

M O S A I C

Mosaic Capital Fund
Information Memorandum
Opportunity Class

17 July 2023

NAV

Crafting Elegant Solutions

Mosaic is a bespoke Fund manager that facilitates exclusive investment opportunities in private credit. We partner with major Australian lenders to deliver access to quality transactions, with the aim of providing superior risk-adjusted returns to investors. Our team is committed to crafting elegant solutions for our investors.



01.	Letter from the Investment Manager	6
02.	The Fund	8
03.	Investment Parameters – Opportunity Class	16
04.	Investment Process	17
05.	Management of the Fund	20
06.	The Trustee and the Administrator	24
07.	Risks	25
08.	Fees and Costs	28
09.	Taxation Information	30
10.	Additional Information	32
11.	How to invest in the Fund	36
12.	Glossary	37
13.	Corporate Directory	38

Notice

This information memorandum (**IM**) is dated 17 July 2023 (and supersedes any previous information memoranda or supplementary information memoranda relating to the Opportunity Class) and is issued by Specialised Investment and Lending Corporation Ltd ACN 149 520 918, holder of AFSL number 407100 (**Trustee**), which is the trustee of the Mosaic Capital Fund (**Fund**).

The Trustee has appointed Mosaic Private Pty Ltd ACN 637 198 586 as the investment manager of the Fund under the Investment Management Agreement (**Investment Manager**). The Investment Manager is an authorised representative (number 001292721) of SILC Fiduciary Solutions Pty Ltd ACN 638 984 602 AFS licence number 522145.

The purpose of this IM is to provide information for prospective investors to decide whether they wish to invest in the Opportunity Class within the Fund.

This is an important document that should be read in its entirety. Prospective investors are strongly advised to undertake their own due diligence in relation to the Opportunity Class before making an investment. If you do not understand this document, you should consult your legal, financial or professional advisers prior to making an application.

Interests In The Fund

Interests in the Fund will be issued as units in the Opportunity Class (**Units**).

Initial interests in the Fund will only be issued on receipt of a validly completed Application Form issued together with this IM and the receipt of cleared funds. By applying for units in the Opportunity Class, the recipient agrees to be bound by the terms and conditions set out in this IM and the Application Form for those units.

Different Trusts Or Classes Of Units

The Fund's trust deed (**Trust Deed**) provides for different trusts (also known as "Classes"). Under the Trust Deed, the different Classes may have different rights and obligations. The performance of different Classes may also differ depending on the investments of that Class. Holders within each Class will be treated equally. The Investment Manager may provide investors with information specific to a Class in a specific information memorandum or supplementary information memorandum before they invest.

No Disclosure Required

The Fund and each trust, at the date of this Information Memorandum, is not required to be, and is not, registered as a managed investment scheme pursuant to section 601ED of the Corporations Act. This IM is intended to provide potential investors with information only and does not constitute a product disclosure statement or other disclosure document required by the Corporations Act 2001 (Cth) (**Corporations Act**). This IM has not been lodged with the Australian Securities and Investments Commission (**ASIC**) or any other government body.

Wholesale Investors Only

The invitation to apply for Units in the Fund made under this IM is only available to persons who qualify as wholesale clients (as defined in section 761G (7) of the Corporations Act) or sophisticated investors (as defined in section 761GA of the Corporations Act) (collectively, **Qualifying Investors**). The Trustee will not issue Units to a person unless it is satisfied that the person is a Qualifying Investor.

Restrictions On Distribution

This IM does not constitute, and may not be used for the purposes of, an offer of Units or an invitation to apply to participate in the Fund by any person in any jurisdiction in which such offer or invitation is not authorised or in which the person endeavouring to make such offer or invitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or invitation.

No action has been taken to register or qualify interests in the Fund, the invitation to participate in the Fund, or to otherwise permit any public offering of Fund interests in any jurisdiction other than Australia. It is the responsibility of prospective investors to satisfy themselves as to full compliance with the relevant laws and regulations of any jurisdiction in connection with any application to participate in the Fund, including obtaining any requisite governmental or other consent and adhering to any other formality prescribed in such jurisdiction.

By receiving and viewing this IM, the recipient is warranting that they are legally entitled to do so, and the securities laws of their relevant jurisdiction do not prohibit them from acquiring interests in the Fund. Further, the persons receiving and viewing this IM from the Trustee warrant that, if they reside in Australia, they are Qualifying Investors.

In particular, this product has not been and will not be registered under the US Securities Act or the securities laws of any state of the United States and may not be offered, sold, delivered or transferred in the United States or to, or for the account of, any "US Person" (as defined in Regulation S under the US Securities Act). Neither this IM nor any Application Form or other material relating to this product may be distributed in the United States.

With respect to Australian jurisdictions, this IM has been prepared on the basis that the prospective investors are Qualifying Investors.

The Fund, the Trustee and the Investment Manager do not bear liability or responsibility to determine whether a person is able to apply for Units pursuant to this IM.

The Trustee may, in the future, take actions to make invitations to apply for Units in the Fund in other jurisdictions.

No Responsibility For The Contents Of The Document

To the maximum extent permitted by law, none of the Trustee, the Investment Manager, or any of their associates, related parties, directors, officers, employees, advisors (including financial, accounting and legal advisors) or representatives have carried out an independent audit or independently verified any of the information contained in this IM, nor do they make any recommendation in relation to the Fund, or make any representation or warranty, express or implied, as to the accuracy, reliability, currency or completeness of the information or assumptions contained in this IM nor do any of them, accept any liability whatsoever however caused to any person relating in any way to reliance on information contained in this IM or any other communication or the issue of Units.

This IM does not purport to contain all the information that a prospective investor may require in evaluating a possible investment in the Fund.

This IM must be read in conjunction with the Fund's Trust Deed, which is available (free of charge) by contacting the Trustee on +61 3 9600 2828. To the extent there are any inconsistencies between the Trust Deed and this IM, the Trust Deed will prevail.

No Distribution

Distribution of this IM to any person other than the persons receiving a copy of this IM from the Trustee or the Investment Manager is unauthorised. Any photocopying, disclosure or alteration of the contents of this IM, and any forwarding of this copy of the IM or any portion thereof by electronic mail or any other means to any person other than the person receiving this copy from the Trustee or Investment Manager is prohibited.

Not Regulated By Apra

The Trustee is not authorised under the Banking Act 1959 (Cth) and is not supervised by APRA, and investments in the Fund are not covered by the deposit or protection provisions available to depositors that make a deposit with an Australian ADI.

Applications

The Trustee reserves the right to evaluate any applications and to reject any or all applications submitted without giving reasons for rejection. The Fund, the Trustee, and the Investment Manager are not liable to compensate the recipient of this IM for any costs or expenses incurred in reviewing, investigating or analysing any information in relation to the Fund, in submitting an application or otherwise.

No Cooling Off

No cooling off applies to the issue of Units.

Forward-Looking Statements

All statements of opinion and/or belief contained in the IM and all views expressed and all projections, forecasts or statements relating to expectations regarding future events, or the possible future performance of the Fund represent the Fund's own assessment and interpretation of information available to it as at the date of this IM and are provided for illustrative purposes only. In particular, please note that past performance is not indicative of future performance. No representation is made or assurance given that such statements, views, projections or forecasts are correct or that the objectives of the Fund will be achieved. Prospective investors must determine for themselves what reliance (if any) they should place on such statements, views, projections or forecasts and no responsibility is accepted by the Fund and/or their advisers in respect thereof. Prospective investors are strongly advised to conduct their own due diligence, including, without limitation, on the potential financial, legal and tax consequences to them of investing in the Fund.

No Personal Advice And Independent Advice Recommended

Prospective investors should not construe the contents of this IM as tax, legal or investment advice. The information contained in this IM is general information only and does not take into account your objectives, financial situations or needs and accordingly, the information contained in this IM does not constitute personal advice for the purposes of section 766B(3) ("personal advice") of the Corporations Act.

The Trustee strongly recommends that potential investors read this IM in its entirety and seek independent professional advice as to the financial, taxation and other implications of investing in the Fund and the information contained in this IM.

Notice

No Guarantee

None of the Trustee, the Investment Manager or any of their directors, officers, employees, advisers or representatives guarantee the repayment of capital invested in the Fund, the payment of income from the Fund or the performance of the Fund or an investment in the Fund generally. As with any investment, there are inherent risks in investing in the Fund, including the risk that an investment in the Fund is speculative, that the investment may result in a reduction in, or total loss of, the capital value of the investment, loss of income and returns that are less than expected or delays in repayment of capital.

See Section 7 for further information about the risks involved in making an investment in the Fund.

Trustee Limitation Of Liability

Except in certain circumstances (including fraud, negligence or default by the Trustee), the Trustee enters into transactions for the Fund in its capacity as trustee of the Fund only, not in its own capacity, and its liabilities in relation to those transactions is limited to the assets of the Fund.

Confidentiality

This IM is confidential and is provided to prospective investors for them to consider investing in the Fund. Its use for any other purposes is not permitted. It may not be reproduced or redistributed, in whole or in part, and its contents may not be disclosed to any person without the Trustee's prior written consent and, if such written consent is given, only in accordance with that consent.

No Unauthorised Statements Or Representations

The Fund, the Trustee and the Investment Manager are not responsible for any advice or information given, or not given, to potential investors by any party distributing this product and, to the maximum extent permitted by law, accept no liability whatsoever for any loss or damage arising from potential investors relying on any information that is not in this IM when investing.

Glossary

Certain capitalised words and expressions used in this IM are defined in the Glossary.

The primary language of this document is English. This document may be translated into different languages. Any translations provided are for reference purposes only. If there is any inconsistency or conflict between the English version of this IM and versions of this IM in any other language, the English version prevails.

All references to dollar amounts in this IM are to Australian Dollars (AUD) unless otherwise stated. Any photographs in this IM are included for illustrative purposes only and do not depict any assets held or to be held by the Fund.

The information in this IM is general information only and does not take into account your financial situation, objectives or needs. The information can change and may be updated or replaced from time to time. Unless the changed information is materially adverse, the Trustee may not always update or replace this IM to reflect the changed information. Updated information can be obtained by contacting the Investment Manager. You should check if there is any updated information before you invest.

The purpose of this IM and any supplementary information memorandum is to provide information for prospective Investors to decide whether they wish to invest in the Fund.

01. Letter from the Investment Manager

Dear Investor,

I am delighted to present the Mosaic Capital Fund (the **Fund** or **Mosaic**), a bespoke fund offering access to exclusive investment opportunities in private credit.

The name “Mosaic” holds significance for us. We founded our business on the philosophy of the mosaic, a process that intricately and deliberately arranges many individual pieces together to create a composite of greater overall beauty. The whole becomes greater than the sum of the parts. The genius of a mosaic lies in how each segment is positioned within the collective.

Our Fund operates in a time of global uncertainty, with geopolitical tensions and macroeconomic volatility impacting our country. The local economy faces unique challenges, with inflation causing interest rates to increase for the first time since 2010 and property prices softening across many sectors. But we still believe there is cause for optimism and that private credit represents a significant component of the post-pandemic recovery.

With the growth of the Australian private credit market, the benefits of the asset class are well known – providing borrowers with a much-needed alternative to traditional lenders and offering investors access to assets with diversified risk-return profiles.

We have identified the mid-market segment, where the retreat by banks from lending to businesses for essential projects, capital expenditure and working capital has created an opening for private credit providers. We support business owners with agile, innovative, and flexible capital solutions by harnessing our unique internal skills and integration with major banks and financial institutions.

The invitation to apply for units in the Opportunity Class, as documented in this IM, represents an opportunity for investors to receive a high yield and replace income traditionally provided by other asset classes with stable, attractive, and uncorrelated returns. The Fund targets a 10% annual return (net of fees and expenses) and will invest in a diversified portfolio of moderate to higher risk transactions secured by Australian real estate that vary in asset type, transaction size and geographic location. The portfolio encompasses first mortgages, second mortgages, and mezzanine transactions (second mortgages with construction risk).

Furthermore, our Fund has distinct characteristics that we believe represent a compelling proposition for investors to consider:

- **Partners** - the cornerstone investor of the Fund is Harris Capital, the family office of Flight Centre co-founder – Geoff Harris. In addition, several of our Founders, Investment Committee and Advisors are invested in the Fund.
- **Distributions** – we pay Investors monthly distributions in arrears and offer Investors the option to reinvest distributions.
- **First Reserve Units** – to underpin our commitment to return Investor capital, we have included a first reserve provision of \$2,500,000, which will be a permanent feature of the Fund.
- **Risk assessment** - our stringent risk and credit assessment process ensures we fully understand the underlying risks and only approve transactions where we are comfortable with the final risk position. We only invest where we believe the risks are acceptable.
- **Governance** – our Investment and Compliance Committee oversees the Fund operations. Our Chairman and members have held senior roles in banking, legal, funds management, property, audit, compliance, and credit risk.
- **Origination** - our niche strategy involves partnering with major lenders to access quality transactions. We are a trusted partner of many banks and financial institutions, and they proactively seek us to support them. Other introducers include our established network of private wealth advisers, accountants, and lawyers.
- **Innovative investment strategy** – we invest across the capital structure to provide superior risk-adjusted returns. We identify funding dislocations, capture market opportunities, and invest alongside our trusted partners to maintain an acceptable risk profile.
- **Exclusive opportunities** – our trusted partners introduce quality transactions that will sit outside the pooled fund in certain cases. We first offer these single asset investment opportunities to our investor network before opening them to external parties.

We established Mosaic with a mandate to do private credit differently and a commitment to crafting elegant solutions for investors and borrowers. Our name inspires us, and like a mosaic, we know that every piece matters and embrace an artisan mindset to focus on quality over quantity. For us, reputation is paramount, and actions speak louder than words, so we integrated elements into our process to fulfil these values. For example, our documents are written in language borrowers can understand, and we build long term relationships with them. This is the Mosaic way.

As a signatory to the UN Principles for Responsible Investment (PRI), we take our ethical, social and governance obligations seriously. Therefore, we are seeking investors who are aligned with our values.

We look forward to welcoming you as an Investor and joining the Mosaic family.

Kind Regards,



David Cowen
Managing Director



Our name inspires us, and like a mosaic, we know that every piece matters. We embrace an artisan mindset to focus on quality over quantity.

02. The Fund

2.1 Key Features

This IM contains an invitation to apply for Ordinary Units within the Opportunity Class only. The table below is a summary of the key features of an investment in Ordinary Units within the Opportunity Class.

You are strongly advised to read and consider the whole of this IM before deciding to invest in the Opportunity Class.

Fund Name

Mosaic Capital Fund

Trustee and Custodian

Specialised Investment and Lending Corporation Ltd ACN 149 520 918, AFSL number 407100 is the trustee and custodian of the assets in the Fund and will be responsible, amongst other matters, for holding title to the Fund's assets for the benefit of the Investors.

Investment Manager

Mosaic Private Pty Ltd ACN 637 198 586 (**Mosaic Private**) has been appointed as the manager of the Fund pursuant to an Investment Management Agreement with the Trustee and is responsible for managing the Fund's assets and investments.

The Investment Manager will source and assess potential investments for the Fund and oversee the day-to-day management of the investment portfolio.

Administrator

SILC Funds Administration Pty Ltd ACN 628 993 386 is the Administrator of the Fund, and is responsible for, amongst other things, investor administration process (including applications and unit registry) and fund accounting.

Investment Objective

The Fund seeks to provide Investors with risk-adjusted target returns by investing in loans to Borrowers for the purpose of funding property development or commercial business activities (**Project(s)**).

Refer to Section [2.3](#) for more information.

Fund Currency

Australian Dollars (**AUD**) only. The Trustee will not accept investments made in other currencies. All amounts in this IM are quoted in AUD only. The financial records of the Fund will be maintained in Australian dollars.

Target Size

The Fund seeks to issue up to \$200 million of units in the Opportunity Class.

The Trustee, on the advice of the Investment Manager, may vary this target amount at its discretion. The Fund is not bound to a minimum target and may proceed even where the target is not achieved.

Target Return

The target minimum return is 10% per annum (net of fees and expenses but before taxes).

Target returns are not a promise or a forecast of future returns. Neither the Trustee nor the Investment Manager guarantees any returns.

Distributions

It is intended that distributions will be calculated and paid monthly within 10 Business Days of the end of each month unless the Investor makes an election in the Application Form or provides the Trustee with 30 days' prior written notice to reinvest their distribution.

However, at the end of each financial year, due to the time required to prepare annual investor distribution statements and carry out the Fund's tax compliance obligations, the Trustee will endeavour to pay final distributions (if any) for the financial year as soon as these requirements are met.

The Trustee has the discretion to make distributions more frequently and may do so on the recommendation of the Investment Manager.

Minimum Investment Amount

The minimum initial investment amount is \$500,000 and thereafter in increments of \$50,000.

The Trustee, on the advice of the Investment Manager, has absolute discretion to accept applications for lesser amounts.

Minimum Investment Term

The Minimum Investment Term is 12 months from the date of allotment of Units.

Withdrawals are not permitted during the Minimum Investment Term.

Refer to Section [2.7](#) for more information.

Unit Price

Units will initially be issued at \$1.00 per Unit.

Subsequently, the issue price per Unit will be based on the underlying value of the Fund's assets referable to the Opportunity Class and will be calculated in accordance with the terms of the Trust Deed.

The withdrawal price per Unit will also be based on the underlying value of the Fund's assets referable to the Opportunity Class. The withdrawal price may be different from the price originally paid for the Unit, particularly where capital losses have been suffered.

First Reserve Provision

Certain related parties of the Investment Manager will subscribe for a separate Sub-class of Units known as 'First Reserve Units'.

The minimum investment amount in aggregate for First Reserve Units will be \$2.5 million (the 'First Reserve'). If a capital loss on a Loan occurs, such capital loss will be applied against the First Reserve. A capital loss on a Loan may, therefore, not be applied against the Ordinary Units and may preserve the net asset value per Unit of the Ordinary Units.

The First Reserve is intended to form a 'first loss' buffer for the protection of the holders of Ordinary Units and reduce (but not eliminate) the risk of a capital loss being suffered by holders of Ordinary Units. For the avoidance of doubt, only capital losses will be applied against the First Reserve and not underpayment or non-payment of interest on Loans.

Application

After reviewing this IM in its entirety, prospective investors can invest in Ordinary Units within the Opportunity Class by completing the Application Form accompanying this IM.

An investment in Units of the Opportunity Class may only be made on a fully paid basis, where the full amount of investment is to be payable at the time of application for investment.

Once the completed Application Form and application amount is received and accepted by the Trustee, applicants will be issued with units in Opportunity Class at the current applicable issue price, in accordance with the terms set out in this IM.

Refer to Sections 2.4 and 11 for more information.

The Trustee may, at its absolute discretion, issue any Units on a more frequent basis than as otherwise set out in this IM.

Who can invest in the Fund?

Investment in the Fund is only available to parties (individuals above 18 years of age, trustees of trusts or bodies corporate) who, if residing in Australia:

1. invests \$500,000 or more in the Fund; or
2. provides a certificate from a qualified accountant (available within the Application Form) or via the form available on the Trustee's website www.silcgroup.com that states the investor has net assets of at least \$2.5 million or has a gross income for each of the last two financial years of at least \$250,000; or
3. is a 'professional investor' as defined in the Corporations Act (which includes the holder of an Australian financial services licence, a person who has or controls more than \$10 million or a person that is a listed entity or a related body corporate of a listed entity), or
4. meets other requirements of being a wholesale client as defined in the Corporations Act

(collectively, **Qualifying Investors**).

Fees and Costs

The Trustee, Investment Manager and other associates will receive fees for their respective roles in connection with the operation of the Fund. Refer to Section 8 for more information on the fees and costs associated with investing in the Fund.

Key Risks

Investments in the Fund are subject to varying types and degrees of risk. Refer to Section 7 for more information on the risks of investing in the Fund.

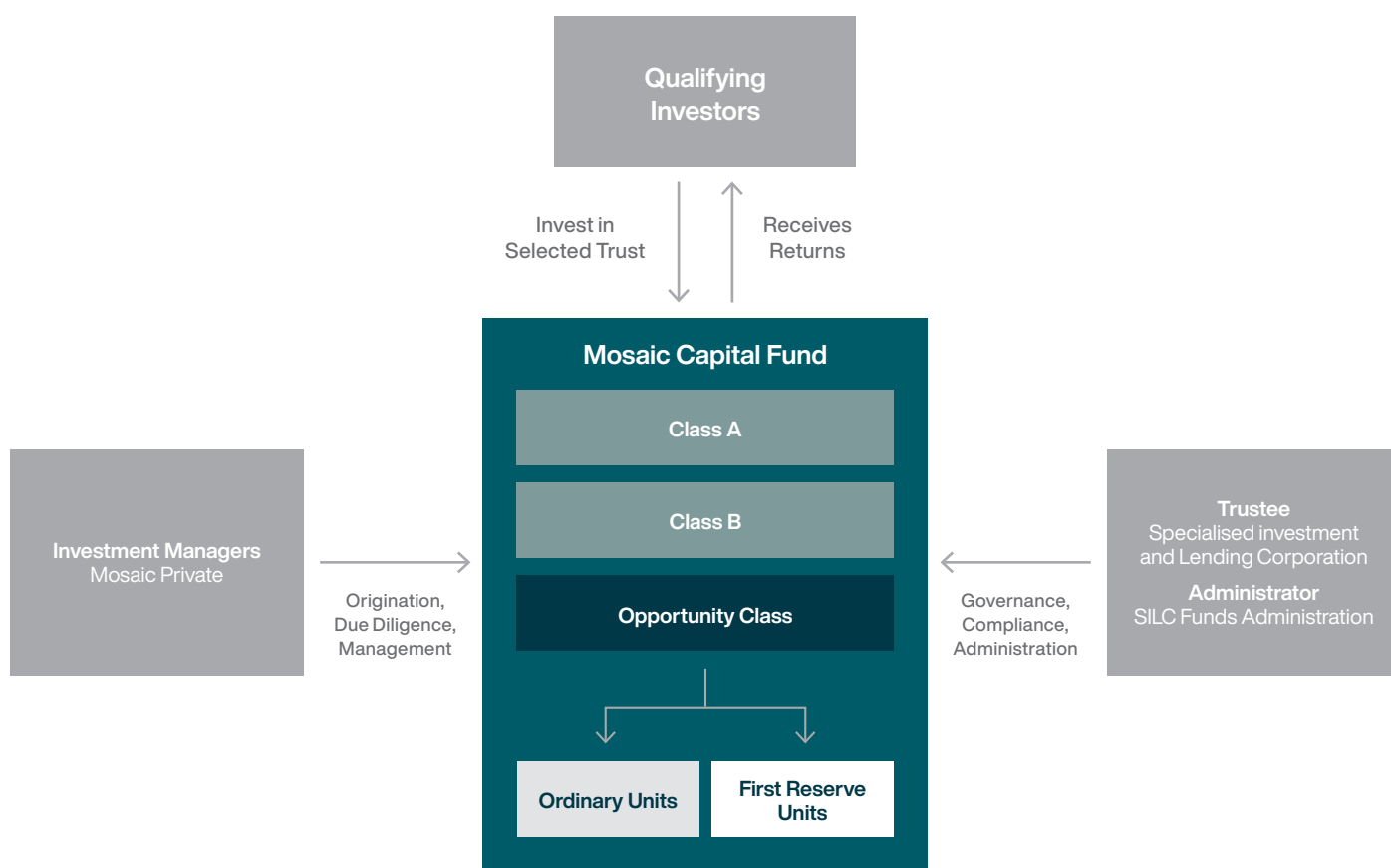
02. The Fund

2.2 Fund Structure

The Fund is an unregistered managed investment scheme and has been established by the Trustee pursuant to the Trust Deed and is governed by Australian law. The Trust Deed regulates the relationship between the Trustee and Investors. The Trustee has appointed the Investment Manager as the manager of the Fund pursuant to the Investment Management Agreement.

The Fund may comprise a number of separate trusts established in accordance with the Trust Deed, including the Opportunity Class.

The Opportunity Class comprises of two Sub-classes namely Ordinary Units and First Reserve Units. This IM contains an invitation to apply for Ordinary Units within the Opportunity Class only.



The Trust Deed provides that the beneficial ownership of the Fund's assets and liabilities will be referable to separate Classes. Each unit within a particular Class gives the holder of a Unit of that Class an entitlement to a share of the capital and income of the assets of that Class, subject to the terms and conditions of the Trust Deed. An Investor's risk and returns will be referable only to the assets and liabilities of the Class in which they hold units.

An Investor's entitlement to income or capital is based entirely on the number of units the Investor holds in a specific Class and the investments made by that Class. An Investor's units in one Class do not entitle the Investor to the income or capital of any other Classes. If a loss occurs in a particular Class, that loss is quarantined to that Class and will not affect Investors who hold units in other Classes.

2.3 Investment Objective and Strategy

The Fund seeks to provide Investors with risk-adjusted target returns by investing in loans to Borrowers for the purpose of funding property development, property acquisition or commercial business activities.

Loans referable to the Opportunity Class will be made in accordance with certain investment parameters. Refer to Section 3 for more information.

2.4 Fully Paid Investments

An investment in the Opportunity Class may only be made on a fully paid basis.

Fully Paid Investments

Where the investment is made on a fully paid basis, the full amount of the investment is payable at the time the Application Form is submitted.

Investors will be issued with Units at the applicable issue price, which is generally equal to the net asset value per Unit, within 5 Business Days of the end of the calendar month in which the application was received and accepted by the Trustee.

2.5 Related Party Transactions

The Investment Manager is not a related party of the Trustee. The contractual arrangements between the Trustee and the Investment Manager are negotiated at arm's length between the parties. The Trustee may, from time-to-time enter into transactions with related entities. For example, the Administrator is a related party of the Trustee.

By making an investment in the Fund, Investors acknowledge that the Fund can make investments in or to related parties of the Investment Manager.

It is not the responsibility of the Trustee to assess the merits of each investment recommended by the Investment Manager but rather to review that each investment is contemplated by this IM and the Trust Deed. The Trustee does not guarantee that these transactions will be entered into on arm's length terms.

By investing in the Fund, Investors acknowledge that the Investment Manager is responsible for making investment decisions for the Fund and that the investments entered into by the Fund may not be on arm's length terms and that they have made their own independent investigations to satisfy themselves of the benefit of becoming an Investor in the Fund.

A Loan made by the Fund may be provided to a related party of the Investment Manager. By making an investment in the Fund, the Investors acknowledge that the Loans made to the related parties may not be on arm's length terms.

2.6 Distributions

It is intended that distributions will be calculated and paid monthly within 10 Business Days of the end of each month. However, at the end of the financial year, due to the time required to prepare annual investor statements and carry out tax and compliance obligations, the Trustee will endeavour to pay the final distributions (if any) for the financial year as soon as these requirements are met.

The Investors in the Opportunity Class will receive income derived from each Loan referable to the Opportunity Class after fees, costs and expenses that are properly referable to the Opportunity Class have been paid.

No distribution payments will be made to third parties or by cheque. Distributions will be paid to the Investor's nominated bank account (which must be in the same name as the Investor).

At the time of application, Investors may elect to reinvest their monthly distributions into the Fund (please refer Application Form). Investors may also make a decision to reinvest distribution at any time by providing the Trustee with 30 days' prior written notice to reinvest their distribution. Distributions will be re-invested on the first Business Day in the following month.

Distributions are dependent on each Borrower meeting its obligations under the applicable transaction documentation for the relevant Loan. None of the Trustee, the Investment Manager or their related parties, officers, employees, consultants, advisers or agents guarantees the payment of, or amount of, any distribution. The Trustee has the discretion to make distributions more frequently and may do so on the recommendation of the Investment Manager.

02. The Fund

2.7 Withdrawal Rights

Any investment made in the Opportunity Class is an illiquid investment.

Investors will not be able to withdraw their Units until the end of the Minimum Investment Term.

The withdrawal price for a Unit will be based on the underlying value of the net assets referable to the Opportunity Class. The withdrawal price may be different from the price originally paid for the Unit, particularly where capital losses have been suffered.

Investors may, with a 6 month minimum notice period, submit a Withdrawal Request to withdraw some or all of their investment. Reinvested distributions may be withdrawn at the same time as the Units that relate to those distributions. To withdraw from the Opportunity Class after the Minimum Investment Term, Investors must complete a Withdrawal Request which can be requested from the Trustee by emailing investors@silcgroup.com or obtained directly from www.silcgroup.com/forms.

If an Investor wishes to withdraw Units before the expiry of the Minimum Investment Term, the Investor must provide the grounds for the early withdrawal in the Withdrawal Request for consideration by the Trustee and Investment Manager. Circumstances in which an Investor's request will be considered include:

- an Investor has become, by reason of injury, incapacity or ill health (whether mental or physical) and unlikely able to carry out investment activities;
- an Investor is affected by financial hardship and unable to meet the requirement on the minimum Investment Term; and
- where any other grounds exist, which are determined to be valid and reasonable by the Trustee and Investment Manager.

The Trustee does not guarantee that Withdrawal Requests will be satisfied in all circumstances. If the request has been approved, the Investment Manager will use its best endeavours to process the withdrawal in accordance with the request at the end of the following calendar quarter, subject to the liquidity of the assets held within the Fund. Withdrawals may be accepted, refused or partially satisfied at the absolute discretion of the Trustee. The Trustee may also suspend or reject applications for withdrawals where there is insufficient liquidity in the Fund or where allowing withdrawals from the Fund is not in the best interests of all Investors within the Opportunity Class.

Where there are insufficient funds or the total withdrawal requests received at any one time exceed 25% of the total funds under management, withdrawals may be partially processed and/or Investors will automatically participate in each subsequent withdrawal opportunity on a pro-rata basis until the amount specified in their withdrawal request has been fully redeemed.

An early redemption fee will apply to an early withdrawal/redemption that is approved by the Trustee. Refer to Section [8.9](#) for detailed information.

Investors should note that their Units may be automatically redeemed by the Trustee in certain circumstances as specified in the Trust Deed.

Withdrawals will be paid to the Investor's nominated bank account (which must be in the same name as the Investor).

2.8 Transfer of Units

There will not be any established secondary market for the sale of Units. However, an Investor may transfer the ownership of their Units at any time provided that the transferee meets the requirements of a Qualifying Investor of the Fund and has been approved by the Trustee. Under the Trust Deed, the Trustee has the discretion to refuse the transfer of Units and is not obliged to accept a transfer of Units.

The Trustee or Investment Manager may, but is not required to, on a best endeavours basis, provide assistance to procure a transferee. A fee may be payable for such assistance.

If an Investor wishes to transfer the Units held by them prior to the end of the relevant Investment Term, they will not be entitled to receive the full amount of the income which would otherwise accrue and be payable if the Investor remained invested in the Fund for the entire Investment Term. To transfer Units in the Fund, an Investor must provide the Trustee with prior written notice and provide the grounds for transfer or assignment in the request for consideration by the Trustee and Investment Manager.

Please note that a transfer of Units may have taxation consequences and remains solely the responsibility of the transferor and transferee. See Section 9 of the IM for further information.

2.9 Capital Not Guaranteed

The Trustee and Investment Manager, and their related bodies corporate, do not guarantee:

- the performance of an investment made by the Fund, or any Target Return set out in this Information Memorandum;
- the value of any asset of the Fund, or all of the Fund's assets as a whole; or
- the return of income or capital invested by a holder of Units in the Fund.

The investments of the Fund do not represent a deposit or other liability of the Trustee, the Investment Manager or any of its related bodies corporate. None of these entities is a bank or subject to prudential supervision by the Australian Prudential Regulation Authority (**APRA**).

Being founders and operators, we bring a unique perspective to private credit and pursue long term partnerships with values aligned investors.

02. The Fund

2.10 First Reserve Provision

Certain related parties of the Investment Manager will subscribe for a Sub-class of Units known as 'First Reserve Units'.

The minimum investment amount in aggregate for First Reserve Units will be \$2.5 million (the **First Reserve**). If a capital loss on a Loan occurs, such capital loss will be applied against the First Reserve. A capital loss on a Loan may, therefore, not be applied against the Ordinary Units and may preserve the net asset value per Unit of the Ordinary Units.

The First Reserve is intended to form a 'first loss' buffer for the protection of the holders of Ordinary Units and reduce (but not eliminate) the risk of a capital loss being suffered by holders of Ordinary Units. For the avoidance of doubt, underpayment or non-payment of interest on a Loan will not be applied against the First Reserve.

As an example, if a Loan of \$6 million referable to the Opportunity Class were to enter default and only \$5 million was able to be recovered from realisation of the security property, the \$1 million capital loss would be applied against the First Reserve Units and therefore have no impact on the net asset value per Unit of the Ordinary Units.

No withdrawal of the First Reserve Units will be permitted but the holders of First Reserve Units are entitled to receive proportionate income from Loans referable to the Opportunity Class after fees, costs and expenses referable to the Opportunity Class have been paid.

If the amount of the First Reserve falls below \$2.5 million, the related parties of the Investment Manager will subscribe for additional First Reserve Units to replenish the First Reserve to the minimum investment amount of \$2.5 million. For the avoidance of doubt, only capital losses will be applied against the First Reserve and not underpayment or non-payment of interest on Loans.

The application of the First Reserve Units is governed by the terms of the Trust Deed and a separate arrangement between the Investment Manager and the Trustee.

2.11 Borrowings

There will be no borrowings at the Fund level. The Investment Manager may, from time to time, provide an interest free loan to the Fund to meet any short term funding shortfalls.

2.12 Derivatives and Foreign Exchange

The Fund will not enter into derivatives or foreign exchange contracts for any purpose.

2.13 Change of Details

Change of details must be completed and submitted with all relevant supporting documents. Change requests may take up to 2 business days after receipt to process, subject to Investors being contactable for further verification checks.

Change of Details form is available on request from the Trustee at investors@silcgroup.com or <https://www.silcgroup.com/forms>.

Our unique internal access and integration with some of Australia's largest financiers means we originate transactions that don't go to the open funding market.

03. Investment Parameters – Opportunity Class

3.1 Summary of terms

The Investment Manager is responsible for the identification, assessment and management of investments referable to the Opportunity Class. In addition to the Investment Process outlined in Section 4 of this IM below, the Investment Manager must also ensure the investment parameters below are met.

Borrower Profile

Loans may be extended to borrowers such as:

- Corporate businesses;
- Property investors and/or developers;
- Manufacturing businesses; and
- Emerging corporates.

Lender

Specialised Investment and Lending Corporation Ltd
ACN 149 520 918 as trustee of the Fund.

Loan Purpose

Loans may be extended to the Borrower for commercial purposes such as:

- Development and construction of property;
- Corporate growth capital;
- Acquisition finance; and
- Working capital.

Security

Loans must be secured by one, or a combination of:

- General Security Agreement;
- Registered first mortgage over real property;
- Registered second mortgage over real property; and
- Business loans may be subject to directors' guarantees and first ranking charges under a General Security Agreement.

Target Property Rating

All properties are rated into three categories:

Category 1: Highly sought after locations with low vacancy rates.

Category 2: Sought after locations with medium-low vacancy rates.

Category 3: Sought after locations in a strong economy with potential for limited buyers in a downturn (coastal properties) or pre-development security.

Target Loan to Value Ratio (LVR)

Loans are subject to three LVR bands:

- $LVR \leq 65\%$;
- $65\% < LVR \leq 75\%$; and
- $LVR > 75\%$.

Target Loan Term

Loan terms will range between 12 to 36 months.

Servicing

- Fully drawn in advance;
- Serviced by the Borrower in advance; and
- Allowed for within the Facility and progressively drawn in arrears. (developments).

Other Parameters

Once the Fund has invested in at least 4 loans or raised at least \$5 million in investor capital referable to the Opportunity Class:

- No single loan will be referable to more than 25% of the net asset value of the Opportunity Class; and
- No borrower group's aggregated exposure will be referable to more than 50% of the net asset value of the Opportunity Class.

Facility Types

- Registered first mortgages;
- Registered second mortgages; and
- Business loans with real estate security, directors' guarantees and charges under a General Security Agreement.

3.2 Transaction Management

The Trustee has not conducted any independent review of the Loans and makes no representation or warranty in respect thereof.

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

A key responsibility of the Investment Manager is assessing the merits of each loan opportunity and monitoring the day-to-day performance of each Loan. Unless otherwise disclosed to the Trustee, the Investment Manager warrants that there is no conflict of interest on its part and undertakes to declare any personal interest or conflict when assessing a Loan.

If a Loan is in arrears, the Investment Manager will, in the first instance, work with the Borrower to ensure the arrears are rectified as soon as practicable and to ensure the interests of Investors are protected. The Trustee and the Investment Manager will jointly be responsible for the formal default management of Loans, with the Investment Manager responsible for the operational or day-to-day control of the process.

04. Investment Process

4.1 Assessment Process

The table below is only a summary of the Fund Assessment Process conducted by the Investment Manager when sourcing new deals:

01 Origination

Transactions are originated from a wide range of sources to establish a pool of potential investments diversified across location, type and structure.

Review opportunities in the context of portfolio asset allocation, diversification and gearing.

02 Credit Analysis

Due diligence on every transaction with supporting documentation verified by searches and underlying asset value substantiated internally and where required by external industry experts.

The Investment Manager completes the credit memorandum and recommends approval.

03 Documentation and Legal Execution

Credit endorsed Letter of Offer (LOO) is issued to the borrower with a sample Loan Contract.

Loan Contracts are issued directly to the borrower's lawyer. The documentation, including charges and guarantees, is explained and witnessed by the borrower's lawyer.

04 Investment Monitoring

Tracking and monitoring borrower performance with routine communication to identify potential issues.

Regular site visits and attendance at Project Control Group (PCG) meetings for development projects.

05 Investment and Compliance Committee (ICC)

Monthly ICC meetings ensure active portfolio management and update any issues affecting the Fund's investments.

ICC monitors loans in default with agreed remediation and action plan execution. Recovery decisions are approved at the ICC level.

04. Investment Process

4.2 Arrears and Default Management

Investors are exposed to any default by a Borrower under a Loan referable to the Opportunity Class.

The Investment Manager is responsible for managing all Loan arrears. The Investment Manager must promptly report all defaults and relevant default management actions to the Trustee.

Where the Loans are extended to related parties of the Investment Manager, the Trustee will be responsible for Loans in arrears and default management.

Where a Borrower fails to make an interest payment on or before the due date, the Trustee will allow a grace period of up to seven calendar days to allow the Borrower to make the payment. If the Borrower does not do so, the Trustee will issue a payment request.

Depending on the Borrower's response to the payment request, the Trustee may instruct the Fund's legal advisor to issue a default notice and commence recovery action against the defaulting Borrower.

A default interest rate of 4% above the standard rate will be applied to all loan facilities that are in default. The default interest rate will be paid to the Fund when a loan enters default. The Investment Manager will charge the Borrower a default administration fee to compensate for its effort in managing the default. This fee will be negotiated and paid by the Borrower directly to the Investment Manager. If recovery action is issued against a Borrower where a first ranking Real Property Mortgage is held:

1. the Trustee may become a mortgagee in possession of the security property
2. the Trustee will procure a new valuation in respect of the security property
3. the security property may be placed on the market for sale
4. depending on the nature of the security property, the Trustee may appoint parties to manage the security property or complete the development of the security property before commencing a sale process, and
5. if the security property is sold at a price that is less than the amount required to satisfy the outstanding balance of the Loan together with interest and costs (including recovery fees), then recovery action against the Borrower and any guarantors will continue.

Depending on the nature of the security property, the Trustee may appoint parties to manage the security property or complete the development of the security property before commencing a sale process. In addition, if the security property is sold at a price that is less than the amount required to satisfy the outstanding balance of the Loan – together with interest and costs (including recovery fees) – then recovery action against the Borrower and any guarantors will continue.

The ability of the Trustee to take the above actions where there is a second ranking Real Property Mortgage will depend upon the arrangement between the Trustee and the first ranking financier. Generally, the Trustee will not be able to enforce its rights under the Real Property Mortgage and will instead have to wait for the first ranking financier to enforce under its security.

Where the Loan is made on an unsecured basis, the Trustee will not have any rights to sell the real property of the Borrower to recover the amounts owing to the Fund. Where the Fund has taken a GSA or other specific security, it would have the right to sell the personal property of the Borrower under those arrangements. Where the personal property of the Borrower is insufficient to satisfy the amount owing by the Borrower, the Trustee will consider taking recovery action against the Borrower through a court process.

The enforcement procedure can involve significant costs, including legal costs and the receiver's fees. These costs may be funded as follows:

1. Paid by the Investment Manager from its own funds. In which case, the Investment Manager will be able to recover these costs from the proceeds received from the Borrower in priority to any payment to Investors.
2. By the Trustee undertaking a rights offer to raise the capital required. It is likely that any future capital raising undertaken to pay for enforcement expenses would be undertaken at an issue price less than the original issue price of \$1 per Unit and will therefore be dilutive. It is important for Investors to understand that there is a possibility they may have to contribute further capital to the Fund in the future and if an Investor chooses not to contribute, then their proportionate holding in the Fund may be diluted.
3. Paid by a third party. In which case, any expenses paid plus any amount agreed with the lender (for example, success fees) would be recovered from the proceeds received from the Borrower in priority to any payment to Investors.

A photograph of two men in business attire walking and talking in a modern office hallway. The man on the left is bald with a beard, wearing a grey blazer and a white shirt. The man on the right is smiling, wearing a dark blazer and a white shirt. The background is a bright, modern office interior with large windows and a clean, minimalist design.

Several of our Founders, Investment Committee, and Advisors are invested in the fund, providing an alignment of interests. We treat your money like our own.

05. Management of the Fund

5.1 The Investment Manager

Mosaic Private Pty Ltd (“Mosaic”) is an investment manager facilitating exclusive investment opportunities in private credit. Our longstanding relationships and industry reputation allow us to partner with major Australian lenders to deliver access to quality transactions and to provide superior risk-adjusted returns to investors.

Key Management



Tony Woods
Investment Committee Chairman & Strategic Risk Advisor

Tony comprehensively understands Australian and International financial and business markets and global operating practices. He is an experienced company director, Risk Consultant and Investment and Audit Committee Chair.

With over four decades of experience, his prior roles include Group GM Oversight (Global) and Group GM - Corporate and Specialised Banking Risk at NAB. He was also Head of Commercial, Business and Private Banking Credit at ANZ, where he led compliance, risk/oversight, and legal and credit decisioning functions. Tony held the largest available individual lending authority at both NAB and ANZ and was a member of the NAB Transactional Credit Committee, which dealt with the bank's largest and most complex loans globally.

Tony was recently Chief Risk Officer at one of Australia's largest private credit funds, MaxCap.



David Cowen
Managing Director & Co-Founder

David has 19 years of experience in the finance broking industry as an owner and operator of a successful brokerage firm. He has originated, funded, and managed over \$2.5 billion in residential, commercial and business debt and private credit transactions during this time.

He oversees the business activities, strategic direction, transaction origination, and building and enhancing relationships with Mosaic investors and borrowers.

We are a team of private credit artisans with a unique and deep understanding of business and financing.



Brad Harris
Investment Committee & Co-Founder

Brad is a co-founder and Director of Signature Hospitality Group, which operates ~50 venues, making it one of the country's largest non-gaming hospitality groups.

He is CEO of his family's investment office - Harris Capital, which oversees family and third party investment capital, including a cornerstone investment in Mosaic.

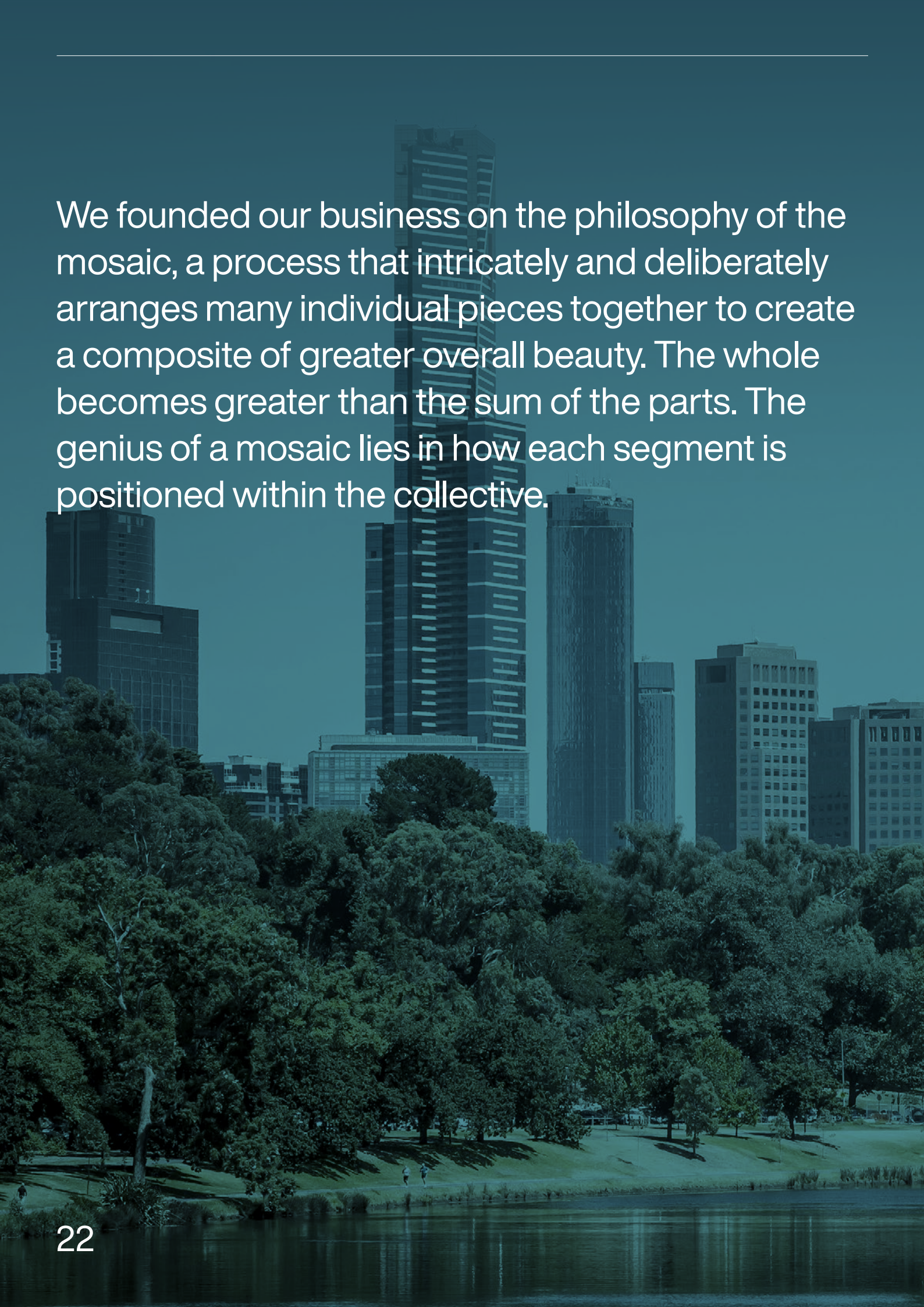
Brad sits on multiple investment committees and boards, including not-for-profit roles as a Director of the Epworth medical foundation and Director of the Hawthorn Football Club foundation.



Ben White
Investment Committee

Ben is a senior lawyer with more than 20 years of experience in the financial services industry and has worked for major international law firms in Melbourne and London, including King & Wood Mallesons and Linklaters, where he specialised in property finance. He also worked for a law firm in the Cayman Islands, where he specialised in hedge fund and private equity fund formation and governance.

In previous roles, Ben was the Director of Legal for Intertrust Group, a Euronext listed financial services business and General Counsel at one of Australia's largest private credit investment managers, MaxCap.

A teal-tinted photograph of a city skyline. In the foreground, there is a dense forest of green trees. Behind the trees, several tall skyscrapers are visible against a clear sky. At the bottom of the image, there is a body of water reflecting the scene. The text is overlaid on the upper left portion of the image.

We founded our business on the philosophy of the mosaic, a process that intricately and deliberately arranges many individual pieces together to create a composite of greater overall beauty. The whole becomes greater than the sum of the parts. The genius of a mosaic lies in how each segment is positioned within the collective.

M



06. The Trustee and the Administrator

Specialised Investment and Lending Corporation Ltd ACN 149 520 918 (AFSL number 407100) is the Trustee of the Fund. The Trustee will manage the Fund in accordance with the Trust Deed and its duties and obligations under Australian law and, importantly, will have regard to the best interests of Investors in all decisions that it makes with respect to the Fund.

SILC Funds Administration Pty Ltd ACN 628 993 386 is the Administrator of the Fund and is responsible for the general operations and administration of the Fund, including investor administration process (including applications and unit registry) and fund accounting. Collectively, the team have a breadth of experience in the banking, funds management and financial services sector.

The Administrator is a related party of the Trustee.

6.1 Key Management

Koby Jones

Managing Director and Responsible Manager

Koby is the founder and Managing Director of The SILC Group. He is an accomplished banking and finance executive with over 17 years of experience gained in advising, structuring and distributing traditional and alternative investment assets, structured financing and global financial market instruments. He founded the specialist financial solutions firm in 2011 following a highly successful career in global financial markets and private wealth management with major financial institutions Westpac Banking Corporation, Australia and New Zealand Banking Group, National Australia Bank and Wilson HTM Investment Group. He is a Responsible Manager of The SILC Group's AFSL and is responsible for driving the growth of the business, setting strategic direction and business development activities of The SILC Group alongside the leadership team.

He holds numerous qualifications including the Certified Practising Accountants (CPA) Program, a Bachelor of Commerce (Accounting, Commercial Law, Finance) through Deakin University, Diploma in Financial Advising from the Securities Institute of Australia (now Kaplan Professional), and Advanced Certificate in Management Skills from RMIT; as well as having various industry certifications which include the Margin Lending Accreditation Program, Accredited Derivatives Adviser (Level 1), and Diploma of Financial Services from the Australian Financial Markets Association (AFMA).

Koby is also on the Board of Directors at the Northern Health Foundation and a member of the Australian Institute of Company Director (AICD).

Michelle Tay

Executive Director and Responsible Manager

Michelle is an experienced banking and finance executive, with particular specialisation in syndicated corporate and structured financing, agency services and corporate management. During her tenure at the Australia and New Zealand Banking Group, she managed a portfolio of large complex syndicated corporate and structured finance transactions across multiple industries and geographies. She also has extensive experience in business and corporate banking, property development financing and corporate management across all areas of business operations, financial management and taxation and regulatory compliance.

Michelle Tay is the Executive Director, AFSL Responsible Manager and Head of Group Services at The SILC Group. Her main activities at a corporate level includes oversight and functional responsibilities in our finance, compliance, legal and various operational areas as well as investor relations and involvement in transactions across the business units.

She holds various qualifications including the Certified Practising Accountants (CPA) Program, Masters of Applied Finance through the Financial Services Institute of Australasia (now KAPLAN Professional) and Bachelor of Commerce (Accounting and Finance) through Monash University. Michelle is also member of the Australian Institute of Company Director (AICD).

Like any investment, there are risks associated with investing in the Fund. There are a number of risk factors that could affect the performance of the Fund and the repayment of Investor's capital. Many risk factors fall outside of the Trustee and the Investment Manager's control and cannot be completely mitigated.

The following is a non-exhaustive list of the main risks associated with an investment in the Fund. Investors should consider them carefully and make their own assessments before making any decision to invest in the Fund. Where necessary, Investors should seek professional advice to assist with their investment decisions.

Distributions and target returns are not guaranteed, and neither is the return of Investor's capital.

7.1 Performance and Investment Manager Risk

The success of the Fund is dependent on the Investment Manager identifying suitable Loans for the Fund to make and then managing those Loans to ensure that the Loans are repaid. If the Investment Manager is unable to achieve this, then this may adversely affect the Fund's returns.

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

There is always a risk that the Investment Manager fails to identify and adequately manage the investment risks, which may adversely affect the Fund's returns. Additionally, there may be operational risks of the Trustee, the Investment Manager or the Administration Manager, including an inherent risk associated with the death or departure of the Trustee's or the Investment Manager's key personnel or possibility of systems failure or any other unforeseeable risk.

7.2 Borrower Risk

A Borrower may become insolvent or face financial difficulties, they may fail to meet payment obligations or otherwise fails to meet the terms of the Loan or have other financial difficulties, including insolvency, which could be for a number of reasons, including:

- an inability to pay interest as a result of reduced income generally, including rental income;
- an environmental or demographic issue impacting on the ability of the security property to generate income;
- where the applicable interest rate is variable and an increase in the underlying interest rate causes a Borrower to be unable to meet the increased interest repayments; and/or
- cost increases and or time delays relating to a development.

These could adversely affect the income attributable to a Class and the value of the relevant Loan, which will impact repayments of capital and distributions to Investors in respect of that Class.

7.3 Diversification Risk

Diversification risk is the risk that the investment portfolio of the Fund may lack a diversification of assets. While the Fund aims to present investors with the opportunity to participate in a diverse range of loans, it depends on the ability of the Investment Manager to originate quality Loans that meet the Investment Parameters and the investment criteria of the Fund.

7.4 Liquidity Risk

The objective of the Fund is to invest in loans secured by mortgages over real property.

An investment in the Fund is an illiquid investment. An Investor's ability to make a withdrawal request from the Fund is subject to sufficient cash availability at the time of the request. There is currently no secondary market for Units in the Fund, and it is unlikely that any active secondary market will develop.

There are restrictions upon the transferability of Units and on withdrawals from the Fund. See Sections [2.7](#) and [2.8](#) for more information.

7.5 Tax Risk

Tax and duty laws, and the regulatory interpretation or enforcement of laws can change, and changes can be adverse. Investors should consider their own circumstances before investing.

7.6 Return Risk

The Fund seeks to deliver target returns to Investors which are intended to be greater than the interest paid on basic deposit and saving products offered by an ADI. However, as a general rule, higher potential returns have higher levels of uncertainty (high-risk) than investments with lower potential returns and low levels of uncertainty (low-risk).

Target returns are not a forecast, and the Fund may not be successful in meeting its objectives. None of the Trustee, the Investment Manager or any other person or entity guarantees any income or capital return from the Fund.

Investors should note that an investment in the Fund is not an investment in an ADI (such as a bank) regulated by APRA, and an investment in the Fund carries greater risk than an investment in a bank.

07. Risks

7.7 Related Party Investments Risks

The Investment Manager and its directors may develop advisory and other relationships with a wide variety of clients and Investors. As a result of obligations that arise from those relationships, including obligations of confidentiality, certain potentially suitable investment opportunities of which the Investment Manager becomes aware may not be offered or disclosed to the Fund.

By making an investment in the Fund, Investors acknowledge that the Fund may invest in products or assets managed by related parties of the Investment Manager.

By investing in the Fund, Investors acknowledge that the Investment Manager is responsible for making investment decisions for the Fund and that the investments entered into by the Fund may not be on arm's length terms and that they have made their own independent investigations to satisfy themselves of the benefit of becoming an Investor in the Fund.

7.8 Interest Rate Risk

Changes in interest rates can have a direct or indirect impact (negative or positive) on investment opportunities, returns and consequently, the amount of income paid to Investors.

7.9 Unsecured Lender Risk

The Fund may make Loans which are unsecured, although generally, Loans will be supported by corporate guarantees from the Borrower. If the Borrower defaults on the Loan, there may be no rights to recover the debt by seeking to take control or sell any real property of the Borrower. Depending on the terms of the Loans, any rights to enforce against the Borrower will be entirely subordinated to the rights of any senior lenders who may have security over particular assets of the Borrower.

There is a significant risk that if the Borrower defaults on the Loan or the corporate guarantee and the Fund takes enforcement action, there may not be sufficient assets remaining after paying other secured creditors of the Borrower to repay the Fund, which may result in lower returns to Investors. In addition, the value of the Loan investment might become impaired.

In some circumstances, the Borrower may be permitted to release security obtained by the Fund (i.e., where conditional senior financing approval has been obtained). In these cases, the Fund may become an unsecured lender.

If the Borrower defaults under a Loan or corporate guarantee, the Fund may need to take enforcement action against the personal assets of the Borrower to recover the amounts owing.

Moreover, it is intended that a significant number of Loans made by the Fund will be guaranteed by way of corporate guarantee by the Borrower.

In the event that the Borrower is insolvent or unable to meet its obligations under a corporate guarantee, it may be unable to meet obligations under all other corporate guarantees it has entered into, especially those guarantees provided to the Fund.

7.10 Subordination Risk

Where a Loan is secured by a second ranking mortgage or otherwise subordinated to a senior lender, there is a greater risk for the lender than if it were first ranking because it ranks behind first ranking mortgages, or senior loans, in priority. Upon enforcement of the security, the first ranking mortgage must be paid out before the second ranking mortgage, exposing lenders secured by the second mortgage to the risk of capital and/or interest loss where there are insufficient funds to repay the Loan.

This means that if the Fund obtains a second ranking mortgage, and needs to enforce its security, the lender with the first ranking mortgage will get paid out first, and there may then be insufficient funds available to satisfy enforcement of the Trust's security in full.

7.11 Property Development Risk

Loans for property development include a degree of additional risk compared to those that are used to fund investments. This risk is associated with the project's timing, completion and sale, particularly if a Borrower cannot complete the property development works as required.

Furthermore, during the property development process, a downward shift in the property market can affect the ability to recover the amount owing under the Loan at the completion of the Project.

Third parties engaged to perform works on a Project could become insolvent or default under their contracts which may lead to delays or impact the viability of a Project.

The Investment Manager will identify key items or milestones when determining the pre-funding and post-funding conditions of each Loan. The parameters of the terms of the Loan will be set out within this IM.

7.12 Forecasting Risk

The estimated costs of a Project and estimated realisation value for a Project are forecasts only. The costs may be more than estimated, and the realisation value may be less than estimated. This may result in lower or no returns to Investors in relation to a Project(s) as a result of a default by a Project developer.

Due to various risks and uncertainties, including those set out in this IM actual events or results, or the actual performance of the Fund may differ materially from those reflected or contemplated in such forward-looking statements. Moreover, actual events are difficult to project and often depend upon factors beyond the control of the Investment Manager, Trustee and/or their advisers.

7.13 Valuation Risk

The valuation of the security property for a Loan may be inaccurate or not accurately reflect its true value at the time the valuation is undertaken. If the valuation of the security property for a Loan is incorrect, then the amount realised on the sale of a security property may not cover the amount lent to the Borrower. Valuations may not be specifically addressed to the Fund.

7.14 Enforcement Risk

Where the Trustee takes enforcement action in respect of a defaulting Loan, the costs incurred in doing so could be substantial.

The Investment Manager may pay for those enforcement costs from its own resources (such as the costs of appointing a receiver, legal fees in enforcing against the Borrower, agent's commissions for the sale of the security property etc.).

It is also possible that the Trustee may procure a third party to underwrite the enforcement expenses on commercial arrangements. The Investment Manager or third party will have the right to recover these costs from the proceeds received from the enforcement action before any payments are made to Investors plus any fee or interest agreed with a third party. This will most likely lead to a reduction in distributions paid to the Investors. If the enforcement costs cannot ultimately be recovered out of the proceeds from the sale of the security property or recovered directly from the Borrower, then it may result in Investors suffering a loss of capital.

It is also possible that the Trustee will undertake a further capital raising to raise the capital required to pay for the expenses associated with enforcing the Loan. There is, therefore, a risk that Investors may be requested to contribute further capital to the Fund. It is highly likely that any such future capital raising will be undertaken at a price less than the original issue price for the Units and may therefore dilute the proportional holdings in the Fund of those Investors that decide not to contribute further capital.

7.15 Regulatory and Economic Risk

There is the risk that the value of an investment may be affected by changes in domestic or international policies, regulations or laws (including taxation laws). There is also a risk that a downturn in domestic or international economic conditions may adversely affect investments.

These factors are outside the control of the Trustee and the Investment Manager, but they may have a negative impact upon the operation and performance of the Fund.

7.16 COVID-19 Risk

On 11 March 2020, the World Health Organisation declared COVID-19 (or Coronavirus) a global health pandemic. Since this time, measures have been implemented by the Australian, state/territory, and international governments in relation to public gatherings, travel restrictions and social distancing measures. Circumstances are changing daily, and there is an unprecedented level of uncertainty in society and the economy. The duration of the pandemic is unknown.

COVID-19 may impact the financial and investment information presented in this IM in ways that cannot be foreseen at this time. These may include, amongst other things, a deterioration of the valuation of property against adopted valuations, an inability to refinance, develop or sell the property or a decline in the value of the property.

7.17 Early Repayment and Loan Extension Risks

Early repayments by the Developer of a Loan, including the early discharge of a Loan, may impact on the expected returns of the Fund because the normal income and capital payments have been interrupted or have ceased.

The Trustee and Investment Manager may also elect to extend a Loan past its maturity date (with or without the enforcement of default interest) if it is believed to be in the best interests of the Investors of the Fund. This extension may be required to provide the Developer with extra time to complete the renewal process or finalise the refinance or repayment of the Loan, or to finalise the sale of the Project. Such delays will also impact the expected returns of the Fund.

7.18 Other Risks

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

Neither the Trustee nor the Investment Manager guarantees the repayment of capital or the performance of the Fund.

The Trustee and Investment Manager strongly recommend that Investors obtain independent financial advice before investing in the Fund.

08. Fees and Costs

This section outlines fees and other costs that Investors may be charged for the management of the Fund. These fees and costs will be deducted from the Fund's assets. Investors should read all the information about fees and costs to understand their impact on an Investor's investment.

8.1 Management Fees and Costs

Application/Entry Fee This fee is payable to the Investment Manager to reimburse it for Fund establishment costs and expenses incurred in marketing the Fund to investors and securing their investment. This fee does not affect the principal amount on which the investor's expected income distribution is calculated.	Nil								
Management Fees The management fees are payable to the Investment Manager for managing the assets and overseeing the operations of the Fund.	<p>The Investment Manager is entitled to a management fee of 1.50% after the payment of fees and expenses.</p> <p>The management fees will be charged as a percentage basis per annum of the net asset value (NAV) of the Opportunity Class. This fee is charged monthly in arrears and is payable out of the assets of the Opportunity Class.</p>								
Performance Fees	<p>The Investment Manager is entitled to a performance fee commencing from the anniversary of the date the Opportunity Class was originally constituted (being 01 September 2021), and calculated as follows:</p> <ul style="list-style-type: none">20.00% per annum of any excess performance above the Hurdle Rate of 10% per annum. <p>This performance fee is subject to a High Water Mark, which is designed to ensure that no performance fee is payable for a period or any subsequent period until performance exceeds the High Water Mark.</p>								
Trustee Fees This fee is payable to the Trustee for the provision of trustee and custodial services (as applicable). This fee is charged monthly in arrears. This fee is subject to a minimum term of 36 months from the date of the Trust Deed. In the event the Trustee is removed within the minimum payment term (other than for a breach of its duties), the Trustee is entitled to 65% of its fees (being the lower of the applicable minimum fees or calculated using the GAV at the time of termination) that would have been payable for the remainder of the minimum payment term. The Trustee's fees will be applied across each Class on a pro-rata basis based on funds under management.	<p>A monthly fee of up to 0.125% per annum of the Fund's gross asset value subject to a minimum fee of \$2,000* per month*subject to an annual increase of 3.5% per annum.</p>								
Fund Administration and Registry Fees This fee is payable monthly in arrears to the Administrator for undertaking the administration of the Fund, including the processing of applications, Fund registry, Fund accounting and attending to the lodgement of regulatory returns.	<p>A monthly fee of \$1,293.75* plus a stepped fee of:</p> <table><tr><th>No. of investors in each unit class</th><th>Fee per investor per annum*</th></tr><tr><td>0-30</td><td>\$80</td></tr><tr><td>31-60</td><td>\$75</td></tr><tr><td>>60</td><td>\$70</td></tr></table> <p>*subject to an annual increase of 3.5% per annum; Plus \$30 per distribution or capital call per investor.</p>	No. of investors in each unit class	Fee per investor per annum*	0-30	\$80	31-60	\$75	>60	\$70
No. of investors in each unit class	Fee per investor per annum*								
0-30	\$80								
31-60	\$75								
>60	\$70								

8.2 Additional Fees

Where the Trustee is entitled to charge an additional fee for time spent on Fund operational matters, it will be at a rate of \$350 per hour or part thereof (subject to any variation determined by the Trustee from time to time with the agreement of the Investment Manager and an annual increase of 3.5% per annum) for undertaking the following work beyond the scope outlined above, such as:

- attending meetings in the capacity as Trustee of the Fund with parties other than the Investment Manager (travel costs beyond Melbourne CBD will be at the Fund/the Investment Manager's cost);
- preparation, review and/or lodgement of BAS returns;
- attending to information requests from the Fund service providers, including but not limited to auditors, lawyers, tax advisors and Fund administrators;
- additional work beyond the limitations of trustee services (e.g., more frequent distribution/unit pricing/applications etc.);
- review and approval of marketing material which will be publicly published or issued online (including online application/investment portals);
- update or reissue this IM or Trust Deed;
- Fund acquisition of foreign assets or dealings in foreign currency;
- registration of the Fund in foreign jurisdictions or obtaining International Securities Identification Number (ISIN) code;
- FATCA and/or CRS reporting (if required); and
- Wind up or transfer of Trustee/Fund Administrator of the Fund.

8.3 Borrower's Fees

The interest payable by Borrowers in relation to a Loan will be collected by the Trustee. In addition to this amount, the Borrower may also pay an establishment fee, loan administration fees and/or line fees or other fees to the Investment Manager or the Fund. The Investment Manager is entitled to any establishment fees, line fees, administration fees or other fees paid by the Borrower (if any). The Borrower and any relevant corporate guarantor will be jointly and severally liable for the Fees and Costs in relation to the relevant Loans.

8.4 Payment of Fees and Costs

The Investment Manager has undertaken to pay all Fees and Costs, including the Trustee and Administrator's fees, as set out in the Trust Deed. In the unlikely event that the Investment Manager does not pay the Fees and Costs, the Fees and Costs will be paid from the assets of the Fund before paying any distribution to Investors as outlined in the Trust Deed.

8.5 Expenses

The Trustee is entitled to be reimbursed out of the assets of the Fund for all expenses associated with the establishment and the operation of the Fund, including the costs associated with the administration (such as customer identification checks under the AML/CTF legislation and accounting subscription fees) or distribution of income and other expenses properly incurred in connection with performing its duties and obligations in the day-to-day operation of the Fund. Some of these costs are fixed and will fall as a proportion as the assets of the Fund grow.

Abnormal expenses are expected to occur infrequently and may include (without limitation) costs of litigation to protect Investors' rights, costs to defend claims in relation to the Fund, legal fees, one-off or non "business as usual" fees, and termination and wind-up costs.

All fees and expenses may change due to many reasons, including changing economic conditions, changes in regulations or changes in third party costs.

8.6 Goods and Services Tax

Unless otherwise stated, all fees quoted in this IM are quoted exclusive of GST (but may be subject to GST).

8.7 Waiver, Deferral or Rebate of Fees

The Trustee may, in its absolute discretion, accept lower fees and expenses than it is entitled to receive or may defer payment of those fees and expenses for any time. If a payment is deferred, then the fee will accrue until paid. In addition, the Investment Manager or Trustee may waive, negotiate or rebate their fees, for example, in the case of a large investment amount.

8.8 Referral Fees

The Investment Manager or its related entities can offer referral fees or rebates at the Investment Manager's sole discretion, provided this is at the Investment Manager's own expense.

8.9 Early Redemption Fee

The Trustee will seek to charge the investor who applies for early redemption:

- the balance of the management fee that would have been payable over the remaining minimum Investment Term, determined by reference to the net asset value of the Opportunity Class at the time that the investor's Units are redeemed; plus
- 2% of the net asset value (as determined by the Investment Manager together with the Trustee) of the Units in the Opportunity Class that are redeemed.

8.10 Fee Changes

The Trust Deed allows for higher fees to be charged than those detailed and specifies circumstances where additional fees may be charged. The Trustee will provide Investors with at least 30 days' written notice of any such fee imposition or increase.

09. Taxation Information

The Trustee has engaged HLB Mann Judd, to provide a general outline of the Australian tax implications of acquiring Units pursuant to this IM, as well as the holding and disposing of such Units, which is contained as follows.

9.1 Australian Taxation Implications for Investors in the Fund

This section provides a general summary for Australian resident and non-resident investors (the Investors) who subscribe for units pursuant to the Information Memorandum and hold the units on capital account for Australian income tax purposes. It does not attempt to address all of the Australian tax consequences that may be relevant to the Investors.

The opinion is general in nature because the tax implications for each Investor may vary depending on their particular circumstances. Accordingly, it is recommended that each Investor seeks their own professional advice regarding the taxation implications before making any investment or other decision in relation to the units in the Fund. This taxation opinion is not, and is not intended to be, taxation advice to any particular Investor.

This opinion is based on the Income Tax Assessment Act 1936 (ITAA 1936) and the Income Tax Assessment Act 1997 (ITAA 1997) (collectively referred to as the Tax Law) as applicable at the date of this opinion.

9.2 The Fund and the Unit Class of the Fund

The Fund has been established so that, under the Trust Deed, selected assets can be held for the benefit of Investors holding specific Classes of Units with respect to those selected assets ('Unit Class').

For Income tax and GST purposes, the Trustee will treat each Unit Class as a separate Trust and therefore a separate entity ('Trust'), with the beneficiaries of each Trust being the Investors holding the relevant Unit Class. The Trustee will register each Trust as a tax entity and lodge separate returns for each entity.

The following sections 9.3 and 9.4 provide a summary of tax treatment applicable to each Unit Class and the Investors of those Unit Class (as separate trusts and tax entities for tax purposes).

9.3 Structure of the Fund

Each Unit Class of the Fund will be treated as "flow through" entity for Australian income tax purposes. That is, the taxable income of each Unit Class will be subject to Australian tax in hands of Investors, not the Fund on the basis that:

- The Investors are made "presently entitled" to all of the income of the Trust at the end of each income year; and
- The activities of the Trust are limited to "eligible investment businesses" such that the Trust should not constitute a public trading trust.

The Fund may offer Investors the opportunity to acquire interests in different Classes of Units from time to time. Each Unit Class will invest in underlying loans. Therefore, the expectation is that the taxable income from each of the Unit Classes representing separate Trusts will primarily be in the form of interest income which will ultimately flow through to Investors.

9.4 Tax Treatment of the Investors

The section contains an outline of the Australian income tax implications that will generally apply to Investors that acquire a Unit Class on capital account.

Australian Resident Investors

From time to time, Investors who are made presently entitled to the distributable income of the Trust will receive trust distributions from the Trust, in proportion to their entitlements to that distributable income.

In this regard, Australian resident Investors should recognise their share of the distributable income, which is likely primarily in the form of interest income, to be included in their assessable income.

The redemption or transfer of units will constitute a disposal by an Investor for tax purposes. If the Investor holds their units on capital account, any gain made by the Investor on disposal will be subject to capital gains tax (CGT). If the Investor makes a capital loss, it may be used to offset capital gains derived in the current or a future tax year. We understand that it is intended by the Trustee that the unit price is to be issued at \$1.00 per unit but this may not always be the case as the unit price is based on the underlying value of the assets referable to the class of units.

A CGT discount may be available on the capital gain on units held for 12 months or more by individual, trusts or complying superannuation entities. Companies are not eligible for a CGT discount. For individuals and trusts, the discount is 50%. For complying superannuation entities, the discount is 33.33%.

Non-Resident Investors

Given the intention is that the distributable income of the Trust will primarily represent interest income, non-resident Investors should only be subject to 10% final interest withholding tax (IWHT) on any income distribution received. This tax treatment applies irrespective of whether the Trust is classified as a Managed Investment Trust (MIT) for tax purposes.

This is, the Trustee is required to withhold a 10% IWHT to the Australian Taxation Office (ATO) and non-resident Investors are not required to lodge an Australian income tax return if the interest income is the only source of income as the IWHT is treated as a "final" tax liability in Australia.

If any income from the Trust is not interest, dividend or royalty income, non-resident Investors may either be subject to the general trust withholding provisions (whereby tax may be deducted at the non-resident withholding rates) or the MIT withholding provisions.

Investors should seek their own advice on these matters.

Any capital gain or capital loss resulting from a disposal or redemption of units in the Trust by a non-resident Investor will be disregarded if a non-resident Investor holds less than 10% of the units in the Trust or the Trust does not hold majority investments in Australian real property.

On the basis the Trust's investment will primarily consist of debt investments, but not directly in any underlying real property, it is expected that a non-resident Investor should not have any CGT implications arising from their disposal or redemption of units.

Each non-resident Investor, however, should seek their own advice when they seek to dispose of or redeem the units.

9.5 Public Trading Trust Provision

It is noted that a Unit Trust that is a public trust can be taxed as a company where it carries on (or controls another entity that carries on) trading activities other than eligible investment business activities ("the public trading trust provisions"). Eligible investment business activities include passive activities, such as investing in land for the primary purpose of rent and investing or trading in financial securities and arrangements.

The Trustee intends to limit the activities of each Trust to eligible investment business activities so that the public trading trust provisions do not apply to the Trust.

9.6 Annual Reporting

As the Trust is likely to constitute an Investment Body, the Trust will be required to provide certain distribution information (including tax components) to the ATO on an annual basis by lodging the Annual Investment Income Report (AIIR).

The Trust will also provide an annual tax distribution statement to Investors in accordance with the ATO's guidelines for Managed Funds. The tax distribution statement will reconcile the cash distribution provided to the Investor with the taxable distribution for that income year. It will agree to the amounts reported to the ATO under the AIIR.

9.7 Attribution Managed Investment Trust (AMIT) Regime

The Government has enacted a tax regime for certain managed investment trusts known as the Attribution Managed Investment Trust (AMIT) Rules. The AMIT Rules remove a number of uncertainties for Trustees and Investors and facilitates fair and reasonable tax outcomes for Investors.

The AMIT Rules do not apply automatically to all MITs. The Trustee will make an assessment of whether the Trust qualifies as an AMIT and whether it will make an election to apply the AMIT Rules to the Trust.

9.8 Goods and Services Tax

GST should not apply on the acquisition and disposal of units as well as cash distribution from the Trust to the Investors.

9.9 Change of Tax residency

We recommend that each Investor seeks professional advice on their residency status if there may be a change in their tax residency through the course of their investments and the associated tax implications relevant for their circumstances.

9.10 Taxation File Number (TFN) and Australian Business Number (ABN)

It is expected that each Trust will satisfy the definition of being an investment body for income tax purposes. As such, each Trust will be required to obtain a Tax File Number (TFN) or Australian Business Number (ABN) in certain cases from its investors.

It is not compulsory for a Trust's investor to quote a TFN, claim a valid exemption for providing a TFN, or (in certain circumstances) provide an ABN. However, failure to obtain an appropriate TFN or ABN from investors will result in the Trust being required to withhold at the top marginal rate (currently 47%) with respect to distributions to the Investor (which may be creditable in their tax return).

9.11 Foreign Account Tax Compliance Act (FATCA)

FATCA is United States (US) tax legislation that enables that US Internal Revenue Services (IRS) to identify and collect tax from US residents that invest in assets through non-US entities. If you are a US resident, or become a US resident, for tax purposes, you will not be allowed to invest in the Fund.

9.12 Common Reporting Standards (CRS)

Common Reporting Standards (CRS) is the single global standard set by the Organisation for Economic Co-operation and Development (OECD) for the automatic exchange of information with revenue authorities for tax non-residents that invest in certain financial accounts. The standard covers both the identification of tax non-residents and reporting on the applicable financial accounts. The Trustee will be a 'Reporting Financial Institution' under CRS and intends to comply with its CRS obligations under any relevant Australian laws and regulations, including obtaining and disclosing information about certain investors to the ATO or other foreign tax authorities as required. To facilitate these disclosures, Investors will be required to provide certain information such as that relating to their country of tax residence and their relevant taxpayer identification number (if applicable).

10. Additional Information

10.1 Material Documents

The material documents relevant to the Fund are:

- Trust Deed;
- Investment Management Agreement; and
- Fund Administration Agreement.

Should you require a copy of any of these documents, please contact the Trustee at +61 9600 2828 or investors@silcgroup.com.

Trust Deed

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

Each Class gives Investors an equal and undivided interest in the assets of that Class only. Subject to the Trust Deed, Investors have various rights relating to the relevant Class which include:

- The right to share in any distributions;
- The right to attend and vote at meetings of Investors;
- The right to participate in the proceeds of winding up of the Fund; and
- The Trust Deed contains provisions about convening and conducting meetings of Investors.

The Trustee can amend the terms of the Trust Deed subject to the Trustee's duties and obligations to Investors without Investors' approval, provided it reasonably considers the change will not adversely affect Investors' rights. The Trustee will not make any amendments to the Trust Deed that it considers would be materially adverse to Investors without seeking the approval of Investors.

In most circumstances, the Trust Deed can also be amended by a special resolution passed by Investors (being a resolution passed by at least 75 percent of the votes cast by Investors entitled to vote on the resolution).

A copy of the Trust Deed is available free of charge by contacting the Trustee at investors@silcgroup.com.

Investment Management Agreement

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

The Investment Management Agreement sets out the Investment Manager's obligations to the Trustee and to the Fund. The agreement also contains the arrangements in relation to the Fees and Costs that are summarised in Section [8](#).

The Investment Management Agreement will remain in force until the Fund is wound up unless the agreement is terminated earlier in accordance with its provisions. The agreement can be terminated by the Trustee if the Investment Manager is in material breach of the agreement and that breach has not been remedied after a certain time. There are also provisions allowing the Trustee to terminate if, for example, the Investment Manager becomes insolvent.

The Investment Manager is permitted to terminate the agreement in certain circumstances, such as if the Trustee ceases to be the trustee for the Fund.

From time to time, the Trustee or Investment Manager may encounter conflicts in respect of its duties in relation to the Fund, its duties to other funds that it manages and its own respective interests. The Trustee and Investment Manager will manage any conflicts in accordance with its conflicts of interest policies and procedures, the Trust Deed, ASIC policy and the law.

Fund Administration Agreement

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

The Fund Administration Agreement sets out the Administrator's obligations to the Trustee and to the Fund. The agreement also contains the arrangements in relation to the Fees and Costs that are summarised in Section [8](#).

10.2 Related Party Transactions

The Administrator is a related party of the Trustee. The Administrator is appointed pursuant to the Fund Administration Agreement.

The Trustee may, from time to time, enter into transactions with related entities. All transactions will be affected at market rates or at no charge.

The Investment Manager is not a related party of the Trustee. The contractual arrangements between the Trustee and the Investment Manager are negotiated at arm's length between the parties.

Most of the Projects are likely to be managed by the Investment Manager. The procedure for evaluating such Projects and taking enforcement or remedial action, if required, is set out above in Section 3.

A Loan made by the Fund may be provided to a related party of the Investment Manager. By making an investment in the Fund, the Investors acknowledge that the Loans made to the related parties may not be on arm's length terms. Investors further acknowledge that Loans may not be made directly to the project developer or the land owner of a secured property. This may be necessary in order for the Project to meet the requirements of the senior lender and to optimise tax outcomes for the Project.

10.3 Privacy

In applying to invest, you provide the Trustee and the Investment Manager with certain personal details (such as your name, address etc.). The Trustee uses this information primarily for processing your application to invest in the Fund, administering and managing the investment, and complying with applicable laws and regulations.

A full copy of the Trustee's privacy policy can be obtained by visiting <http://www.silcgroup.com/privacy-policy>.

The Trustee may disclose some or all of the personal information which you have provided to the Trustee to your adviser and any professional advisers, such as the Fund's accountant or financial institutions involved in processing transactions. Under various laws and regulatory requirements, the Trustee may have to pass on certain information to other organisations, such as the Australian Tax Office (ATO) or the Australian Transaction Reports and Analysis Centre (AUSTRAC). By applying to invest, you give the Trustee permission to pass information the Trustee holds about you to other companies which are involved in helping the Trustee administer or manage the Fund or where they require it for the purposes of compliance with AML/CTF law or in connection with the holding of Application Monies.

As well as reporting to you about your investment in the Fund, the Trustee may use your contact details to let you know about other investment opportunities.

You have a right to know what information the Trustee holds about you and to require the Trustee to correct any errors. In this regard, you can assist the Trustee in keeping details up to date by advising the Trustee of any information that appears incorrect.

10.4 Anti-money Laundering Law (AML/CTF)

The Trustee is required to comply with the AML/CTF legislation. This means the Trustee is required to obtain identification information when you apply to invest in the Fund and undertake transactions in relation to your investment.

The Trustee needs to undertake identification activities in the following circumstances:

- a) Prior to accepting your investment in the Fund, the Trustee will not issue any Units to you until all relevant information has been received and your identity has been satisfactorily verified.
- b) If you die while you are a member of the Fund, then the Trustee will need to identify your legal personal representative prior to redeeming your Units or transferring ownership.
- c) If you appoint someone to act on your behalf in relation to your investment in the Fund, e.g., under a power of attorney, then the Trustee will be required to identify your agent or attorney.

There may be other situations where the Trustee is required to undertake identification activities. In some circumstances, the Trustee may need to re-verify this information.

By applying to invest in the Fund, you also acknowledge that the Trustee may decide to delay or refuse any request for any transaction if the Trustee is concerned that the request or transaction may breach any obligation or cause the Trustee to commit or participate in an offence under any AML/CTF legislation, and the Trustee will not incur any liability to you if the Trustee does so.

10. Additional Information

10.5 Disclosure of Interest

The directors and team members of the Trustee or the Investment Manager may invest their own money into the Fund. The Trustee records all conflicts of interest in a Conflict of Interest register, which is reviewed on an annual basis by The SILC Group's Compliance Manager.

10.6 Indemnification

Subject to the Trust Deed and this IM and unless otherwise agreed with the Trustee, the Trustee is entitled to be indemnified out of the Fund for any loss, damage, expense or other liabilities incurred by it in the course of properly performing or exercising any of its powers, duties or rights in relation to the Fund.

The Investment Manager and the Administrator are similarly entitled to be indemnified by the Trustee (out of the assets of the Fund) for all claims, losses, liabilities, damages, costs and expenses incurred by them in relation to the performance of their role as Investment Manager and Administrator respectively. However, the Investment Manager and Administrator are not entitled to be indemnified by the Trustee and will be liable to the Fund for any claims, losses, liabilities, damages, costs and expenses arising as a result of their fraud, gross negligence, wilful default or material breach of the agreement under which they are appointed.

10.7 Investor Reports and Communication

To ensure that Investors are kept abreast of their investments, the Trustee will provide Investors with the following information:

- Confirmation of investments and redemptions.
- Half-yearly statements of Unit holdings and interest payments; and
- Annual taxation distribution statements.


All communications, including reports, will be provided electronically unless otherwise instructed in writing by the Investor.

10.8 Investor Meetings

Investors do not have day-to-day control over the operation of the Fund.

Under the Trust Deed, the Trustee may elect to call a meeting of all Investors or Investors who hold Units in a particular Class. In the latter case, only Investors who hold Units in the particular Class are entitled to attend and vote at the meeting.

In respect of a meeting of Investors or a particular Class, relevant Investors with at least 60 percent of the votes that may be cast on the resolution can request for the Trustee to call and arrange an investor meeting.

A photograph of two men in business suits walking up a modern staircase. The man in the foreground is seen from behind, carrying a briefcase. The man ahead of him is also seen from behind. The staircase is made of light-colored stone steps. To the right of the stairs is a wall with a prominent, three-dimensional wavy or undulating pattern. The lighting is soft and even, creating a professional and modern atmosphere.

We look forward to welcoming you as
an Investor and inviting you to join the
Mosaic family.

11. How to invest in the Fund

11.1 General

The invitation to apply for Units of a particular Class in the Fund is only open to Qualifying Investors receiving this IM within Australia and who have been invited by the Investment Manager to invest in the Fund. By lodging an application for Units in respect of the invitation contained in this IM, the Investor declares and warrants to the Fund that they are and will remain a Qualifying Investor throughout the term of the Fund.

After reviewing the IM in their entirety, Investors can invest in Units of a particular Class within the Fund by completing the Application Form accompanying this IM.

When Investors complete the Application Form to invest in Units of a particular Class within the Fund, Investors are required to nominate the amount they wish to invest and whether the investment is on a fully paid or commitment basis. An investment in Units of the Opportunity Class may only be made on a fully paid basis.

A copy of the executed Application Form must be submitted to the Investment Manager with the required supporting information. Investors should note that in addition to the client identification material and documents required to be sent with an Investor's Application Form, the Trustee may require further information or documents from an Investor at any time in order to satisfy obligations under anti-money laundering and counter-terrorism financing legislation or other legislation affecting the Fund or the Trustee.

All payments must be made via bank transfer. Cash payments will not be accepted. The bank account details are contained in the Application Form. All Application Monies which are received by the Trustee from Investors prior to being allocated to the corresponding Units of a particular Class within the Fund may not be withdrawn.

12. Glossary

ADI	Authorised deposit-taking institution.
Administrator	SILC Funds Administration Pty Ltd ACN 628 993 386.
AFSL	Australian financial services licence.
AML/CTF	Anti-Money Laundering and Counter-Terrorism Financing Act 2006.
Application Form	The application form accompanying this IM.
Application Monies	The money paid (or the transfer of property) by an applicant for Units.
APRA	Australian Prudential Regulation Authority.
ASIC	Australian Securities and Investments Commission.
Borrower	The borrower under a Loan.
Business Day	A day on which banks are open for business in Melbourne, except a Saturday, Sunday or public holiday.
Class	A separate trust constituted in accordance with the terms of the Trust Deed.
Corporations Act	Corporations Act 2001 (Cth), for the time being in force together with the regulations of the Corporations Act.
Fees and Costs	All fees and costs payable for the purpose of the Fund.
Fund	The Mosaic Capital Fund, an unregistered managed investment scheme that comprises a number of separate trusts constituted in accordance with the Trust Deed, including the Opportunity Class.
GSA	A general security arrangement pursuant to which a Borrower provides a security interest over all of its personal property (being any property other than land).
GST	Goods and Services Tax as defined in A New Tax System (Goods and Services Tax) Act 1999, as amended.
High Water Mark	This is a mechanism through which any prior period of underperformance relative to an applicable Hurdle Rate results in a carried forward deficit, which is offset against any future period of outperformance.
Hurdle Rate	An applicable minimum rate of return in respect of a Class of Units. In respect of the Opportunity Class Units, the Hurdle Rate is 10% per annum (net of fees and expenses but before tax).
IM	This information memorandum.
Investment Management Agreement	The investment management agreement between the Trustee and the Investment Manager dated on or about the date of this IM, as amended from time to time.
Investment Manager	Mosaic Private Pty Ltd ACN 637 198 586. An authorised representative (number 001292721) of SILC Fiduciary Solutions Pty Ltd ACN 638 984 602, holder of AFSL number 522145.
Minimum Investment Term	The term in which the Investors may not withdraw their investments in the Fund.
Investor	A holder of Units.
Loan	A loan made by the Opportunity Class to a Borrower.
LVR	Loan to value ratio.
Opportunity Class	The separate trust constituted in accordance with the terms of the Trust Deed known as the 'Opportunity Class'.
Penalty Interest Rate	The rate set under section 2 of the Penalty Interest Rates Act 1983 (Vic) from time to time.
Project	A project to which the Fund has made a Loan.
Qualifying Investor	Has the meaning set out in Section 2.1 of this IM.
Real Property Mortgage	A mortgage over real property to secure a Loan.
Security Interest	Security over assets other than real property to secure a Loan, including a GSA, personal guarantee or director guarantee.
Sub-class	A class of units within a trust.
Trust Deed	The trust deed of the Fund dated 30 August 2021, as amended from time to time.
Trustee	Specialised Investment and Lending Corporation Ltd ACN 149 520 918, holder of AFSL number 407100.
Unit	A unit in the Opportunity Class, including Ordinary Units and First Reserve Units.
Withdrawal Request	A withdrawal request made by an Investor to the Trustee to withdraw from the Fund.

13. Corporate Directory

Trustee

Specialised Investment and Lending Corporation Ltd
ACN 149 520 918
Level 9, 179 Queen St, Melbourne VIC 3000

Telephone: +61 3 9600 2828
Email: investors@silcgroup.com
Website: <http://www.silcgroup.com>

Investment Manager

Mosaic Private Pty Ltd ACN 637 198 586
Level 1, 572 Swan Street, Burnley VIC 3121

Telephone: +61 3 9614 2300
Email: investors@mosaicprivate.com
Website: www.mosaicprivate.com

Tax Advisor

HLB Mann Judd
Level 9, 575 Bourke Street, Melbourne VIC 3000

Telephone: +61 3 9606 3888
Website: <https://www.hlb.com.au>

Administrator

SILC Funds Administration Pty Ltd ACN 628 993 386
Level 9, 179 Queen St, Melbourne VIC 3000

Telephone: +61 3 9600 2828
Email: investors@silcgroup.com
Website: <http://www.silcgroup.com>

Legal Advisor

Holley Nethercote Pty Ltd ACN 068 367 046
Level 22, 140 William Street, VIC 3001

Telephone: +61 3 9670 8200
Website: www.hnlaw.com.au



Crafting Elegant Solutions

Building 4 — Level 1
572 Swan St, Burnley VIC 3121

+03 9614 2300
hello@mosaicprivate.com

www.mosaicprivate.com

