

Specialist Disability Accommodation Fund

Information Memorandum

2 April 2025



This image is within a Specialist Disability Accommodation house in Norlane, Victoria.

This Information Memorandum provides a limited offer of Units in the Australian Unity Specialist Disability Accommodation Fund to Wholesale Clients.

Important information

About the Fund

The Australian Unity Specialist Disability Accommodation Fund ARSN 651 885 415 ('Fund') is a registered managed investment scheme, under the Corporations Act 2001 (Cth) ('Corporations Act').

About the Responsible Entity

Australian Unity Funds Management Limited ('AUFM', 'us', 'we', 'our', or 'Responsible Entity') ABN 60 071 497 115 AFS Licence No. 234454 is the Responsible Entity and issuer of Units in the Fund. It is a wholly owned subsidiary of Australian Unity Limited ABN 23 087 648 888. AUL, together with its subsidiaries including AUFM, form the group of companies referred to as the 'Australian Unity Group'.

A reference to 'Australian Unity Wealth & Capital Markets' is a business name, which includes those entities within the Australian Unity Group undertaking investment activities.

About this Information Memorandum ('IM')

This IM is not a 'disclosure document' or 'Product Disclosure Statement' as defined in the Corporations Act. It does not constitute a recommendation by the Responsible Entity, Australian Unity group of companies, or any other person to any recipient of this IM on the merits or otherwise of participating in the Fund.

The IM contains important information but does not consider your investment objectives, financial situation or particular needs and does not purport to contain all the information that you may require in evaluating a possible investment in the Fund. Before making any decision based upon information contained in this document, you should read it carefully in its entirety, and consider consulting with a financial adviser or tax adviser. An investment in the Fund should be considered in the context of the risks outlined in this IM.

Wholesale Clients

Investment is only available to Wholesale Clients. This IM may only be used by investors receiving it (electronically or otherwise) in Australia. No investments will be accepted on the basis of this IM if it is replaced with a later IM.

Class of Units

Ordinary Units issued under the Constitution (referred to as 'Units' in this IM) are the only Units in the Fund offered under this IM and are issued by AUFM in its capacity as Responsible Entity of the Fund.

No Units are offered to any person whose registered address is outside of Australia unless the Responsible Entity is satisfied that it would be lawful to make such an offer. The distribution of this IM in jurisdictions outside of Australia may be restricted by law and persons who come into possession of this IM should seek their own advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This IM does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

Certain statements in this IM may constitute forward-looking statements or statements about future matters (including forecast target returns) that are based upon information known and assumptions made as of the date of this IM. These statements are subject to internal and external risks and uncertainties. Actual results may differ materially from any future performance expressed, predicted or implied by the statements contained herein.

As such, undue reliance should not be placed on any forward-looking statement.

Past performance is not a reliable indicator of future performance. No information outside of this IM made available to investors or potential investors in the Fund is, or shall be relied upon as, a promise, representation, warranty or guarantee, whether as to the past, present or future by, the Fund, the Responsible Entity or any other person (including any director, officer or any related body corporate of the Responsible Entity), except as required by law.

No guarantee

An investment in the Fund is not guaranteed or otherwise supported by the Responsible Entity or any member of the Australian Unity Group of companies ('Australian Unity Group'). You should consider this when assessing the suitability of the investment and particular aspects of risk.

Business day

In this document, 'business day' refers to a Melbourne business day on which Australian banks are open for business in Melbourne excluding Saturday and Sunday.

Terms and conditions

Units are issued on the terms and conditions contained in the Constitution and this IM. We reserve the right to change those terms and conditions.

Goods and services tax

Fees and charges set out in this IM, unless otherwise stated, are inclusive of goods and services tax ('GST'). Where the fees are stated as 'excl. GST' or 'before GST', the amount will be increased by 10% for GST. The Fund may be entitled to claim certain input tax credits (including approximate reduced input tax credits).

Currency

All dollar amounts referred to in this IM are in reference to the Australian currency.

Availability of this IM

This IM is available in electronic format only. If you receive it electronically, please ensure that you have received the entire IM and application form. If you are unsure whether the electronic document you have received is complete, please contact us. A printed copy is available free of charge.

Cover of this IM

The real estate asset appearing in the photograph on the front cover of this IM situated in Norlane, Victoria.

Glossary

A list of defined terms used within this IM can be found in the glossary section on page 22.

Other information

A reference to 'Australian Unity Wealth' includes those entities within the Australian Unity Group undertaking investment activities, and includes the Responsible Entity.

Variation

We may withdraw, postpone, cancel, or change (vary) the offer under this IM. We will notify investors in writing if this occurs.

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1. Executive summary & key details

Introduction

Australian Unity is pleased to present this Offer to invest into the Australian Unity Specialist Disability Accommodation (SDA) Fund (the Fund). The Fund primarily invests in residential properties which are designed and built for people with disabilities.

The Fund's primary source of income is derived from registered SDA Providers.

SDA Providers receive rental revenue from the National Disability Insurance Agency (NDIA) and through other sources such as a Reasonable Rent Contribution (RRC).

These payments are made either by, or on behalf of, people with disabilities who qualify for NDIS SDA funding and/or other support payments (**Participants**).

Depending on the head lease arrangement, SDA Providers either pass through these rental payments to the Fund after deducting their fees and other expenses or pay the Fund a fixed lease payment regardless of the occupancy rates of the properties.

Partnerships

The Fund has partnered with well-regarded disability service providers to act as consultants to attract Participants and to ensure Participants receive high-quality support and accommodation. Services can include sourcing, designing, fitting-out, and assisting with tenanting Properties.

In this document, these services providers are referred to as '**Consultants**'.

Tenancy structure

The Fund intends to continue acquiring properties directly and leasing them to SDA Providers under pass-through head lease agreements or fixed head lease agreements.

Under a pass-through arrangement, the Fund assumes the occupancy risk of the underlying properties. Where a fixed head lease is in place the vacancy risk is assumed by the SDA Provider.

In this document, the organisations under Head Lease agreements and individuals under sub lease agreements are collectively referred to as the Fund's '**tenants**'.

Summary of the Fund's features and risks		More information
Fund features		
Fund name and structure	Australian Unity Specialist Disability Accommodation Fund (Fund). The Fund is an unlisted, registered managed investment scheme.	Page 2
Responsible Entity and investment manager	Australian Unity Funds Management Limited.	Page 7
Property manager	Australian Unity Property Management Pty Limited (ABN 76 073 590 600)	Page 17
APIR Code	AUS9836AU	-
ARSN	651 885 415	-
Purpose of Fund	The Fund aims to own properties certified to be enrolled with the NDIA as SDA, which are intended to be leased to SDA Providers who then sub-lease the properties to approved Participants whose rent is paid by the NDIS and other Government payments.	Page 2
Investors	The Fund is a registered managed investment scheme and only Wholesale Clients can invest.	Page 8
Fund details	This IM contains general information on the Fund's strategy, costs, risks, and a summary of investors' rights under the Constitution.	-
Unit class	Units will be issued on a fully paid basis.	Page 6
Minimum investment	\$50,000, however we may at our discretion elect to accept investments less than this amount. You may need to provide documentation to substantiate your 'Wholesale Client' status with your Application Form.	Page 8
Additional investment amount	Additional investment amount \$10,000	Page 8
Cleared application funds must be available	You must ensure that cleared funds are available to be drawn from your nominated Australian financial institution account from the date your application is submitted.	Page 8
Investment term	The expected term of the Fund is 10 years from the Initial Financial Close of the Fund (Term), being 3 April 2020. The opportunity should be considered a long-term investment. Following consultation with Unitholders before the expiry of the Term, we intend to convene a meeting of Unitholders at the expiry of the Term to enable Unitholders to vote on a resolution in relation to the future of the Fund. The resolution will require a simple majority to be passed. We may, without the approval of Unitholders, sell some or all of the assets of the Fund at any time prior to the expiry of the Term if we believe it is in the best interests of the Unitholders as a whole to do so.	Page 9
Target return	Target pre-tax, post-fees internal rate of return (IRR) to investors of 10% per annum over the Investment term (i.e. 10 years from the Initial Financial Close of the Fund). ¹	Page 14

¹ This objective is a statement of intent, and there is no guarantee that the Fund will achieve the outcomes required to meet the objective.
Australian Unity Specialist Disability Accommodation Fund

Fund features		More information
Distribution frequency	Each quarter, for the periods ending 31 March, 30 June, 30 September and 31 December.	Page 10
Distribution reinvestment plan	Not currently available.	-
Unit pricing	Monthly (or more often if required)	Page 10
Liquidity	The Fund will be an illiquid investment. We do not intend to offer a liquidity facility as at the date of this IM but we may do so during the Term.	Page 9
Right of first refusal	If any investor wishes to sell their Units they must offer (via the Responsible Entity) all existing investors and the Responsible Entity a first right to purchase the subject Units.	Page 9
Reporting	You will receive quarterly distribution and periodic statements, annual reports including financial statements and an annual taxation statement.	Page 21
Features of the Fund	<p>The features of investing in the Fund are:</p> <ul style="list-style-type: none"> • Managed by an investment manager with skilled employees who have extensive experience in the property industry. • A unique opportunity to invest in a Fund which owns properties certified to be enrolled with NDIA as SDA. • Access to a diversified portfolio of specialist disability accommodation properties and related assets, which will include some strategic assets with the ability to enhance income and the potential for capital growth over the medium to long-term. • Regular income distributions, together with the opportunity for capital growth over the long term. • Potential for tax deferred income. 	-
Fees and other costs		
Base management fee	0.7% p.a. (excl. GST) of Gross Asset Value (or 'GAV').	Page 14
Recoverable expenses	Estimated to be 0.3-0.4% p.a. (excl. GST) of the Fund's average GAV at the date of this IM.	Page 14
Performance fee	20% (excl. GST) of the portion of the outperformance of the Fund over an Internal Rate of Return (IRR) of 10.0% p.a.	Page 14
Acquisition fee	0.75% (excl. GST) of the purchase price of assets.	Page 15
Capital raising fees	0.35% (excl. GST) of debt facilities established, and 0.75% (excl. GST) of any equity raised.	Page 15
Buy spread	2.00%	Page 15
Fund key risks		
Key risks specific to the Fund	<p>While we actively monitor and manage risks in the interests of all investors, when considering an investment into the Fund, you should consider the following and the possible impacts to your individual circumstances:</p> <ul style="list-style-type: none"> • Property risk: the value of property assets is closely linked to rental income, occupancy levels, tenant quality, lease terms, location and supply and demand factors, and may also be impacted by environmental risks (such as land contamination or the cost of removing potentially hazardous materials). • Sector concentration risk: sector concentration of an investment in a fund focused on a single sector has significant risks. The Fund invests exclusively in SDA. Increase in supply or fall in demand of SDA assets (or the property market 	Page 11

generally) may have significant effects on the value of the Fund's underlying investment.

- **Liquidity risk:** the Fund is illiquid. It is expected that liquidity will be available at the end of the Fund's tenth year. There is a risk that liquidity may be unavailable at the expiry of the Term.
- **Valuation risk:** a reduction in asset or property values could occur which will impact on the overall value of the Fund, and which can impact both in the short-term income return and in the longer term the value of the investment.
- **Developing property sector risk:** the NDIS SDA sector is a developing sector and there is limited market information in this price-regulated market. Broader economic, policy and legislative changes present a risk which may impact on the NDIS.
- **Sovereign risk:** tenancy is subject to Participant NDIS Plan approvals at the relevant Design Category and Building Type, and these may be subject to change by Government.
- **Counterparty risk:** the Fund's performance will depend partly on the performance and financial resilience and/or capacity of each of its underlying counterparties.
- **Property development risk:** development projects carry a risk that the costs of the project might be higher than budgeted, the projects may take longer than expected to complete or the project may not be finished.
- **Borrowing risk:** the Fund combines investors' money with borrowed money and invests the combined amount. This process magnifies the effect of gains and losses on your investment and is considered more risky than similar investments that are not geared. Changes to interest rates or lender credit margins may impact the level of income you receive. There is also a risk that the Fund may not be able to refinance its borrowings when borrowing facilities mature. If this occurred, the Fund may lose value from selling assets.

2. Features of the Fund

Applications

The Units will be issued at the Fund's prevailing application price.

Please contact us at SDAFund@australianunity.com.au for the current details regarding applications for the Fund.

Withdrawing from the Fund

The Fund is illiquid.

As at the date of this IM, we have not made available, and do not intend to offer a liquidity facility during the Term.

Following consultation with Unitholders, we intend to convene a meeting of Unitholders at the expiry of the Term to enable them to vote by a simple majority on the future of the Fund.

We may, without the approval of Unitholders, decide to realise some or all of the assets of the Fund prior to the expiry of the Term if we believe that it is the best interests of Unitholders as a whole to do so.

Borrowing and lending

Under the Constitution and law, the Fund has the power to:

- borrow and raise money for the purposes of the Fund and to grant security over the Fund's assets; and
- incur all types of obligations and liabilities.

Borrowing

The Fund may borrow to finance in part the acquisition of assets, to develop and maintain those assets, and to provide liquidity for operating purposes and managing the capital position of the Fund.

The Fund will generally aim to operate within a gearing ratio range between 30–45% but may operate outside of this range if we believe it is in the interest of investors to do so. The maximum Loan to Value Ratio (LVR) permitted is 50% governed by the current financial covenants of the debt arrangements of the Fund.

Generally, interest costs relating to any borrowings the Fund incurs will be met from the gross income of the Fund prior to the payment of distributions to investors.

The lenders' rights to recover the total due under loans, and the rights of any creditors of the Fund, will rank ahead of all investors. The lenders to the Fund will not have any legal recourse to investors in the Fund.

Lending

The Fund may lend to parties on an arm's length basis, to support the ownership of the Fund's assets and enhance its acquisition pipeline.

Derivatives

It is not the Fund's current policy to use derivatives for gearing purposes or for speculative activities.

We may use derivatives for implementation of interest rate risk management strategies and to implement portfolio positions in relation to investments held in the Fund.

3. About Australian Unity

Australian Unity has a distinguished track record in providing innovative health solutions to its customers and members dating back to 1840, being one of Australia's oldest member-owned companies. Australian Unity's ambition is to serve and enhance the wellbeing of members, customers and the community.

Australian Unity's Wealth & Capital Markets platform brings together the Funds Management, Social Infrastructure, Life and Trustee Services businesses of the Australian Unity Group. The fundamental purpose of Australian Unity Wealth & Capital Markets is to link valuable efforts in helping Australians secure their financial wellbeing.

Investment philosophy

It is AUFM's investment philosophy that the market prices for properties do not always reflect their underlying value. This may present an opportunity to generate value by buying and selling properties at the most optimal time. Value can also be achieved, and investment risk mitigated, by skilful property and tenant management of each property and its tenants.

The operation and management of the Fund brings together the Australian Unity Group's understanding of the SDA sector as well as the investment management expertise and experience of our property team. This combination means that we are uniquely qualified to identify, and to manage, SDA property investments.

Properties purchased are carefully selected after assessing the value, considering inherent risks, and the ability to mitigate those risks. The selection process also takes into account:

- location attributes, such as demographic profile, health needs, road and services infrastructure and the level of competition; and
- property specific criteria, such as the quality of buildings, tenant and lease profile, opportunities to enhance or redevelop the property to protect and/or grow future income potential and capital value.

To optimise investors' return, the portfolio and property assets are actively managed.

The team managing your investment

The property investment managers within AUFM are among the most experienced in Australia.

They have a successful track record in managing SDA properties and understand the markets and environment they operate in.

4. Making investments and withdrawals

How to apply

Read this IM available on our website. You may need to provide documentation to substantiate your 'Wholesale Client' status with your Application Form.

Complete the electronic Application Form online. If you prefer to fill in a paper based form, you can complete the Application Form together with your payment instructions by downloading the Application Form available on our website. Submit the Application Form by one of the following methods:

- **Online:** Pressing the 'Submit' button
- **Email:** Sending your scanned Application Form and attachments to:
australianunitywealth_transactions@unitregistry.com.au

- **Post:** Sending your completed Application Form and attachments to:

Australian Unity Wealth & Capital Markets
GPO Box 804
Melbourne VIC 3001

Payment of Units

Payment can be completed by direct debit, BPAY or Electronic Funds Transfer (EFT). Cash or cheque payments are not accepted. For further information please refer to the Application Form.

Investing

The following table explains what is required to make an investment in the Fund. Applications can be made monthly online, by email or by post. The Application Form is available online and for download on our website.

	What you need to send to us	Minimum	Cut off times	Important information
Initial investment	A completed Application Form, identification documents (if required) and completed direct debit details.	\$50,000	Applications are generally processed monthly. The Application Form and payment must be received by 3:00pm at our Melbourne office on or before the last Business Day of a month to be assessed for acceptance that month. All required documentation must be received before an Application Form can be accepted.	Review your application before you sign it, as incomplete applications may not be accepted. You may need to provide documentation periodically to substantiate your 'Wholesale Client' status with your Application Form or Additional Application Form.
Additional investment(s)	A completed Additional Application Form. Identification documents (if required) and completed direct debit details.	\$10,000	If your application is not accepted that month it may either: <ul style="list-style-type: none"> • receive the application price effective the following month or, • your application may be rejected (if the Fund is closed to investment). 	
Transferring your investment	A transfer form completed by both parties, identification documents (if required) and an Application Form completed by the transferee. The transferee may need to provide documentation prior to the transfer and periodically to substantiate their 'Wholesale Client' status with their Application Form.	\$10,000	Transfers are generally processed monthly. Your request must be received by 3:00pm at our Melbourne office on or before the last Business Day of a month to be assessed for acceptance that month. All required documentation must be received before an Application Form can be accepted. We will notify you when we have accepted your request in your Confirmation of Investment statement.	Transfers are subject to: <ul style="list-style-type: none"> • minimum balance requirements; and • the prior written consent of the Responsible Entity to transfer your Units.

Making an investment

To make an investment, please submit a fully completed Application Form with all necessary identification documentation (this may include documentation substantiating your 'Wholesale Client' status). Refer to the Application Form for more information on the types of identification documents you may be required to provide. You should ensure that cleared funds are available to be drawn from your nominated Australian financial institution account from the date your Application Form is submitted. An Application Form may not be regarded as complete if the application amount is not available in cleared funds at the appropriate time. All required documentation must be received before an Application Form can be accepted.

Handling of applications

Units are generally issued at the end of each month.

Pending the issue of Units to an investor, the application amount will be held in a trust account that complies with the Corporations Act.

No interest will be paid on application amounts for the period from receipt until the issue of Units occurs. Similarly, no interest will be paid to any investor whose application (or part of an application) is returned by us unfilled. Any interest earned on the application amount during this period will be retained by the Fund and form part of its income for the benefit of investors.

Rejection and cancellation of applications

We may, in our absolute discretion, accept or reject in whole or in part any application. We do not need to give any reasons for accepting or rejecting in whole or in part any application.

To assist in processing your application so it is not wholly or partially rejected:

- 1) Submit a fully completed application form with all relevant identification (this may include documentation substantiating your 'Wholesale Client' status). Refer to the application form for more information on the types of identification documents you will be required to provide; and
- 2) Ensure that cleared funds are available to be drawn from your nominated Australian financial institution account from the date your application is submitted.

If we are unable to wholly or partially accept your application for any reason we may cancel your application.

Changing your mind

As the Fund is for Wholesale Clients, cooling off rights do not apply.

Transferring your investment

A Unitholder may transfer any Unit owned by them to any person, provided the transferor complies with the pre-emptive rights regime set out in the Constitution which requires the Unit holder to first offer the Units for sale to the Responsible Entity or the Responsible Entity's associate.

The Responsible Entity may refuse transfer requests.

If you invest or withdraw through a masterfund or Investor Directed Portfolio Service ('IDPS')

If you are investing into the Fund or withdrawing from the Fund through a masterfund or IDPS (or 'wrap platform') in most cases you do not yourself become an investor in the Fund. Instead, as the masterfund/IDPS operator is investing on your behalf, it acquires the rights of an investor and certain features of the Fund may not apply to your investment. Examples are minimums for investments and withdrawals, processing times and, importantly, the cooling off rights (refer to 'Changing your mind'). You should ensure that you receive full details of these from the masterfund/IDPS operator.

Further, some provisions of the Fund's Constitution will not be directly relevant to you. For example, you will generally not be able to attend meetings, or withdraw investments directly. You will receive reports from the masterfund/IDPS operator, not us. Enquiries about the Fund should be directed to your masterfund/IDPS operator.

Usually, in the case for an investment made through a masterfund/IDPS operator the terms and conditions you have agreed with the masterfund/IDPS operator will determine your rights and obligations with respect to that masterfund/IDPS operator. Accordingly, the masterfund/IDPS operator may exercise (or decline to exercise) any of its rights with respect to you in accordance with those terms.

We do not keep personal information about investors who invest in the Fund through a masterfund or IDPS.

Withdrawals

Investment term

The Fund is not a liquid scheme.

As at the date of this IM, we do not intend to offer a liquidity facility but we may do during the Term.

The investment term is expected to be ten years from the Initial Financial Close of the Fund, with an expected expiry date of the Term to be on or about 3 April 2030.

We intend to consult with Unitholders within 12 months of the expiry of the Term and convene a meeting of Unitholders at the end of the Term to vote by a simple majority on the future of the Fund. The options voted on by Unitholders may include realising the assets of the Fund, extending the Term and listing the Fund on a stock exchange.

We may, without the approval of Unitholders, decide to realise the assets of the Fund prior to the expiry of the Term and terminate the Fund if we believe that it is the best interests of Unitholders to do so.

5. Unit prices and distribution payments

Unit prices

The Fund's Unit price will generally be calculated monthly, however the Unit price may be calculated more frequently from time to time. The Unit price is calculated by taking the value of the Fund's assets, and deducting the liabilities. The resulting value is then divided by the total number of those Units issued by the Fund.

If there are multiple classes of Units in the Fund, the Unit price for each class of Units within the Fund will generally be calculated in the same manner, taking into consideration only the net asset value and the number of Units on issue for that class at the relevant time.

Where fees or costs relate to more than one class, the deduction is made for fees pertinent to the respective class of Units.

Generally, the application price is cumulative of distributions, please refer to the Distributions section below for further details.

Both the application and the withdrawal price are calculated taking into account any applicable buy/sell spread, which is a percentage amount applied to the Unit price. It ensures that there is an equitable application of the costs of buying and selling assets to investors entering and exiting the Fund.

Where the Responsible Entity applies its discretion to Unit pricing using its powers under the Constitution (e.g. in determining an appropriate level for the buy/sell spread, based on estimates of underlying transaction costs being incurred by the Fund), it acts in accordance with the Unit Pricing Policy. Investors may inspect a copy of the policy at our registered office any time between 9:00am and 5:00pm (Melbourne time) on a Business Day or a copy is available free of charge by calling us on 1300 997 774 or +61 3 9616 8687, email us australianunitywealth@unitregistry.com.au.

Fund income

Rent from the Fund's properties and income earned from the Fund's other assets generate income for the Fund. This income is firstly used to meet the Fund's fees and costs (including the interest expense on borrowings and property related expenses). We may also retain some income as a provision for items such as future expenses or capital requirements. Once these costs and provisions are met, the remaining income is attributed and distributed to investors.

Distributions

The distribution policy of the Fund is aligned to its ongoing earning capacity from assets held. Although it is not our intention to pay distributions from capital, we may do so if we consider it to be in the interests of our investors (for example if rental income is reduced unexpectedly) and where payment from that source is expected to be sustainable given the circumstances.

The amount of distribution income is based on the number and class of Units held at the end of each distribution period.

Distribution reinvestment is not currently available.

Please note if you are investing through an IDPS, the IDPS Operator may pay income at different times.

Frequency of distributions

Distributions will be generally paid on a quarterly basis, for the periods ending 31 March, 30 June, 30 September and 31 December from income generated during that quarter and paid within 15 Business Days of the end of each period.

Distributions will be paid directly to the Australian bank or financial institution an investor nominates in their Application Form.

6. Risks

What is risk?

'Risk' generally refers to the variability and volatility of an investment return and the likelihood of incurring a loss on your investment.

You should consider the likely investment return, the risk associated with the Fund and your investment timeframe when choosing to invest in the Fund.

All investments come with a degree of risk. You will need to determine how much risk you are able, or willing, to tolerate as the level of risk for each person will vary depending upon a range of factors, including age, investment time frames, your overall investment portfolio, and your individual risk tolerance.

The main risks of investing include a decrease in the value of your investment, a fluctuation or a decrease in the amount of income generated from the investment, or a lower than expected rate of return.

These risks can arise from various circumstances, including:

- changes to government policies including relating to tax or economics that may have adverse impacts on investment markets or the tax treatment of investment returns ('regulatory risk'). See 'Australian tax reform' in the 'Other information' section on page 18 for more details; and
- changes to social, economic (e.g. inflation and interest rates), political, commercial and technological environments, or to market sentiment, that may make certain investments less attractive ('market risk').

It is commonly accepted that there is a relationship between the level of return generated by an investment and its level of risk. The spectrum below shows the five main types of investments according to their relationship between risk and return for you to consider.



If the security of your money is your highest concern when selecting investments, you should choose an investment with lower risk, bearing in mind that your return may be lower in the long-term. Conversely, if your focus is towards achieving higher returns, you will need to be comfortable with the fluctuations in the value of your investment before selecting an investment with higher risk.

How we manage risk

We are unable to eliminate all investment risks, but we do analyse, manage and aim to reduce the impact of risks through the use of carefully considered investment guidelines. We also spread the Fund's investments across a diverse range of assets to reduce the reliance upon the performance of any single asset. If one asset is performing poorly, another may perform well. Diversification will therefore generally smooth out the overall return on the portfolio, and may reduce short-term volatility.

How you can manage your risk

In managing your risk, we recommend that you:

- seek your own professional advice to help you understand how your current financial situation, and your investment objectives, affect the selection of investments that you can make;
- consider your investment timeframe, your investment objectives and your risk tolerance; and
- diversify your investments to help reduce risk and the volatility of investment returns.

Risks relevant to the Fund

The following describe some of the risks of investing in the Fund, but is not an exhaustive list.

Developing property sector risk

Although accommodation has been provided to the disabled community for over a hundred years through State Government funding models, SDA funded by the NDIA is a price-regulated market, which contributes to the Fund's risk profile and may impact valuations on an ongoing basis. There have been limited SDA property transactions upon which to base the fair value of SDA property assets.

The regulatory and pricing framework for the delivery of SDA is subject to change. Changes to the regulatory framework may adversely impact the ability of the Fund to operate and/or change the financial outcomes for investors. For example the NDIA may, at the five-yearly reviews, alter the inputs used to calculate SDA payments which could reduce the amount of rent paid to SDA Providers and ultimately the returns to the Fund.

In addition, the limited size of the SDA market may mean the availability of suppliers to the Fund, and the number of potential tenants for the properties are limited which may impact returns.

Property value risk

The Fund will hold residential property. The value of residential property assets is closely linked to rental income, occupancy levels, tenant quality, lease terms, location and supply and demand factors, and may also be impacted by environmental risks (such as land contamination or the cost of removing potentially hazardous materials).

Compared to more typical residential property, it is considered that the cost of acquiring a certified and enrolled SDA may be higher than the market price for residential property on a like-for-like type and location basis. There is a risk that if the Fund needs to sell its properties and cannot achieve an SDA going concern sale, it would need to sell at an alternative best use value in the residential market.

There are additional capital costs associated with SDA compared to residential housing stock. There is a risk that the costs associated with maintenance or fit-out upon the change of tenants may be different than the initial assumptions and require capital works to be undertaken, impacting the Fund's return.

Changes to any of these elements will affect the value of the underlying property and ultimately the value of your investment. A decline in property values may impact the Fund's gearing ratio and loan covenants and the Fund may be required to reduce its borrowings through the sale of assets, raise additional capital (including through discounted capital raisings) or retain distributions.

Property income risk

The circumstances of tenants may change adversely. For example, a change in a Participant's circumstances may result in default on rental payments, abandonment of leases, or not renewing leases on expiry. A reduction in rental income received by the Fund may impact the level of distributions it can make and may reduce the value of assets. Investors should note that SDA property is a specialised class of property and for some assets there may be a smaller pool of potential Participants.

In the day-to-day operations of the Fund, allowances are made for known capital works and maintenance of the properties. However, unforeseen repairs or capital works may be required, which may reduce the amount of income available for distribution.

Fund strategy risk

The long-term strategy for the Fund is to grow the property portfolio through acquisition and development of new properties. These activities may depend on raising additional equity from new or existing investors and may be supplemented with borrowings. If we are not able to raise sufficient capital, the Fund may not be able to grow according to the strategy.

Settlement risk

Over time the Fund may purchase additional properties. There is a risk that the acquisition of properties may not settle when expected. This may impact the Fund's performance.

Vacancy risk

Low tenant turnover is anticipated yet there is a higher risk of morbidity for the SDA tenant cohort. Financial modelling assumes conservative occupancy rates. Consultants will procure tenants before and during construction of new SDA properties. Consultants and the SDA Provider are required to procure new tenants, and have extensive experience performing these functions.

In the unlikely event where suitable SDA Participants cannot be procured, the reversionary value of the property is its residential value.

Pricing risk/sovereign risk

The SDA Framework currently states that benchmark pricing will be reviewed every five years, and that prices will have effect for five years from their publication. Providers and investors noted that the five yearly review cycle does not match the 20 plus year time horizon for SDA investment, and that providers and investors must bear the risk of any price reductions. Moreover, tenancy is subject to Participant NDIS Plan approvals at the relevant Design Category and Building Type.

It is noted, however, that property investment of any kind has risks, including those associated with market downturn and reductions in rental income, and SDA investment is no different. Five-year price certainty is a longer guarantee than other investments may provide. The SDA Subsidy is subject to indexation annually based on the percentage change of the national All Groups Consumer Price Index (CPI) from March to March CPI.

Counterparty / SDA Provider risk

The Fund will rely upon registered and accredited SDA Providers. How the Fund performs depends partly on the performance of each operator and may also be impacted by the performance of external service providers.

The performance of the Fund could be adversely affected if these SDA Providers lose their accreditation, or if their respective key personnel cease to be involved in the active management of, or if there is a significant change in, their businesses or in their financial capacity and/or resilience.

We aim to undertake extensive due diligence when selecting SDA Providers for the Fund's properties, and expect to put in place ongoing monitoring systems to ensure the Fund's SDA Providers remain compliant.

Property development risk

The Fund may undertake development activities. A risk of property development is construction risk. Construction projects carry a risk that the costs of the project might be higher than budgeted, the projects may take longer than expected to complete or the project may not be finished.

We endeavour to mitigate construction risks by negotiating a capped arrangement with builders and/or developers whereby any costs incurred above this amount will be the responsibility of the builder/developer as the case may be.

There is also a risk that the construction does not conform to the SDA certified design such that SDA enrolment cannot occur.

Liquidity risk

Liquidity relates to how quickly investors can access their money from an investment.

The Fund will not be liquid and the initial investment term is expected to be ten years from the Financial Close of the Fund, with an expected expiry date of the Term to be on or about 3 April 2030.

The Fund may invest directly in real property assets which tend to be less liquid than other forms of investment.

If the Fund needs to sell assets to fund withdrawals after the Fund's tenth anniversary, there is a risk that the economic conditions at the time of selling are not conducive to achieving a favourable sale price.

If this was to occur, we may determine to defer the withdrawal opportunity for an undetermined amount of time until market conditions improve.

Borrowing risk

The Fund's strategy is to combine investors' money with borrowed money and invest the combined amount in property related assets. This process, known as gearing, magnifies the effect of gains and losses on your investment and is considered more risky than similar investments that are not geared.

If property values or rental income falls significantly the Fund may be unable to meet its loan covenants and this may result in the sale of assets.

In addition to the property risks outlined above, changes to interest rates or lender credit margins may impact borrowing costs and ultimately impact the level of income you receive.

There is also a risk that the Fund may not be able to refinance its borrowings when borrowing facilities mature. If this occurred, the Fund may lose value from selling assets in poor market conditions in order to repay the borrowed amount.

Our approach is to actively manage the Fund's borrowings in conjunction with the lenders to manage this risk.

Lending (default) risk

Occasionally, the Fund may lend on an arm's length basis, to support the ownership of the Fund's assets and enhance its acquisition pipeline.

If the Fund's borrowers default, there is risk of the loss of the principal on loan (in part or in its entirety), the interest payable and a disruption to the Fund's cash flows.

We have processes established to mitigate this risk, including but not limited to:

- making loans only to approved borrowers who have been assessed for their credit risk;
- setting a suitable framework that is continuously monitored; and
- ensuring appropriate security for any loans.

Derivatives risk

Derivatives are subject to market risk where there is movement in the underlying security, index or financial obligation.

It is not our current policy to use derivatives for gearing purposes or for speculative activities for the Fund. When the Fund borrows, we may use derivatives in the Fund for implementation of interest rate risk strategies. We may use derivatives to implement portfolio positions in relation to investments held in the Fund.

Interest rate risk strategies aim to minimise the impact of rising interest rates. For example, if the Fund fully hedges its borrowings (i.e. fixes the interest rate on its borrowings) and the prevailing interest rates rise, then the Fund is protected from having to pay the higher interest rate cost. However, the Unit price may be more volatile if it is fully hedged, reflecting the market value of any change from the interest rate that has been fixed.

Market risk

In addition to the above risks, listed property related investments are impacted by broader market factors (such as interest rate changes and share market sentiment), similar to equity investments.

Landholder duty risk

Due to the Fund's forecast size initially, there is a risk that you may acquire a 'significant interest' in a 'landholder' for stamp duty purposes and may be liable to pay stamp duty on your investment in the Fund. We will endeavour to ensure investors are informed of their position in the Fund to help minimise this risk.

Unforeseen risks

Unforeseen extraordinary events such as natural phenomena, pandemics, attacks or other like events may affect the Fund's assets or the underlying funds in which the Fund invests.

These are events for which insurance cover is either not available, or the Fund does not have cover. The performance of the Fund may be adversely affected where any unforeseen event results in losses to Fund assets due to uninsurable risks, uninsured risks or under-insured risks, or the cost of the insurance premiums being in excess of those forecasts. Any failure by an insurer or re-insurer may also adversely affect the Fund's ability to make claims under an insurance policy. These occurrences may result in a loss of capital, in turn reducing the price of Units and amounts that may be available for distribution by the Fund. The Fund aims to manage these risks to the extent possible by maintaining appropriate insurance cover and reviewing the cover regularly.

7. Fees and other costs

The following section shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the managed investment scheme as a whole. Taxes are set out in another part of this document. You should read all the information about fees and costs because it is important to understand their impact on your investment. Subject to legal requirements, we are entitled to change fees with prior notice to you as described on page 16.

Base management fee

Under the Constitution, we are entitled to receive up to 1.00% p.a. (before GST) of the gross asset value (GAV) of the Fund as a base management fee in performing our duties in relation to the Fund. The base management fee is accrued daily and paid monthly from the assets of the Fund.

We have decided to charge a reduced base management fee of 0.7% p.a. (excl. GST) of the Fund's GAV.

Example of the base management fee

If your average balance for a year was \$50,000 and the Fund's average gearing ratio is 40%, the Fund's gross asset value attributable to your investment would be:

$$\$50,000 / (100\% - 40\%) = \$83,333$$

Therefore, the base management fee applicable to your investment would be:

$$\$83,333 \times 0.70\% = \$583.33$$

Recoverable expenses

Under the Constitution we are entitled to be reimbursed for, or have paid by the Fund, all expenses and taxes we incur in the proper performance of our duties. At the date of this document, these amounts are estimated to be approximately 0.3%-0.4% p.a. (before GST) of the Fund's GAV.

Recoverable expenses are expenses generally incurred in the day-to-day operation of a fund and include, for example: registry costs, legal, custodian services, compliance and related administration functions, accounting, printing, audit and asset management related fees. These costs are shown in the table under 'Fees and other costs'.

Recoverable expenses are accrued as and when incurred by the Fund or its underlying funds, and therefore the amount recovered each month may vary. The recoverable expenses of the Fund for the 12 months to 30 June 2024 was 0.34% of the average GAV of the Fund.

This estimate excludes costs for:

- expenses that would normally be incurred by a direct investor that relate to the buying and selling, maintenance, development and leasing of assets;
- irregular operating expenses which are due to abnormal events such as the cost of running investor meetings; and
- costs of borrowing, including arrangement, establishment and interest costs.

Refer to 'Transactional and operational costs' and 'Borrowing costs' below for more information. Refer to the 'Other information' section for further details on taxes incurred.

Where the Fund invests in other funds managed by us

The Fund may invest in other funds or investment companies managed by us or our associates. Where this occurs, management fees are not taken from each fund. Instead, our management fees will be adjusted to reflect the Fund fees described above.

Where the Fund invests in other funds managed by an external party

Where the Fund invests in other funds or investment companies managed by third parties not related to us, any management fees charged by those parties will be recovered from and reflected in the performance of the Fund.

Performance fee

Under the Constitution, we are entitled to receive a performance fee each financial year on and from 30 June 2022 should the Fund meet certain criteria. As at 30 June 2024, we have not been entitled to any performance fees since the inception of the Fund.

The performance fee (if any) will be accrued in the Unit price in accordance with general accounting practices. Any accrued performance fee will become payable upon any of the following:

- Unitholders electing to restructure the Fund;
- a change of responsible entity of the Fund;
- the termination of the Fund; or
- in all other circumstances, 30 June in any financial year where the Fund meets the performance criteria.

The performance fee will be equal to 20% (excl. GST) of the portion of the outperformance of the Fund over an Internal Rate of Return (IRR) of 10% p.a.

The IRR is the annual, rate of return achieved by the Fund taking into account total cash flows over the financial year (or financial year to date where a fee becomes payable at a date other than 30 June).

Example of the performance fee

An example of the calculation of the performance fee is provided below for the purpose of illustrating how the performance fee works.

Assume that the Fund raised \$1.00 per Unit from investors at the start of the financial year, paid quarterly distributions totalling 10 cents per Unit for the year and the Unit price at the end of the financial year was \$1.05 per Unit (before the deduction of the performance fee).

The IRR would be 15.56% p.a. and the outperformance in excess of an IRR of 10% p.a. would be 5.37 cents per Unit. The performance fee would be calculated as 20% of the 5.37 cents per Unit which is a fee of 1.074 cents per Unit payable to AUFM.

For an investor with 500,000 Units the performance fee in this example would be \$5,366 (excl. GST).

The above example is provided for illustrative purposes only and does not represent any actual or prospective performance of the Fund. It is not possible to estimate the actual performance fee payable as we cannot accurately forecast the Fund's performance.

AUFM does not provide any assurance that the Fund will achieve any performance shown and you should not rely on this in determining whether to invest in the Fund. You should also be aware that for periods of high outperformance, the performance fee may be substantial.

Under the Constitution, the accrued performance fee is also payable if AUFM is replaced as the Responsible Entity of the Fund without its recommendation or where an alternative exit mechanism is agreed by investors (including a Unit rollover into another fund or an in specie distribution of the assets of the Fund).

Acquisition fee

Under the Fund's Constitution, we are entitled to receive an acquisition fee of up to 1.00% (before GST) of the value of any assets acquired by the Fund (whether directly or by any controlled sub-trust of the Fund), payable upon settlement of the acquisition.

We have decided to charge a reduced acquisition fee of 0.75% p.a. (excl. GST) of the value of any acquisition for the Fund.

Example of the acquisition fee

If the Fund acquired a direct property for \$10,000,000, the acquisition fee would be calculated as following:

$$\$10,000,000 \times 0.75\% = \$75,000$$

If after the Fund acquired a direct property, the Fund's net assets were \$150,000,000 and your balance was \$50,000, the direct property acquisition fee applicable to your investment would be:

$$(\$50,000/\$150,000,000) \times \$75,000 = \$25.00$$

Capital raising fees

Under the Fund's Constitution, we are entitled to receive a fee of up to 1.00% (before GST) of the value of any equity called, and 0.35% (before GST) of any debt facilities established by the Fund. These fees are payable whether the capital is raised directly or indirectly by the Fund or by any controlled sub-trust of the Fund.

We have decided to charge a reduced capital raising fee of 0.75% (excl. GST) of equity raised as and when equity is raised.

Example of the equity raising fee

If the Fund raised \$100,000,000 of equity, the equity raising fee charged would be calculated as:

$$\$100,000,000 \times 0.75\% = \$750,000$$

If after the equity raise the Fund's net assets were \$150,000,000 and your balance was \$50,000, the equity raising fee applicable to your investment would be:

$$(\$50,000/\$150,000,000) \times \$750,000 = \$250$$

Example of the debt raising fee

If the Fund established a new debt facility of \$100,000,000, the debt raising fee would be calculated as following:

$$\$100,000,000 \times 0.35\% = \$350,000$$

If after the Fund established a new debt facility, the Fund's net assets were \$150,000,000 and your balance was \$50,000, the debt raising fee applicable to your investment would be:

$$(\$50,000/\$150,000,000) \times \$350,000 = \$116.67$$

Removal fee

Under the Fund's Constitution, we are entitled to receive a retirement fee of up to 2.50% (before GST) of GAV, payable upon removal, resignation, or retirement of the Responsible Entity (other than as a result of the Fund being terminated).

We do not intend to charge the removal fee.

Termination fee

Under the Fund's Constitution, we are entitled to receive a termination fee of up to 2.50% (before GST) of GAV, payable upon termination of the Fund.

We do not intend to charge the termination fee.

Buy/Sell spreads

The buy and the sell spread aim to ensure that each investor shares in the transaction costs associated with their investment decision to either enter or exit the Fund. The amount is:

- in the case of a buy spread, an extra cost charged to enter the Fund and the sell spread is a cost charged to exit the Fund;
- an estimate to cover the costs incurred when buying or selling assets, such as agent fees, legal fees, stamp duty and taxes;
- not an additional fee paid to the Responsible Entity but is retained in the Fund to cover those transactions; and
- not applied to the reinvestment of distributions.

The following buy/sell spreads (which may change from time to time without prior notice) currently apply:

Buy spread	2.00%
Sell spread	Not applicable

Based on the spreads noted above, an investment of \$50,000 would incur a buy spread of \$1,000.

This is an example only and are not an estimate or forecast.

We reserve the right to wholly or partially waive the buy and/or sell spread and change the buy and/or sell spread without prior notice.

Transactional and operational costs

Separate to the day-to-day expenses of operating the Fund, there are expenses associated with the ownership and operation of the Fund's assets some of which are recoverable from investors by charging a 'buy/sell spread' as explained below.

These costs relate to the activities involved in acquiring, disposing and operating the properties as going concerns.

Some examples of these expenses include:

- stamp duty and other government charges;
- cost of making an investment, such as spreads or brokerage costs;
- leasing fees;
- rental review fees;
- agency sales fees;
- non-recoverable property expenses;
- general property maintenance; and
- third party legal fees.

These costs form part of the Fund's total 'transactional and operational costs' amounts set out above.

Costs recovered from the tenants of the Fund's property and recovered from the Participants are not a cost which is borne by the Fund and therefore are not included in the transactional and operational costs.

The Fund's underlying investments may also incur transactional and operational costs.

Borrowing costs

The Fund may borrow to finance new and existing assets, to develop and maintain those assets, and to provide liquidity for operating purposes and managing the Fund's working capital.

Such costs may include:

- interest
- debt arranger fees;
- loan establishment fees; and
- hedging (interest rate management) costs.

The Fund's underlying investments may also incur borrowing costs for these activities.

Investor transaction costs

You may also incur infrequent costs directly associated with transactions made on your account, such as government taxes, stamp duty and bank fees. For example, if your direct debit is rejected and the Fund incurs a bank fee.

These costs will be directly deducted from your account by reducing the number of Units you hold within the Fund. We are unable to estimate these costs until they are incurred.

Wholesale Clients

From time to time, we may rebate some of our fees (or issue Units in the Fund) to Wholesale Clients or to employees within the Australian Unity Group so that they pay reduced fees. We do not enter into individual fee arrangements with other investors.

Fee changes and maximum fees

Fees may increase or decrease for many reasons, including changes in the competitive, industry and regulatory environments or simply from changes in costs. We can change fees, without your consent, but will provide at least 30 days written notice of any fee increase. If you withdraw within this notice period, the increased fees will not apply to you.

The maximum fees we are allowed to charge the Fund (before GST) is stated in the Constitution for an ongoing management fee: 1.00% p.a. of the gross asset value of the Fund.

There is no limit in the Constitution on the amount that we can recover for expenses incurred in the proper performance of our duties.

Goods and services tax (GST)

Fees and charges set out in this IM, unless otherwise stated, are inclusive of GST. Where the fees are stated as 'excl. GST' or 'before GST', the amount will be increased by 10% for GST. The Fund may be entitled to claim certain input tax credits (including reduced input tax credits).

Payments to financial advisers and intermediaries

The Corporations Act contains provisions which regulate and, in some cases, prohibit payments to financial advisers and intermediaries by product issuers. Any arrangement by us to make payments or provide incentives to financial advisers and intermediaries will be entered into in compliance with the legislation.

Property management services

AUFM has appointed Australian Unity Property Management Pty Ltd ABN 76 073 590 600 ('AUPM'), a property management business within the Australian Unity Group, to provide some property management services to the Fund.

Australian Unity Property Management

AUPM is a property management business that, under a written arrangement, provides some of the following services to the Fund including but not limited to:

- strategic advice on property acquisitions and sales or arranging the sale or acquisition of property assets;
- management of premises;
- debt arranging, debt structure advice, debt facility negotiations and debt management;
- valuation services;
- leasing services; and
- property development management and project supervision (including without limitation SDA specific project management services).

The appointment of AUPM to provide these services is not exclusive and we may engage external service providers to undertake these functions.

Investor approval is not required for this arrangement as it is made on commercial terms and an arm's length basis.

8. Other information

Australian taxation

Certain tax implications of investing in the Fund are explained below. It is intended to be a brief guide only and is not a complete statement of the relevant tax law, nor does it take into account your individual circumstances. The taxation law is complex and its application is dependent on your individual circumstances. Accordingly, we strongly recommend that you seek independent professional taxation advice on the tax implications of investing in the Fund relevant to your specific circumstances.

The following summary is intended for Australian resident investors and generally applies to investors who hold their investment for the purpose of realising a long-term return (that is, hold their investment on capital account for tax purposes). This summary does not consider the tax implications for those investors who hold their investment in the Fund on revenue account, as an isolated investment made with profit making intent or as trading stock. It is based on our interpretation of the current Australian tax laws at the date of publication of this document, including applicable case law and published guidance by the Australian Taxation Office, which may be subject to change.

While you hold your interests in the Fund

The Fund elected to be an Attribution Managed Investment Trust ('AMIT') for tax purposes from the 2020 income year. The Fund itself should not pay tax on the basis that it will attribute trust components to investors each financial year on a fair and reasonable basis.

You will need to include in your income tax return your share of the Fund's taxable income for each financial year. This applies regardless of whether the distribution is received in cash during that income year or a later year, and may include amounts that have been reinvested, so that you may be required to pay tax on income that has not yet been or may not be distributed to you.

To assist you to complete your tax return, you will receive an AMIT Member Annual ('AMMA') statement from us. This statement will provide you with details of the distribution components to be included in your tax return. The sum of these components may differ to the amount of cash distribution you receive. For example, if a cash distribution you receive exceeds your share of the Fund's taxable income, the excess will generally not be included in your assessable income. This is expected to occur as a result of the availability of certain non-cash tax deductions such as capital allowances on depreciating assets and capital work on buildings. However, any such distribution will reduce the CGT cost base of your Units in the Fund, as outlined below.

Tax losses (if any) generated by the Fund cannot be passed onto investors. However, provided specific requirements are satisfied, the Fund should be able to carry forward tax losses, offsetting them against income generated in a later income year.

Capital gains

Where the Fund derives net capital gains to which you become entitled or are attributed, you may need to include these amounts in your assessable income. Investors will generally be required to gross-up any discounted capital gains. A CGT discount may then be available for some investors (after applying any capital losses to which they may be entitled), as outlined below.

When you withdraw

When you fully or partially withdraw or redeem your Units in the Fund, you are treated as having disposed of your Units. As a result, any net gain derived on disposal may be included in your taxable income under the CGT provisions. This may include where you transfer your Units to another investor.

An investor will make a capital gain in respect of the disposal of its investment to the extent that the capital proceeds attributable to the disposal exceed the investor's cost base. Alternatively, an investor will make a capital loss in respect of the disposal of their Units to the extent that the capital proceeds attributable to the disposal of the investment are less than the CGT reduced cost base in those Units.

In determining the cost base or reduced cost base of your Units in the Fund, you will need to take into account any returns of capital. Additionally, in circumstances where the amount of cash distribution is more than your share of the Fund's taxable income in an income year, the CGT cost base of your Units in the Fund should decrease by the difference ('AMIT cost base net amount – excess'). These amounts may have the effect of increasing your capital gain or decreasing your capital loss. Once the cost base of your Units in the Fund has been reduced to nil, these amounts are assessable as capital gains. Amounts distributed or attributed by the Fund that represent a CGT concession amount will have no impact on the cost base of your Units in the Fund.

In addition, in circumstances where the amount of cash distribution is less than your share of the Fund's taxable income in an income year, the CGT cost base of your Units in the Fund should increase by the difference ('AMIT cost base net amount – shortfall'). This amount may have the effect of decreasing your capital gain or increasing your capital loss upon disposal of your Units.

The AMMA statement you receive from the Fund will state the amounts that the Responsible Entity reasonably estimates to be the 'AMIT cost base net amount – excess' and the 'AMIT cost base net amount – shortfall'.

Any net capital loss resulting from the disposal of your Units may be able to be used to reduce capital gains derived in that or future income years.

Investors that are individuals and trusts may be entitled to a CGT discount that reduces their CGT liability by 50% where they have held their Units for more than 12 months.

Investors that are complying superannuation funds may be entitled to a 33.33% reduction of their CGT liability. No such discount is available to corporate investors.

Non-residents

This summary does not consider the Australian income tax implications for non-resident investors. However, it is noted that the Australian tax law imposes obligations on the Fund to withhold tax on distributions paid to non-residents for Australian tax purposes.

If you are not an Australian resident for tax purposes, withholding tax will be deducted from your distributions at the prescribed rates. The rates may vary according to your legal personality, the components of the distribution and the country in which you reside.

Stamp duty

No marketable securities duty is payable on the issue, withdrawal, or transfer of Units in the Fund.

However, landholder duty and/or trust acquisition duty may be payable upon the issue, withdrawal or transfer of Units in the Fund, at rates of up to 7% plus any applicable foreign purchaser surcharge at rates of up to 8%.

Whether such duty applies and the rate at which it applies can depend on:

- the jurisdiction in which the Fund's dutiable property is located and the value of the property at the time of the issue, withdrawal or transfer of Units in the Fund; and
- the percentage interest in the Fund held by an investor (on an associate-inclusive or aggregated transaction basis) upon, or resulting from, the issue, withdrawal or transfer of Units in the Fund. For example, in Victoria there is a threshold of 20% more before which an acquisition of Units will be subject to duty (up to 6.5%).

Transfer duty (in the form of Queensland trust acquisition duty) may arise if, after the Fund has an interest in the Property (or any other dutiable property in Queensland), a person becomes a Unitholder in the Fund, or an existing Unitholder increases its interest in the Fund (on a non-pro rata basis with other Unitholders). This can arise where further Units in the Fund are issued or an existing Unitholder transfers its Units (e.g. Unitholders on-sell their Units). Where there is a trust acquisition, the Unitholder acquiring the trust interest is liable for the duty. The top rate of duty is 5.75% and is calculated by reference to the Unitholder's proportionate interest in the dutiable property of the Fund (i.e. the Property).

Unlike in respect of 'public unit trusts' for Queensland stamp duty purposes, any dealing in the Units in the Fund, when the Fund has an interest in dutiable property in Queensland, may give rise to trust acquisition duty (there is no acquisition threshold). If the Fund qualify as 'public unit trusts' for Queensland stamp duty purposes, duty should not apply to the acquisition of Units of the Fund.

Transfer duty is also payable on a trust surrender. A trust surrender occurs when a Unitholder gives up its interest in the Fund, which increases the interests of the remaining Unitholders in the Fund. However, the Fund will be illiquid so that Unitholders will not have the opportunity to withdraw from the Fund or otherwise have their Units redeemed from the Fund.

Nonetheless, should such a trust surrender occur (e.g. as a result of an investor leaving the Fund and not on-selling its Units), both the Responsible Entity and the exiting Unitholder are liable for the duty. However, the exiting Unitholder will be required to indemnify the Responsible Entity for such duty.

Unitholders should obtain independent tax advice (including stamp duty advice) in respect of an investment in the Fund.

Withholding tax

If you are an Australian resident, you may choose whether or not to provide a Tax File Number or an Australian Business Number. If neither is quoted and no relevant exemption information is provided, we are required to withhold tax on your income distributions at the highest marginal tax rate plus levies.

Goods and services tax (GST)

The acquisition, withdrawal and transfer of Units in the Fund should not be subject to GST. Distributions made by the Fund should also not give rise to any GST consequences.

Foreign investment regulation in Australia

Under Australia's foreign investment review regime foreign persons proposing to make investments in Australian entities, businesses or land can be required to seek and obtain prior clearance from the Foreign Investment Review Board ('FIRB') before making the investment. Each application for FIRB clearance requires the payment of an application fee, calculated based on the nature and value of the investment.

Any application for foreign investment clearance will be considered on a case-by-case basis within the context of the Foreign Acquisitions and Takeovers Act 1975 (Cth) ('FATA'), related regulations, and FIRB's stated policies and guidance, to ensure the investment is not contrary to Australia's nation interest.

The definition of foreign persons under the FATA is very broad and traces through the ownership structure to the ultimate legal and beneficial interest holders. Foreign persons who also come within the definition of a foreign government investor will require clearance for a wider range of transactions than those foreign persons who are not foreign government investors.

The application of the foreign investment rules will vary depending on a potential investor's individual circumstances. Potential investors should seek their own legal advice prior to investing. None of the Responsible Entity, the Investment Manager, or their related parties, officers, employees, consultants, advisers or agents accepts any responsibility or liability for any consequences incurred by an investor as a result of investing in the Fund.

Potential investors should also note that the foreign person characterisation of the ultimate investors will affect the 'foreign person' characterisation of the Fund, such that depending of the level of investment from foreign persons the Fund may itself be a foreign person including a foreign government investor. If this is the case, the Fund will require separate clearance from FIRB for its acquisitions from time

to time. Seeking and obtaining such clearance from FIRB will have timing and cost implications for the Fund.

Australian tax reform

Australia is in the process of ongoing taxation reform. There is considerable uncertainty as to the breadth and ultimate impact of the reforms. The Responsible Entity will continue to monitor the tax reform process and its impact on the Fund. It is an investor's responsibility to monitor tax reform developments that may impact on their investment in the Fund.

US Foreign Account Tax Compliance Act ('FATCA')

The Foreign Account Tax Compliance Act ('FATCA') is a US tax law introduced for the purpose of improving tax information reporting regarding US persons in respect of their offshore investments to the United States Internal Revenue Service ('IRS'). Obligations arising under the FATCA have been incorporated into Australian law.

In order to comply with FATCA requirements, the Responsible Entity:

- may require you to provide certain information regarding your identification and will undertake certain due diligence procedures to determine your status for FATCA reporting purposes. This information may be required at the time an application is made for the issue of Units in the Fund or at any time after the Units have been issued;
- will report annually to the IRS, via the ATO, in relation to relevant investors' financial information required by the ATO (if any) in respect of any investment in a Fund; and
- may withhold tax on US connected payments to non-participating foreign financial institutions.

Accordingly, by making an application to invest in a Fund, you agree to provide the Responsible Entity with certain identification and related information in order to enable it to comply with its obligations in connection with FATCA.

Common reporting standards

The Common Reporting Standard ('CRS') is the single global standard for the collection, reporting and exchange of financial account information on foreign tax residents. Australia has signed the OECD Multilateral Competent Authority Agreement on Automatic Exchange of Account Information. This agreement enables CRS information to be exchanged between jurisdictions' tax authorities where relevant legislation has been adopted. Under the Australian CRS legislation, the Responsible Entity is required to collect certain information about foreign tax residents to provide it to the ATO. The ATO may pass this information onto tax authorities in other jurisdictions who have adopted the CRS. Reports are due on 31 July of each year for the preceding period of 1 January to 31 December. The requirements are similar to those which exist under FATCA, however, there are a greater number of countries in respect of which the ATO may provide information to the respective tax authorities.

Accordingly, by making an application to invest in the Fund, you agree to provide the Responsible Entity with certain identification documents and related information in order to enable it to comply with its CRS obligations.

Constitution

The Fund is a registered managed investment scheme and is governed by a Constitution.

The Constitution of the Fund governs your rights and obligations as a Unitholder in the Fund. Unitholders are bound by provisions of the Constitution and by this Information Memorandum. The Constitution regulates the operations of the Fund and sets out the rights and liabilities of the Unitholders and the responsibilities and duties of the Responsible Entity.

The Constitution allows the Responsible Entity to amend the Constitution and requires that the Responsible Entity promptly notifies all Unitholders of any amendments that affect the rights of the Unitholders.

The Constitution provides that the Responsible Entity may create and issue Units of different classes with such rights, obligations and restrictions attaching to the Units of such classes as it determines, in accordance with the Corporations Act. Under the Constitution, the Responsible Entity may create Funding Units (as defined in the Constitution), with the terms of issue set out in the Constitution, or issue partly paid Units.

The Responsible Entity

AUFM in its capacity as responsible entity of the Fund subject to the provisions of the Constitution and the Corporations Act. The Responsible Entity is responsible for administration and management of the Fund, and sets the investment policy and objectives.

Any investment manager appointed by the Responsible Entity will be entitled to receive fees for investment management functions.

The Responsible Entity is entitled to the benefit of various indemnities under the Constitution, which means that it has limited its liability for acting as the Responsible Entity.

Labour standards or environmental, social or ethical considerations

AUFM has a Direct Property Responsible Investing Policy which sets environmental, labour, social governance and ethical guidelines to selecting, managing or realising direct property assets.

The Direct Property Responsible Investing Policy guidelines are considered on a property by property basis, and may be applied differently within the context of a property's geographical and market attributes.

Authorised investments

A broad range of investments is permitted in the Fund.

The Fund may gain exposure to certain assets by investing through other investment vehicles including those managed by a related entity. These investment vehicles may include investment companies, registered managed investments schemes and other unregistered schemes.

The investment manager may use derivatives in the management of the Fund, but will generally not use derivatives for gearing purposes or speculative activities.

Monitoring of related party transaction and conflicts management

Related party transactions carry a risk that they could be assessed and reviewed less rigorously than transactions with other parties.

Australian Unity has policies and guidelines in place to manage the risk of any actual or perceived conflict of interest as a result of a related party transaction. Related party transactions with Australian Unity Group entities are reviewed and approved by senior management with clearly identified governance policies and guidelines. Decisions in relation to conflicts of interest and related party transactions are documented.

Updates to related party transactions and further information

As appropriate, we will provide ongoing updates of material service engagements and financial benefits that are paid to related parties.

The value of related party payments are reported yearly as part of the Fund's audited Annual Report.

Keeping you informed about your investment

To help keep you informed of your investment, we will provide you the following:

Communication	Frequency
Confirmation of your initial application	At the time of the transaction
Confirmation of subsequent applications (excluding those made using a Regular Savings Plan)	
Periodic statement	Quarterly
Account statement	Online and on demand
Australian tax statement showing taxation details	Annually
Annual Reports	Annually, on request

Dispute resolution

We take complaints seriously and aim to resolve them as quickly as possible. If you would like to make a complaint you can call us on 1300 997 774 or +61 3 9616 8687 if you are calling from overseas, email us at australianunitywealth@unitregistry.com.au or write to us at the following address:

Australian Unity Wealth & Capital Markets
GPO Box 804
Melbourne VIC 3001

We will promptly acknowledge your complaint, investigate it and decide in a timely manner what action needs to be taken. We will notify you of our decision within 30 days after receipt of the complaint, together with any remedies that are available, or other avenues of appeal against the decision.

Privacy

We collect your personal information for the following purposes:

- to administer and provide products and services and to manage our relationship with you;
- to process transactions;
- to answer queries and for security purposes;
- to develop products and services;
- to meet regulatory requirements; and
- to allow the Australian Unity Group to market products and services to you (subject to your right to opt-out of receiving various direct marketing materials at any time).

In managing your account, we may need to disclose your personal information to:

- your financial adviser, either directly or through other service providers (such as platform software including Xplan and Visiplan) which we may have arrangements with;
- reputable service providers who may carry out functions associated with our products and services on our behalf (e.g. mailing houses who conduct mailings for us);
- our Australian financial institution to initiate the drawing from or payment to your nominated Australian financial institution account (where you have selected the direct debit or credit facility); and
- a third party, as required by law.

You are entitled to access information we have about you. You should notify us immediately if any of the information we hold about you changes, so that we can ensure that your information is always complete, accurate and up to date. If you do not provide the information requested on the Application Form, we may be unable to process your application request.

Your personal information will be collected, used and disclosed by us in accordance with our Privacy Policy and in accordance with the law. You can obtain a copy of our Privacy Policy via our website australianunity.com.au/privacy-policy or by telephone 1300 997 774 or +61 3 9616 8687 if you are calling from overseas.

9. Glossary

Term	Definition
AUFM	Australian Unity Funds Management Limited ABN 60 071 497 115
AUPM	Australian Unity Property Management Pty Limited ABN 76 073 590 600
Building Type	a type of building set out in Schedule 1 of the National Disability Insurance Scheme (Specialist Disability Accommodation) Rules 2020
Constitution	the Constitution of the Fund dated 30 July 2019, as amended from time to time
Corporations Act	Corporations Act 2001 (Cth)
Design Category	a design category set out in Schedule 2 of the National Disability Insurance Scheme (Specialist Disability Accommodation) Rules 2020
Fund	Australian Unity Specialist Disability Accommodation Fund
GAV, Gross Asset Value	the sum of the value of the Fund's assets
IM	this information memorandum
Initial Financial Close of the Fund	the day when the Fund received the proceeds of the initial equity raise, being 3 April 2020
LVR	loan-to-value ratio
NDIA	National Disability Insurance Agency
NDIS	National Disability Insurance Scheme
Offer	the offer of Units under this IM
Participant	people with disabilities who qualify for National Disability Insurance Scheme (NDIS) specialist disability accommodation (SDA) funding
NAV	the value of the Fund's assets less liabilities
NDIS Plan	issued by the NDIA and specifies the reasonable and necessary services that a Participant requires to support their independence and social and economic participation, as well as their individual funding package
RRC	Reasonable Rent Contribution, which is an additional rental contribution being Commonwealth Rent Assistance and 25% of the Participant's Disability Support Pension to the SDA Provider to the maximum amounts defined in the NDIS Pricing Arrangements for Specialist Disability Accommodation
SDA	Specialist Disability Accommodation
SDA Payment	The subsidy amount payable to a SDA Provider as set out in the NDIS Pricing Arrangements for Specialist Disability Accommodation
SDA Provider	an organisation accredited by the NDIA to provide Specialist Disability Accommodation to Participants and receive SDA and RRC payments
Term	the expected investment term of the Fund, which is 10 years from the Initial Financial Close of the Fund, which was on 03 April 2020
Unit	a Unit in the Fund
Unitholder	an investor that holds a Unit in the Fund
Wholesale Client	has the same meaning as 'wholesale client' under the Corporations Act

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