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# COMMERCIAL FUND TRUST

## INFORMATION MEMORANDUM



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## Important notice

This Information Memorandum is dated 3rd September 2016 and relates to the issue of Units in the Trust to Non-Australian investors.

This document (Information Memorandum or IM) has been issued by the Melbourne Securities Corporation Limited (Trustee) as trustee of the Majella Commercial Fund (Trust or Fund). The Trustee is the holder of an Australian Financial Services Licence (AFSL No. 428289) (MSC). More information can be found at <http://www.melbournesecurities.com.au/contact.html>.

The Trustee will be the issuer of Units to investors pursuant to Section 911A (2) (b) of the Corporations Act 2001 (Cth) (Corporations Act). MSC's function as arranger and issuer should not be considered as an endorsement of the Offer or a recommendation of the suitability of the offer for any applicant.

The Trust will be an Australian unregistered wholesale unit trust open to non-Australian investors only. The information in this Information Memorandum is subject to change and subject to the Trust Deed. To the extent of any inconsistency between this Information Memorandum and the Trust Deed, the Trust Deed prevails.

Investments in the Trust will be by invitation only. The offer contained within this Information Memorandum is only available in Australia to wholesale clients (as defined in section 761G of the Corporations Act 2001 (Cth) (Corporations Act)).

Melbourne Securities Corporation Limited is the trustee of the Trust 428289 Majella Capital Funds Management Pty Ltd will be the manager of the Trust (Manager).

The Trustee, in consultation with the Manager, is not obliged to accept Application Forms and reserves absolute discretion in limiting or refusing any Application Form.

This Information Memorandum contains a non-exhaustive summary of certain proposed features of the Trust. Fees and costs stated in this Information Memorandum are exclusive of any applicable GST. All dollar amounts are in respect of Australian dollars (unless specified otherwise).

No person guarantees the performance of, or rate of return from, the Trust nor the repayment of capital from the Trust. Investments in the Trust are not deposits with or liabilities of the Trustee or the Manager, or any associated company and are subject to investment and other risks, including possible delays in repayment and loss of income or principal invested. Recipients of this Information Memorandum should ensure they are fully aware of all these risks before investing in the Trust.

This Information Memorandum supersedes all previous representations and communications (including investor presentations) in respect of the Trust. The Trustee may vary the offer, including close the offer at any time, accept late subscriptions, increase or decrease the size or timing of the offer, without notice.

Any information or representations not contained in this Information Memorandum may not be relied upon as having been authorised by the Trustee or the Manager and should be disregarded.

Any forward looking statements in this Information Memorandum (including statements of intention, projections and expectations of investment opportunities and rates of return) are made only at the date of this Information Memorandum

based on current expectations and beliefs but involve risks, contingencies, uncertainties and other factors beyond the control of the Manager which may cause actual outcomes to be materially different. Assumptions underlying such statements involve judgements which may be difficult to accurately predict. Therefore, such forward looking statements included in this Information Memorandum may prove to be inaccurate and should not be relied upon as indicative of future matters.

Investors should carefully read the Information Memorandum in its entirety and understand that the Information Memorandum is general in nature and is not to be considered as investment, legal or tax advice. Before making an investment decision in relation to the Trust, investors should consider whether investing in the Trust is suitable to their own individual circumstances and seek advice from a qualified financial adviser.

To the maximum extent permitted by law: (a) none of the Trustee, the Manager, nor their respective affiliates and their respective directors, officers, advisers and employees (Fund Entity or Fund Entities) represent or warrant as to, or take responsibility for, the accuracy, reliability or completeness of any information or opinions or any subsequent information provided in relation to it; and (b) no Fund Entity accepts any obligation to update or correct any such information or opinion or provide any additional or updated information and no Fund Entity accepts any responsibility or liability for any loss or damage, howsoever arising, which results from an action or reliance in whole or in part on such information. By accepting the IM, you release and indemnify each Fund Entity in relation to any claim, damage or loss you may suffer in connection with the IM.

No obligation is imposed upon the Trustee, the Manager or any of their directors, members, associates or related entities, or any other person related to the Trustee or the Manager, to advise a recipient of any change to, or error in, any of the information contained in this IM. No person has been authorised to make any representations or provide any information in connection with the Fund or the Offer that is not contained in this IM.

Any party distributing this IM to prospective Investors is not an agent or representative of any Fund Entity and are doing so on their own behalf. The Fund Entities are not responsible for any advice or information given, or not given, to a prospective Investor by any party distributing this IM and, to the maximum extent permitted by law, accept no liability whatsoever for any loss or damage from a prospective Investor relying on any information that is not in this IM.

The Fund is governed by the Trust Deed which regulates, among other things, the rights and obligations of the Trustee and the Unit holders. If there is any inconsistency between the terms of this IM and the Trust Deed, the latter will prevail. A copy of the Trust Deed is available free of charge by contacting the Trustee.

This IM has been prepared and issued as at 3rd September 2016 and statements in the IM are made only at that date. Its delivery at any time after that date does not imply that the information contained in it is accurate, timely or complete at any time subsequent to that date. The Trustee may in its absolute discretion without notice, but without being under any obligation to do so, update or supplement this IM via the Trustee's website at <http://www.melbournesecurities.com.au/contact.html> any further information shall be provided subject to these conditions.

Any reference to legislation or regulation in this IM is indicative only. It is not a summary nor advice. A prospective Investor should obtain his or her own legal advice in relation to such legislation and regulation.

## Confidentiality

This IM is being provided to prospective Investors in confidence solely for a prospective investor to consider applying for an interest in the Fund. The information contained in this IM is only to be used for this purpose and must not be reproduced, disclosed or made available to any other party except for the purpose of obtaining professional advice in connection with a consideration of whether to apply for an interest in the Fund. If the recipient of this IM does not invest in the Fund, this IM must be returned to the Fund Manager or destroyed immediately upon request.

## Independent advice recommended for prospective Investors

The information contained in this IM is general information only, and does not constitute personal financial product advice. The information in this IM has been prepared without taking into account the objectives, circumstances, financial situation or needs of any particular person. Prior to applying for an investment in the Fund, a prospective investor should seek appropriate professional advice and should conduct their own independent investigation and analysis regarding any information contained in this IM, including the risks involved. In particular, a prospective investor should obtain their own legal, investment, accounting and taxation advice, and rely on their own inquiries, in determining whether to invest in the Fund.

## Risks of investing

Any investment in the Fund is subject to risks including the possibility of delays in the payment of, or the loss of, income or capital invested (see the key risks summarised in the "Risks" section of this IM). A prospective investor should carefully consider the key risk factors set out in the "Risks" section of this IM in light of their personal circumstances, recognising that other risk factors may exist in addition to those identified and should also be considered before a prospective Investor decides to invest in the Fund. Investors in the Fund must be prepared to bear such risks for an extended period of time. An investment in the Fund may not be appropriate for all persons or entities. The Fund Entities do not guarantee the repayment of capital or any particular rate of return or payment of income.

## No cooling-off rights

There is no cooling off period or cooling off rights in relation to an investment in the Fund as cooling off rights which are provided under the Corporations Act are not available to Wholesale Clients.

## Restrictions on transfers

There is no secondary public market for Units in the Fund and no market is expected to develop in the future. An investment in the Fund may not be transferred, resold, exchanged or otherwise disposed of except in accordance with the terms of this IM and the Trust Deed. An Investor may only transfer a holding to a person who is a "wholesale client" where that person has also agreed in writing to be bound by the terms of the Trust Deed. A holding may not be transferred in part, unless the Trustee determines otherwise. The Trustee is not required to register a transfer if the purported transfer is contrary to law including under any applicable securities laws.

## Updated information

Information regarding the offer to apply for an interest in the Fund contained in this IM may need to be updated from time to time. Any updated information that is considered not materially adverse will be made available on the Trustee's website. The Trustee will provide a copy of the updated information free of charge to any prospective investor who requests a copy by contacting the Trustee. Alternatively, the Trustee may issue a supplementary IM to supplement any relevant information not disclosed in the IM which supplementary IM will also be made available on the Trustee's website. A prospective Investor should read any supplementary disclosures made in conjunction with the IM prior to making any decision to invest in the Fund.

## Significant Investor Visa (SIV) applications

The Fund will be a 'complying investment' for the purposes of regulation 5.19B of the Migration Regulations 1994 (Cth). The Fund is not authorised, endorsed or guaranteed by the Australian Government or the Department of Immigration and Border Protection (DIBP). An investment in the Fund in itself does not entitle the Investor to a Significant Investor Visa, and the Fund Entities do not make any representation, warranty or guarantee that an investment in the Fund in itself will secure the grant of a Significant Investor Visa to the Investor. The Fund Entities accept no liability whatsoever for any loss or damage arising from an Investor relying on their investment in the Fund as securing the grant of a Significant Investor Visa.

## Managed Investment Trust (MIT)

The Managed Investment Trust (MIT) regime is a concessional withholding tax regime that is used primarily by Australian REIT's and managed funds. The key benefit of the MIT regime is that the rate of withholding tax on distributions of net rental income and capital gains made by an REIT may be as low as 15% in certain circumstances. The MIT withholding tax rate applies to distributions by MITs that are 'fund payment' amounts.

The rate of withholding tax depends on the residence of the investor:

- 15% for investors resident in EOI countries,
- 30% in other cases.

A 10% withholding tax rate applies to eligible distributions by MITs which hold only certain energy- efficient buildings where construction commenced after 1 July 2016.

An EOI country is a country with which Australia has an 'effective exchange of information' agreement and which is listed in Regulation 44E of the Taxation Administration Regulations (Cth). There are currently 60 countries on the list. The EOI list includes most countries with which Australia has a tax treaty although this is not always the case, and there are countries on the list which do not have tax treaties with Australia.

The critical issues as to eligibility tend to be whether the following requirements are satisfied:

- Ownership requirement (the trust must satisfy a widely held ownership requirement and must also not be closely held under the applicable tests)
- Investment management requirement—a 'substantial proportion' of the 'investment management activities' must be carried out in Australia.

In addition to the MIT withholding tax concession, the Government introduced a capital account election for MITs. This election allows a MIT to hold eligible assets (such as, shares in a company, units in a unit trust and land, including an interest in land) on capital account resulting in income from those assets that would otherwise be on revenue account, being subject on disposal to the capital gains tax regime.

Therefore, investors may be concessional tax on these gains due to the capital gains discount that is available to individuals and trusts (up to a discount of 50%) and complying superannuation funds (up to a discount of 33 1/3%) where the asset has been held for more than 12 months.

## Jurisdiction

This IM is not open to Australian Investors and it does not constitute an offer or an invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

The distribution of this IM and the offering of interests in the Fund may be restricted in certain jurisdictions. No recipient of this IM in any jurisdiction may treat it as constituting an invitation to them to apply for an investment in the Fund unless, in the relevant jurisdiction, such an invitation could lawfully be made to that recipient in compliance with applicable law.

Prospective investors should inform themselves as to the legal requirements and consequences of applying for, holding, transferring and disposing of an interest and any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence, domicile or place of business. It is the responsibility of a prospective investor outside Australia to obtain any necessary approvals in respect of applying for, or being issued with, an interest in the Fund. Unless otherwise agreed with the Trustee, any person applying for an interest in the Fund will by virtue of the application be deemed to represent that they are not in a jurisdiction which does not permit the making of an offer or invitation as detailed in the IM, and are not acting for the account or benefit of a person within such jurisdiction.

The Fund Entities do not bear any liability or responsibility to determine whether a person is able to apply for an interest in the Fund pursuant to this IM.

# 1. Invitation to Invest

10th September 2016

Dear Investor,

On behalf of all the team at Majella Capital Funds Management Pty Ltd (Majella, we, us, our) we welcome the opportunity to introduce to you an exciting investment structure, The Majella Commercial Fund (the Fund).

The Fund is designed to engage in Commercial Property Developments, and related qualifying investment opportunities throughout Australia as well as taking an interest in companies that may offer capital gain to investors over the medium to long term (the Projects).

As Majella is the Fund Manager of the Fund, we will seek to ensure that all Projects are professionally managed utilising project managers and registered builders with proven property development experience and appropriate qualifications.

The Fund is not registered with ASIC as a managed investment scheme. It has the ability to create Special Purpose Vehicles (SPV) for each specific asset type or investment. You acquire, upon subscription a Class of Interests allocated to a specific SPV, a beneficial interest in the development or investment undertaken by that SPV.

Whilst we are the Fund Manager and, you are the investor (as the ultimate beneficial owner of each SPV development or Company), you and your fellow investors enjoy all the benefits (and risks) associated with becoming a property developer or investor.

Please read the entire IM carefully and in its entirety to gain a better appreciation of the offer and before making a decision to invest in the Fund. If in doubt, please consult your professional adviser before deciding to invest.

The Board of Directors

Majella Capital Funds Management Pty Ltd

## 2. Executive Summary

### Key Dates

<b>Offer Opening Date*</b>	10th September 2016
<b>First Closing Date*</b>	10th September 2017 or such earlier or later date to be determined by the Trustee in consultation with the Manager. This is the date that the Units will be issued. There may be subsequent dates where Units are issued to investors.

### Key Features of the Offer

<b>Offer Size</b>	To a maximum of <b>AUD\$50 Million</b>
<b>Capital Structure</b>	Fully paid Ordinary Units on admission as an investor
<b>Issue Price</b>	Units issued will be at: <ol style="list-style-type: none"><li>AUD\$1.00 per Unit for the first six months from the First Closing Date</li><li>Thereafter, it is the Net Unit Value as at the date the Unit is issued plus the Transaction Costs referable to the Unit</li></ol>
<b>Minimum Investment Amount</b>	<b>AUD\$500,000</b> unless otherwise agreed by the Trustee in consultation with the Manager.

## 3. Key Features of the Trust

### Set out below are the key features of the Trust:

<b>Offer Opening Date*</b>	<p>The Trust is a property development and equity financing Managed Investment Trust (MIT) called the Majella Commercial Fund (Trust).</p> <p>The Trust is an open-ended MIT established for the purpose of providing investors with the potential for income returns. The Trust will invest in the Developer's real estate development projects from time to time. Current examples of the Developer's projects are described later in this document and in Annexure A-C.</p> <p>It is intended (though not guaranteed) that an investment in the Trust will be a 'complying investment' for the purposes of regulation 5.19B of the Migration Regulations 1994 (Cth).</p> <p>The Trust is an unregistered wholesale Australian unit trust and the Trustee in consultation with the Manager may elect to register the Trust.</p> <p>The units on offer (Units) are available to wholesale clients only.</p>
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<b>Investment Objective</b>	<p>Simple interest of 6% p.a. is calculated annually on the investor's capital from the date which is 30 days after the issue of Units to the investor to the fourth anniversary of the First Closing Date or any other date determined by the Trustee in consultation with the Manager (please refer to Term below for further information on this point).</p> <p>The returns, if any, will be payable to investors within a reasonable time after the fourth anniversary of the First Closing Date or any other date as decided by the Trustee in consultation with the Manager. In addition, the Fund seeks to pay a performance fee to the investors equal to the underlying profitability of the investments made when measured against the projected performance.</p> <p>The Trust may not be successful in achieving the above return through its investment in the Developer's projects (Projects) for a number of reasons, including a serious and prolonged market downturn, insolvency of the Developer, construction delay, loss of value in the Projects or delay with marketing and successfully selling the apartments. Please see further details in the Risks section for an outline of the risks associated with indirect investments into real estate property developments.</p>
<b>Manager</b>	<p>Majella Capital Funds Management Pty Ltd ACN 167 098 900 will be the Manager of the Trust.</p> <p>The Manager's role is to select and manage the Fund's investments. The Manager has entered into a Relationship Agreement and Management Deed with the Trustee (Manager Documents).</p> <p>As part of its investment management obligations, the Manager will implement the investment strategies and objectives for the Fund. The Manager will prepare investment proposals in respect of the suitability of an asset as a Fund investment and will in turn recommend these proposals to the Trustee for investment by the Fund.</p> <p>The Manager does not hold an AFSL and subject to the terms of the Manager Documents, the Manager is not required to hold an AFSL to undertake the investment management or other services for the Trust. The Manager may apply for an AFSL in the future.</p>
<b>MIT</b>	<p>The Managed Investment Trust (MIT) regime is a concessional withholding tax regime that is used primarily by Australian REITs and managed funds. The key benefit of the MIT regime is that the rate of withholding tax on distributions of net rental income and capital gains made by an REIT may be as low as 15% in certain circumstances.</p> <p>The MIT withholding tax rate applies to distributions by MITs that are 'fund payment' amounts. In broad terms, a fund payment is a distribution of Australian source income (e.g. net rental income) including gross capital gains on taxable Australian property but excluding dividends, interest and royalties. Dividends, interest and royalties continue to be subject to the general withholding tax regime.</p> <p>An EOJ country is a country with which Australia has an 'effective exchange of information' agreement and which is listed in Regulation 44E of the Taxation Administration Regulations (Cth).</p>
<b>Trustee</b>	<p>The Trustee is Melbourne Securities Corporation Limited which is regulated under Australian financial services laws and holds Australian Financial Services Licence (AFSL) No. 428289.</p>

Role of the Trustee	The Manager will make recommendations to the Trustee regarding investment decisions. The role of the Trustee is limited and described further Part 5.3.
Developer	<p>The Trust commences on the First Closing Date and will continue until the earlier of:</p> <p>Following an ordinary resolution passed by investors to terminate the Trust;</p> <ul style="list-style-type: none"> <li>• the date when the Trust’s investments are all fully realised for cash;</li> <li>• the date as required by law; or</li> <li>• on a date the Trust is terminated as determined by the Trustee in consultation with the Manager.</li> </ul>
Significant Investor Visa status	<p>The Trust’s investments will be a ‘complying investment’ for the purposes of the Australian Department of Immigration and Border Protection’s Significant Investor Visa. There is no guarantee provided by the Trustee or the Manager that the Trust will meet the ‘complying investment’ requirements in the SIV rules and regulations.</p> <p>The Department of Immigration and Border Protection has implemented the new investment classes for SIV ‘complying investments’. In addition to investing in the Trust, other complying investments will need to be made to meet the requirements of the SIV. The Trustee and Manager are not able to provide advice to potential investors on these matters and you will need to seek your own advice.</p>
Investment Strategy	<p>To invest the majority of the Trust’s capital into the Projects by loan under debt financing arrangements with the Developer (see diagram in Part 4.1). Subject to the Manager meeting the guidelines in Part 5.5, and appropriate loan documentation, the Trustee will be required to invest in a Project if it is recommended by the Manager. This process is further described in Part 5.5.</p> <p><b>The Developer and the Projects</b></p> <p>It is expected that the Developer will be a related body corporate of the Manager or any other unrelated company chosen by the Manager from time to time, and who will hold the rights to develop the Projects. Please refer to some examples of the previous Projects below in Annexure A-C. In addition, please note current Projects of the Developer as contained in Annexure D.</p> <p>It is possible that the design and the final built Projects may be different to the design and intended uses outlined in this document at the date of this document. It is intended that each project will be a residential development project.</p> <p><b>Loan from the Trust to the Developer</b></p> <p>The Trust may loan monies to the Developer to assist with the development of the Projects. This loan will be subordinated to that of the senior debt lenders, and may be further subordinated to that of other debt lenders, in relation to the repayment of the loan and in relation to the security granted by the Developer to the Trust under the loan. The Trust’s returns to investors will be dependent on the Developer being able to repay its debt to the Trust. Please refer to the Risks section for a further outline of the risks associated with underlying investments into a real estate property development.</p> <p><b>Equity Investments</b></p> <p>In addition to providing debt finance to the Development Entity, the Manager may also recommend to the Trustee that the Trust invest in equity structures arranged by the Development Entity. These equity investments may be on preferred terms or normal terms into companies, trusts, registered managed investment schemes, or partnerships. Such investments will only be made when the Manager is able to recommend such investments and meets any legal and regulatory requirements, for example holding an AFSL.</p> <p><b>Cash and Term Deposits</b></p> <p>Where Trust monies have not been allocated to an investment, the Trustee will invest the cash on term deposit or cash deposit accounts or similar financial products. The funds will be invested on appropriate terms in an Australian deposit taking institution (ADI) or other appropriate financial products. It is likely that your investment monies will be held in an ADI account or another financial product until an appropriate project has been identified to invest in. The Trustee, in consultation with the Manager, may reinvest any returns from loans, including capital and interest, into other investments.</p>

Reinvestment	The Trustee, in consultation with the Manager, may reinvest any returns from loans, including capital and interest, into other investments.
What happens if the Projects are successful?	<p>If the development of the Projects in which the Trust invested by way of debt or equity are successful, and the Trust is repaid its investment and returns, then investors will be repaid their capital investment and their projected return.</p> <p>A development will be successful if the Projects in which the Trust invested are built and sold and all obligations to repay senior and mezzanine debt lenders (as applicable) to the Developer are met leaving enough proceeds for the Developer to repay the Trust the monies owed to the Trust under the loan. Once all the above loans are re-paid by the Developer and all costs, fees and expenses of the Trust are paid the Trust will be able to make capital and income distributions to investors.</p>
What happens if the Projects are not successful?	<p>If the development of the Projects in which the Trust invested are not successful or are compromised in any way, then investors may not be repaid their capital investment and any return of that capital.</p> <p>It is possible that a number of events could lead to the Projects not meeting the target financial returns (for example, market downturn, lack of apartment sales, increased debt funding costs or increased construction costs).</p> <p>The impact of reduced financial returns on a Project may mean that any distributions paid by the Trust will be reduced – and this would in turn impact the returns paid to the investors in the Trust.</p> <p>If one or more of the Projects are not successful, investors in the Trust may:</p> <ul style="list-style-type: none"> <li>• not receive their pre-tax projected return of 4% simple interest calculated per annum;</li> <li>• receive a lower return;</li> <li>• not receive any return;</li> <li>• receive only part of their invested capital contribution; or</li> <li>• not receive any of their invested capital contribution.</li> </ul> <p>An investment by the Trust will be a debt or equity investment into property developments undertaken by the Developer. Investments into property developments have inherent risks that may mean that an investment may not be successful.</p>
Units (Ordinary Units and Junior Units)	Units offered pursuant to this Information Memorandum will be Ordinary Units issued by the Trustee of the Trust.
Issue price	<p>Units issued will be at:</p> <ul style="list-style-type: none"> <li>• AUD\$1.00 per Unit – for the first six months from the First Closing Date</li> <li>• Thereafter at the Net Unit Value calculated in accordance with the Trust Deed</li> </ul>
Distributions	<p>Distributions from the Trust will be made at the Trustee's discretion in consultation with the Manager. It is intended that the first distribution to investors will be within a reasonable time after the fourth anniversary of the First Closing Date or any other date as decided by the Trustee in consultation with the Manager. It is intended that any distributions after the first distribution will only be made once the Trustee has received returns from any investments made by the Trust. The Trustee gives no assurance as to the future level of distributions that may be paid by the Trust, if any, and the timing of distribution payments. This is because such matters depend, among other factors, on the return from the Trust's investments. The distributions from the Trust will be in the following order of priority:</p> <ul style="list-style-type: none"> <li>• Firstly, 100% to investors holding Ordinary Units until they have received the sum of their paid Issue Prices (as at the record date for the distribution) on a pro rata basis.</li> <li>• Secondly, 100% to investors holding Ordinary Units until they have received (including tax credits) their Interest Amounts (as at the record date for the distribution) on a pro rata basis.</li> </ul>

Distributions (cont.)	<p>Further details are outlined in the Trust Deed.</p> <p>Please review the Investment Strategy for further explanations regarding the forecasted (and not guaranteed) rate of return for your investment in the Trust.</p>
Redemptions	<p>The Trust is an open ended trust. There are no redemptions during the Lock-in Period and an investor must maintain their investment in the Trust for the Lock-in Period (including any extensions to the Lock-in Period), unless you transfer your Units to another wholesale investor (subject to the Trustee's consent).</p> <p>An investor must give the Trustee three (3) months' notice of any redemption request to redeem an investor's Units and the Trustee, acting in consultation with the Manager, will decide whether or not to accept the redemption request (Redemption Request). An Investor may complete a Redemption Request at the time of making an application and provide this Redemption Request to the Manager. The Manager will hold this Redemption Request in escrow and release it to the Trustee three months prior to the end of the Lock-in Period. An Investor may give a Redemption Request at any time in accordance with the Trust Deed, however no Redemption Requests will be considered prior to the completion of the Lock-in Period.</p> <p>The redemption value of an investor's Units contained in a Redemption Request is calculated in accordance with the Trust Deed and is usually the Net Unit Value of the class of the Units being redeemed, less redemption transaction costs associated with that class. The redemption price will be valued on the last Business Day of each month (Redemption Valuation Date). The redemption proceeds will be paid to the relevant Investor within 45 days of the Redemption Valuation Date (Redemption Date).</p> <p>Please refer to the Trust Deed for further details. Investors are not able to rely on the redemption process if they wish to exit their investment in the Trust earlier than the Lock-in Period.</p>
Sale Facility	<p>To assist investors who may need to exit the Trust (e.g. due to hardship), the Manager may use reasonable endeavors to assist such investors to sell their Units on the secondary market. As there is no established secondary market for the Units, the Manager may not be successful in finding purchasers. In some cases, the Manager may, but is not obliged to, purchase such Units. Units may only be transferred to other wholesale investors with the consent of the Trustee in consultation with the Manager. If the Manager is not appropriately authorized to offer this service, it will not provide this service to investors.</p> <p>The Trustee is not involved with the offering of the above facilities and has no duty or obligation to investors or the Manager to offer the above facilities to investors or the Manager.</p>
What happens when the Trust has realised its investments in the Projects?	<p>When the Development Entity repays the loan to the Trustee or the equity investment is realised by the Trustee, the Trust may be in a position to make a distribution to investors. At this stage an investor may receive a cash payment representing their return from the Trust. The Trustee may also reinvest the proceeds into other debt or equity investments offered by the Development Entity.</p>
Audited Accounts	Annually.
Taxation	<p>Refer Part 4.9 for an overview of the taxation aspects of the Trust.</p> <p>Investors should obtain their own tax advice before making an investment in the Trust. The Manager gives no assurance as to tax treatment of the Trust or individual investors.</p>

<p><b>Fees paid by the Trust</b></p>	<p><b>Management Fee</b></p> <p>The Trust will pay a management fee of 1.8% of the average Capital Contributions to the Manager, calculated from the date that is one calendar month after the First Closing Date until after the termination of the Trust. The fee is payable quarterly in arrears during the term of the Trust. The management fee may be varied where agreed by the Trustee and the Manager.</p> <p>The Manager is entitled to be reimbursed for all costs and expenses properly incurred by the Manager in accordance with the terms of the Trust Deed. The Manager will also be able to recover all third party costs (for example, legal, audit and accounting costs) from the Trust.</p> <p><b>Trustee Fees</b></p> <p>The Trustee will be paid a Trustee Fee for acting as trustee of the Fund. The Trustee Fee will be paid by the Manager out of the Management Fee above. If the Manager has not paid the Trustee Fee within 20 Business Days of a written request for payment from the Trustee, then the Trustee may recover the Trustee Fee out of the assets of the Trust. The Trustee will have a first priority lien over the assets of the Trust for the payment of trustee fees, Costs (as defined in the Trust Deed), costs, expenses and Outgoings (as defined in the Trust Deed).</p> <p>The Trustee is entitled to be reimbursed for all fees, costs and expenses properly incurred by the Trustee from Trust property. The Trustee will also be able to recover all third party costs (including but not limited to, legal, audit and accounting costs) from the Trust.</p> <p>The Trustee is also entitled to be paid a termination fee if its role is terminated within four years.</p>
<p><b>Risks</b></p>	<p>The principal risk that an investor in the Trust has is that they will not receive the projected return or part or all of their capital investment will not be returned. Please see Part 6 (Risks) for more commentary on your investment risks, which include development risks, property financing, economic risks and regulatory risks.</p> <p>Indirect investments into property developments via debt financing contain a number of risks which are different to direct property investment and you should understand these risks before making an investment in the Trust.</p>
<p><b>Trust Deed</b></p>	<p><b>This Information Memorandum contains a high level and non-exhaustive summary of the offer to invest in the Trust.</b></p> <p><b>The Trust Deed prevails over this Information Memorandum to the extent of any inconsistency. A copy of the Trust Deed is available from the Trustee for your review.</b></p> <p><b>Investors should review the Trust Deed prior to making an investment decision in respect of the Trust.</b></p>
<p><b>Removal of the Trustee and Manager</b></p>	<p>The Trustee may be removed as trustee of the Trust by the Manager with 20 Business Days' notice in accordance with the provisions of the Trust Deed.</p> <p>There are additional grounds for the Trustee to retire including the passing of a Special Resolution of the Members, the Trustee suffering an Insolvency Event and the passing of an Ordinary Resolution by Members, or where the Trustee has an un-remedied breach of the Trust Deed and it has not remedied it by 20 Business Days or has acted with negligence, fraud, or breach of trust in its role as Trustee and an Ordinary Resolution has been passed by Members.</p> <p>The Manager may be removed only where it has acted with fraud, dishonesty, has become insolvent, is otherwise required by law to be removed or has undertaken a material breach of the Trust Deed and Management Agreement which it has not remedied within 20 Business Days.</p>

<b>Communication &amp; reporting</b>	<b>Further details are outlined in the Trust Deed. Please review the Investment Strategy for further explanations regarding the forecasted (and not guaranteed) rate of return for your investment in the Trust.</b>	
<b>Redemptions</b>	<b>Investor updates:</b>	<b>Annually</b>
	<b>Distribution statements:</b>	<b>When a distribution is made.</b>
	<b>Tax distribution statements:</b>	<b>As required by an Investor upon request by the investor to the Trustee.</b>
<b>Cooling off period</b>	<b>There will be no cooling off period for investments in the Trust.</b>	
<b>Complaints</b>	<b>All complaints should be referred to the Trustee.</b>	
<b>Audited Accounts</b>	<b>Annually.</b>	
<b>Contact Us</b>	<b>For further information at any time, contact us. See details in the Corporate Directory on the final page.</b>	

## 4. The Offer

### 4.1 INVESTMENT EXPLAINED

The investment is in a Commercial Property Development and Financing Managed Investment Trust (MIT) called the Majella Commercial Fund (Trust).

The Trust is an opened-ended MIT established for the purpose of providing investors with the opportunity to generate attractive returns.

The Manager is targeting a commitment from investors of up to AUD\$50 Million, with Units issued at AUD\$1.00 each (with the Issue Price being calculated after six months from the First Closing Date at the Net Unit Value (plus any transaction costs referable to the Unit) calculated in accordance with Part 3 – Key Features of the Trust).

The Trustee in consultation with the Manager has a discretion to accept over subscriptions for Units. The minimum investment amount per investor is AUD\$500,000 although the Trustee, in its absolute discretion, may accept a lower amount. The Trustee may, in its absolute discretion, refuse any application in whole or in part.

#### **The Trust aims to provide investors with indirect exposure to:**

##### **(a) Quality Commercial Real Estate Assets**

The Trust will make underlying investments similar to those contained in Annexure A-C based on the election made by the investor or Investment Advisor on the investors behalf. It is a condition precedent that the manager only proposes investments that comply with regulation 5.19B of the Migration Regulations 1994 (Cth), in that they are suitable for SIV investors. The manager may from time to time propose non-qualifying assets in which case these will be contained in a different unit class not open to SIV investment.

##### **(b) Attractive targeted equity return**

The Trust aims, but does not guarantee, to achieve a return of 6.0% per annum calculated annually using simple interest. Interest for an investor will accrue from the date which is 30 days after the date that the Ordinary Units are issued to the investor until the date that is the fourth anniversary of the First Closing Date (note: that this date may be extended by one year and the realisation of all investments will impact when distributions may be made).

In addition, the Fund seeks to pay a performance fee to the investors equal to the underlying profitability of the investments made when measured against the projected performance.

The Trust is a fund that will seek to achieve the targeted return through its investment in the Projects.

**(c) Access to experienced property developer in Australia**

The Manager will utilise the construction and project management experience of the Developer to add value and implement management strategies for the investments. See Part 5 (The Manager and the Trustee) for further details.

**(d) Units**

The Trust will issue Units to investors; with amongst other things rights to attend and vote at meetings, to receive distributions in accordance with the Trust Deed.

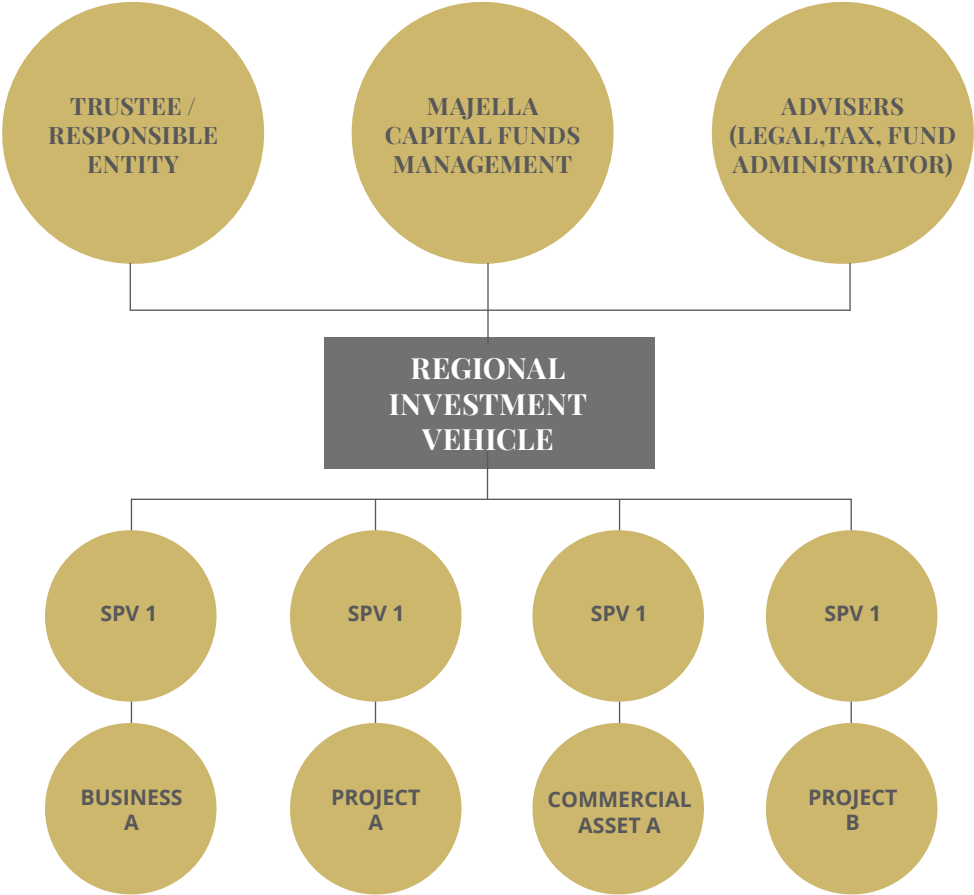
**(e) Investment Use**

The Trust will invest in the Projects owned and developed by the Developer, which are similar to the investments in Annexure A-C on debt or equity terms (equity will only proceed if the Manager meets current legal and regulatory requirements to arrange such investments). The Manager may invest in other projects, not developed by the Developer.

The Trustee in consultation with the Manager may place money on term deposit or cash deposit with an ADI from time to time.

**(f) Investment Diagram**

The Trust will invest in the Projects as contained in the underlying diagram. The Manager may invest in other projects, not developed by the Developer.



## 4.2 SIGNIFICANT INVESTOR VISA (SIV)

It is intended that the Trust will meet the requirements of the Australian Department of Immigration and Border Protection's Significant Investor Visa programme as a complying investment and that the Trust's investments will be made in the permitted categories specified by the DIBP. Currently, the intention is for these investments to be debt and equity investments in real property in Australia and term and cash deposits with an ADI or other similar financial products.

Investors should be aware that an investment in the Trust complies with the terms of the SIV only from the date the Trust invests in a complying investment. If the Trust delays making an investment in a complying investment (for whatever reason), the investor's interest in the Trust will not meet the SIV requirements until such investment is made. It is intended that the Trust will invest in a deposit account (or similar account) before any loan or equity investments are made – the deposit account will be a complying investment.

The Manager will issue a Form 1413D – Declaration to investors indicating that an investment in the Trust is a complying investment for the purposes of an SIV application if the Trust meets the SIV requirements.

There is no guarantee provided by the Trustee or the Manager that the Trust will meet the 'complying investment' requirements in the SIV rules and requirements.

The Trustee and Manager will not be able to assist with the application or processing of an investor's SIV application. This is the sole responsibility of the investor separate from any obligations of the Trustee or the Manager. The Trustee and Manager make no representations or warranties to an investor as to the success or otherwise of being granted a SIV, permanent residency or citizenship from the DIBP. Investors who are applying for a SIV must obtain their own advice in this regard.

Note that as at the date of this IM the DIBP and Austrade have announced proposed changes to complying investment options. It is possible that an investment in the Trust must be made with other complying investments to meet the requirements of SIV. In addition to this, investment in certain permitted categories specified by the DIBP may also change. It is possible that your investment will not be a complying investment for the SIV. The Trustee and Manager are not able to provide advice to potential investors on these matters and you will need to seek your own advice.

## 4.3 BORROWING POLICY

The Trust will not borrow.

The Developer will act as the borrower for the Projects. Investors are not liable for any loans or any of the Developer's obligations. There will be no recourse to Trust property for any loans taken out by the Developer.

The Trustee will be a subordinated lender to the Development Entity behind senior lenders to the Development Entity. Consequently, the exposure for investors is if the Developer defaults on any loans to the senior lenders, this could result in the Trust's investment in the Project being compromised. The senior lender may step and take control of the Project. Once the senior lender takes control of the Project it could undertake a sale of the Project which results in less funds being available to repay the Trust for its debt or equity investment (as applicable).

## 4.4 PREVIOUS PROJECTS AND PROPERTY DETAILS

Please see the development portfolio of the Manager and its related parties as contained in Annexure A-C.

Annexure D contains the current fund opportunities in which investors or their advisor may elect to invest in proportion to their advice.

The advice needs to be taken by the investor as neither the Issuer or Manager has taken into account the Recipient's objectives, financial situation or needs and accordingly the provision of this Information Memorandum is not personal advice for the purposes of Section 766B (3) of the Corporations Act.

None of the Issuer, Manager their members, directors, employees, consultants, advisers or agent's warrants that an investment in the Fund is a suitable investment for the Recipient.



## 4.5 UNIT REDEMPTION

The Trust is an open ended trust. There are no redemptions during the Lock-in Period and an investor must maintain their investment in the Trust for the Lock-in Period (including any extensions to the Lock-in Period), unless you transfer your Units to another wholesale investor (subject to the Trustee's consent). An investor must give the Trustee three (3) months' notice of any redemption request to redeem an investor's Units and the Trustee, acting in consultation with the Manager, will decide whether or not to accept the redemption request (Redemption Request). An Investor may complete a Redemption Request at the time of making an application and provide this Redemption Request to the Manager. The Manager will hold this Redemption Request in escrow and release it to the Trustee three months prior to the end of the Lock-in Period. An Investor may give a Redemption Request at any time in accordance with the Trust Deed, however no Redemption Request will be considered prior to the completion of the Lock-in Period.

The redemption value of an investor's Units contained in a Redemption Request is calculated in accordance with the Trust Deed and is usually the Net Unit Value of the class of the Units being redeemed, less redemption transaction costs application with that class. The redemption price will be valued on the last Business Day of each month (Redemption Valuation Date). The redemption proceeds will be paid to the relevant Investor within 45 days of the Redemption Valuation Date (Redemption Date).

Please refer to the Trust Deed for further details. Investors are not able to rely on the redemption process if they wish to exit their investment in the Trust earlier than the Lock-in Period.

## 4.6 INVESTMENT AMOUNT

Unless otherwise agreed by the Trustee, the minimum investment amount in the Trust will be AUD\$500,000.

The Trustee is under no obligation to sell or to issue Units to any applicant and reserves the right to accept or deny any application.

The Trustee may issue other classes of Units in the Trust at its discretion, increase or decrease the size of the offer and reserves the right to proceed or not to proceed with the offer.

The Trustee reserves the right to allocate to any investor fewer Units than the number for which they have applied for.

## 4.7 APPLICATION AMOUNT

The Trustee will provide a confirmation of each investor's paid Units on acceptance of their Application Form. Units will be issued at the following amounts:

- AUD\$1.00 per Unit for the first six months from the First Closing Date
- Thereafter at Net Unit Value calculated in accordance with the Trust Deed

Application Monies will be deposited into the applications account pending approval. There will be no interest earned while Application Monies are held in the trust account prior to the Units being issued to the investor by the Trustee.

## 4.8 WHY INVEST NOW

An investment in the Trust is a unique opportunity to invest in the premium commercial real estate developments. The offer is strictly limited in size and offers attractive returns. All investments are about timing and the Manager believes the current timing to be appropriate for investors because of:

- Underlying strong demand in commercial real estate and property driven by population growth;
- Infrastructure investment boom ;
- Low and stable interest rates;
- Strong local and overseas buyer demand;
- Low vacancy rates;
- High rents and strong demand;
- Bank project lending availability; and
- Growth in superannuation funds looking for small investments.

## 4.9 TAX

Any taxation information in this Information Memorandum is of a general nature only and is not to be taken as any tax or other advice. In all cases, investors should seek professional advice in respect of the Australian tax implications of acquiring, holding and disposing of Units, as the tax consequences for any investor will depend on their own specific circumstances.

Australian resident investors will generally be assessed on their share of net income at their relevant marginal tax rate.

For non-resident investors the Manager will generally be required to withhold an amount from distributions. Withholding tax rates and non-resident taxation obligations vary significantly depending on the country of residency and where Australia has concluded a double taxation agreement. Investors are advised to monitor changes to taxation rules and how they may affect their tax obligation.

The MIT withholding tax concession is available where the following requirements have been satisfied pursuant to Sub-division 12-H of Schedule 1 to the Tax Administration Act 1953 (Cth):

- The trust must be a MIT;
- The distribution must be a “fund payment”;
- The recipient of the distribution must be an entity with an address outside Australia; and
- The address of the recipient must be an “information exchange country”.

An unregistered wholesale fund will be widely held where it has at least 25 members. Tracing through eligible entities is allowed in calculating the number of members.

In addition to the MIT withholding tax concession, the Government introduced a capital account election for MITs. This election allows a MIT to hold eligible assets (such as, shares in a company, units in a unit trust and land, including an interest in land) on capital account resulting in income from those assets that would otherwise be on revenue account, being subject on disposal to the capital gains tax regime.

Therefore, investors may be concessional tax on these gains due to the capital gains discount that is available to individuals and trusts (up to a discount of 50%) and complying superannuation funds (up to a discount of 33 1/3%) where the asset has been held for more than 12 months.

# 5. The Manager and the Trustee

## 5.1 MANAGER

### (a) Majella Capital Funds Management Pty Ltd ACN 167 098 900

The Manager does not hold an AFSL and subject to the terms of the Manager Documents, the Manager is not required to hold an AFSL to undertake the management and other services for the Trust. The Manager may apply for an AFSL in the future. The Manager or an affiliate of the Manager will hold the Junior Units, and this will align the Manager to the performance of the Trust.

### (b) Senior Management and Board Members

Senior management members are aligned to the Trust's investment performance.

The Management Team consists of:

**Sebastian Monsour** (MBA, BE, AFAIM, MAICD)  
**Group Chief Executive Officer**  
**Majella Group**

Sebastian Monsour has more than two decades of experience designing, constructing, operating and managing infrastructure in the utility and government sectors. Sebastian has a background in strategic and change management programs focused on creating new business units out of existing and emerging divisions and enabling them to deliver future business and commercial needs.

As General Manager for Southbank Education Training Precinct, Major Government Contracts and PPP's at Spotless Services, Sebastian was integral to the leadership, management and delivery of the \$550 million construction build and putting in place the systems and processes to deliver a thirty year operations contract.

Southbank Education Training Precinct was recognized as the BEST GLOBAL PROJECT (2007) at the Public Private Finance Awards (London) (Sponsored by KPMG). Sebastian was awarded the Spotless Services Managing Directors Award of Excellence in 2006.

**Dr Luke Kirke (PHD(FIN.EC), MFIN, GDIP (APP.FIN), B.BUS(ACC&FIN))**  
**Head of Majella Capital Funds Management and**  
**Group Chief Financial Officer Majella Group**

Dr Luke Kirke is the Group Chief Financial Officer of Majella as well as its Head of Capital. Retaining over 20 years' experience in corporate finance, infrastructure advisory and regulatory economics, Dr Kirke has held senior roles with a plenitude of Australian top tier organizations, including the Commonwealth Bank of Australia, The Australian Stock Exchange, The Queensland Treasury Corporation, The Queensland Investment Corporation, Booz & Co. and Aurizon.

From the earliest roles, Luke has proven experience in undertaking complex work, a good understanding of the workings of commercial operations, and a thorough appreciation of the issues facing today's organizations. Because of such skills, Luke retains the ability to achieve benefits realization, as well improving the resilience of a company so as to ensure its sustainability well into the future.

Driven by excellence and the desire to outperform, Luke is a triple degree graduate, having completed a Bachelor of Business, a Graduate Diploma in Applied Finance and Investment, a Masters of Applied Finance as well as a Doctorate of Finance from the Swiss Management Centre in Zurich, Switzerland.

## 5.2 TRUSTEE

### (a) Trustee

The Trustee is Melbourne Securities Corporation Limited ACN 160 326 545 is licensed under Australian Financial Services Licence No. 428289 and Australian Credit Licence No. 428289 by the Australian Securities & Investments Commission (ASIC).

The company is required to meet strict financial guidelines as set out in the Corporations Act 2001 and under its AFSL and ACL, including holding a minimum net tangible assets and it must produce regular cash flow projections to ensure it has the financial resources to meet its obligations on an ongoing basis.

Melbourne Securities Corporation also holds professional indemnity insurance cover of \$5 million.

### Compliance Committee

A Compliance Committee has been established to monitor compliance and report to directors of MSC on a regular basis regarding adherence of the company to the Corporations Act and ASIC requirements. If any issues or breaches are not addressed by either the management or the Board of the company, the Compliance Committee is obliged to report directly to ASIC.

The Compliance Committee is currently comprised of an executive director of MSC and two independent, external members - with a majority of external members as required by the Corporations Act.

### Audit

In adherence with Corporations Act requirements, MSC is subject to independent financial audit. It is also subject to independent compliance audit on a minimum annual basis.

### Complaint Handling

Where an investor has a complaint, at first instance they should contact the Complaints Officer at the office of MSC and request a complaint form, at the following address:

Complaints Officer  
Melbourne Securities Corporation Ltd  
Level 2 Professional Chambers, 120 Collins Street, Melbourne VIC 3000

## (b) Senior Management and Board Members

Senior management members are aligned to the Trustees investment performance.

### The Management Team consists of:



#### **Michael Fleming** **Chairman**

Michael Fleming brings 30 years' experience in corporate trustee, internal audit, legal and accounting. His previous roles include as Group Compliance Manager for Equity Trustees covering compliance, risk management, in-house legal counsel and as secretary to the board and management committees. Other roles include corporate trust accountancy for AXA Trustees and contract positions for Avanteos and Ausbil Investment Management. Michael has significant technical knowledge of securities law including ASIC and APRA regulations, as well as commercial development and application of governance, compliance and risk management frameworks, controls and procedures. He has extensive experience acting as a corporate trustee and in the management of litigation and dispute resolution. Michael holds a Bachelor degree in Business (Accounting), a Bachelor of Laws and a Graduate Diploma of Legal Practice. He also holds a current corporate legal practising certificate and is admitted to practice law in Supreme Court of Victoria.



#### **Matthew Fletcher** **Managing Director**

Matt Fletcher is an experienced financial services professional with a comprehensive background in investment banking and funds management. His previous roles have included senior management positions with Lloyds Banking Group, National Australia Bank (London) and St. George Bank. Matt has served as Managing Director and Key Person of several Australian Financial Services Licensed businesses and has been actively involved in all facets of retail and wholesale funds management, overseeing product design, advice, distribution, investment selection and management, compliance and strategic corporate management. He has also served on the boards of several private and ASX-listed companies. Matt holds an MBA from the London School of Business & Finance, a Bachelor of Business (Banking & Finance), a Graduate Diploma of Applied Finance & Investment and several Diplomas including in Financial Services (Financial Planning). He is a Senior Fellow of Financial Services Institute of Australasia and a Member of Australian Institute of Company Directors.



#### **Andrew Georgiou** **Director & Chief Financial Officer**

Andrew Georgiou is a Certified Practising Accountant and has been a member of Australian Society of Accountants for over 30 years. He is also a Tax Agent registered with the Australian Tax Practitioners Board. Prior to serving as the principal accounting officer of the Company, Andrew had performed similar roles for a large number of private and ASX-listed companies, including several Australian Financial Service licensed businesses. He has a wide range of corporate and accounting experience, having been involved in a variety of industries including previous roles with Port Phillip Mills wool processing, Toll Transport and West Coast Railway.



#### **Scott Lillingston** **Compliance Manager & Company Secretary**

Scott Lillingston has extensive experience in the investment management industry focussing on the areas of compliance, investment operations and company secretariat. His previous roles have included positions at Acorn Capital and Antares Capital Partners (formerly known as Portfolio Partners and then Aviva Investors) where he worked for 13 years. Scott was responsible for Compliance at Acorn Capital and has held various other roles with responsibility for Compliance, Investment Operations and Company Secretariat at Antares Capital. He had also worked at County Investment Management as a Compliance Officer and an Investment Clerk. Scott holds a Bachelor of Commerce and a Bachelor of Laws (Honours) both from Deakin University as well as a Graduate Diploma in Applied Finance and Investment.



#### **Steven O'Connell** **Compliance Committee Chair**

Steven O'Connell has over 25 years extensive finance industry experience in life insurance, asset management, custodial services, financial planning and superannuation (consulting, administration and trustee services). He has headed the compliance and risk management functions for several large multi-national asset managers. Steven had held company secretary roles for a number of asset managers, headed custodial operations for corporate actions, reconciliations and unlisted trust management and was a key person in the eventual sale of Mellon Australia's superannuation and administration consulting businesses in 2005. He is an experienced director of asset management and finance companies and currently holds roles in Compliance Committees and as Responsible Manager for several leading asset management firms. Steven holds a Bachelor of Business, CPA and AACI accreditation.



#### **Clifford Clayton** **Compliance Committee**

Cliff Clayton is a former Director of Perpetual Trustees Victoria, MacarthurCook Investment Managers, AXA GESP and Coles Group ESP. During a 25 year executive career with the Perpetual Trustees Group, Cliff acquired substantial experience in all aspects of funds management operation and compliance. He has subsequently applied this to the Compliance Committees of a large variety of Australian Financial Services Licensed businesses. Cliff is a co-founder and host of the Compliance Committee Forums seminars in Melbourne, attended by independent compliance committee members, compliance professionals and service providers, with regular presentations by key industry and ASIC representatives. He is an Associate of the Australasian Compliance Institute and a Senior Associate of the Financial Services Institute of Australasia.

### 5.3 ROLE OF THE TRUSTEE

The Trustee performs its role in accordance with the Trust Deed. The Trustee appoints the Manager in accordance with the Trust Deed.

The Trustee will consult and/or receive recommendations/directions from the Manager in relation to:

- Investment decisions including but not limited to the making of loans to Development Entity;
- Realising an investment of the Trust; and
- Making a distribution to investors (including any redemptions to investors).

The Trustee's role is always subject to its duties to the investors in accordance with the Trust Deed and at law.

### 5.4 ROLE OF THE MANAGER

The Manager performs its management role in accordance with the Trust Deed and the Manager Documents. Further services of the manager is to also assist the Trustee with investment recommendations. The Trustee will only make an investment if a written Investment Proposal is received by the Trustee from the Manager. The Manager and the Trustee are not required to provide any additional justification to Members or seek Members' consent/approval in relation to any investment decisions including but not limited to the making of loans to the Development Entity for the purposes of developing the Projects

### 5.5 HOW ARE INVESTMENTS FOR THE TRUST MADE?

#### (a) Guidelines

The Trustee will only make an investment if a written Investment Proposal is received by the Trustee from the Manager. If the Investment Proposal is within the following investment guidelines then subject to its duties to the Investors, the Trustee must make the Investment.

The Manager and the Trustee are not required to provide any additional justification to Members or seek Members' consent/approval in relation to any investment decisions including but not limited to the making of loans to the Development Entity for the purposes of developing the Projects. A Member will not be able to bring an action against the Trustee for breaching the terms of the Trust Deed if the Trustee makes an investment in accordance with the guidelines below.

	Equity Investments	Debt Investments
Type of Investment	<ul style="list-style-type: none"> <li>• Shares in a SPV company</li> <li>• Units in a trust or managed investment scheme</li> <li>• Hybrid instruments</li> </ul>	<ul style="list-style-type: none"> <li>• Loans - secured and unsecured</li> </ul>
Term	Can be up to 5 years	
Amount	AUD\$1 million to AUD\$50 million	
Rates of return	<ul style="list-style-type: none"> <li>• Manager's discretion</li> </ul>	<ul style="list-style-type: none"> <li>• 0% to 30%</li> </ul>
Reinvestment of Proceeds	Proceeds from an Investment may be recycled into additional projects provided that the additional investments are within the Target Investment Period	
Special terms	To be an equity investment in a vehicle developing real property in Australia	

**(b) Debt investments**

All loans to the Development Entity will be secured or unsecured loans. If the Development Entity defaults on a loan the Trust may have rights of enforcement against the Developer's property. These subordinated rights will be subject to any other senior loans that the Development Entity has entered into with senior lenders and the order or priority of the loans may be documented in an inter-creditor deed.

**(c) Equity investments**

The Manager will only make equity recommendations if it meets all the relevant regulatory requirements to be able to provide this service, for example, holding an AFSL.

**(d) Other types of investments**

The Trustee will deposit all Trust money which is not invested in a debt or equity investment in a term deposit or cash deposit account with an ADI.

## 5.6 RELATED PARTY TRANSACTION WITH THE DEVELOPER

The Trust is subject to a number of actual and potential conflicts of interest with the Manager and the Developer. Certain conflicts of interest may arise from the ability of the Manager to enter into loan transactions with the Developer (who may be a related party). It is currently proposed that the Developer is a related party of the Manager and therefore all transactions will be between related entities. While the terms of any investment must be within the guidelines outlined above, some investments may also be made on terms which may not be considered commercial and may be more beneficial to the Manager or to the Developer.

Members will have no control over the investment decisions of the Manager or the Trustee and must accept the investment decisions made by these entities. See Part 5.5 for further details on the investment guidelines for the Trust.

## 5.7 RELEVANT AGREEMENTS

The Trust is subject to a number of actual and potential conflicts of interest with the Manager and the Developer.

# 6. Risks

Neither the Trustee, the Manager, their officers, members nor any person associated with the Trustee, nor the Manager guarantee the performance of the Trust or the performance of the Units offered under this Information Memorandum.

In considering whether this investment is suitable for you, it is important to be aware of the risk associated with such an investment. This investment involves being exposed to development and construction risk and you should evaluate if the current timing is good for residential projects and if the investment opportunity suits your personal needs. Investors should obtain professional advice regarding the suitability of the investment in the Trust having regard to their individual circumstances including their investment objectives, financial situation and needs.

**There are a range of risks that are specific to an investment in the Trust:**

- **Development approval** – there is a risk of delay in obtaining planning approvals or that the planning approval obtained does not allow the project to be completed in accordance with the original feasibility assessment or that a planning approval is not obtained at all.
- **Liquidity risks** – no redemption is available during the Target Investment Period. The Trust is an unlisted vehicle with no recognised secondary trading market. An investment into the Trust is illiquid, with no redemption facility during the Target Investment Period (or any extension to the Target Investment Period).

- **Development and construction risks** – there are inherent risks in a development project which can impact on the costs of developing a site and directly impact on the returns to debt and equity investors. Development and construction risks include:
  - risk that properties may not be acquired or occupied following development;
  - risks associated with leasing out parts of the property, which are associated with factors such as the risk of inability to find suitable tenancy within a reasonable time, as well as fluctuating tenancy occupancy levels, rental rates paid by tenants and tenancy defaults;
  - risk that competing projects in the same sector may negatively impact the profitability of property developments;
  - risk of native title claims, land resumptions, major infrastructure developments or activities of resident action groups having an adverse effect on the Trust's profitability;
  - risk of development and construction delays caused by a range of reasons including development approvals, changes to designs, industrial disputes, unfavourable weather conditions, scarcity of labour or materials;
  - risk that construction costs exceed original expectations or require additional funding which could affect the profitability of individual property assets or solvency of the developer; and various other development risks including counterparty and contract risk, solvency risk default risk and building risk.
- **Insurance Risks** – the property may be damaged or destroyed as a result of fire, storm, malicious damage or other natural causes. Such losses will be covered under insurance, where this is feasible.
- **Borrowing, interest rate and capital-raising risks** – the Developer may take on other senior and mezzanine debt and the terms of this debt may impact the costs of the Projects and the returns that investors may receive in the Trust. It is possible that the Developer does not raise sufficient debt or equity capital to fund the development and will be forced to seek additional funding from more expensive sources, impacting the cost of the project and the returns to investors.
- **Investment Period** – there is a risk that the Manager may extend the Target Investment Period, which may delay the distribution of your Capital Contributions and Interest Amounts. In any event if the Target Investment Period is extended by the Manager it is not intended that it will be extended for more than a 1 year.
- **Target return** – numerous variables will impact if the Trust's return, which is not a guaranteed or fixed return.
- **Operating expenses** – the Trust's operating expenses may increase over time.
- **Significant Investor Visa (SIV)** – it is possible that the Trust does not make any investments or delays making investments in assets which are complying investments for the purposes of the SIV. It is also possible that the DIBP may amend its policies or terms associated with the SIV. It is possible that the DIBP will change the categories for what is a 'complying investment' for the purposes of the SIV. It is possible that an investment in the Trust will not be sufficient to be granted a SIV. An investor may not redeem their Units in the Trust during any relevant Lock-in Period, so the investor may not be able to release their investment to make another complying investment. There is no guarantee provided by the Trustee or the Manager that the Trust will meet the 'complying investment' requirements in the SIV rules and regulations.
- **Change in law** – changes in legislation or policy may affect the performance or income of the Trust.

There are some risks commonly associated with property investments, including those related to:

**Valuation risks** – the property market is generally subject to forces which may result in the fluctuation of the value of the property and other associated costs. The value of the property developments may increase or decrease depending on a number of factors including supply and demand, the attractiveness of property investment compared to other investment opportunities, and competition from other new property developments. Accordingly, there is a risk that the properties will not be sold for a price which delivers a capital gain to investors. There is also a risk that valuations of a property may not be accurate or may not be realised.

**Capital expenditure** – could exceed expectations, resulting in increased funding costs and therefore lower distributions.

**Environmental risk** – the Projects site could require environmental remediation or special works to meet environmental regulations.

**Manager risk** – the Manager may not perform its role properly or efficiently.

**MIT and Taxation changes** - The taxation of trusts, including Managed Investment Trusts ("MITs") is currently undergoing significant reform and a new tax system is proposed to commence from 1 July 2016. The Trustee will continue to monitor the MIT reforms and the impact of the reforms on the Fund. As the Fund qualifies as a MIT for tax purposes, it may be eligible to make an irrevocable election to apply the capital gains tax ("CGT") provisions as the primary code for assessing gains and losses on the disposal of certain assets (including for example, shares). This means that the Fund will be deemed to hold these assets on capital account and if the Fund holds assets for more than 12 months, certain Unit Holders may be entitled to receive the benefit of the CGT discount on distributions of capital gains

# 7. Details of the Offer

## 7.1 MINIMUM INVESTMENT

The minimum investment amount is AUD\$500,000. Lesser amounts may be accepted at the Trustee's discretion. When you invest in the Trust through a financial adviser you may be required to pay an upfront commission to the financial adviser.

## 7.2 HOW TO PARTICIPATE IN THE OFFER

To participate in the offer, you must complete the Application Form accompanying this Information Memorandum at Appendix 1 in accordance with the instructions set out in that document.

If you are not investing through a financial adviser, then you must provide the Trustee with appropriate identification material as required by the AML/CTF Law.

### Payments

With the Application Form, investors must provide a cheque or direct debit denominated in Australian dollars for the correct amount applied for (Application Monies).

### If paying by cheque

Cheques must be made payable to: Majella Capital Funds Management Pty Ltd – Applications Account and should be crossed “not negotiable”.

### Electronic Funds Transfer or Direct Deposit (EFT)

Bank:

Reference: “Investor surname/company or trust name” (as applicable) Account Name:

BSB:

Account Number:

### Completed applications

A completed and lodged Application Form, followed by a cheque or direct debit for the Application Monies, constitutes a binding irrevocable agreement to subscribe for the number of Units specified in the Application Form on the terms set out in this Information Memorandum and in the Trust Deed. An application will be accepted by the Trustee on the issue of Units.

If the Application Form is not completed correctly, or if the payment of the Application Monies is for the wrong amount, it may still be treated as valid. The Trustee's decision as to whether to treat the application as valid and how to construe, amend or complete the Application Form, is final.

If the Application Form and the cheque or direct debit for the Application Monies do not appear to be for the same number of Units, the Trustee may treat the Applicant as having applied for the number of Units indicated by the amount of the cheque or direct debit provided instead of the number of Units specified in your Application Form, but only if the number of Units to be issued equals the minimum investment amount of AUD\$500,000.

### Redemption Requests

Any redemption requests made at the time of making an initial application should be lodged with the Manager, to be held in escrow by the Manager as described in Part 4.6.



### **7.3 ACCEPTANCE OF APPLICATIONS**

The Trustee is under no obligation to sell or to issue Units to any investor, or at all.

Under the offer, the Trustee reserves the right to reject any application or to allocate to any applicant fewer Units than the number for which they have applied. The Trustee also reserves the right to reject or aggregate multiple applications from an investor in determining the final number of Units.

In the event that an application is rejected or not accepted in full, the Trustee will inform the investor that no, or reduced Application Monies equivalent to the reduced number of Units are required.

Successful applicants will be sent holding statements as soon as practicable after the Units are issued. All Application Monies will be deposited into a separate bank account on trust for applicants until the Units are issued or the Application Monies are returned. If the offer does not proceed or your application is not accepted, no interest will be paid on Application Monies.

The Trustee may at any time decide to withdraw this Information Memorandum and the offer. If the offer is withdrawn, the Trustee will inform investors.

### **7.4 FOREIGN APPLICATIONS**

No action has been taken to register or qualify the Units or the offer, or otherwise to permit an offering of the Units in any jurisdiction outside Australia. This Information Memorandum does not constitute an offer in a place in which, or to any person to whom, it would be unlawful to make such an offer.

The distribution of this Information Memorandum in jurisdictions outside Australia may be restricted by law and therefore any person into whose possession this document comes should be informed of, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws. The return of a completed Application Form will be taken to constitute a representation and warranty that there has been no breach of such laws and that all necessary approvals and consents have been obtained.

Investors whom are “foreign persons” for the purposes of the Foreign Acquisition & Takeovers Act 1975 (Cth) and relevant regulations and policy guidelines should determine whether an investment in the Trust is subject to any restrictions or notification requirements under that legislation and comply with those restrictions or requirements.

### **7.5 NO COOLING-OFF PERIOD**

There will not be a cooling-off period for applications. Once an application has been accepted it cannot be withdrawn.

### **7.6 AML / CTF**

The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) (AML/CTF Law) regulates financial services and transactions in a way that is designed to detect and prevent money laundering and terrorism financing. This means that the Trustee will require you to provide personal information and documentation in relation to your identity, source of funding and purpose when you invest in the Fund. As a result:

- transactions may be delayed or refused where we require further information regarding your identity or we have reasonable grounds to believe that the transaction breaches the law or sanctions of Australia or any other country; and
- where transactions are delayed or refused, we are not liable for any loss you suffer (including consequential loss) as a result of our compliance with the AML/CTF Law.

Where required by law, we may disclose your information to regulatory or law enforcement agencies, including the Australian Transaction Reports and Analysis Centre (AUSTRAC), which is responsible for regulating the AML/CTF Law.

Customer identification requirements for individual investors are collected in the application form included with this PDS.

Pursuant to the Trustee's AML/CTF Program, any applications made without providing the requisite information or identification documents cannot be processed until all the necessary information has been provided. The AML/CTF Program also includes ongoing customer due diligence which may require the Trustee to collect further information.

## **7.7 PRIVACY**

The Privacy Act 1998 (Cth) as amended from time to time regulates, among other things, collection, disclosure of and access to personal information. Other laws also require some personal information to be collected in connection with your application. By applying to invest in the Fund, the applicant consents to personal information being used and disclosed by the Trustee for the purposes permitted under the Privacy Act, unless you have instructed the Trustee in writing to do otherwise. If you do not provide the information requested or provide us with incomplete or inaccurate information, your application may not be able to be processed efficiently, or at all.

You are entitled to access, correct and update all personal information which the Trustee holds about you. This information held may be obtained by contacting the Trustee. You should contact the Trustee using its contact details in the Corporate Directory if you have concerns about the completeness or accuracy of the information we have about you or would like to access or amend your personal information held by the Trustee (or its relevant service provider). A copy of our current Privacy Policy is available on our website and a paper copy will be sent to you free of charge on request.

Changes will be made to our Privacy Policy from time to time to reflect changes in the law, including the Privacy Act.

## **7.8 FOREIGN ACCOUNT TAX COMPLIANCE ACT**

The Foreign Account Tax Compliance Act (FATCA) is US legislation targeting US tax residents who do not correctly disclose their worldwide income to the US Internal Revenue Service (IRS). Pursuant to FATCA, from 1 July 2014, institutions defined as 'foreign financial institutions' (including the Trustee) will be required to comply with certain requirements including the provision of information to the IRS.

The information will only relate to investors whom we identify as US residents or those whose residency we cannot identify due to insufficient information being provided ('non-compliant account holders').

Under these obligations, the Trustee will have to obtain and disclose information about certain investors to the Australian Taxation Office or IRS. In order for the Trustee to comply with their obligations, we will also request that you provide certain information about yourself, including your US Taxpayer Identification Number.

## **7.9 INVESTOR INQUIRIES**

This Information Memorandum is important and should be read in its entirety. If you are in doubt as to the course that you should follow, you should consult your financial adviser. If you have any questions relating to this Information Memorandum or this offer, please see the contact details, in the Corporate Directory on the inside back cover.

# 8. Glossary

<b>\$</b>	All dollar amounts are in Australian dollars.
<b>ADI</b>	Authorised Deposit-taking Institution, for example National Australia Bank Limited.
<b>AFSL</b>	Australian Financial Services Licence issued by ASIC.
<b>AML/CTF Law</b>	Anti-Money Laundering and Counter Terrorism Financing Act 2006 (Cth).
<b>Application Form</b>	The Application Form provided with this Information Memorandum pursuant to which investors subscribe for Ordinary Units.
<b>Application Monies</b>	The amount paid for Units by an investor in the Trust.
<b>ASIC</b>	The Australian Securities and Investment Commission.
<b>Capital Contribution</b>	Means an amount paid to the Trust as consideration for the issue of a Unit, and does not include an amount that has been repaid, returned or redeemed by the Member.
<b>Developer</b>	Majella Property Developments Pty Ltd a related party of either entity, or any other entity chosen by the Manager to act as developer from time to time.
<b>Developers Entity</b>	means a Special Purpose Vehicle that has a particular interest in a development.
<b>First Closing Date</b>	Has the meaning in Part 2 (Executive Summary) under “Key Dates”.
<b>GST</b>	Goods and Services Tax.
<b>Interest Amounts</b>	Means in respect of a Member and its capital contributions the simple interest on the Member’s capital contribution calculated annually at 8% per annum (pro rata for part years). The first calculation period commences from the first month after the date the Units are issued to the investor and each 12 months thereafter and the last calculation period ends on the Repayment Date.
<b>Issue Price</b>	Means the price at which a Unit is created and issued, as specified in Part 2.
<b>Investments</b>	Has the meaning in Part 5.5(a).
<b>Investment Proposal</b>	Means an investment proposal prepared by the Manager for consideration by the Trustee to make an investment on behalf of the Trust.
<b>Junior Units</b>	Means those units which are entitled to receive all distributions after Ordinary Units and other classes of Units have received their distributions including Capital Contributions as outlined in the Trust Deed.
<b>Lock-in Period</b>	Means a period of two (2) years from the date the Units were first issued to the holder of the Units, and any extended period.
<b>Management deed</b>	Means the management agreement between the Trustee and the Manager.
<b>Manager</b>	Majella Capital Funds Management Pty Ltd ACN 167 098 900.
<b>Manager Documents</b>	Means the Relationship Agreement and the Management Deed.
<b>Members or Investors or investors</b>	The holders of Units recorded on the Trust register of holders.
<b>Net Unit Value</b>	Has the meaning in the Trust Deed.
<b>Ordinary Unit</b>	Has the meaning in the Trust Deed.
<b>Project</b>	Has the meaning in Part 3 (Key Features of the Trust) under Investment Objective.
<b>Performance Fee</b>	The interest paid to the investors equal to profitability of the investments made when measured against the projected performance of the Project.
<b>Relationship agreement</b>	Means the Relationship agreement between the Trustee and the Manager dated [Date] governing the contractual arrangements between the two entities.
<b>Repayment Date</b>	Means in respect of:  (a) an underlying debt investment, the earlier of the date of the last repayment under the loan documentation conditions or the termination of the debt arrangement; and  (b) an underlying equity investment the date that the equity is realised, redeemed or otherwise disposed of.  For the avoidance of doubt, the Repayment Date does not apply to any other type of investment made by the Trust.

<b>SIV or Significant Investor Visa</b>	Significant Investor Visa – Business Innovation and Investment (Provisional) visa subclass 188 issued by the Australian Department of Immigration and Border Protection.
<b>Target Investment Period</b>	Means the period which the Trust will make investments, and is initially a four-year period, and this period may be extended.
<b>Trust or Fund</b>	The Majella Commercial Fund.
<b>Trustee</b>	Melbourne Securities Corporation Limited.
<b>Trust Deed</b>	The trust deed for the Trust.
<b>Units</b>	Units issued in the Trust, including Ordinary Units and Junior Units.

# 9. Corporate Directory

## **Fund Manager**

**Majella Capital Funds Management Pty Ltd ACN 167 098 900**

### **Registered Office:**

**10 Downing Street,  
Spring Hill QLD Australia 4000**

### **Contact Details:**

**T: +61 7 3834 3344**

**Email: [info@majellacapital.com](mailto:info@majellacapital.com)**

**Website: [www.majellacapital.com](http://www.majellacapital.com)**

## **Legal Advisors**

**AG Edwards Legal & Compliance Solicitors**

**T: +61 7 5575 9602 | F: +61 7 5562 0205 | M: 0432 155 644**

**Brisbane: Building 6 Garden City Office Park, 2404 Logan Road,  
Eight Mile Plains, QLD, Australia 4113**

**Gold Coast: Unit 11, Level 2, 328 Scottsdale Drive,  
Robina, QLD, Australia 4226**

**Postal Address: PO Box 526, Varsity Lakes, QLD, Australia 4227  
[www.agedwards.com.au](http://www.agedwards.com.au)**

## **Trustee**

**Melbourne Securities Corporation Limited ACN 160 326 545 AFSL 428289**

**Level 31, 120 Collins Street**

**Melbourne, Victoria, 3000**

**Website: [www.melbournesecurities.com](http://www.melbournesecurities.com)**

# 10. Appendix 1 – Application Form

# 11. Annexure A – Previous Projects

# 12. Annexure B – Previous Projects



# 13. Annexure C – Previous Projects

# **14. Annexure D – Current Projects**





## **Where it begins...**

### **MAJELLA GROUP**

10 Downing St, Spring Hill, QLD 4000 Australia

[info@majellagroup.com](mailto:info@majellagroup.com)

[majellagroup.com](http://majellagroup.com)

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