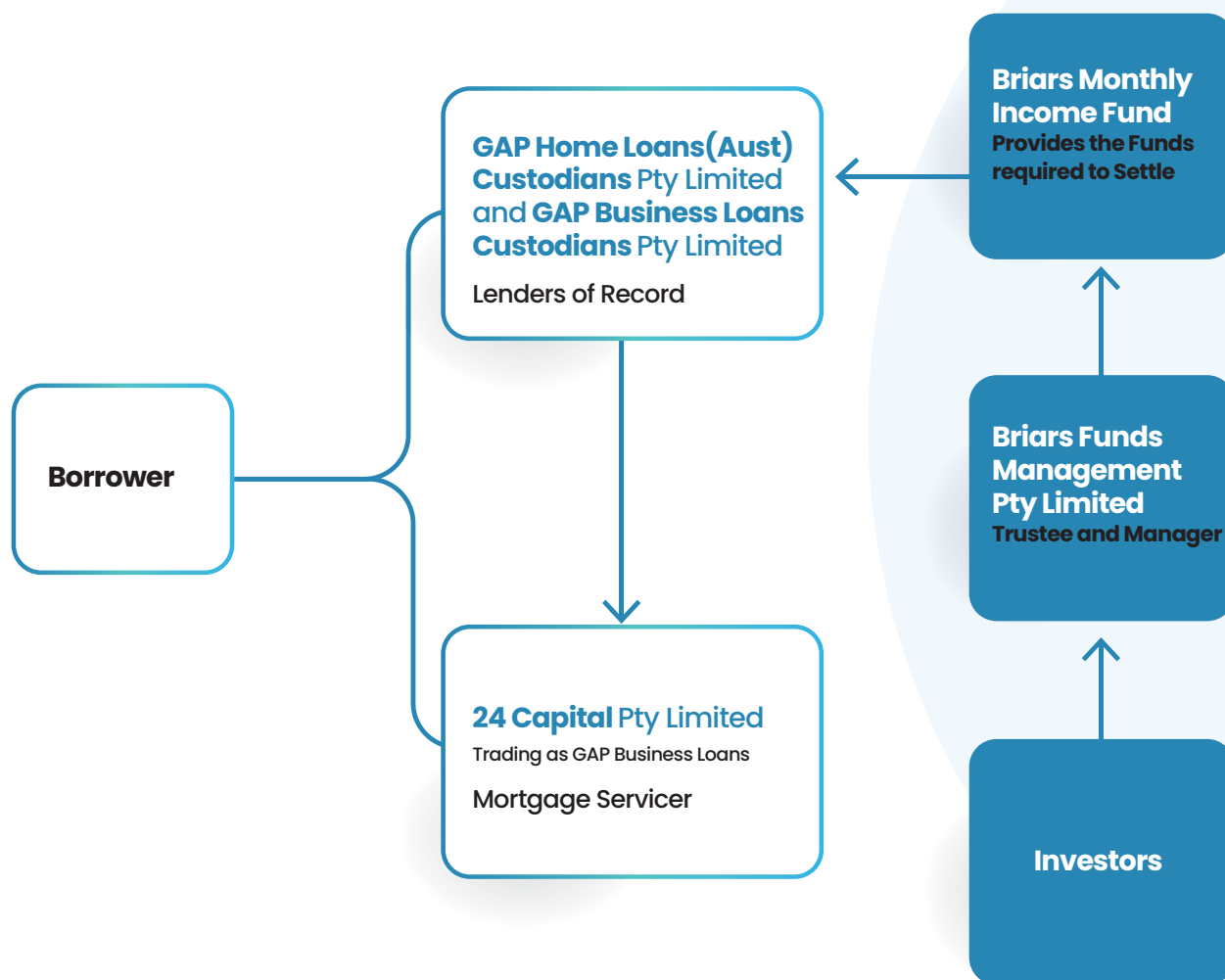


**Target
Return***

7.00%_{p.a.}
Paid Monthly

* This is a target and not a guaranteed return. It is after deduction of all fees and costs and before taxation.

How it works



The Fund

Qualifying Mortgages and Investment Strategy

Funds raised by Briars are invested to fund Qualifying Mortgages originated and held by GAP Business Loans Custodians Pty Ltd ACN 643 966 349 ("GAP Business Loans Custodians" or a "Lender of Record") which is an Australian business that facilitates and sources mortgages on residential and commercial properties.

From time to time, Briars may be a co-investor in a Mortgage with a third party wholesale lender. In such a case, the lender of record will be GAP Home Loans (Aust) Custodians Pty Ltd ACN 613 862 730 ("GAP Home Loans" or a "Lender of Record"). Any co-investment in a loan must still be a Qualifying Mortgage and meet the criteria set out below.

A reference in this IM to "GAP Business Lending" is to the services provided by the relevant Lender of Record and its servicer, currently 24 Capital Pty Limited ACN 613 638 994, trading as "GAP Business Loans" ("Servicer" or "GAP Business Loans"). The relevant Lender of Record holds Qualifying Mortgages on behalf of the Fund and the Servicer assists it to originate and then manages and administers those Mortgages.

Qualifying Mortgages must meet the following criteria:		
Feature	Mortgages Secured by Residential Properties	Mortgages Secured by Commercial Properties
Borrowers	may be individuals, corporate entities or trusts – if not an individual, the borrower must provide an unlimited personal guarantee from an individual.	
Loan purpose	to purchase, improve or refinance a residential owner/occupied property or a residential investment property.	to purchase, improve or refinance a commercial building that is owner occupied property or a commercial investment property
Proportion of Fund value	as from the date of this IM, the Manager will seek to ensure that at least 70% of the value of all loans in the Fund are residential property loans.	as from the date of this IM, the Manager will seek to ensure that not more than 30% of the value of all loans in the Fund are commercial property loans.
Loan term	from 1 year to 3 years	
Mortgage Security	first registered mortgage secured over real residential property, generally located in a metropolitan area in the eastern states of Australia and personal guarantees, where appropriate.	first registered mortgage secured over real commercial property, generally located in a metropolitan area in the eastern states of Australia and personal guarantees, where appropriate.
Loan to Valuation Ratio	the maximum loans secured by a first Mortgage against the property will not exceed 75% of the valuation of the Security Property at the time of the advance.	the maximum loans secured by a first Mortgage against the property will not exceed 65% of the valuation of the Security Property at the time of the advance.
Weighted average Loan to Valuation Ratio	as from the date of this IM, the Manager will seek to ensure that irrespective of the Loan to Valuation Ratio of an individual loan, the weighted average Loan to Valuation Ratio of all of the Mortgages secured against all Security Property in the Fund's portfolio of Mortgages does not exceed 70%.	
Personal covenants	borrowers who are not individuals may be required to provide personal guarantees, for example, from a director of the borrower.	
Loan origination	the loans must be originated in accordance with agreed procedures that incorporate the GAP Business Loans Credit Policy. This policy is monitored and reviewed by Briars from time to time and cannot be amended except with Briars' written consent.	
Loan Servicing	loans must be settled and administered by GAP Business Lending in accordance with a set of agreed procedures. Like the Credit Policy, the agreed procedures are monitored and reviewed by Briars from time to time and cannot be amended except with its written consent.	

The Fund

Investing in the Fund

To invest in the Fund, Investors must first receive and read in its entirety this IM.

Investors will need to:

- » Complete and sign the Application Form contained in this IM and return it to Briars;
- » Provide identification documents to satisfy requirements under the AML/CTF Act;
- » Pay the application moneys for the units applied for; and
- » Qualify as a Wholesale Investor.

To qualify as a Wholesale Investor, you must be a wholesale client or a sophisticated Investor as defined in sections 761G and 761GA of the Corporations Act, and either:

- » Invest \$500,000 or more with the Fund; or
- » Invest at least \$50,000 and provide a qualified accountant's certificate (that is not more than 2 years old) confirming you either:
 - have net assets of at least \$2,500,000, or
 - have gross income of at least \$250,000 for each of the last 2 financial years.

All units will be issued at a unit application price of \$1.00 per unit.

Confirmation of your investment will be provided upon completion of the application criteria and acceptance by Briars. Briars reserves the right and has the absolute discretion to either accept or decline any Application for investment in the Fund.

To understand the risks associated with an investment in a pooled mortgage fund, it is recommended that investors read the IM in its entirety.

Settlement

Potential borrowers are first reviewed by the Servicer which collects and verifies information about the borrowers and assesses whether the loan is or is not unsuitable for the borrowers. If not unsuitable it advises Briars which confirms that the loan is a Qualifying Mortgage for the Fund and confirms that funding is available for the loan.

GAP Business Lending then arranges for settlement of the Mortgage in liaison with the external legal provider. GAP Business Loans appoints and liaises with the Borrowers' legal representative to complete the purchase or refinance of the property.

Settlement of a Mortgage Investment can only occur if:

- » the legal service provider has certified the Transaction Documents have been correctly executed and all due diligence searches of the Borrower and Security Property have been completed and are satisfactory; and
- » All requirements of the Credit Policy guidelines have been satisfied; and
- » Any and all approval and settlement preconditions have been met; and
- » A Director of Briars has authorised settlement to proceed by confirming that a funds notice has been given to the Fund's bank (or the Custodian, if any has been appointed) for deposit with the external legal services provider.

The Fund

Security and Title Documents

The relevant Lender of Record, will hold and be responsible for the safekeeping of the security and title documents applicable to the loan for each Mortgage Investment transaction. This includes but is not limited to:

- a. The original Loan Agreement; and
- b. the duplicate Certificate(s) of Title (as applicable) noting the registered Mortgagee.

Loan Management

The Servicer is responsible for:

- » Receiving completed loan application forms;
- » Assessing loan applications, reviewing appropriate Borrower checks, and undertaking credit and risk assessment in line with the Credit Policy;
- » Reviewing and assessing the information provided by the Borrower;
- » Instructing the external legal services provider;
- » Administering the disbursement of loan funds;
- » Collecting interest from Borrowers and ensuring income is held for the Fund; and
- » Monitoring the Borrower's adherence to the terms and conditions of the Mortgage and actioning any defaults accordingly.

Mortgage Investment Income

Interest is payable by the Borrower monthly in arrears, by direct deposit to the relevant Lender of Record's Loans Collection Account. Interest received from the Borrower is then credited to Briars. Interest received by Briars is then distributed to Investors within 14 business days after the last day of the month, by direct deposit to the Investor's nominated bank account, or is reinvested, depending on the election by the Investor.

The Borrower's interest is calculated on a per annum basis and divided by 12 to provide for an equal monthly payment. Upon maturity of a Mortgage, interest is calculated at a daily rate until the Mortgage is repaid.

Some of the risks may include:

- » the type and location of the Security Property;
- » the priority of the Mortgage security;
- » the Mortgage repayment strategy;
- » the term of the investment; or
- » the likelihood of early repayment by the Borrower.

Distribution Reinvestment Plan

Investors may choose to have their distributions:

- » paid directly into their nominated financial institution account, or
- » reinvested as additional units in the Fund.

No minimum investment amount applies to any distribution reinvestment.

Your preference for payment into a nominated financial institution account or reinvestment may be changed at any time by completing a Change of Details Form. This is available from the Manager or may be downloaded from **www.briarsfundsmanagement.com.au**.

No distribution is made of the principal repaid by a Borrower as this is reinvested by the Fund.

The Fund

Withdrawals

How to make a withdrawal

Investors who wish to withdraw all or part of their investment in the Fund should provide notice of their request by completing and signing a Withdrawal Form and lodging it with the Manager as advised on the form. Currently, a minimum balance requirement for each unit holder is \$10,000 but the Manager reserves the right to change or waive this minimum balance requirement at any time at its discretion.

Notice of withdrawals and processing times

The minimum investment term is 3 months after which time at least 3 months' notice is required for processing withdrawals.

However, withdrawals may be processed earlier than the expiry of the 3 months' notice period at the discretion of Briars, and if the liquidity position of the Fund allows this to occur.

This is solely at the discretion of Briars.

A Withdrawal Form is available from the Manager on **1800 870 550** or may be downloaded from **www.briarsfundsmanagement.com.au**.

Withdrawals and Fund liquidity

The Briars Monthly Income Fund has a withdrawal process designed to safeguard its liquidity levels and to protect the interest of all its Investors.

The liquidity of the Fund affects withdrawals and relates to the projected cash needs of the Fund to make loans, and to pay fees, expenses and any other costs, and the proportion of the assets of the Fund that is held in cash or other assets that can be readily available.

Any withdrawal request is subject to sufficient investor funds being available at the time the request is received.

Compulsory redemption of Units

The Fund maintains a unit value of \$1.00 per unit. The net value of the Fund at any time is derived from the amount of the cash held, the loans that have been made, plus the income that is received less any costs and expenses that are payable from the assets of the Fund. The unit value is determined by dividing the net value of the Fund by the total number of units on issue at the relevant time. The net value (and thence the unit value) must be determined as at the end of each quarter. If, in any quarter, there is insufficient income to meet expenses or to compensate for any reduction in the value of Mortgage Investments or other assets of the Fund, the unit value may be less than \$1.00 per unit. In such a case the Trust Deed provides that a sufficient number of units will be compulsorily redeemed to make up that shortfall and maintain the value of the remaining units at \$1.00 per unit.

Units will be redeemed pro rata from all Investors. For example, if the Fund had negative income in a particular quarter that reduced the unit value to 98 cents, 2% of the units on issue would be redeemed at a nil unit value and cancelled. This would leave the remaining 98% of units on issue re-valued at \$1.00 per unit.

Units in the Fund cannot be withdrawn during the period commencing on the date the unit value is determined to be less than \$1.00 per unit and the date the compulsory redemptions are complete. Nor may new units be issued or new Mortgage Investments be approved during that time.

Reporting

Each Investor will receive the following from Briars:

- » an Annual Tax Statement within 120 days after the end of each financial year. The Annual Tax Statement includes all Mortgage Investment income paid to the Investor; and
- » Transaction statements providing details of investments in and withdrawals from the Fund.

Investors may request a copy of audited accounts of the Fund to be sent to them by email. They will, however, be available on the website at **www.briarsfundsmanagement.com.au**.

Cooling Off Period

No cooling-off period applies to any investment in the Fund.

03

Investment Management



Investment Management

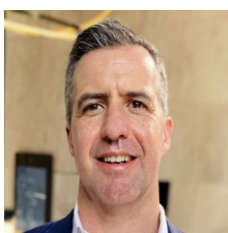
Our Executive Team



Peter Arnold
Managing Director

Peter has been a board member of a number of funds management businesses and in 1997 co-founded Austgrowth Property Syndicates Limited, the responsible entity for over \$230 million of syndicated commercial, industrial and retail property funds.

Peter's extensive experience in funds management, financial modelling, finance and asset management across all property sectors has led him to be involved, alongside other investors, in the purchase and repositioning of some 60 assets.



Nick Loan
Executive Director

Nick has extensive property history spanning more than three decades in the commercial, industrial and retail sectors repositioning underperforming assets. In recent years, Nick has been involved in more than 40 major property transactions, adding significant value and delivering above average returns for investors. His attention to detail, financial modelling and ongoing implementation of the latest systems and procedures ensures Nick achieves or better the expectation of investors.

In previous roles, Nick has been a board member and shareholder of a number of successful property companies.



James McNally
Compliance Officer

James has over 25 years' experience in the funds management industry, having worked in both property trust administration and compliance roles for Perpetual Trustees Australia Limited and MIA Services Pty Limited, a company that specialises in compliance services to property, equity and infrastructure fund managers.

For the past 20 years, James has provided independent compliance and management services to many of Australia's leading fund managers. He is currently an external member on a number of compliance committees for various responsible entities that include property, mortgages, equities, infrastructure and specialist type assets.

James is also a responsible manager and/or director for a number of companies that hold an Australian Financial Services Licence including both listed and unlisted property funds.

Investment Management

Trustee

The Trustee of the Fund is Briars Funds Management Pty Limited ACN 616 499 891, AFSL 514171.

The Trustee also manages the Fund and is referred to in this IM as the “Manager” or “Briars”.

As the trustee, Briars must perform and discharge all obligations as set out in the Information Memorandum, and the Trust Deed, as appropriate.

About the Manager

Briars is a funds management company with the relevant specialised skills and experience in being the investment manager of managed investment schemes and mortgage funds.

The Directors of Briars have a wealth of knowledge and experience in property developments, banking, investment, commercial finance and loans and funds management.

Briars aims to provide Investors with consistent returns by providing a high level of service and acting at all times ethically, with integrity and professionalism. Briars is committed to its Investors and is well experienced in funds management.

The Fund is managed by Briars and provides Investors with monthly returns (subject to receipt of interest from and repayment by the Borrower).

Fund Management

Briars is responsible for managing the Fund in the interests of the Investors.

As the trustee and manager, Briars will:

- » Ensure each Investor (and any beneficial owner) has been identified as prescribed by the AML/CTF Act;
- » Manage the day to day operations of the Fund in accordance with this IM and the Trust Deed;
- » Issue this IM and provide any general product information to potential Investors about the Fund;
- » Receive completed Investor Application Forms;
- » Arrange for an annual audit of the Fund;
- » Provide Investors with yearly and other periodic reports;
- » Review and assess the information provided by GAP Business Lending;
- » Perform any other duty it may be required to complete as part of its responsibilities as trustee and manager.

Custodian

Briars may also appoint an independent custodian to hold the Investors' application money and the Fund's bank accounts. If it makes such an appointment during the life of this IM it will notify Investors and unit holders.

Investment Management

Default Management and Loan Recovery

As the Servicer, GAP Business Loans monitors each Mortgage for the following events:

- » Payment of principal and interest is received on time;
- » Repayment of the Mortgage is received on time;
- » The Security Property has the appropriate insurance cover; and
- » All other terms and conditions of the Mortgage are being complied with.

GAP Business Lending has a “Briars approved” Default Management and Loan Recovery Policy. This policy outlines the strategy for GAP Business Lending in managing the recovery of loan monies in the event of a default by the Borrower.

By formulating and applying the Default Management and Loan Recovery Policy guidelines, GAP Business Lending can exercise pre-agreed procedures in evaluating the strategies required to collect outstanding loan principal plus any accrued interest, fees and costs and presenting all options to Investors.

The guidelines will ensure a fair, objective and consistent approach to the collection of all monies owing. The overarching premise of the policy is that Briars treats the interests of Investors as the absolute priority.

The policies and procedures outlined in the Default Management and Loan Recovery Policy are guidelines. As such, GAP Business Lending has a discretion to apply alternate collection strategies, on a case by case basis, provided they are consistent with the broad principles set out within the document.

All events of default are detailed within the Loan Transaction Documents. The Transaction Documents include but are not limited to the following documents:

- » Loan Agreement;
- » Mortgage Document;
- » General Security Agreement
- » any personal guarantee; and
- » any agreement relating to the priority of the Mortgage.

A loan may be considered in default when:

- » The loan has not been repaid in full on or before the expiry date;
- » Any due payment or repayment (either principal, interest or fees and costs) is in arrears greater than 14 days;
- » There has been a material deterioration or decline in the value of the Security Property;
- » A subsequent security charge is registered against the Security Property without the consent of Briars and/or the relevant Lender of Record;
- » Any other condition of the Transaction Documents has been breached.

Investment Management

Default Management and Loan Recovery (cont'd)

If the Loan is due for repayment and at loan expiry:

1. the loan has not been repaid; or
2. any arrangement for loan repayment that GAP Business Lending has agreed to has not been fulfilled;

then the loan will be in default and the recovery process will commence.

If any interest payment or fees and charges due and payable by the Borrower (either in full or in part) are not received by the due date, GAP Business Lending will formally contact the Borrower as soon as practical requesting that the outstanding payment be rectified within 14 days after the due date for payment.

If any other conditions have been breached, GAP Business Lending will, as soon as practical, contact the Borrower requesting that any breaches be rectified within an appropriate time frame. The time frame will be appropriate to the breach and be at the discretion of GAP Business Lending. If the breach is not rectified within the given time frame, the loan will be considered in default and the recovery process will commence.

The recovery process involves the Manager's legal service providers issuing and preparing the appropriate legal default notices and providing the Borrower with the appropriate time frames to rectify any default. Should the default not be rectified by the Borrower, GAP Business Lending will enforce the mortgage security by obtaining judgment for the debt, entering into possession and selling the Security Property to recover the debt.

GAP Business Lending will manage the sale process. This may involve:

- » Obtaining an independent valuation of the Security Property for mortgagee sale purposes;
- » Engaging and appointing real estate agents to market and sell the Security Property; and
- » Negotiating the sale of the Security Property with potential purchasers.

GAP Business Lending may choose to allow the Borrower to remain in possession of the Security Property where their continued occupation enhances the property. GAP Business Lending may negotiate with the Borrower an option that would remedy the default within a reasonable time frame without risk of loss to the Investors.

Investors are advised that the recovery of monies owing by Borrowers in the event of default can take time to resolve before any investment funds are repaid. The time taken to recovery monies can be affected by (but not limited to):

- » the co-operation of the Borrower;
- » the default notices and timeframes required to be given by law to rectify the default;
- » the court judicial process;
- » the possession and marketing of Security Property;
- » the real estate market; or
- » the marketability of the Security Property.

04

Fees and Charges



Fees and Charges

The fees and other costs associated with investing in the Fund are described in this section.

Types of fees and costs

Fees when your money moves in and out of the Fund	Amount	How and When Paid
Entry Fee <i>For an Investor to set up an initial investment in the Fund.</i>	Nil.	Not Applicable.
Investment Fee <i>On each amount contributed by an Investor to their investment.</i>	Nil.	Not Applicable.
Withdrawal Fee <i>On each amount an Investor withdraws from their investment in the Fund.</i>	Nil.	Not Applicable.
Termination Fee <i>When an Investor withdraws their investment in the Fund.</i>	Nil.	Not Applicable.
Management costs	Amount	How and When Paid
Management fee <i>The fee for managing your investment in the Fund</i>	3.0% per annum (inclusive of GST less any applicable RITCs) of the value of the Mortgage Investments	At the same time as distributions of income are paid to Investors

Fees and Charges

Operating Costs and Expenses

The Trust Deed provides that all day to day costs and expenses associated with operating the Fund are to be met from the assets of the Fund. However, for the duration of this IM Briars has agreed to pay these on behalf of the Fund from its own resources which may include its management fees. These day to day, or 'normal' expenses include:

- » the fees payable to the service providers, including the Custodian, if any is appointed;
- » any Fund administration and/or registry fees;
- » costs of preparation of annual tax statements and other communications to Investors;
- » fees for the audit of Fund's financial reports.

To the extent the management fee is insufficient to cover the Fund's ordinary expenses, then the Manager will cover these out of its own funds.

However, if the Manager does not pay any normal expenses, then in accordance with the Trust Deed these will be met from the assets of the Fund.

The Manager, as trustee, is entitled to be reimbursed out of the assets of the Fund for all other miscellaneous Fund-related expenses, for example legal fees, taxation advice and costs of meetings of Investors.

Investors should be aware that the expenses charged to the Fund may fluctuate from time to time. Generally, operating costs and expenses are paid as and when incurred or reimbursed to the Manager.

Changes to Fees

All fees can change. The reasons for this might include changing economic conditions and changes in regulation. You will be given not less than 30 days' written notice of any proposed increase. The Manager cannot charge more than the Fund's Trust Deed allows. If the Manager wishes to raise fees above the amounts allowed for in the Fund's Trust Deed, it would need the approval of the Investors.

Waiver or Deferral of Fees

The Manager may also defer or waive any of its fees, in whole or in part, and for such period as it decides in its discretion.

05

Risk Management



Risk Management

General

Like any type of investment, the Fund and any funding provided by the Fund to Mortgage Investments has an element of risk. Before making an investment in the Fund an Investor should consider their:

- » personal investment objectives and strategies;
- » expected return and outcome from this investment;
- » personal risk tolerance;
- » specific risk by investing in the Fund which is one that provides funding to a Mortgage Investment; and
- » other investments compared with the risks of the Fund.

It is important to note that not all risks can be foreseen, and therefore it is not possible for Briars to protect the value of an investment from all risks.

Briars applies a security-based lending approach to property backed Mortgage Investments.

In a pooled Mortgage fund the Manager selects a range of loans and sets the loan to valuation ratio for each security without any input from Investors, with a loss arising from any Mortgage security being shared by all Investors.

Mortgage Security

GAP Business Lending's experience, knowledge and skills are applied to the Credit Policy, approval process and checklist for all Mortgage applications. Borrowers are required to demonstrate their financial capacity, provide a loan serviceability declaration and substantiate their strategy and ability to repay a Mortgage, as well as credit history checks, Security Property assessment and valuation.

The Mortgage Security Properties are selected for suitability and market value. Briars must approve the Security Property as being acceptable.

Mortgage documents are prepared and reviewed by legal service providers experienced in Mortgage finance including verification and validation requirements. They also attend to settlement of the Mortgage.

The Borrower is required to keep the Security Property insured at all times. Should the Borrower fail to provide evidence of satisfactory insurance cover, GAP Business Lending may arrange for the Security Property to be insured under the powers of the Mortgagee.

Risk Management

Market Risk

The Fund provides Investors with an opportunity to invest in Mortgage Investments, loans secured over Australian real estate, so market risk is confined to factors that affect the Australian property market. Property market risk is the risk that the whole property market, or sectors within it, such as residential or commercial property, declines in line with various trends in the Australian or overseas markets due to various factors, such as oversupply of real estate, interest rate movements, economic conditions or market sentiment.

Property market risk is inherent in the real estate securing the Mortgage Investments. A general downturn in the property market can potentially cause a reduction in the value of the property to which the Fund has exposure through the Mortgage Investments.

The ability to fully recover the amount owing under a Mortgage Investment (should a Borrower default) may be affected by a fall in property values. Investors will only lose money if the Borrower defaults and the Security Property sells for less than the outstanding Mortgage amounts (plus costs of the sale, outstanding interest and other charges) and the Borrower (and any guarantor) cannot then repay the remaining debt.

At this time, it is difficult to ascertain what the impact, if any, COVID-19 may have on the performance of the Fund. There can be no guarantee that investor confidence in property or mortgage investments will not change in a manner adverse to Investors in the Fund or Borrowers from it. The general economic, health, social and political climates in which the Fund operates or other like events are outside the control of Briars, the Borrowers and the Investors.

Capital Risk

Capital risk is failure or delay by the Borrower to repay the Mortgage on the repayment date.

None of the Manager, the Lenders of Record, the Servicer, the Custodian, if any, or any other person guarantees the performance of the Fund, or investment or the repayment of capital invested.

During the term of a Mortgage, factors outside the control of the Manager, such as economic cycles, property market conditions, government policy, inflation and general business confidence can affect property values.

This can inadvertently cause the emergence of a situation whereby a Security Property is required to be sold to repay a Mortgage and that may not be fully repaid if the sale fails to realise sufficient funds to satisfy the Mortgage balance, any capitalised interest, fees and costs.

Risk Management

Income Risk

Income risk arises primarily from a failure of the Borrower to make agreed interest payments each month. The mortgage management system deployed by GAP Business Lending is designed to monitor and thus reduce this risk. The system includes collections and interest payment monitoring. The Borrower pays interest at the higher rate for late payments.

Any form of lending has an element of risk to the lender. GAP Business Lending assesses non-performing Mortgages and implements an appropriate and measured response to suit the situation. Borrowers with significant equity in their Security Property are expected to speedily resolve default. GAP Business Loans has legal service providers to implement collection procedures and realise on property security on behalf of the Fund.

Operational Risk

The Manager monitors all Mortgage securities in the Fund, reviews security values and monitors the securities for insurance compliance. Gap Business Lending processes collection and distribution of payments and provides maturity notices to Borrowers. The system is computerised and maintained through updates, upgrades and functionality enhancements to improve processes.

The Manager and each of its service providers, including the Custodian, if any, use a variety of technologies to manage the Fund and to protect it from malicious cyber activity including that directed at computer systems or the commission of traditional crimes such as fraud and forgery, identity and data theft or the disclosure of personal information, each of which may result in a significant disruption of services or data and privacy breaches.

The Manager and GAP Business Lending have experienced personnel and service provider's policy and procedural documentation and succession plans for directors and officers. The Manager, as the trustee of the Fund has written agreements with the Lenders of Record and the Servicer which include procedures for regular review of performance and back up of their respective systems.

Changes to government policies, regulations and taxation laws may negatively impact on the operations of the Fund, the Manager and GAP Business Lending. The Manager cannot predict future policy changes but monitors updates from ASIC and participates in industry forums to anticipate and keep ahead of changes on the horizon.

It is also noted that macroeconomic uncertainty as a result of COVID-19 may pose a risk to future valuations and capital and income returns.

06

Additional Information



Additional Information

The Trust Deed

The Fund is an unregistered Managed Investment Scheme. The Fund Trust Deed provides a framework for the operation of the Fund.

The Trust Deed includes provisions which deal with the:

- » rights of Investors in the Fund;
- » principal obligations of Briars, as the trustee;
- » limitation of liability of the trustee;
- » ability of the trustee to be indemnified by the Fund for all expenses, losses and liabilities;
- » establishment and maintenance of the Register;
- » changes to the Trust Deed;
- » retirement and removal of the trustee;
- » termination of the Fund;
- » withdrawal rights of Investors; and
- » the ability of Investors to attend all Fund meetings.

To the extent that there is any inconsistency between this IM, and the Trust Deed, the latter prevails. A copy of the Trust Deed is available to Investors free of charge, by email.

Provisions of the general law regulating trusts and the Corporations Act may affect the manner in which the Trust Deed is interpreted and the rights and obligations of Briars, as the trustee and manager, and Investors of the Fund. These provisions have not been summarised in this IM. Investors should confirm all information by reference to the Trust Deed.

Trustee Liability

If Briars, in its capacity as trustee, acts without fraud or negligence, it is not liable in contract, tort or otherwise to Investors for any loss suffered in any way related to the Fund including any funding advanced by an Investor in relation to Mortgage Investments. The liability of the trustee to any other person including parties with which the trustee enters into any contract in connection with the Fund, or any Mortgage Investment is limited to the trustee's indemnity from such assets, if any, held or registered in the trustee's name in its capacity as trustee of the Fund or by the Custodian, if any is appointed, as its agent.

Indemnity

The trustee is entitled to be indemnified out of the assets, if any, held or registered in the trustee's name in its capacity as trustee of the Fund or the proceeds of the realisation of any Mortgage Investment in respect of all liabilities, costs and expenses incurred by the trustee in relation to the operation of the Fund or the enforcement of any Mortgage Investment, other than to the extent of its fraud or negligence.

AML/CTF Act

Briars is a reporting entity pursuant to the AML/CTF Act and as such must meet the identification and verification requirements set by AUSTRAC. This includes the identification of both Investors and Borrowers, and any beneficial owners of either of them, by adopting certain risk protocols to prevent money laundering or terrorism financing activities affecting the Fund and its Investors and Borrowers.

Privacy

In order to invest in the Fund, Investors are required to provide Briars with personal information.

Briars collects and uses personal information about Investors to process Applications, manage the Register, make distributions and payments, collate statistical information for internal research purposes, assist Investors with any queries and take measures to detect or prevent fraud and other illegal activity.

Briars has a duty to keep such information confidential, except in certain limited circumstances (for example where the law requires it to disclose such information). Briars may also disclose personal information to third parties such as its service providers, auditors, lawyers, accountants and other professional advisers, information technology support providers or regulatory bodies.

From time to time, Briars may wish to advise Investors about other financial services and products which may suit their needs. However, if Investors do not want Briars to use their information for such marketing purposes they should advise Briars accordingly.

Additional Information

Privacy (cont'd)

If an Investor has any concerns about the completeness or accuracy of the information Briars has about them or would like to request access to their own personal information, they can contact Briars.

Each Investor agrees to keep any information provided to them as part of this IM, private and confidential except in certain limited circumstances (for example where the law requires the disclosure of such information).

Where an Investor has used a financial adviser who recommends investment in the Fund, the details of that investment may be provided to that financial adviser.

A full copy of the Briars Privacy Policy can be obtained free of charge at any time by contacting Briars on **1800 870 550** or by visiting **www.briarsfundsmanagement.com.au**.

Taxation

Acquiring, holding and disposing of interests in a managed investment scheme can have taxation and social security implications for an Investor. Briars recommends Investors obtain their own advice regarding tax and social security laws which are both complex and subject to change.

Australian resident Investors will need to include in their taxable income for the year any taxable income derived directly by them in relation to their investment in the Fund. This remains the case where an Investor's derived income is re-invested, or payment is not actually received in that financial year.

- » For non-residents of Australia, Briars will deduct the appropriate non-resident withholding tax.
- » GST is not payable on the issue, withdrawal or transfer of interests in the Fund.
- » Investors do not need to be registered for GST to invest in the Fund.
- » Fees and expenses in respect of the management by Briars are subject to GST.

Investors may choose to provide their tax file number (TFN), TFN exemption or Australian business number (ABN) (if applicable) by completing the tax file number or ABN notification section of the Application Form accompanying this IM. Briars is authorised to collect TFN, exemption or ABN by law and may only use it for the purposes permitted by law.

It is not compulsory for Investors to quote their TFN, exemption or ABN. If not quoted, Briars is required to deduct tax from any Investor income payable at the maximum personal rate, plus Medicare levy, together with any other applicable government charges.

Rights and Liability

The rights of Investors are set out in this IM, the Trust Deed the Corporations Act and other relevant laws. The rights of the Investor can be varied by changes to the Trust Deed, the Corporations Act and any related laws.

Complaints

The Manager has a mechanism for Investors to make any complaints known to Briars. Complaints should be made to the Complaints Officer. The address and contact details of Briars can be located at **www.briarsfundsmanagement.com.au**.

Wholesale Investors do not have the benefit of the retail protection provisions of the Corporations Act which includes, but is not limited to, receiving a product disclosure statement and access to an external dispute resolution service as mandated by law.

07

Important Information & Disclaimers

Important Information & Disclaimers

Important Notices and Disclaimers

This Information Memorandum ("IM") is dated 10 November 2020 and provides an overview of the Briars Monthly Income Fund ("Fund"). This IM is only available to Wholesale Investors ("Investors"). If you are not a Wholesale Investor, you must immediately destroy or return this IM. This IM details the features, benefits, risks and general information about the Fund.

Investment in the Fund is managed by Briars Funds Management Pty Limited ACN 616 499 891 ("Briars"), referred to in this IM as the Manager. Briars holds an Australian Financial Services Licence ("AFSL") No. 514171.

This IM will continue to have effect until it is replaced or withdrawn. Copies of this IM are available upon request by calling **Briars Funds Management** on **1800 870 550**.

No person is authorised to provide any information or to make any representation in connection with the Fund which is not contained in this IM.

The Fund provides Investors with the opportunity to invest in a pooled fund that invests solely in Australian Real Property Mortgages.

The Manager does not provide personal financial advice. This IM is prepared without taking account of the objectives, financial situation or needs of investors.

The Fund is not a registered managed investment scheme under the Corporations Act. This IM is not a regulated product disclosure statement for the purposes of the Corporations Act. It has not been lodged with the Australian Securities and Investments Commission ("ASIC") and ASIC has not been notified of its issue. ASIC takes no responsibility for the contents of this IM.

No action has been taken to register or qualify this IM, or otherwise permit a public offering, in any jurisdiction outside Australia. The offer under this IM is available to persons who are Wholesale Investors receiving the IM within Australia. This IM (including an electronic version) does not constitute and should not be construed as an offer, invitation or recommendation by Briars to apply to be an Investor in the Fund in any state, country, or jurisdiction where such offer, invitation or recommendation may not be lawfully made. Interests in the Fund are not intended to be offered or issued to US Persons as defined under Regulation S of the US federal securities laws. The distribution of this IM in jurisdictions outside Australia is prohibited.

This IM provides information for Investors to decide if they wish to invest in the Fund and should be read in its entirety. The target distribution rate is based on assumptions that may change over time or prove to be incorrect and is in no way guaranteed. The risk factors that could affect the financial performance of the Fund should be examined.

Before you apply to become an Investor of the Fund you should consider carefully this IM taking into account your personal circumstances (including financial and taxation issues) and seek professional advice from your financial adviser, accountant, lawyer or other professional adviser before deciding whether to invest.

Important Information & Disclaimers

Statement

An investment in the Fund is not a Bank deposit. The performance of the Fund, the rate of return on capital or the return of capital or loan monies advanced by the Fund is not guaranteed by Briars, the Lenders of Record, the Servicer or any service provider or any of their respective directors or employees. Past performance of the Fund is not indicative of future performance.

Briars, the Lenders of Record, the Servicer and their respective related bodies corporate together with their officers, directors and employees are permitted to invest in the Fund from time to time.

Updated Information

The information contained in this IM is up to date at the date of its preparation. However, information relating to the Fund, may change from time to time.

To the extent that the change in information is not materially adverse to Investors, it will be updated and made available by:

- » contacting **Briars** on **1800 870 550**; or
- » visiting website **www.briarsfundsmanagemnt.com.au**.

A paper copy of the updated information will be given on request free of charge.

Upon becoming aware of any materially adverse change to the information in this IM or any materially adverse omission from this IM, Briars will issue a replacement IM or a supplementary document to the IM.

Disclaimer

While all reasonable care has been used in preparing this IM and the information it contains, Briars does not accept any liability for any responsibility or liability for any errors, omissions or misstatements however caused.

Glossary

Defined terms and abbreviations used in this IM are explained in the Glossary on page 35.

Photographs and currency

Any assets depicted in photographs in this IM are not assets of the Fund unless otherwise stated.

All financial amounts shown in this IM are expressed in Australian dollars and include GST unless otherwise stated.