

This notice is dated 31st July 2019 and is issued by Equity Trustees Limited (ABN 46 004 031 298 AFSL 240975) in its capacity as responsible entity of the L1 Capital UK Residential Property Fund III ARSN 632 369 478 (**Fund**). This is an update to the product disclosure statement (PDS) for the Fund issued on 22 May 2019. This notice is provided pursuant to ASIC Corporations (Updated Product Disclosure Statements) Instrument 2016/1055 on the basis that the information contained is not materially adverse information.

The PDS is updated in all relevant places to extend the Offer Close Date to 16 August 2019 (or to such later date as notified by the Responsible Entity, at our discretion).

If you have any enquiries regarding this correspondence, please contact your Financial Adviser or the Equity Trustees on +61 3 8623 5000 or write to:

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Equity Trustees Limited
GPO Box 2307
Melbourne VIC 3001 Australia
Email: compliance@eqt.com.au



L1 CAPITAL

L1 Capital UK Residential Property Fund III

Product Disclosure Statement

ARSN 632 369 478 | APIR ETL4432AU

Date issued 22 May 2019

Responsible Entity

Equity Trustees Limited
ABN 46 004 031 298 | AFSL No 240975

Investment Manager

L1 UK Property Investments Pty Ltd
ABN 55 619 264 096
Authorised representative
(no. 001255692) of L1 Capital Pty Limited
ABN 21 125 378 145 | AFSL No. 314302

Important information

This is the Product Disclosure Statement (“**PDS**”) for an offer to invest in the **L1 Capital UK Residential Property Fund III** ARSN 632 369 478 (referred to as the “**Fund**”) and was issued on 22 May 2019.

The Fund has been registered with ASIC as a managed investment scheme under the Corporations Act.

Responsible Entity

This PDS has been issued by Equity Trustees Limited (ABN 46 004 031 298 AFSL 240975) in its capacity as responsible entity of the Fund (referred to throughout this PDS as the “**Responsible Entity**”, “**Equity Trustees**”, “us” or “we”).

Investment Manager

The investment manager of the Fund is L1 UK Property Investments Pty Ltd and is referred to throughout this PDS as the “**Investment Manager**”. The Investment Manager is an authorised representative (no. 001255692) of L1 Capital Pty Limited (ABN 21 125 378 145 AFSL No. 314302) (**L1 Capital**).

Administrator

The administrator of the Fund is Apex Fund Services Ltd and is referred to throughout this PDS as the “**Administrator**”.

Fund Custodian

The Responsible Entity intends to appoint certain affiliated companies of the Investment Manager to have custody of the Properties on behalf of the Fund, subject to the custodians complying with applicable laws in relation to custody. These affiliated companies are referred to throughout this PDS as the “**Fund Custodian**”.

Eligibility and selling restrictions

The offer made in this PDS is available only to persons receiving this PDS in Australia and New Zealand (electronically or otherwise).

This PDS does not constitute a direct or indirect offer of securities in the US or to any US Person as defined in Regulation S under the US Securities Act of 1933 as amended (“**US Securities Act**”). Equity Trustees may vary its position and offers may be accepted on merit at Equity Trustees’ discretion. The units in the Fund have not been, and will not be, registered under the US Securities Act unless otherwise determined by Equity Trustees and may not be offered or sold in the US to, or for, the account of any US Person (as defined) except in a transaction that is exempt from the registration requirements of the US Securities Act and applicable US state securities laws.

This PDS 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 invitation. The distribution of this PDS in jurisdictions outside Australia or New Zealand may be restricted by law. Persons who come into possession of this PDS who are not in Australia or New Zealand should seek advice on, and observe

any such restrictions in relation to, the distribution or possession of this PDS. Any failure to comply with any such restrictions may constitute a violation of applicable securities law.

The Responsible Entity may determine to extend the offer or invitation by private placement to select persons in certain jurisdictions other than Australia and New Zealand.

Other than as permitted by law, investments in the Fund will only be accepted following receipt of a properly completed Application Form.

New Zealand WARNING STATEMENT

- a. This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Aust) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.
- b. This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Aust) and the regulations made under that Act set out how the offer must be made.
- c. There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.
- d. The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.
- e. Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.
- f. The taxation treatment of Australian financial products is not the same as for New Zealand financial products.
- g. If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.
- h. The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

- i. If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.
- j. The dispute resolution process described in this offer document is available only in Australia and is not available in New Zealand.

Cooling off period

Investors who are not Wholesale Clients or New Zealand Wholesale Investors have a 14-day cooling off period.

Not investment advice

This PDS is prepared for your general information only. It is not intended to be a recommendation by the Responsible Entity, the Investment Manager or any associate, employee, agent or officer of the Responsible Entity, the Investment Manager or any other person to invest in the Fund. ASIC takes no responsibility for the contents of this PDS and expresses no view regarding the merits of the investment set out in this PDS.

The information contained in this PDS is not financial product advice. This PDS does not take into account the investment objectives, financial situation or needs of any particular investor. You should not base your decision to invest in the Fund solely on the information in this PDS. You should consider the suitability of the Fund in view of your financial position and investment objectives and needs and should seek professional advice tailored to your personal circumstances before making an investment decision.

No performance guarantee

An investment in Units is not an investment in, or a deposit with, or any other type of liability of the Responsible Entity or any other member of Equity Trustees and is subject to investment and other risks, including possible delay in repayment and loss of income and capital invested.

None of the Responsible Entity, the Investment Manager, L1 Capital or their respective employees, agents or officers guarantees the success, repayment of capital or any rate of return on income or capital or investment performance of the Fund. Past performance is not an indication of future performance. The target return on any investment may be affected by assumptions or by unknown risks. The results of any investment may differ materially from the results anticipated. Some of the key risk factors that should be considered by prospective investors are set out in 'Risks' section of this PDS. There may be risk factors in addition to these that should be considered in light of your personal circumstances. Each prospective investor shall be taken to have read and understood the 'Risks' section of this PDS.

If you are in any doubt, you should consider seeking professional advice tailored to your personal circumstances.

Illiquid investment

Applicants should understand that the Fund is an illiquid investment. As a result, a return of capital will only be possible where assets of the Fund are sold or an alternative liquidity strategy is implemented by the Responsible Entity.

Forward looking statements

This PDS contains forward looking statements. These statements can be identified by the use of words such as 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'predict', 'guidance', 'plan' and other similar expressions. Indications of, and guidance on, future earnings and financial position and performance are also forward looking statements.

Preparation of these forward looking statements was undertaken with due care and attention. However, forward looking statements are subject to known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Fund to be materially different from those expressed or implied in such forward looking statements. Some of the risk factors that impact on forward looking statements in this PDS are set out in the 'Risks' section. Other than as required by law, none of Responsible Entity, its associates or their respective directors, officers, employees or advisers or any other person gives any assurance that the events expressed or implied in any forward looking statements in this PDS will actually occur. You are cautioned not to place undue reliance on those statements.

No representations other than contained in this PDS

You should seek your own independent financial advice and should only rely on the information in this PDS when deciding whether to invest in the Fund. No person is authorised to give any information or to make any representation in connection with the Fund that is not contained in this PDS. Only information or representations contained in this PDS may be relied upon as having been authorised by Equity Trustees in connection with the Fund.

Units are offered and issued by the Responsible Entity subject to the Constitution of the Fund, and on the terms and conditions described in this PDS. You should read this PDS because you will become bound by it if you become a Unitholder of the Fund.

Obtaining a copy of this PDS

This PDS may be viewed online on the Fund's webpage at: www.eqt.com.au/insto. If you accessed the electronic version of this PDS, you should ensure that you download and read this PDS in full. A paper copy will be provided free upon request. Please call Equity Trustees on +61 3 8623 5000 for a copy.

This PDS should be read together with the Constitution of the Fund. A copy of the Constitution is available from Equity Trustees by calling +61 3 8623 5000 or from the Investment Manager by calling +61 3 9286 7000.

Updated information

Certain information in this PDS is subject to change from time to time. Information that has changed which is not materially adverse, but which Equity Trustees wishes to provide to Investors, will be made available on the Fund's website at www.eqt.com.au/insto.

A paper copy of any updated information will be provided free of charge on request. Copies of any updated information may be obtained:

- by calling Equity Trustees on +61 3 8623 5000
- by calling the Investment Manager on +61 3 9286 7000

Where considered appropriate by Equity Trustees, you will be notified in writing of any changes.

Continuous disclosure

ASIC's Regulatory Guide 198 'Unlisted disclosing entities: Continuous disclosure obligations' ("**RG 198**"), Equity Trustee advises that it will fulfil its continuous disclosure requirements by way of website disclosure which complies with ASIC's good practice guidance. Investors may access material information regarding the Fund from the Fund's webpage at www.eqt.com.au/insto

ASIC Disclosures

ASIC Regulatory Guide 46 'Unlisted property schemes: Improving disclosure for retail investors' ("**RG 46**") and RG 198 'Unlisted disclosing entities: Continuous disclosure obligations' contain the benchmarks and disclosure principles currently recommended by ASIC.

This PDS contains disclosure against each disclosure principle and benchmark set out in RG 46.

Date of information

Unless otherwise specified, all information contained in this PDS is stated as at the date of this PDS.

Defined terms and financial information

All amounts are in Australian dollars unless otherwise specified and all references to legislation are to Australian law unless otherwise specified. References to times are to Australian Eastern Daylight Time (AEDT) unless otherwise specified.

Unless otherwise stated or implied, references to dates or years are financial year references. Any discrepancies between total and sums and components in tables contained in this PDS are due to rounding.

A glossary of important terms used in this PDS can be found in the "Glossary of important terms" section.

Questions

If you have any questions about the PDS please contact Equity Trustees on +61 3 8623 5000 (inside Australia) between the hours of 8.30am and 5.00pm Monday to Friday Melbourne time (excluding public holidays).

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[More information](#)

Name of Fund	L1 Capital UK Residential Property Fund III	‘About the Fund Investments’
Investment Manager	L1 UK Property Investments Pty Ltd	‘About the Investment Manager’
Responsible Entity	Equity Trustees Limited	‘About the Responsible Entity’

IMPORTANT DATES

Offer expected to open 12 April 2019, or other date determined by Responsible Entity.

Offer period and application price The Offer Close Date is 31 July 2019 or such other date determined and notified by the Responsible Entity.

The Responsible Entity may elect to process applications and issue Units ahead of the Offer Close Date.

The Fund intends to begin committing to purchase properties from 1 June 2019, but may continue to issue Units until the Offer Close Date.

FUND STRUCTURE

Structure	The Fund is an illiquid and unlisted Australian domiciled unit trust which holds the portfolio of Properties.	‘About the Fund Investments’ ‘Making a withdrawal’ ‘Illiquid investment’
Classes of Units	The Fund will initially offer Units denominated in AUD (referred to as the AUD Class).	‘Investing in the Fund’
	The Fund may also offer Units that are denominated in USD (USD Class).	
Application price	During the Offer period, the application price of a Unit in the AUD Class is \$1.00 and the application price of a Unit in the USD Class is USD1.00.	

[More information](#)**INVESTING IN THE FUND**

Minimum initial investment (AUD)	\$50,000. The Responsible Entity may (at its absolute discretion) accept a lower amount.	'Investing in the Fund'
Minimum initial investment (USD)	USD500,000. The Responsible Entity may (at its absolute discretion) accept a lower amount.	'Investing in the Fund'
Applications	<p>Applications, together with all supporting documentation and cleared funds, must be received by the Administrator in Melbourne, Australia by 2:00 pm (Melbourne time), on the Offer Close Date. If any part of the application process is outstanding at this time, the Responsible Entity reserves the right not to issue Units to the relevant applicant.</p> <p>The Responsible Entity may accept or reject applications in its sole discretion.</p> <p>The Responsible Entity may (on behalf of the Fund) convert AUD (or USD) into and out of GBP at the applicable exchange rate quoted to the Responsible Entity by any financial institution and at any time as it determines.</p>	'Investing in the Fund'
Minimum fund size	The Fund will not proceed (and application monies will be returned) if the Fund has not commenced making investments and total applications received under this offer are less than AUD30 million equivalent of funds received and calculated at Offer Close Date.	

FUND INVESTMENTS

Investment objective and strategy	<p>The objective of the Fund is to deliver a target average distribution yield of approximately 6% p.a. (post fees & expenses and before tax).¹</p> <p>The Fund will seek to deliver this return through investment over the long term primarily in residential property in 'Tier 1' UK cities (excluding London) that deliver high rental yields. Examples of 'Tier 1' cities include Birmingham, Leeds, Manchester and Sheffield. The Investment Manager may also, in its discretion, have regard to the scope for capital appreciation in respect of certain properties when making investment decisions.</p>	'About the Fund Investments'
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1. This investment objective is a target only and may not be achieved. Prospective investors should be aware of the risks in relation to an investment in the Fund (see 'Risk' section of this PDS). It is expected to take up to 6 to 12 months or longer to invest the proceeds of this Offer to achieve this target return and commence distributions equivalent to this return.

[More information](#)**OPERATIONAL MATTERS**

<p>Distribution policy</p>	<p>Distributions are intended to be paid semi-annually out of the proceeds of net rental income and profits from sales of Properties, if any, received from underlying investments of the Fund. The first distribution is expected to be in relation to the period ending 30th June 2020.</p> <p>For more information, refer to the information under the heading "Semi-annual Distributions" in the "Investing in the Fund" section of this PDS.</p>	<p>'Investing in the Fund'</p>
<p>Withdrawals</p>	<p>The Fund is an illiquid fund. As this is an illiquid investment, Investors will not have the right to withdraw their money from the Fund. The Investment Manager and the Responsible Entity are not expected to make any withdrawal offers.</p>	<p>'Investing in the Fund' 'Illiquid investment'</p>
<p>Borrowing policy</p>	<p>The Fund expects to make borrowings in accordance with the borrowing policy of the Fund, which is summarised in the "About the Fund Investments – Borrowing policy" section of this PDS.</p>	<p>'About the Fund Investments'</p>
<p>Risks</p>	<p>An investment in the Fund is subject to risks, which are discussed in the "Risk" section of this PDS. Some key risks include:</p> <ul style="list-style-type: none"> ▪ UK Residential Property risks – the risk that the property values decline. ▪ Rental income risk – the risk that rental income achievable declines and/or appropriate tenants are unable to be found and/or existing tenants may default on the terms of their lease agreement, all of which could result in a reduction in the net assets and/or income available for distribution for the Fund. ▪ Liquidity risk – the risk that the Fund will be unable to sell Properties in a timely manner at the end of the intended term of the Fund to provide cash back to investors. 	<p>'Risks'</p>

More information

Risks

- Legal, Regulatory and Tax risks – the risk that changes in any law (including tax laws) regulation or government policy in either the United Kingdom or Australia could have an impact on the Fund's performance.
- Financing risk – borrowing enhances the potential for reductions in distributions and/or capital losses in the event that property values fall or property income reduces.
- Valuation risk - the Fund's valuations are subject to uncertainty versus the value that may be realised when the Fund's Property investments are divested.
- General investment risks – including that the economy and market conditions may affect asset and property returns and values.
- Personnel risk – the risk that key people who have significant expertise and experience and are significant to the management of the Fund become unable or unavailable to perform their role.
- Currency movement risk – the risk that as the Fund will invest primarily in UK residential property, a rise in the Australian dollar relative to the British Pound (or in the case of the USD Class Units, a rise in the USD relative to the British Pound), may negatively impact investment values and returns. There will be no foreign currency hedging in relation to the AUD Class or USD Class.

'Risks'

Term of the Fund

7 years from the Offer Close Date

Residential property by its nature is an illiquid asset class and the time it takes to divest the properties in the portfolio can be affected by UK property market conditions. The Responsible Entity can extend the term of the Fund by three successive one (1) year periods subject to commercial analysis based on the UK property market conditions and where the Responsible Entity or Investment Manager deems it to be in the best interests of Unitholders.

'Other important information'

Valuation

Valuations of the Properties are undertaken in accordance with the valuation policy.

'About the Fund Investments' under the heading 'Valuation policy'

[More information](#)

Currency denomination

The functional currency of the Fund is GBP.

Investors will subscribe for units in the Fund in Australian dollars (AUD) (or, if accepted by the Responsible Entity in its absolute discretion in respect of an application for USD Class Units, in United States dollars (“USD”)).

The Responsible Entity may (on behalf of the Fund) convert AUD (or USD) into and out of GBP at the applicable exchange rate quoted to the Responsible Entity by any financial institution and at any time as it determines.

The functional currency of the Fund is GBP and the Administrator will prepare financial statements denominated in GBP.

Annual tax distribution statements (refer to the “Taxation” summary) will be provided to Unitholders in AUD.

Fees and other costs

‘Fees and other costs’

The fees and other costs of the Fund are further described in the “Fees and other costs” section of this PDS. Such fees and costs will impact the returns received by Unitholders in the Fund.

CONTACTS

Investment Manager

L1 UK Property Investments Pty Ltd
Level 28, 101 Collins Street
Melbourne VIC 3000 Australia
Ph: +61 3 9286 7000
Fax: +61 3 9286 7099
Web: www.L1property.com

‘About the Investment Manager’

Administrator

Apex Funds Services Ltd
C/o Apex Fund Services (Australia) Pty Ltd
PO Box 189, Flinders Lane VIC 8009
Ph: +61 3 9020 3000
Fax: +61 3 8648 6885
Web: www.apexfundservices.com

‘About the Administrator’

Responsible Entity

Equity Trustees Limited
ABN 46 004 031 298, AFSL 240975
GPO Box 2307 Melbourne VIC 3001
Ph: +61 3 8623 5000
Web: www.eqt.com.au

‘About the Responsible Entity’

L1 UK Property Investments

L1 UK Property Investments Pty Limited (the Investment Manager) is an Australian company and is a specialist UK residential property fund manager.

The Investment Manager currently manages the L1 Capital UK Residential Property Fund (**Fund I**) and L1 Capital UK Residential Property Fund II (**Fund II**). These two funds operate under a similar investment strategy to this Fund, focused on primarily investing in residential property in 'Tier 1' UK cities (excluding London). Examples of 'Tier 1' cities include Birmingham, Leeds, Manchester and Sheffield. At the date of this PDS, 100% of the investor capital in Fund I and approximately 75% of the investor capital in Fund II have been committed.

The Investment Manager is an authorised representative (no. 001255692) for Australian financial services licence purposes of L1 Capital Pty Limited (ABN 21 125 378 145 AFSL No. 314302) (**L1 Capital**). Information in relation to L1 Capital is set at the end of this section.

The Investment Manager is supported by a number of professionals (employed by the Investment Manager or L1 Capital or their associated companies) with experience in the investment management and property sectors. Some of the key individuals initially involved in implementing the Fund's investment strategy, portfolio asset management and managing the Fund are listed below.

Kee Gan – Chief Investment Officer

- Kee jointly established L1 UK Property Investments Pty Limited, and has headed up Fund I and Fund II since inception.
- Prior to joining the Investment Manager, Kee was a Director at Deutsche Bank with over 10 years' experience advising private equity funds on investments and debt financing. During this time, Kee spent time working across London, Sydney and more recently Hong Kong offices where he was consistently ranked at the top of his cohort.
- Previously Kee was a consultant at Bain & Company in Melbourne. Kee holds a Bachelor of Commerce (specialisation in Actuarial Studies) from the University of Melbourne with First Class Honours.

Robert Bartlett – Senior Investment Director

- Prior to joining L1 in 2017, Robert was the CEO of Chestertons (2006–17) a global residential property agency and advisory firm, headquartered in the UK with a total of 80 offices worldwide.
- Robert has over 25 years direct UK residential property experience and brings a strong network of local property contacts and in-depth knowledge of target markets and key trends.
- Prior to his role as CEO of Chestertons, Robert was Head of Residential at Cluttons (1993–2006) and responsible for residential development in the UK.

Clementina Cat – Asset Management Director

- Clementina has over 8 years UK residential property experience across lettings, property management and asset management.
- Prior to L1, Clementina worked as an Asset Manager at the Vista Residential Property Fund managing a portfolio of over 650 residential units in the UK.
- Prior to Vista, Clementina worked at Harouni, a privately-owned property company investing in residential property based in London.

L1 Capital

The Investment Manager is an authorised representative (no. 001255692) for Australian financial services licence purposes of L1 Capital Pty Limited (ABN 21 125 378 145 AFSL No. 314302) (**L1 Capital**). L1 Capital is a specialist fund manager established in Melbourne in 2007, with approximately \$3bn in assets under management (at the date of this PDS). The firm manages money for a range of clients including large superannuation funds, financial planning groups, asset consultants, family offices, and high net worth & retail individuals. L1 Capital may provide support services (or access to personnel) to the Investment Manager from time to time.

L1 Capital currently manages:

- **L1 Capital Long Short Fund**
 - Best performing hedge fund globally in 2015 (HSBC Survey)¹
 - Top 20 hedge fund globally in 2016 (HSBC Survey)¹
 - Best Asian Long/Short Equity Fund (Eurekahedge Awards 2018)
- **L1 Capital Australian Equities Fund**
 - High-performing large cap long only fund (inception date: August 2007) in Australia

1. Fund ranking based on HSBC Global Hedge Fund Performance Survey (December 2016).

Note: Past performance is not a reliable indicator of future performance and the above funds have a different strategy to this Fund. L1 Capital UK Residential Property Fund and L1 Capital UK Residential Property Fund II were formed in 2017 and 2018 (respectively) and therefore have no publishable performance history.

Equity Trustees Limited

Equity Trustees Limited ABN 46 004 031 298 AFSL 240975 ("**Equity Trustees**"), a subsidiary of EQT Holdings Limited ABN 22 607 797 615, which is a public company listed on the Australian Securities Exchange (ASX: EQT), is the Fund's Responsible Entity and issuer of this PDS.

Established as a trustee and executorial service provider by a special Act of the Victorian Parliament in 1888, today Equity Trustees is a dynamic financial services institution which continues to grow the breadth and quality of products and services on offer.

Equity Trustees' responsibilities and obligations as the Fund's Responsible Entity are governed by the Fund's Constitution, the Corporations Act and general trust law.

Equity Trustees has appointed L1 UK Property Investment Pty Ltd to act as the Investment Manager of the Fund and Apex Fund Services Ltd to act as the administrator of the Fund.

Apex Fund Services Ltd

The Responsible Entity has appointed Apex Fund Services Ltd to act as Administrator for the Fund. The Responsible Entity has entered into an Administration Agreement with the Administrator, which governs the services that will be provided by the Administrator to the Fund.

The Administrator has not been involved in the preparation of this Product Disclosure Statement and takes no responsibility for its contents.

The Administrator and its affiliates are responsible for the general administration of the Fund that includes keeping the register of Unitholders, arranging for the issue and redemption (if applicable) of units and calculation of Net Asset Valuations and fees.

The Administrator and its affiliates are entitled to be indemnified by the Fund against all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (other than those resulting from the fraud, gross negligence or willful default on the part of the Administrator) which may be imposed on, incurred by or asserted against the Administrator in performing its obligations or duties.

The Administrator and its affiliates are a service provider to the Fund and have no responsibility or authority to make investment decisions, or render investment advice, with respect to the assets of the Fund. The Administrator is not responsible for and accepts no responsibility or liability for any losses suffered by the Fund as a result of any investment decision.

None of the Administrator, any of its affiliates or any of its related bodies corporate, guarantees in any way the performance of the Fund, repayment of capital from the Fund, any particular return from, or any increase in, the value of the Fund.

The Administrator and its affiliates are not responsible for any failure by the Fund or the Investment Manager to adhere to the investment objective, policy, investment restrictions, borrowing restrictions or operating guidelines.

The Administrator has delegated certain functions and duties to its affiliates in Australia – Apex Fund Services (Australia) Pty Ltd and may use other affiliates in other

countries to perform obligations in connection with the Fund in the future. However, the principal register will be maintained by Apex Fund Services (Australia) Pty Ltd.

The Investment Manager may at any time, in consultation with the Responsible Entity, select any other administrator to serve as Administrator to the Fund.

Fund structure

L1 Capital UK Residential Property Fund III (“**Fund**”) is an illiquid and unlisted Australian unit trust focusing on investing in direct real property. Refer to the section ‘Making a Withdrawal’ for more information.

It is expected that the Fund will make long term investments in and hold direct real property assets (the “**Properties**”). The Investment Manager will provide management services to the Fund. Certain affiliated companies of the Investment Manager are intended to be appointed to have custody of the Properties on behalf of the Fund.

The Fund is registered as a managed investment scheme under the Corporations Act.

In order to facilitate investment by certain classes of investors (to meet the specific tax, regulatory, legal, bank financing or investment needs of certain classes), one or more additional entities may be established (each an **Alternative Vehicle**). Any such Alternative Vehicle would incorporate many of the principal terms described herein, but some deviations of terms are likely due to the specific taxation, regulatory, legal or investment needs of the investors the Alternative Vehicle is designed to accommodate. Any such Alternative Vehicles are expected, whenever possible, to invest side-by-side in Property investment opportunities with the Fund on effectively the same terms and conditions as the Fund. In addition, except for expenses specifically attributable in the good faith of the Investment Manager to the Fund or a particular Alternative Vehicle, the Fund and the Alternative Vehicles will share proportionately in all expenses (including, without limitation, establishment expenses and expenses relating to investments), in each case, subject to applicable tax, regulatory, legal or other similar considerations. The Alternative Vehicle may also appoint the Fund’s custodian to hold the Alternative Vehicle’s proportionate interest in relevant Properties as custodial agent for the Alternative Vehicle. Additionally, the Investment Manager may, in its absolute discretion, offer certain Unitholders or third parties or any of their nominees (such parties referred to as the “**Co-investor**”) the opportunity to co-invest in particular investments alongside the Fund.

The Opportunity

The Fund has been formed to take advantage of long-term investment opportunities in the UK residential property market. At present, the Investment Manager believes the outlook for UK residential property (excluding London) is compelling. The Investment Manager believes that the combination of relatively high rental yields, low borrowing costs and attractive long-term housing supply & demand dynamics makes for an attractive target total return profile for Unitholders. Some of the key reasons for the Investment Manager’s positive outlook are outlined below:

- UK house prices (excluding London) are relatively attractive, in the Investment Manager’s opinion, with a median house price to average individual income ratio of approximately 5x-6x, compared to approximately 14x in Sydney & London and approximately 11x in Melbourne. UK house prices (excluding London) on average have only recently recovered back approximately to their levels in 2007, before the 2008-09 global financial crisis, effectively implying they have undergone over 10 years with minimal growth.
- The Investment Manager’s research indicates that the target UK residential property market (excluding London) provides the potential for relatively high rental yields (approximately 6%-7% average gross rental yields) in comparison to other developed countries such as Australia (approximately 3% gross rental yields in Sydney and Melbourne).
- The Investment Manager’s research also indicates the existence of low vacancy rates (approximately 3% on average), with a structural shortage of new housing due to supply constraints from complicated town planning policies and a shortage of construction labour.
- Interest rates are near all-time lows, making the affordability of housing for home buyers and UK buy-to-let investors compelling.
- The result of the UK ‘Brexit’ Referendum in 2016 and subsequent environment has resulted in the British Pound currently trading below its long-term average vs both the Australian Dollar and US dollar allowing Unitholders to potentially benefit from an attractive entry point into British Pound denominated investments.

- Ability to provide a diversification from Australian residential property, which the Investment Manager considers appear to have possibly reached a near term cyclical peak.
- Aims to reduce overall market risk by potentially entering into hedging arrangements relating to interest rates.

Investment objectives

The objective of the Fund is to deliver a target average distribution yield of approximately 6% p.a. (post fees & expenses and before tax)¹, together with an additional return representing a capital gain from the growth in the value of the Properties up to the date of realisation.

Distributions are expected to be paid to Unitholders half yearly.

The Investment Manager aims to invest prudently and reduce overall risk by having an investment approach which:

- Is designed to achieve a diversified portfolio of residential property primarily in 'Tier 1' UK cities and avoiding having any significant portfolio concentration in any one city in the UK;
- Targets investing in:
 - 'Tier 1' UK cities with a structural supply & demand imbalance which will limit downside pressure to house prices in the event of a housing sector slowdown and more likely continue to put upwards pressure on house prices. Examples of 'Tier 1' cities include Birmingham, Leeds, Manchester and Sheffield;
 - affordable housing (i.e. avoiding luxury residential properties and avoiding investing in central London) where prices of affordable housing has historically proven to be more resilient during times of a property market slowdown;
 - high yielding rental property, which is already tenanted and income producing from day one, and likely to deliver a predictable and stable recurring level of income for the Fund; and

Investment strategy

With a view to achieving the Fund's Investment objective, the Fund's strategy is to acquire high rental yielding residential properties across the UK. In making investment decisions, the Investment Manager may, in its discretion, also have regard to the capital growth potential of those properties.

The Fund typically focuses on investments that largely meet the following criteria:

- Strong locations where house and rental price growth will be supported by business and infrastructure investment, employment growth and good transport links;
- High, stable rental yield (observable track record of strong lettings history) and income generation from day-one;
- Well maintained, modern residential buildings typically between 3 and 15 years of age;
- Able to be purchased in bulk (e.g. part or all of an entire block of apartments) at an attractive valuation (e.g. representing a discount to potential break-up value).

The Fund will invest in a spectrum of residential property in the UK – primarily apartments, semi-detached houses and student property.

All residential property investments made by the Fund will be subject to extensive research and due diligence by the Investment Manager's transaction team, and assessed in a number of areas, such as:

- Research on underlying economic fundamentals of the city and the location of the property;
- Financial assessment of net rental income and underlying quality of the cash flows;
- Valuation and comparability to relevant precedent transactions;

1. This investment objective is a target only and may not be achieved. Prospective investors should be aware of the risks in relation to an investment in the Fund (see 'Risk' section of this PDS). It is expected to take up to 6 to 12 months or longer to invest the proceeds of this Offer to achieve this target return and commence distributions equivalent to this return.

- A professional building and measurement survey is also carried out to validate the building quality and to mitigate the risk of any unexpected increases in building repairs costs under the Fund's ownership;
- Overall geographical diversification of the portfolio.

Being an illiquid and unlisted fund, the Fund is unlikely to hold any substantial amount of its assets in cash (after full deployment of the funds raised under this Offer). Any net cash flow (following payment of Fund interest and other Fund expenses) is likely to be fully paid to Unitholders on the next distribution date. The Investment Manager will also aim to enhance returns to Unitholders by borrowing from financial institutions based in the UK (Refer to "Borrowing Policy" for more details).

Investment guidelines

The Investment Manager will manage the Fund in accordance with a number of investment guidelines. These guidelines aim to achieve a high level of diversification within the target asset class. The investment guidelines are summarised as follows:

- The Fund may only invest in property assets, which are substantially residential (which includes student property), situated in the United Kingdom, and will not make indirect property investments such as listed property trusts or REITs;
- The residential property portfolio will consist of freehold and/or leasehold interests in properties which are currently tenanted or are expected to be let shortly after acquisition. The substantial proportion of leasehold properties purchased (if any) are expected to have no less than 100 years remaining on the lease on the date of acquisition;
- No more than 35% of the Fund's gross asset value can be invested in any single building (based on the expected gross asset value of the Fund once fully deployed).

Borrowing policy

The Responsible Entity maintains and complies with a written policy that governs the Fund's level of gearing and interest cover at a Fund and individual debt facility level.

The Fund is likely to borrow from one or more financial institutions, on appropriate financing terms (such as the cost of borrowings), to partially fund acquisition of residential properties and enhance net returns for Unitholders. Borrowings may also be partly used to meet the cost of improvements or refurbishment of any of the existing investments. The borrowing policy of the Fund is summarised as follows and in the below commentary:

- Borrowings can be raised on a combination of fixed and variable interest rates;
- Borrowings will be on a non-recourse basis to Unitholders (meaning the lenders' recourse is to the Fund's assets);
- Securities, such as mortgages, may be granted over Fund assets in favour of lenders (but with no recourse to Investors).

Gearing ratio

The Responsible Entity has a gearing target for the Fund as set out below.

The Gearing ratio indicates the extent to which the Fund's assets are funded by borrowings. The Gearing ratio gives an indication of the potential risks faced by the Fund as a result of its borrowings due to, for example, an increase in interest rates or a decrease in the value of the Property. A higher Gearing ratio means a higher reliance on external liabilities to fund the Property and exposes the Fund to increased funding costs if interest rates rise. A highly geared investment has a lower asset buffer to rely on in times of financial stress.

ASIC Regulatory Guide 46 requires the gearing ratio to be calculated as:

$$\text{Gearing ratio} = \frac{\text{Total interest bearing liabilities}}{\text{Total assets}}$$

The Fund does not disclose a gearing ratio as it does not presently have any liabilities on its balance sheet. The Responsible Entity will use the Fund's financial statements at the time of the loan to calculate the gearing ratio for the relevant loan facility.

The Fund has a gearing strategy to limit debt to no more than 65% of the Fund's gross asset value at the time of borrowing. The Fund's target gearing range is 50 to 60% of the Fund assets but it may borrow up to 65%.

Interest cover ratio

The lower the interest cover ratio, the higher the risk that the Fund will not be able to meet its interest payments. A fund with a low interest cover ratio only needs a small reduction in earnings, or a small increase in interest rates or other expenses, to be unable to meet its interest payments. ASIC Regulatory Guide 46 requires the interest cover ratio to be calculated as:

$$\text{Interest cover ratio} = \frac{\text{(EBITDA-unrealised gains + unrealised losses)}}{\text{Interest expense}}$$

As the Fund does not currently have any borrowings, its initial interest cover ratio is zero. Under the Fund's gearing and interest cover policy, the minimum expected interest cover ratio for the Fund at time of entering into the loan will be 2 times (200%). As part of its continuous disclosure obligations, the Responsible Entity will provide an update to Investors in its annual financials available on the EQT website www.eqt.com.au/insto.

Interest rate hedging

From time to time, the Responsible Entity may enter into interest rate hedging contracts in order to provide more certainty for the Fund's future interest expenses. The Responsible Entity may enter into interest rate caps with a financial institution (likely to be the same financial institution as the provider of any bank loans) to hedge against rising interest costs as a result of potential increases in interest rates.

Current debt facility

Following discussions with certain UK based commercial banks, the Fund has initial support and indicative financing terms from a major UK financial institution to provide a debt facility to help finance the Fund's residential property investments.

The Gearing limits expected to be imposed by the bank will be in accordance with the Gearing ratio policy set out above.

The interest cover ratio covenant under the debt facility is likely to be 200% (i.e. this is the minimum ratio the bank will require under the facility).

As at the date of this PDS, as the Fund has not acquired any properties, the Responsible Entity is not able to calculate the value of the properties it expects to acquire nor able to calculate how much the operating cash flow of the Fund would need to decrease by before the Fund breaches of this covenant.

As at the date of this PDS, based on discussion with certain UK-based commercial banks and consistent with the terms for the existing L1 Capital UK Residential Property Fund, the 'all-in' interest rate under the debt facility as at the date of the PDS is expected to be approximately 3.25% per annum.

The facility is to be secured by first-ranking mortgages against the Properties and security interests over Fund assets in priority to, but with no recourse to Investors.

The financing terms described above are comparable to the terms that were committed for the existing L1 Capital UK Residential Property Fund.

Valuation policy

A Valuation of each of the Properties is conducted as at the end of every half year and full year period to calculate the GAV. The Investment Manager will value the Properties based on methodology determined by an Independent Certified Valuer with regards to a combination of factors including, but not limited to, discount rates, passing and market yields, capital commitments, market comparables as well as other publicly available information.

The Investment Manager will ensure the Properties are valued by an Independent Certified Valuer who is RICS (Royal Institute of Chartered Surveyors) certified such that at least 90% of Properties (based on the valuations in the most recent reporting period) are independently valued at least every 3 years.

The Fund's annual financial report will be independently audited on an annual basis with regard paid to the valuation and existence of Properties held by the Fund.

Before a property is purchased, the Responsible Entity may, for certain property purchases, conduct an independent valuation by an independent valuer, on an 'as is' basis. In some cases, this may not be possible or is not practical, for example in the event of a receivership sale as the timescales may not be sufficient.

Labour standards, environmental, social or ethical considerations (ESG)

ESG considerations are only taken into account to the extent that they have a material impact on the long term financial value of an investment by the Fund. The Investment Manager does not have an ESG policy in relation to the Fund and has not developed a methodology or weighting system for considering how ESG impacts an investment decision in relation to the Fund.

06 Risks

Investment in any fund carries risks, including volatility of returns. Volatility refers to the degree to which returns may fluctuate around their long-term average. Each asset class, whether it is cash, fixed interest, shares, Australian property or international property has associated investment risks and the return achieved by each will vary accordingly.

You should be aware that an investment in the Fund contains risks and neither the performance of the Fund nor the security of your investment is guaranteed by Equity Trustees or the Investment Manager. Investments in the Fund are generally subject to risks, including possible delays in the payment of withdrawal proceeds and loss of income and/or capital. The following discussion of certain risk factors does not purport to be an exhaustive list or a complete explanation of all the risks involved in an investment in the Fund. The Investment Manager and the Responsible Entity recommend you talk to a financial adviser about the risks involved in investing in the Fund and how it might impact on your individual financial circumstances.

Key risks

Fund risks

These risks relate to either an investment in the Fund or factors which affect all investments generally:

Liquidity

The Fund is an illiquid fund and capital is not expected to be returned to you until the winding up of the Fund at the end of the Fund's Term. Whilst the Investment Manager will endeavour to assist Investors who may request to transfer their Units (see the section entitled 'Investing in the Fund – Making a withdrawal' below), there is no guarantee that the requested Units will be successfully transferred.

Whilst the Responsible Entity will endeavour to return the residual value of the Units to Investors by the end of the Fund's term, residential property by its nature is an illiquid asset class and the time it takes to sell some or all the properties in the portfolio once it has been decided to sell the assets of the Fund, can be affected by the UK property market conditions.

Financing

The Fund will look to borrow from one or more reputable lenders (on appropriate financing terms), to help finance its Property portfolio and to enhance the potential for increases in distributions and capital gains (given the current low interest rate environment). However, borrowing also enhances the potential for reductions in distributions and/ or capital losses in the event that property values fall or rental property income reduces.

Some or all of the interest on borrowings may be calculated on floating interest rates which may have an adverse impact on returns in the event interest rates rise. Lenders may also have a first charge over some or all of the Fund's Property assets. In a scenario where the Fund was to breach a financial covenant such as being unable to pay any interest or principal repayments as and when they fall due, a breach of the interest cover ratio or gearing cover ratio (see section 'Gearing ratio' and 'Interest cover ratio' for more information) due to a fall in property prices and/or rental income, the affected lender(s) may be entitled to sell such assets to realise their security.

The Fund will be operated in accordance with the borrowing policy adopted by the Responsible Entity, including in relation to its policy in relation to gearing ratio at the time of entry into any debt facility arrangements. Significant decreases in the value of the property portfolio may cause the Fund to exceed the gearing ratios set out in the policy.

Returns

No representation can be or is deemed to be made as to the future performance of the Fund. There can be no assurance that the Fund will achieve its investment objectives. Projections or forecasts (if any) made in this document may not be achieved. Investors may not get back the full value of their investment and in certain circumstances Investors could lose all of their investment. As with most investments, the value of this investment could go down as well as up. The past performance of any previous property funds or other funds managed by the Investment Manager or L1 Capital are not necessarily a guide to future performance of the Fund.

Valuation

The Administrator's valuation will be predominantly based on a valuer's opinion, which may be based on comparable property and observable market data. Residential property assets can sometimes be difficult to value, due to the unavailability of suitable information for determining the current value of investments. As such, the Fund's valuations conducted in accordance with the Fund's valuation policy are subject to uncertainty versus the value that may be realised when the Fund's Property investments are divested.

Fees payable

The Fund may also incur obligations to pay the fees of the Administrator, the Investment Manager, legal counsel, auditors, directors and other operating and general fees and expenses. These expenses may be payable regardless of whether the Fund makes a profit. For further information, please see the section "Fees and Other Costs". Fees and expenses may not be incurred uniformly throughout the Fund's life.

Personnel

The Fund also carries personnel risk as key people who have significant expertise and experience and are significant to the management of the Fund become unable or unavailable to perform their role.

Currency movements

As the Fund expects to invest primarily in UK residential property, a rise in the Australian dollar relative to the British Pound (or in the case of the USD Class Units, a rise in the USD relative to the British Pound), may negatively impact investment values and returns. No currency hedging applies to Units in the Fund and so Investors will not be protected from currency movements.

The UK 'Brexit' Referendum in 2016 resulted in a fall in the British Pound allowing Unitholders to potentially benefit from an attractive entry point into British Pound denominated investments. There is a risk that Brexit (or other global macro factors) may result in further volatility in the exchange rate or result in other unforeseen consequences to the Fund, which may result in lower returns being achieved.

Counterparty risk

As the Responsible Entity may enter into interest rate hedging contracts, there is a risk that a party to a transaction fails to meet its obligations under a financial contract.

These risks are continually monitored by the Investment Manager whose goal is to maximise investment returns with acceptable risk profiles for each asset of the Fund.

Residential property risks

These risks relate to investing in residential property whether directly or indirectly:

Residential property value

UK residential property values can increase or decrease. Many factors including economic, political, availability of credit and taxation, can affect the UK residential property market and consequently the individual residential properties that the Fund is invested in. The value of Units could be adversely affected by a downturn in the UK residential property market, in terms of capital value and/or a decline of residential rental yields.

Rental income

The Fund's income and overall returns are dependent upon finding appropriate tenants for the properties and the tenants paying rent in accordance with their lease agreement. There is a risk that the rental income achievable declines and/or appropriate tenants are unable to be found and/or existing tenants may default on the terms of their lease agreement, all of which could result in a reduction in the net assets and/or income available for distribution for the Fund.

Legal, Regulatory and Tax

Changes in any law (including tax laws), regulation or government policy in either the United Kingdom or Australia could have an impact on the Fund's performance. For example, the laws in the UK relating to stamp duty, VAT and the taxation of rental income and capital gains for property funds such as the Fund are subject to change. The approach of the Australian Taxation Office and HMRC (UK tax authority) to the application of tax laws is also subject to change.

HMRC have made changes to the way disposals of real estate held by non-UK residents are taxed. From April 2019, non-UK resident entities and individuals will be subject to UK taxation on any gains made on the disposal (directly or indirectly) of UK property. This is consistent with treatment of disposals by UK resident property investors. Changes to the UK legislation in relation to transparent offshore funds mean that tax on any such chargeable gains would be a liability of the Unitholders (please refer to the 'Taxation' section for arrangements for payment of UK tax.)

Disasters & Insurance

Disasters such as natural disasters and terrorist attacks may damage residential properties. Whilst the Fund does take out building's insurance, including terrorism cover (which is mandatory) it may not be possible to insure all the Properties against some of these events.

The performance of the Fund may be adversely affected where losses are incurred due to uninsurable risks or under-insured risks. Further, any failure by an insurer or re-insurer may adversely affect the ability to make claims under an insurance policy. This could materially impact the value of assets and/or profit available for distribution of the Fund.

Investing in the Fund

Applications, together with all supporting documentation and cleared funds, must be received by the Administrator in Melbourne, Australia by 2:00 pm (Melbourne time), on the Offer Close Date. If any part of the application process is outstanding at this time, the Responsible Entity reserves the right not to issue Units to the relevant applicant.

The Responsible Entity may accept or reject applications in its sole discretion.

Making an application

To invest, please complete and sign the Application Form attached to this PDS.

Eligible persons from other jurisdictions must contact the Investment Manager in relation to relevant subscription documentation.

For initial applications

The duly completed application form, together with relevant identification documents, can be sent to the Administrator via the following:

Mail: Apex Fund Services
PO Box 189 Flinders Lane VIC 8009

Email: investorregistry@apexfunds.com.au

Fax: +61 3 8648 6885

You can direct credit your application as follows:

For applicants in the AUD Class:

A/c name: Equity Trustees Ltd ATF L1 Capital UK Residential Property Fund III

BSB number: 013006

SWIFT code: ANZBAU3M

Account number: 838105121

For applicants in the USD Class:

A/c name: Equity Trustees Ltd ATF L1 Capital UK Residential Property Fund III

BSB number: 012052

SWIFT code: ANZBAU3M

Account number: 686055USD00001

Please note the application will not be accepted until cleared funds are received. Cash and cheque will not be accepted.

The minimum initial investment in the Fund is AUD \$50,000 or USD \$500,000 (for Units in the AUD Class and Units in the USD Class respectively) subject to the Responsible Entity agreeing to accept a lower amount, in its discretion.

All applications for Units in AUD Class must be made in Australian dollars. All applications for Units in the USD Class must be made in USD.

The Responsible Entity may (on behalf of the Fund) convert AUD (or USD) into and out of GBP at the applicable exchange rate quoted to the Responsible Entity by any financial institution and at any time as it determines.

Under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth)* ("**AML/CTF**") and the intergovernmental agreement signed with the Australian Government in relation to the U.S. *Foreign Account Tax Compliance Act (FATCA)* and the Organisation of Economic Co-operation and Development's *CRS Multilateral Competent Authority Agreement*, applications made without providing all the information and supporting identification documentation requested on the application form cannot be processed until all the necessary information has been provided. As a result, delays in processing your application may occur.

Equity Trustees reserves the right to refuse any application without giving a reason. If for any reason Equity Trustees or the Administrator refuses or is unable to process your application to invest in the Fund, the Administrator will return your application money to you, subject to regulatory considerations, less any taxes or bank fees in connection with the application. You will not be entitled to any interest on your application money in this circumstance.

Valuation of the Fund and application price of Units

The value of the investments of the Fund and Unit prices are generally determined semi-annually.

The value of a Unit in a Class reflects the value of the assets of the Fund referable to that Class of Units, less the liabilities of the Fund referable to that Class of Units and is determined in accordance with the Constitution. The application price of a Unit in the AUD Class is \$1.00

within the period of the Offer specified in this PDS. The application price of a Unit in the USD Class is USD \$1.00 within the period of the Offer specified in this PDS.

Where the Responsible Entity issues classes of Units that are referable to specific assets in the Fund, the Unit price will be determined having regard to the value of the assets referable to that class.

Similarly, where the Responsible Entity issues a new class of Units, assets acquired using the proceeds of issue of those Units will be specifically referable to that class of Units.

Making a withdrawal

The Fund is an illiquid fund. As this is an illiquid investment, Investors will not have the right to withdraw their money from the Fund. The Investment Manager and Equity Trustees do not expect to make any withdrawal offers. Once an Investor's application has been accepted, they should expect their investment will remain in the Fund until the Properties are sold and the Fund is wound up. There will not be any established secondary market for the sale of Units. If an Investor wishes to sell their Units, then under the law there are certain restrictions placed on the Investment Manager and the Responsible Entity in relation to the level of assistance that can be given.

Under the Constitution, the Responsible Entity, at its discretion, may refuse to register any transfer of Units. The Investment Manager or any affiliate (in its personal capacity) may in its discretion offer to purchase Units following a transfer request at a price determined by the purchaser at its discretion.

Withdrawal price

If a withdrawal offer is made and there is only one class of Units on issue, the withdrawal price of a Unit is based on the NAV of the Fund divided by the number of Units on issue.

Where there is more than one class of Units on issue in the Fund, the withdrawal price will be calculated on the basis of the NAV of that class of Units.

Refer to 'Fees and Other Costs' for potential costs in the case of a withdrawal.

For investors outside Australia

Please note that any withdrawal amount paid to you for Units in the AUD Class in the event of a withdrawal offer being accepted will be in Australian dollars, and any withdrawal amount paid to you for Units held in the USD Class in the event of a withdrawal offer being accepted will be in USD. This may differ from the amount you receive in New Zealand dollars due to:

- Foreign Exchange spreads between AUD or USD (as applicable) and New Zealand dollars (currency rate differs daily); and
- Overseas Telegraphic Transfer ("OTT") costs.

Withdrawals will only be paid directly to the unitholder's bank account held in the name of the unitholder with an Australian domiciled bank (or holders of USD Class Units may provide a non-Australian domiciled bank). Withdrawal payments will not be made to third parties.

Distribution policy

Semi-annual Distributions

Distributions are intended to be made by the Fund semi-annually as at 30 June and 31 December (each, a "Distribution Period"). The first distribution is expected to be made for the period ending at 30 June 2020. A Unitholder's share of any distributable income is generally based on the number of Units held by the Unitholder at the end of the Distribution Period.

Generally, the income entitlements of Unitholders of the Fund will be distributed within 30 days after the date they are determined, although the distribution at the end of a financial year (i.e. 30 June) may take longer (for example, if there is a delay in completing an audit). Under the Constitution, the Responsible Entity has 3 months after the end of any Distribution Period to make any distributions (this may be extended if any audit for that Distribution Period has not been completed within this time).

The Responsible Entity intends that Distributions will be paid from the Fund's cash from Operations (including proceeds of sale and excluding borrowings) available for distribution.

To this end, the Responsible Entity intends, over time, to distribute the whole of the Fund's distributable income calculated in accordance with the Constitution. In doing so, a portion of distributable income may be retained in one period to smooth distributions and/or provide additional working capital for future periods.

Distribution payments

All Distributions will be directly credited to your nominated bank account. Distribution reinvestment is not permitted in this Fund unless the Responsible Entity makes available a distribution reinvestment plan to Unitholders. Currently, there is no distribution reinvestment plan offered.

All investors must nominate a bank account held in their own name with an Australian domiciled bank (or holders of USD Class Units may provide a non-Australian domiciled bank). Cash Distributions will only be paid in AUD (or in USD in the case of holders of USD Class Units) to such an account.

A summary of key tax implications is set out in the "Taxation" section of this PDS.

Where your nominated bank account is a non-AUD denominated account in case of AUD Class (or non-USD denominated account in the case of USD Class), your bank may charge fees in addition to those fees within the Foreign Exchange transaction.

Appointment of authorised nominee to operate account

Unitholders may elect to appoint an authorised nominee to operate their account. If you wish to appoint an authorised nominee, then the relevant sections in the application form which is attached to this PDS need to be completed, including the name and signature of the authorised nominee, the signature of the Unitholder and the date. Only Unitholders can appoint authorised nominees. If you appoint an authorised nominee, you should ensure that:

- they cannot appoint another nominee; and
- the appointment lasts until cancelled by you in writing or by the Responsible Entity.

If the Responsible Entity determines that the circumstances require, the Responsible Entity may cancel an appointment by giving the Unitholder 14 days' notice in writing. If an appointment is cancelled, the Responsible Entity will not be obliged to act on the

instructions of the authorised nominee. If the instructions are varied, the Responsible Entity will act only in accordance with the varied instructions. By completing and lodging the relevant sections on authorised nominees in the application form you release, discharge and agree to indemnify the Responsible Entity from and against any and all losses, liabilities, actions, proceedings, account claims and demands arising from the Responsible Entity acting on the instructions of your authorised nominee.

You also agree that any instructions of your authorised nominee to the Responsible Entity, which are followed by the Responsible Entity, shall be a complete satisfaction of the obligations of the Responsible Entity, notwithstanding any fact or circumstance, including that the instructions were made without your knowledge or authority. You agree that if the authorised nominee's instructions are followed by the Responsible Entity, you and any person claiming through or under you shall have no claim against the Responsible Entity in relation to the instructions.

Powers of an authorised nominee

An authorised nominee can, among other things:

- apply for additional investment Units;
- request that distribution instructions be altered;
- change bank account details; and
- enquire as to the status of your investment and obtain copies of statements.

If a company is appointed as an authorised nominee, the powers will extend to any director and authorised officer of the company. If a partnership is appointed as an authorised nominee, the powers will extend to all partners.

Classes of Units

The Responsible Entity may issue different classes of Units in the Fund. This may include different classes of Units that have rights to a particular pool of assets or Properties acquired using the application monies paid by class Unitholders. Unitholders holding Units of such class will not have rights to other assets held by the Responsible Entity on behalf of other classes of Unitholders in the Fund. The Investment Manager will endeavour to operate each class in a segregated fashion but as Australian unit trusts do not provide for statutory segregation between classes, it is not possible to rule

out the risk that under certain circumstances a holder of units in a class can be exposed to the losses of other classes. Units issued under this Offer will be referable to a single pool of assets or Properties acquired using funds raised under this Offer.

Under this PDS, The Fund will initially offer Units denominated in AUD (referred to as the **AUD Class**).

The Fund may also offer Units that are denominated in USD (**USD Class**).

Where more than one class of Units are on issue, the number of units accepted into each class will be determined by the Responsible Entity in its discretion.

Keeping track of your investments

Regular, simple to read reports are provided to Unitholders in the Fund. These reports comprise:

- **Half yearly Commentary** including details about recent property transactions, Residential Property market update, key fund KPIs and Asset Management Strategy.
- **Annual Report** including financial statements and auditor's report will be made available by email or on a secure website notified to Investors in due course for each financial year ending 30 June.
- **Transaction Reports** confirming all additional investments, withdrawals, and payments (issued following transactions and on request).
- **Distribution Statements** issued in line with distribution frequency, notifying you of the value of your investment, income from investments and confirming payment to your nominated account.
- **Tax Statements** issued annually, providing Unitholders with taxation information including a detailed summary of the components of any distributions.
- **RG46 Disclosure and Benchmarks** – The Responsible Entity may update the benchmarks and disclosure information (set out in the 'Other important information' section) on a semi-annual basis and will make this available on its website www.eqt.com.au/insto.

You can contact Equity Trustees on +61 3 8623 5000 for updated information on performance, Unit prices, fund size and other general information about the Fund.

Complaints resolution

Equity Trustees has an established complaints handling process and is committed to properly considering and resolving all complaints. If you have a complaint about your investment, please contact us on:

Phone: 1300 133 472

*Post: Equity Trustees Limited
GPO Box 2307, Melbourne VIC 3001*

Email: compliance@eqt.com.au

We will acknowledge receipt of the complaint as soon as possible and in any case within 3 days of receiving the complaint. We will seek to resolve your complaint as soon as practicable but not more than 45 days after receiving the complaint.

If you are not satisfied with our response to your complaint, you may be able to lodge a complaint with the Australian Financial Complaints Authority ("**AFCA**").

Contact details are:

Online: www.afca.org.au

Phone: 1800 931 678

Email: info@afca.org.au

Post: GPO Box 3, Melbourne VIC 3001.

The external dispute resolution body is established to assist you in resolving your complaint where you have been unable to do so with us. However, it's important that you contact us first.

08 Fees and other costs

WARNING STATEMENT

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your investment balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website (www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options.

This document shows fees and costs 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 Fund as a whole.

Taxes and insurance costs 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.

Type of fee or cost	Amount ²	How and when paid
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FEES WHEN YOUR MONEY MOVES IN OR OUT OF THE FUND

Establishment fee The fee to open your investment	Nil	Not applicable
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Contribution fee¹ The fee on each amount contributed to your investment	Nil	Not applicable
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Withdrawal fee The fee on each amount you take out of your investment	Nil	Not applicable
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Exit fee¹ The fee to close your investment	Nil	Not applicable
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Type of fee or cost	Amount ²	How and when paid
MANAGEMENT COSTS		
The fees and costs for managing your investment ¹	<p>Estimated at 0.75625% of gross asset value (GAV) per annum, comprising:</p> <p>Base Management Fee 0.50% per annum of the Average GAV³</p> <p>And</p> <p>Expense Recovery Costs 0.25625% (estimated) per annum of GAV in other fees, expenses and indirect costs.⁴</p> <p>Other fees will include:</p> <p>Performance Fees 15.0% of the Fund's performance over a hurdle IRR of 7.5% per annum (except for the period ending 30 June 2020 for which the hurdle will be AUD 3 month BBSW + 1% as the Fund will not be fully deployed).</p> <p>Plus</p> <p>Acquisition Fee 1.00% of the value of Properties acquired.</p> <p>Plus</p> <p>Disposal fee 1.00% of the value of the Properties disposed of.</p>	<p>The base management fee is payable from the income and assets of the Fund to the Investment Manager half-yearly in arrears</p> <p>Such other fees and expenses are paid from the income and assets of the Fund as and when incurred.</p> <p>The fee formula is more fully explained below.</p> <p>This is a one off fee payable to the Investment Manager at the time of acquisition of individual Properties.</p> <p>This is a one off fee payable to the Investment Manager at the time of disposal of individual Properties primarily towards the end of the term of the Fund.</p>

SERVICE FEES

Switching fee The fee for changing investment options	Nil	Not applicable
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- This fee includes an amount payable to an adviser (See "Adviser remuneration" under the heading "Additional explanation of fees and costs").*
- All fees and expenses in this section are inclusive of Goods and Services Tax (GST) and net of any Reduced Input Tax Credits (RITC).*
- The Base Management Fee can be negotiated. See "Differential fees" below.*
- Expense Recovery Costs incorporate estimated amounts with reference to other predicted relevant fees (primarily the Responsible Entity fees – see below), expenses, and indirect costs, expected to be incurred per annum on the average over the Term of the Fund. Additional Expense Recovery Costs may apply in future years. Performance Fees may also be incurred in future years based on the performance of your investment. Please see the 'Additional explanation of fees and costs' section below for further information.*

Example of annual fees and costs for the Fund

This table gives an example of how the fees and costs for this managed investment product can affect your investment over a 1 year period. You should use this table to compare this product with other products offered by managed investment schemes.

Example – L1 Capital UK Residential Property Fund III

BALANCE OF \$50,000

Management Costs	0.75625%, comprising: <ul style="list-style-type: none"> ▪ Base Management Fee of 0.50% ▪ Expense Recovery Costs of 0.25625% <p>And a performance fee (estimated 'nil' fee in the year ending 30 June 2020)</p>	For every \$50,000 you have in the Fund you will be charged \$756.25 each year.#
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Equals

Cost of Fund

If you had an investment of \$50,000 at the beginning of the year, then you would be charged fees of:

\$756.25*

What it costs you will depend on the fees you negotiate.

* The table is an example of typical ongoing fees that apply to your investment. Please note that additional fees may apply – this example does not capture all the fees and costs that may apply to you. In particular, acquisition and disposal fees of 1.0% (of the value of Properties) will be charged as one off fees when Properties are acquired and disposed of (see dollar examples in the 'Additional explanation of fees and costs' below).

Warning: If you have consulted a financial adviser, you may pay additional fees. You should refer to the Statement of Advice or Financial Services Guide provided by your financial adviser in which details of the fees are set out.

ASIC provides a fee calculator on www.moneysmart.gov.au, which you may use to calculate the effects of fees and costs on your investment in the Fund.

The management costs are based on the Base Management Fee and Expense Recovery Costs for an invested amount of \$50,000, assuming a gearing ratio of 50% (therefore for every \$50,000 invested a further \$50,000 is drawn down from the debt facility). Expense Recovery Costs incorporate estimated amounts with reference to the predicted Responsible Entity fees, expenses, and indirect costs, expected to be incurred during the financial year ending 30 June 2020. The actual fees and expenses incurred, and the indirect costs ratio, may be different from the estimate, and may be different in the future. Additional Expense Recovery Costs may apply in future years (please see the 'Additional explanation of fees and costs' section below for further information. A nil performance fee is expected in the year ending 30 June 2020, however performance Fees may be incurred in future years depending on the overall performance of the Fund. As a result, the actual management costs for the current financial year and for future financial years may differ from the figure shown in the table.

Additional explanation of fees and costs

This section explains some of the terms that are used in this Fees and Costs section.

Information relating to the taxes are set out in section 9 'Taxation' of this document. Information relating to insurance are set out under the heading "Disasters & Insurance" under section 6 'Risks' of this document.

Management costs

Management costs for the Fund comprise:

- **Base Management Fee** payable to the Investment Manager (see below);
- **Expense Recovery Costs**, comprising the following:
 - Responsible Entity fees (see below) and expenses;
 - Other fees and expenses of the Fund, and indirect costs of the Fund, incurred in the ordinary course of administering the Fund.
- Any **Performance Fee** payable to the Investment Manager.
- Acquisition Fees and Disposal Fees payable to the Investment Manager.

Management costs do not include:

- Transactional and operational costs – see below;
- Costs related to a specific asset that an investor would incur if they invested directly in the asset (apart from some costs relating to derivatives).

Base management fee

The base management fee payable to the Investment Manager is 0.50% per annum calculated on the Average GAV, payable to the Investment Manager half-yearly in arrears. GAV is the gross asset value of the underlying Properties, and any other assets, of the Fund. For the avoidance of doubt, the amount used for this purpose is not reduced on account of any borrowings.

Responsible Entity fees and expenses

The Responsible Entity will be paid a fee in respect of its services as responsible entity. The fee is already taken into account in the estimated Expense Recovery Costs amount referred to above and is up to 0.10% per annum of Average NAV. The Responsible Entity is also entitled to be reimbursed for expenses incurred in the proper performance of its duties in relation to the Fund.

Acquisition fee

The Investment Manager will charge a one-off fee of 1.00% of the value of the Properties acquired. As the timing of acquisition of the Properties is not known, for illustration purposes, total acquisition fees of \$600,000 would be payable based on an assumed portfolio with an aggregate value of \$60 million (representing \$30 million of funds raised under this PDS and \$30 million of debt finance based on a gearing of approximately 50%).

Disposal fee

The Investment Manager will charge a one-off fee of 1.00% of the value of the Properties disposed. The fee is payable in relation to any disposal of Properties which is expected to generally be incurred near the termination of the Fund. For example, if the Fund sells a Property portfolio with an aggregate value of \$60 million, then the Investment Manager will receive a fee of \$600,000.

Over the life of the Fund, it is anticipated that all Properties will eventually be disposed of. At this stage it is not possible to forecast when, and at what value, any disposal will be made.

Other fees and expenses

The Investment Manager (and its related parties) are entitled to be reimbursed from the Fund (or deduct from rental or sales proceeds) in respect of a range of costs as part of the Fund's expenses in connection with the investment, operation and management of the Portfolio or the acquisition, disposal or maintenance of any investment of the Portfolio which include, but are not limited to, in-house administration costs, premises rent and other costs, IT infrastructure, salaries, research costs, administrator fees, legal fees and audit fees.

On average, during the Term of the Fund expenses incurred by the Investment Manager, and related parties of the Investment Manager, in operating the Fund are estimated to be 0.25625% per annum of the GAV (excluding abnormal expenses referred to below).

In future, abnormal expenses may also be incurred from time to time, including irregular expenses such as costs of litigation and costs of convening unitholder meetings. The Constitution does not place any limit on the amount of the abnormal expenses that can be paid from the Fund, provided that they are incurred in the proper performance of the Responsible Entity's duties.

Performance fee

Demonstrating alignment of interests with investors, the Investment Manager is entitled to a fee based on the overall performance of the Fund. The Performance fee is payable at the end of the Term of the Fund.

The Performance Fee is calculated as follows:

If the Fund or Sub-Trust makes a distribution in relation to a Class (such amount, including income distributions, capital returns, and any foreign income tax credits, referred to as Distributable Proceeds), the Distributable Proceeds will be applied and distributed in the following order and priority:

- i. **Step 1 (Return of paid capital):** firstly, the Distributable Proceeds will be distributed by the Fund to the Unitholders until the Unitholders have received an amount equal to their aggregate capital contributions;
- ii. **Step 2 (Hurdle Return):** secondly, any remaining Distributable Proceeds will be distributed by the Fund to the Unitholders until the Unitholders have received an amount which represents a return equal to the Hurdle Return (defined below); and
- iii. **Step 3 (Catch up):** thirdly, any remaining Distributable Proceeds will be distributed by the Fund to the Investment Manager until the catch up rate has been reached, being the Hurdle Return divided by 85%; and
- iv. **Step 4 (15.0%/85.0% split):** fourthly, any remaining Distributable Proceeds will be distributed:
 - a. so that Unitholders receive a realised IRR equal to the Gross Realised Return multiplied by 85.0%; and
 - b. the Investment Manager receives the balance of Distributable Proceeds.

For these purposes, the **Hurdle Return** means an IRR of 7.5% p.a, except for the period ending 30 June 2020 for which the Hurdle Return will be AUD 3 month BBSW + 1% (as the Fund is not expected to be fully deployed for the first year).

The Investment Manager is entitled to receive Interim Performance Fee Amounts (for example, the Investment Manager may monetise one or more Property investments during the Term of the Fund), which is calculated and payable (if any) half-yearly only if each of the following would be at or above the Hurdle Return after the payment is made:

- i. the Net Unrealised Return; and
- ii. the Net Realised Return.

The Interim Performance Fee Amounts are calculated as follows:

- i. **Step 1 (Hurdle Return):** firstly, any Distributable Proceeds will be distributed by the Fund to the Unitholders until the Unitholders have received an amount which represents a return equal to the Hurdle Return over the Look Back Period; and
- ii. **Step 2 (Catch up):** secondly, any remaining Distributable Proceeds will be distributed by the Fund to the Investment Manager until the Investment Manager has received 15.0% of the amount distributed pursuant to Step 1 (*Hurdle Return*) and this Step 2 (*Catch up*) with respect to that Reference Period; and
- iii. **Step 3 (15.0%/85.0% split):** thirdly, any remaining Distributable Proceeds will be distributed so that:
 - a. Unitholders receive 85.0% of the Distributable Proceeds with respect to that Reference Period; and
 - b. the Investment Manager receives the balance of Distributable Proceeds with respect to that Reference Period.

For the avoidance of doubt, the Performance Fee will be reduced by any Interim Performance Fee amounts already paid.

Other Performance Fee terms:

- a. The entitlement of the Investment Manager to Performance Fees accrues daily, however is only paid as outlined above.
- b. If:
 - i. the Investment Manager is no longer the manager of the Fund (including any Sub-Trust) for whatever reason; or
 - ii. the Fund becomes listed (**Official Quotation**),
the Investment Manager is entitled to be paid, within 20 Business Days of the Investment Manager cessation date in (i) above or date of Official Quotation, any accrued and unpaid performance fee (calculated as if all Properties were disposed of at that time at their then fair market value as determined by a Full Independent Valuation). For the avoidance of doubt, any performance fee payable to the Investment Manager may be retained and is not subject to clawback due to the subsequent performance of the Fund.
- c. If the Fund becomes Listed and any Class is Officially Quoted and a performance fee is paid to the Manager, then the Investment Manager and the Responsible Entity will cooperate in good faith to amend the performance fee provisions in the Investment Management Agreement to operate for the period while Officially Quoted and with the intention that the basis for determination of performance fees is to be reset from the date of Official Quotation based on the fair market value of all Properties as determined by the Full Independent Valuation at the time.
- d. The Performance Fee for the AUD Class and USD Class is calculated by ignoring any positive or negative movement in the exchange rate between AUD, USD and GBP. For calculation purposes, any return attributed to any positive exchange rate impact will be reduced by such positive return movement, and any negative return impact amount will be added back. This is because the Investment Manager wants to be incentivised and remunerated based on the underlying performance of the Fund, rather than performance achieved or lost based on currency movements that are beyond the control of the Investment Manager.

It is not possible to estimate the actual Performance Fee that may become payable, as we cannot forecast what the performance of the Fund will be. The Performance Fee, and any interim Performance Fee, is an additional cost to investors and is included in management costs in the financial year in which it is accrued.

The following simplified example shows how the Performance Fee is calculated:

As the performance fee payable is dependent on the underlying performance, we illustrate the performance fee payable in 3 different scenarios:

- a. An IRR return of 5.0%
- b. An IRR return of 8.0%
- c. An IRR return of 10.0%

For the purposes of calculating the Performance Fee payable, we assume a one year time period and the Hurdle Return of 7.50%. As a starting point, assume you have a balance of \$50,000 in the Fund. The performance fees you would be charged in each of the above scenarios would be as outlined below:

- a. An IRR return of 5.0% equates to an investment return (before performance fees) of \$2,500. This is below the Hurdle Rate, therefore no performance fees would be charged to you
- b. An IRR return of 8.0% equates to an investment return (before performance fees) of \$4,000. This is above the Hurdle Rate, \$250 of performance fees would be charged to you
- c. An IRR return of 10.0% equates to an investment return (before performance fees) of \$5,000. This is above the Hurdle Rate, \$750 of performance fees would be charged to you

Indirect costs

Indirect costs means any amount that has reduced or will reduce (directly or indirectly) the return of the Fund or reduce the amount or value of the income or property of the Fund. This can include fees and management costs (if any) arising from underlying funds, and a reasonable estimate of the cost of investing in over-the-counter derivatives to gain investment exposure to assets or implement the Fund's investment strategy. Indirect costs are reflected in the unit price of the Fund and borne by Investors.

The Fund's indirect costs for the financial year ended 30 June 2020 are estimated to be nil. This is because the Fund invests directly in real property. All fees and expenses are separately taken into account in the calculation of 'management costs' and 'transactional and operational costs' disclosed in this PDS. Any over-the-counter derivatives will be used for hedging purposes only and not for the purpose of gaining investment exposure to assets or to implement the Fund's investment strategy. Actual indirect costs for future years may differ.

Transactional and operational costs

In managing the assets of the Fund, the Fund may incur transactional and operational costs such as brokerage, settlement costs, clearing costs and applicable stamp duty when assets are bought and sold. This generally happens when the assets of a fund are acquired or disposed of, or when there are applications or withdrawals (if applicable) which cause net cash flows into or out of a fund.

Such costs can arise as a result of bid-offer spreads (the difference between an asset's bid/buy price and offer/ask price) being applied to assets acquired by the Fund. Liquid securities generally have a lower bid-offer spread while less liquid assets (such as property) have a higher bid-offer spread reflecting the compensation taken by market makers in providing liquidity for that asset. These costs are reflected in the Fund's unit price. As these costs are factored into the Net Asset Value of the Fund and reflected in the unit price, they are an additional implicit cost to the investor and are not a fee paid to the Responsible Entity or the Investment Manager. The Responsible Entity does not propose to recover such costs by way of buy/sell spreads.

Transactional and operational costs include a reasonable estimate of the cost of investing in over-the-counter derivatives other than to gain investment exposure to assets or implement the Fund's investment strategy (i.e., costs attributable to derivatives used for hedging purposes).

Transactional and operational costs also include 'property operating costs'. Property operating costs are amounts that are paid or payable in relation to the holding of real property or an interest in real property, other than amounts that are paid or payable relating to the acquisition or disposal of real property or an interest in real property (and excludes amounts otherwise charged as fees). This includes costs in the ongoing management of a property, for example, land tax, repairs and maintenance, landscaping, leasing expenses. These costs are an additional cost to members and not included in the above 'management costs' estimate.

Such costs may reduce the earnings from the Fund's property investments, and are not directly charged to investors.

For the financial year ended 30 June 2019, the total transactional and operational costs for the Fund are expected to be Nil. For the year ended 30 June 2020, during which the Fund will acquire the Property portfolio, we estimate total transactional and operational costs for the Fund of 11% of the NAV of the Fund. The dollar value of these costs based on an average account balance of \$50,000, would be \$5,500 in that financial year. Such costs primarily relate to stamp duty in relation to the purchase of the Properties. As stamp duty is payable by the Fund only when the properties are acquired by the Fund (primarily within the first one to two years), the transactional and operational costs in subsequent years are expected to be substantially lower.

Payment of taxes

All government taxes such as stamp duty and GST will be deducted from the Fund as appropriate. RITCs will also be claimed by the Fund where appropriate to reduce the cost of GST to the Fund.

Taxation of the Fund

Information about taxation applicable to the Fund and investors is set out in Section 9.

Apportionment of fees and costs

In circumstances where the Responsible Entity issues different classes of Units in the Fund, the fees and costs will generally be apportioned by the Responsible Entity across all Unit classes (on a pro-rata basis, having regard to the value of the assets in the Fund).

However, fees and expenses which are directly referable to a particular class of Units will be charged to unitholders in that particular class of Units.

Fees may be charged at the Sub-Trust level in circumstances where the Fund holds certain Properties in Sub-Trusts.

Co-investment properties

Where the Fund holds certain property assets via a Co-investment Trust in parallel with Alternative Vehicles, any transaction expenses attributable to any investment made by the Fund with the investor in these vehicles will be shared, pro rata, across the Fund and those investors or vehicles.

Changes to fees

The Constitution provides for the Responsible Entity to charge fees additional to the fees described in this Fees and Costs section, including: contribution fee of up to 3% of the application money; withdrawal fee of up to 2.5% of the funds withdrawn; Responsible Entity fee of up to 3% per annum of GAV. Fees payable to the Investment Manager may be increased by agreement between the Investment Manager and the Responsible Entity. Investors will normally be given 30 days' notice of any increase in fees.

Other costs, charges and expenses of the Fund, and indirect costs, are not charged by the Responsible Entity or the Investment Manager, and will vary from time to time.

Differential fees

The Responsible Entity or Investment Manager may from time to time negotiate a different fee arrangement (by way of a rebate or waiver of fees) with certain investors who are Wholesale Clients or New Zealand Wholesale Investors.

Adviser remuneration

The Investment Manager may pay sales agents, brokers, or financial advisers a referral fee (as determined by the Investment Manager) in respect of applications from certain Wholesale Clients and New Zealand Wholesale Investors. The fee is borne by the Investment Manager and is not an additional cost to the Fund.

The following information summarises some of the key Australian and UK taxation issues you may wish to consider before making an investment in the Fund and assumes that you hold your investment in the Fund on capital account and are not considered to be carrying on a business of investing, trading in investments or investing for the purpose of profit making by sale. The information should be used as a guide only and does not constitute professional tax advice as individual circumstances may differ.

A number of tax reform measures are currently under review by the Australian and UK Governments. These reforms may have an impact on the tax position of the Fund and its investors. Accordingly, it is recommended that investors seek their own professional advice, specific to their own circumstances, of the taxation implications of investing in the Fund.

Australian taxation

General

The Fund is an Australian resident trust for Australian tax purposes. Therefore, the Fund is required to determine its net income (taxable income) for the year of income. On the basis that investors are presently entitled (which is the intention of Equity Trustees) to the net income of the Fund (including net taxable capital gains) or will be attributed their share of assessable income, exempt income, non-assessable non-exempt income and tax offsets (i.e. credits) of the Fund and the Fund is not expected to be a public trading trust, the Fund should be treated as a flow-through trust for tax purposes. This means that investors should be taxed on their share of the Fund's net taxable income or the amount attributed to them, and the Fund should not be subject to Australian income tax.

In the case where the Fund makes a loss for Australian tax purposes, the Fund cannot distribute the tax loss to investors. However, the tax loss may be carried forward by the Fund for offset against taxable income of the Fund in subsequent years, subject to the operation of the trust loss rules.

Attribution Managed Investment Trust ("AMIT") – core rules

The Fund may qualify as an eligible Attribution Managed Investment Trust (**AMIT**), and if so, intends to elect into the AMIT regime. The AMIT legislation applies an attribution model whereby Equity Trustees as the Responsible Entity of the Fund attributes amounts of trust components of a particular character to investors (or "members") on a fair and reasonable basis consistent with the operation of the Fund's Constitution, which includes provisions in relation to AMIT. Under the AMIT rules, the following will apply:

Fair and reasonable attribution: Each year, the Fund's determined trust components of assessable income, exempt income, non-assessable non-exempt income and tax offsets (i.e. credits) will be allocated to investors on a "fair and reasonable" attribution basis, rather than being allocated proportionally based on each investor's present entitlement to the income of the Fund.

Unders or overs adjustments: Where the Fund's determined trust components for a year are revised in a subsequent year (e.g. due to actual amounts differing to the estimates of income, gains/losses or expenses), then unders and overs may arise. Unders and overs will generally be carried forward and adjusted in the year of discovery.

Cost base adjustments: Where the distribution made is less than (or more than) certain components attributed to investors, then the cost base of an investor's units may be increased (or decreased). Details of cost base adjustments will be included on an investor's annual tax statement, referred to as an AMIT Member Annual Statement ("**AMMA**").

Large redemptions: In certain circumstances, gains may be attributed to a specific investor, for example, gains on disposal of assets to fund a large redemption being attributed to the redeeming investor.

Penalties: In certain circumstances (e.g. failure to comply with certain AMIT rules), specific penalties may be imposed.

The new rules are intended to reduce complexity, increase certainty and reduce compliance costs for managed investment trusts and their investors. Where the Fund does not elect into the AMIT regime, or has made the election but the election is not effective for the income year (e.g. the Fund does not satisfy the requirements to be a managed investment trust for the income year), the Tax Law applicable to non-AMITs should be relevant. In particular, the Fund should not generally pay tax on behalf of its investors and instead, investors should be assessed for tax on any income and capital gains generated by the Fund to which they become presently entitled.

Deemed Capital Gains Tax (“CGT”) Election

Eligible managed investment trusts (“MITs”) may make an election to apply a deemed capital account treatment for gains and losses on disposal of certain eligible investments (including equities and units in other trusts but excluding derivatives, debt securities and foreign exchange contracts). Where the election is made the Fund should hold its eligible investments on capital account and gains/(losses) from the disposal of eligible investments should be treated as capital gains/(losses). Capital gains arising on the disposal of eligible investments held for 12 months or greater may be eligible to be treated as discount capital gains.

Where the CGT election is not made, the Fund should hold its eligible investments on revenue account and gains/(losses) from the disposal of eligible investments should be treated as revenue gains or losses.

Controlled Foreign Company (“CFC”) Provisions

There are certain tax rules (i.e. the CFC provisions) which may result in assessable income arising in the Fund in relation to investments in foreign equities, where certain control thresholds are met. If such interests were to be held at the end of the income year, the taxable income of the Fund may include a share of net income and gains (i.e. CFC attributable income) from such investments.

Taxation of Financial Arrangements (“TOFA”)

The TOFA rules may apply to certain “financial arrangements” held by the Fund. In broad terms, the TOFA regime seeks to recognise “sufficiently certain” returns on certain financial arrangements on an accruals basis for tax purposes rather than on a realisation basis. Where returns from derivative instruments are not “sufficiently certain” they will continue to be recognised on a realisation basis, unless specific tax timing elections are made.

Taxation Reform

The tax information included in this PDS is based on the taxation legislation and administrative practice as at the issue date of this PDS, together with proposed changes to the taxation legislation as announced by the Government. However, the Australian and UK tax system is in a continuing state of reform, and based on the Government’s reform agenda, it is likely to escalate rather than diminish. Any reform of a tax system creates uncertainty as to the full extent of announced reforms, or uncertainty as to the meaning of new law that is enacted pending interpretation through the judicial process. These reforms may have an impact on the tax position of the Fund and its investors. Accordingly, it will be necessary to closely monitor the progress of these reforms, and investors should seek their own professional advice, specific to their own circumstances, of the taxation implications of investing in the Fund.

Tax File Number (“TFN”) and Australian Business Number (“ABN”)

It is not compulsory for an investor to quote their TFN or ABN. If an investor is making this investment in the course of a business or enterprise, the investor may quote an ABN instead of a TFN. Failure by an investor to quote an ABN or TFN or claim an exemption may cause the Responsible Entity to withhold tax at the top marginal rate, plus the Medicare Levy, on gross payments including distributions or attribution of income to the investor. The investor may be able to claim a credit in their tax return for any TFN or ABN tax withheld. Collection of TFNs is permitted under taxation and privacy legislation.

By quoting their TFN or ABN, the investor authorises Equity Trustees to apply it in respect of all the investor's investments with Equity Trustees. If the investor does not want to quote their TFN or ABN for some investments, Equity Trustees should be advised.

GST

The Fund is registered for GST. The issue or withdrawal of units in the Fund and receipt of distributions are not subject to GST. The Fund may be required to pay GST included in management and other fees, charges costs and expenses incurred by the Fund.

However, to the extent permissible, the Responsible Entity will claim on behalf of the Fund a proportion of this GST as a reduced input tax credit. Unless otherwise stated, fees and charges quoted in this PDS are inclusive of GST and take into account any available reduced input tax credits. The Fund may be entitled to as yet undetermined additional input tax credits on the fees, charges or costs incurred. If the Responsible Entity is unable to claim input tax credits on behalf of the Fund, the Responsible Entity retains the ability to recover the entire GST component of all fees and charges.

The impact of GST payments and credits will be reflected in the unit price of the Fund. Investors should seek professional advice with respect to the GST consequences arising from their unit holding.

Australian Taxation of Australian Resident Investors

Distributions

For each year of income, each Australian resident investor will be required to include within their own tax calculations and tax return filings the assessable income, exempt income, non-assessable non-exempt income and tax offsets (i.e. credits) of the Fund attributed to them by Equity Trustees as the Responsible Entity of the Fund.

The tax consequences for investors in the Fund depends on the tax components of assessable income, exempt income, non-assessable non-exempt income and tax offsets (i.e. credits) of the Fund attributed to them.

Investors will receive an Annual Tax Statement (or an "AMMA" for an AMIT) detailing all relevant taxation information concerning attributed amounts and cash distributions, including any Foreign Income Tax Offset ("FITO") and franking credit entitlements, returns of capital, assessable income, and any upwards or downwards cost base adjustment in the capital gains tax cost base of their units in the Fund (in the case of an AMIT).

An investor may receive their share of attributed tax components of the Fund or net income in respect of distributions made during the year or where they have made a large withdrawal from the Fund, in which case their withdrawal proceeds may include their share of net income or attributed tax components of assessable income, exempt income, non-assessable non-exempt income and tax offsets (i.e. credits). In addition, because Australian investors can move into and out of the Fund at different points in time, there is the risk that taxation liabilities in respect of gains that have benefited past investors may have to be met by subsequent investors.

Foreign Income

The Fund may derive foreign source income that is subject to tax overseas, for example withholding tax. Australian resident investors should include their share of both the foreign income and the amount of the foreign tax withheld in their assessable income. In such circumstances, investors may be entitled to a FITO for the foreign tax paid, against the Australian tax payable on the foreign source income. To the extent the investors do not have sufficient overall foreign source income to utilise all of the FITOs relevant to a particular year of income, the excess FITOs cannot be carried forward to a future income year.

Disposal of Units by Australian Resident Investors

If an Australian resident investor transfers or (if applicable) redeems their units in the Fund, this may constitute a disposal for tax purposes depending on their specific circumstances.

Where an investor holds their units in the Fund on capital account, a capital gain or loss may arise on disposal and each investor should calculate their capital gain or loss according to their own particular facts and circumstances. As noted above, proceeds on disposal may include a component of distributable income. In calculating the taxable amount of a capital gain, a discount of 50% for individuals and trusts or 33 1/3% for complying Australian superannuation funds may be allowed where the units in the Fund have been held for 12 months or more. No CGT discount is available to corporate investors.

Any capital losses arising from the disposal of the investment may be used to offset other capital gains the investor may have derived. Net capital losses may be carried forward for offset against capital gains of subsequent years but may not be offset against ordinary income.

The discount capital gains concession may be denied in certain circumstances where an investor (together with associates) holds 10% or more of the issued units of the Fund, the Fund has less than 300 beneficiaries and other requirements are met. Investors who together with associates are likely to hold more than 10% of the units in the Fund should seek advice on this issue.

Australian Taxation of Non-Resident Investors

Tax on Income

The Fund expects to derive income which may be subject to Australian withholding tax when attributed by Equity Trustees as the Responsible Entity of the Fund to non-resident investors.

Australian withholding tax may be withheld from distributions of Australian source income and gains attributed to a non-resident investor. The various components of the net income of the Fund which may be regarded as having an Australian source include Australian sourced interest, Australian sourced other gains, Australian sourced dividends and CGT taxable Australian property.

We recommend that non-resident investors seek independent tax advice before investing, taking into account their particular circumstances and the provisions of any relevant Double Taxation Agreement/ Exchange of Information Agreement ("**EOI**") between Australia and their country of residence.

Disposal of Units by Non-Resident Investors

Based on the Fund's investment profile, generally non-resident investors holding their units on capital account should not be subject to Australian capital gains tax on the disposal of units in the Fund unless the units were capital assets held by the investor in carrying on a business through a permanent establishment in Australia. Australian tax may apply in certain circumstances if the non-resident holds their units on revenue account. CGT may also apply in some cases where the Fund has a direct or indirect interest in Australian real property. We recommend that non-resident investors seek independent tax advice in relation to the tax consequences of the disposal of their units.

New Zealand resident taxation

If you are a New Zealand resident wishing to invest in Australia, we strongly recommend that you seek independent professional tax advice. New Zealand resident investors will be taxed on their Units under the foreign investment fund rules or ordinary tax rules, depending on their circumstances. Australian tax will be withheld at prescribed rates from distributions to non-residents to the extent that the distributions comprise relevant Australian sourced income or gains.

UK Taxation

UK tax treatment of UK source income

The Investment Manager will also use its reasonable endeavours to operate the Fund in a manner that ensures it will be treated as a flow-through entity under UK income tax law, on the basis that Unitholders are liable to UK income tax on their share of rental income (less an offset on account of certain deductible expenses of the Fund, and subject to the arrangements put in place by agreement with HMRC as described below).

In calculating the assessable income of the Fund, the cash component of any distribution income that has been subject to tax in the UK should be grossed up to include foreign income tax offsets relating to that foreign income. The foreign income tax offsets should flow through to the Unitholders of the Fund.

Rental income

Currently, UK source net rental income is subject to UK income tax at 20% which is in principle deductible at source from gross rents (without deduction of expenses). However, the Fund has received approval under the Non-Resident Landlord's Scheme so that, subject to satisfying the conditions, UK source rental income can be paid without deduction of tax at source. The Unitholders in the Fund have the liability for UK income tax on the net profits of the UK property rental business attributable to them as Unitholders. However, the Fund has received HMRC approval for the Fund to, on behalf of Unitholders, prepare and submit tax returns in the UK and withhold income tax on the net rents (after deduction of expenses) paid by the Fund to Unitholders. The Fund intends to submit UK income tax returns on behalf of Unitholders in this manner. In doing so, the Fund would be acting as an administrative agent only and liability for and compliance with UK income tax obligations in respect of UK source rents remains with Unitholders. Unless otherwise agreed with the Responsible Entity, by applying for Units under this PDS, you are taken to appoint each of the Responsible Entity and the Investment Manager as your administrative agent to complete and lodge any document as they consider necessary or desirable with a view to compliance with UK income tax obligations. The Investment Manager will communicate with Unitholders as soon as possible following commencement of investment by the Fund in relation to the administrative arrangements put in place in relation to UK income tax return matters.

UK tax treatment of exit gains

Gains arising after April 2019

From April 2019, non-UK resident entities and individuals will be subject to UK taxation on any gains made on the disposal (directly or indirectly) of UK property. This is consistent with the treatment of disposals by UK resident property investors.

Under the new legislation, non-UK residents will be subject to UK tax on capital gains realised on disposal of UK property as well as on disposal of interests in "UK property rich" entities realised on and after April 2019.

The intention of the Investment Manager is that the Fund will ordinarily hold only UK residential property directly and not through any other alternative investment vehicle or structure. Disposals of the Fund's UK property assets are expected to, therefore, be by way of a direct disposal of UK property assets. Property disposal proceeds are expected to then be distributed by the Fund shortly after realisation to the Unitholders.

In this context, the Fund, which is a non-UK resident entity with non-UK resident Unitholders, the charge is most likely to apply upon disposals of UK property by the Fund and on disposal of Units by the Unitholders at a time when the Fund is UK property rich. An entity is regarded as UK property rich for these purposes where 75% or more of the entity's (the Fund's) gross asset value derives from UK land.

The tax charge applies unless the person making the disposal (either the Fund or the Unitholder as the case may be) benefits from a specific tax exemption which is available other than by reason of non-UK residence.

In the event a Unitholder wishes to transfer their Units, the Unitholder should contact its adviser to confirm the likely UK and non-UK tax treatment at the time.

A collective investment vehicle, such as the Fund, will be treated as a UK company for the purposes of these rules. Therefore, relevant UK property gains realised by the Fund upon disposal of its UK property assets will be computed and taxed according to UK corporation tax rules and subject to tax at a rate of 19% (currently, falling to 17% from April 2020).

It is possible, subject to conditions, for a collective investment vehicle (such as the Fund) to make elections to be treated as exempt or transparent under these new rules. In both cases, were the Fund to elect for transparency or exemption, the Fund would not be taxable on its UK property gains. However, the Unitholders would instead, ultimately, be taxable on those gains either upon realisation by the Fund (in the event of a transparency election) or upon receipt of distributions of those UK property disposal proceeds (in the event of an exemption election). In each case, the Unitholder would be subject to tax on those gains at higher rates of 28% UK capital gains tax which apply to residential property gains realised by non-corporate persons (instead of the lower UK corporation tax rates applicable to the Fund).

The Investment Manager does not intend to make an election for transparency or exemption and as such the UK tax treatment described above would be applicable so that the Fund would be liable to UK tax payment and filing obligations on gains realised on its disposals of UK property.

Unitholders should contact their own independent adviser to confirm the likely UK and non-UK tax treatment in respect of direct UK property disposals by the Fund, their receipt of distributions of UK property disposal proceeds from the Fund and their disposal of units in the Fund.

Traders and developers in UK property

If the Fund is viewed by HMRC as carrying on a business of developing or dealing in UK land (the Investment Manager does not expect this to be the case), this would result in profits realised from the disposal of properties by the Fund being subject to UK corporation tax at the rate of 19% (reducing to 17% from 1 April 2020).

UK stamp taxes

The Fund is likely to incur several taxes in the UK, including stamp duty land tax at progressive rates of up to 15% based on the consideration for the properties acquired in England. Land and Building Transactions Tax at progressive rates of up to 12% will apply to properties acquired in Scotland and similarly, properties acquired in Wales will be subject to Land Transaction Tax, also at progressive rates of up to 12%.

The Investment Manager will use its reasonable endeavours to operate the Fund in a manner that enables a Unitholder wishing to transfer its units to benefit from an exemption from UK stamp taxes otherwise applicable on transfers.

However, where a Unitholder transfers its Units in the Fund, this could give rise to a UK tax liability and filing obligation of the Unitholder in respect of any gain realised on the disposal of their Units in the Fund under the new legislation described above which taxes, direct and indirect, non-resident capital gains on UK property.

In the event a Unitholder wishes to transfer their Units, the Unitholder should contact its adviser to confirm the likely UK tax treatment at the time.

UK tax compliance matters

The Investment Manager will communicate with Unitholders as soon as possible following commencement of investment by the Fund in relation to the administrative arrangements to be put in place in relation to UK income tax return matters. As discussed above, each of the Responsible Entity and the Investment Manager are authorised as your administrative agent to complete and lodge any document as they consider necessary or desirable with a view to compliance with UK income tax obligations.

Where a unitholder disposes of their units in the Fund such that a charge to UK tax on non-resident capital gains arises, the primary obligation for payment of that tax and filing a separate capital gains tax return is on the Unitholder and will remain so. The Investment Manager will not be acting as your administrative agent in respect of UK tax liabilities and obligations in respect of capital gains. As mentioned, above, should Unitholders wish to dispose of their units in the Fund, they should obtain their own independent tax advice to determine the UK and Australian tax implications and obligations arising from doing so.

Cooling off period

Investors who are not Wholesale Clients or New Zealand Wholesale Investors have a right to a cooling off period in relation to their investment in the Fund for 14 days from the earlier of:

- confirmation of their investment being received; and
- the end of the fifth business day after their Units are issued.

An eligible Investor may exercise this right by notifying Equity Trustees in writing. An eligible Investor is entitled to a refund of their investment adjusted for any increase or decrease in the relevant application price between the time we process your application and the time we receive the notification from you, as well as any other tax and other reasonable administrative expenses and transaction costs associated with the acquisition and termination of the investment.

The right to cooling off does not apply if an eligible Investor chooses to exercise their rights or powers as a Unitholder in the Fund during the 14 day period, such as transferring their investment.

Cooling off rights may apply to investors in New Zealand. If you wish to exercise your cooling off rights you should contact Equity Trustees.

Unitholder's liability

The Constitution for the Fund provides that unless there is a separate agreement with a Unitholder, no Unitholder can be called on to contribute to the assets of the Fund or to its creditors if the Fund is liquidated or becomes insolvent. Therefore it is expected that Unitholders will not be under any obligation if a deficiency in the assets of the Fund was to occur. However, this view has not been fully tested and so it is not possible to give an absolute assurance that a Unitholder's liability will be limited in all circumstances.

In general, the liability of a Unitholder is limited to the amount (if any) which remains unpaid in relation to their subscription for Units and certain amounts in respect of tax.

The Responsible Entity is entitled to be reimbursed from the Fund for expenses incurred in the proper performance of its duties in relation to the Fund.

Termination of the Fund

The Responsible Entity may resolve at any time to terminate, liquidate and wind up the Fund in accordance with the Fund's Constitution. The Fund may otherwise terminate if required by law. A notice will be provided to Unitholders advising of the Fund's termination. Upon termination and after conversion of Fund assets into cash and payment of, or provision for, all costs and liabilities (actual and anticipated), the net proceeds will in broad terms be distributed pro-rata amongst all Unitholders according to the value of the Units each of them hold in the Fund.

The expected term of the Fund is 7 years (expected end date is 7 years from the Offer Close Date). Residential property by its nature is an illiquid asset class and the time it takes to divest the properties in the portfolio can be affected by UK property market conditions. The Responsible Entity can extend the term of the Fund by three successive one (1) year periods subject to commercial analysis based on the UK property market conditions and where the Responsible Entity or Investment Manager deems it to be in the best interests of Unitholders.

The Investment Manager intends to implement an exit strategy at or prior to the expiry of the Fund's term, which may involve:

- direct disposal of the Properties (individually or on an aggregated basis);
- sale of interests in the Fund; or
- listing of the Fund on an appropriate securities exchange.

Our legal relationship with you

You will receive Units when you invest. Subject to the rights, obligations and liabilities of a class, each Unit represents an equal proportionate beneficial interest in the assets of the Fund as a whole subject to liabilities, but does not give you an interest in any particular assets or Property of the Fund. In this regard, the Responsible Entity may determine that it is appropriate to issue Units of different classes and may determine that specific assets of the Fund should be directly referable to particular classes of Units.

Equity Trustees' responsibilities and obligations, as the Responsible Entity of the Fund, are governed by the Constitution of the Fund and the Corporations Act, as well as general trust law. The Constitution contains a number of provisions relating to the rights, terms, conditions and obligations imposed on both Equity Trustees, as the Responsible Entity, and Unitholders. Some of the provisions of the Constitution are discussed elsewhere in this PDS. Other provisions relate to a Unitholder's rights under the Constitution, and include:

- a Unitholder's right to share in any Fund income, and how it is calculated;
- what you are entitled to receive if the Fund is wound up;
- the nature of the Units - identical rights attach to all Units within a class;
- a Unitholder's rights to attend and vote at meetings; and
- the quorum requirement for meetings – at least 2 Unitholders present in person or by proxy holding at least the relevant percentage of Units (being 25% in the usual case or 50% where a meeting is convened to consider removal of the Investment Manager).

There are also provisions governing the Responsible Entity's powers and duties, including:

- how Unit prices are calculated, the maximum amount of fees that can be charged;
- when the Constitution can be amended – generally the Constitution can only be amended where the Responsible Entity reasonably believes that the changes will not adversely affect Unitholders'

rights or if the amendments are approved at a meeting of Unitholders;

- when Equity Trustees can retire as the Responsible Entity of the Fund – when permitted by law;
- when Equity Trustees can be removed as the Responsible Entity of the Fund – which is when required by law. The Investment Management Agreement contains provisions dealing with the termination of the Investment Manager in certain cases involving default by the Investment Manager (unless the Investment Management Agreement is required by law to be terminated, the Investment Manager may only be removed in these circumstances if its removal and the appointment of its replacement has been approved by an extraordinary resolution of Unitholders);
- broad powers to invest, borrow money and generally manage the Fund; and
- that the Constitution may be amended from time to time in accordance with the provisions in the Constitution and the Corporations Act.

The Constitution and the Corporations Act also deal with the Responsible Entity's liabilities in relation to the Fund and when it can be reimbursed out of the Fund's assets, for example:

- the Responsible Entity is not liable for acting in reliance and good faith on professional advice;
- the Responsible Entity is not liable for any loss unless it fails to act in good faith or acts negligently; and
- the Responsible Entity can be reimbursed for any liability it incurs in connection with the proper performance of its powers and duties in respect of the Fund.

Copies of the Constitution are available, free of charge, on request from Equity Trustees.

Indemnity

Equity Trustees, as the Responsible Entity of the Fund, is indemnified out of the Fund against all liabilities incurred by it in properly performing its duties in relation to the Fund. To the extent permitted by law, this indemnity includes any liability incurred as a result of any act or omission of a delegate or agent appointed by the Responsible Entity. Equity Trustees may retain and pay out any monies in its hands all sums necessary to affect such an indemnity.

Related party transactions

There are a number of related party transactions described in this PDS in relation to the Fund, including fees payable to related parties.

Each of the Responsible Entity and the Investment Manager may also seek professional services for the Fund from qualified service providers, including from related parties.

The fees for these services will be charged at arm's length commercial rates to the Fund.

Examples of areas in which related parties may provide services to the Fund are:

- property and project management;
- accounting, taxation and compliance;
- debt arrangement;
- providing financing or loans;
- financial structuring and underwriting;
- product distribution; and
- corporate advice.

Each of the Responsible Entity and Investment Manager, and their respective associates, are entitled to enter into or be interested on their own account in any transactions entered into on behalf of the Fund or with any company or body in which the Fund is invested or who provides services to the Fund. Any such transactions will be on arm's length commercial terms. Each of the Responsible Entity and Investment Manager, and their respective associates, are also permitted to hold Units in any capacity.

Responsible Entity's related party transactions policy

The Responsible Entity maintains and complies with a written policy on related party transactions, including the assessment and approval process for such transactions and arrangements to manage conflicts of interest. All transactions in which the Responsible Entity may have, or may be perceived to have, a conflict of interest will be conducted in accordance with the Responsible Entity's related party transactions policy.

Under this policy, the Responsible Entity may be required to disclose conflicts of interests to Investors and to ensure that its disclosure is timely, prominent, specific and meaningful, and contains enough detail to understand and assess the potential impact on the service provided by the Responsible Entity. These conflict situations will be monitored, assessed and evaluated by the compliance manager for the Responsible Entity. If the compliance manager considers it necessary, the matter will be referred to the Responsible Entity's Board and steps taken to ensure that the conflict is managed in an appropriate manner.

Investment Manager's related party transactions

The Investment Manager maintains and complies with a policy on related party transactions. The Investment Manager and its associates are also entitled to enter into or be interested on their own account in any transactions entered into on behalf of the Fund or with any company or body in which the Fund is invested or who provides services to the Fund.

The Investment Manager has the right to dispose of some or all of the Properties to an associate or related body corporate, provided that:

- a. an Independent Valuation of the relevant Properties to be disposed of is completed no earlier than 3 months prior to such disposal; and
- b. the sale value is at no less than the Independent Valuation obtained under paragraph (a), before transaction costs.

A related party of the Investment Manager, L1 UK Property Pty Ltd (company no. 10785714) will provide services to the Fund and Sub-Trust (if applicable). This includes assistance in sourcing potential properties to enable the Investment Manager in Australia to review and consider for acquisition, assist in due diligence on potential property transactions, provide assistance to the Investment Manager to enable the Investment Manager to deal with agents, banks and third party intermediaries, review property and lettings management (lettings and property management led by real estate agents) and supervising receipt of rental income and payment of interest. L1 UK Property Pty Ltd's activities will at all times be subject to overview and prior approval and authorisation by the Investment Manager in Australia. L1 UK Property Pty Ltd is entitled to be remunerated from the Fund or Sub-trust (if applicable) on a cost-plus basis (cost plus a fee of up to 10% of the aggregate amount of operating costs, including premises costs, remuneration costs, IT infrastructure, marketing, regulatory and other incidental costs). The Investment Manager intends to rebate to the Fund from its base management fee an amount equal to the potential 10% fee received by L1 UK Property Pty Ltd less the tax paid by L1 UK Property Pty Ltd on that fee.

L1 UK Property Pty Ltd may engage external property managers but may elect to appoint a related party property manager provided the terms of engagement are on arms-length terms.

The Responsible Entity intends to appoint certain affiliated companies of the Investment Manager to have custody of the Properties on behalf of the Fund. The sole activity of such companies is to act as custodian of the Properties. These custodian companies do not intend to charge the Fund a fee for providing this service. The custodians are required to comply with obligations under a custody agreement in place with the Responsible Entity and are indemnified for actions taken in connection with performing their duties.

The Investment Manager (and its affiliates) may from time to time manage a number of property funds. Once the Investment Manager (or affiliate) has sourced a particular asset, it follows formal procedures to ensure that the asset is offered to the most appropriate fund based on the relevant fund mandates. This means that assets sourced may not be exclusively offered to the Fund. At the date of this PDS, the Investment Manager is also the manager of L1 Capital UK Residential Property Fund ("**Fund I**") and L1 Capital UK Residential Property II ("**Fund II**"), both of which have an investment strategy substantially similar to that of this Fund. At the date of this PDS, 100% of the investor capital in Fund I and approximately 75% of the investor capital in Fund II have been committed and the balance remains to be invested. The Investment Manager may also act as manager of an Alternative Vehicle (see section '*About the Fund Investments*' under '*Fund Structure*'), and allocate a part interest in the Property for investment by the Alternative Vehicle alongside the Fund. Different fees and expenses may apply in relation to investors in the Alternative Vehicle.

ASIC Regulatory Guide 46 'Unlisted property schemes: Improving disclosure for retail investors' ("RG 46") and Regulatory Guide 198 'Unlisted disclosing entities: Continuous disclosure obligations' contain the benchmarks and disclosure principles currently recommended by ASIC.

This PDS contains disclosure against each disclosure principle and benchmark set out in RG 46.

The following table provides a summary of the disclosure benchmarks and principles set out in RG 46, and describes how the Responsible Entity (with assistance from the Investment Manager) will meet these obligations, with cross references to where further disclosure in accordance with the disclosure principles can be found in the PDS.

Benchmark	Does the Fund satisfy the benchmark?
1. GEARING POLICY	YES
<i>The responsible entity maintains and complies with a written policy that governs the level of gearing at an individual credit facility level.</i>	The Responsible Entity maintains and complies with a written policy that governs the Fund's level of gearing at a Fund and individual debt facility level. For more information, see Section 'About the Fund Investments'.
2. INTEREST COVER POLICY	YES
<i>The responsible entity maintains and complies with a written policy that governs the level of interest cover at an individual credit facility level.</i>	The Responsible Entity maintains and complies with a written policy that governs the Fund's level of interest cover at a Fund and individual debt facility level. For more information, see Section 'About the Fund Investments'.
3. INTEREST CAPITALISATION	YES
<i>The interest expense of the scheme is not capitalised</i>	Interest expenses of the Fund will not be capitalised in the ordinary course of business.

Benchmark	Does the Fund satisfy the benchmark?
4. VALUATION POLICY	NO
<p>The responsible entity maintains and complies with a written valuation policy that requires:</p> <p>a. a valuer to:</p> <ol style="list-style-type: none"> i. be registered or licensed in the relevant state, territory or overseas jurisdiction in which the property is located (where a registration or licensing regime exists), or otherwise be a member of an appropriate professional body in that jurisdiction; and ii. be independent; <p>b. procedures to be followed for dealing with any conflicts of interest;</p> <p>c. rotation and diversity of valuers;</p> <p>d. valuations to be obtained in accordance with a set timetable; and</p> <p>e. for each property, an independent valuation to be obtained:</p> <ol style="list-style-type: none"> i. before the property is purchased: <ol style="list-style-type: none"> A. for a development property, on an 'as is' and 'as if complete' basis; and B. for all other property, on an 'as is' basis; and ii. within two months after the directors form a view that there is a likelihood that there has been a material change in the value of the property. 	<p>The Responsible Entity maintains and complies with a written valuation policy, however a modified approach is adopted in respect of the timing of valuations as outlined below.</p> <p>In terms of a valuation timetable (benchmark (d)),</p> <ul style="list-style-type: none"> ▪ A Valuation of each of the Properties is conducted as at the end of every half year and full year period to calculate the GAV. The Investment Manager will value the Properties based on methodology determined by an Independent Certified Valuer with regards to a combination of factors including, but not limited to, discount rates, passing and market yields, capital commitments, market comparables as well as other publicly available information. ▪ The Investment Manager will ensure the Properties are valued by an Independent Certified Valuer who is RICS (Royal Institute of Chartered Surveyors) certified such that at least 90% of Properties (based on the original purchase price) are independently valued at least every 3 years ▪ The Fund's annual financial report will be independently audited on an annual basis with regard paid to the valuation and existence of Properties held by the Fund. <p>The Responsible Entity will conduct a Valuation of each of the Properties for each financial year, ending 30 June.</p> <p>In relation to independent valuations (benchmark (e)), for certain property purchases, before a property is purchased, the Responsible Entity may conduct an independent valuation by an independent valuer, on an 'as is' basis. However, in many cases, this may not be possible or practical, for example, in the event of a receivership sale, the timescale may not be sufficient for such a valuation to be completed before purchase.</p> <p>A copy of the policy is available on request from the Responsible Entity.</p> <p>Refer to the 'Risks' section of this PDS for further information on the "Valuation risk".</p>

Benchmark	Does the Fund satisfy the benchmark?
5. RELATED PARTY TRANSACTIONS	YES
<i>The responsible entity maintains and complies with a written policy on related party transactions, including the assessment and approval processes for such transactions and arrangements to manage conflicts of interest.</i>	For more information, see Section 'Other important information'.
6. DISTRIBUTION PRACTICES	YES
<i>The scheme will only pay distributions from its cash from operations (excluding borrowings) available for distribution.</i>	For more information, see Section 'Investing in the Fund'.
Disclosure principle	PDS section reference for more information
1. GEARING POLICY	
<i>The gearing ratio gives an indication of the potential risks a managed property fund faces in terms of its level of borrowings due to, for example, an increase in interest rates or a reduction in property values. A higher gearing ratio means a higher reliance on external liabilities to fund assets.</i>	<p>The Fund has a gearing strategy to limit debt to no more than 65% of the Fund's gross assets at the time of borrowing. The Fund's target gearing range is 50 to 60% of the Fund's assets but it may borrow up to 65%.</p> <p>See Section 'About the Fund Investments' for more information.</p>
2. INTEREST COVER RATIO	
<i>Interest cover refers to the ability of a fund to service interest expense on debt from earnings.</i>	
<i>The higher the ratio, the more easily the fund can meet its interest payments.</i>	<p>As the Fund does not have any borrowings at the date of this PDS, its initial interest cover ratio is zero. Under the Fund's gearing and interest cover policy, the target minimum interest cover ratio for the Fund will be 2 times at all times post the drawdown of any debt facility.</p> <p>See Section 'About the Fund Investments' for more information.</p>

Disclosure principle

PDS section reference for more information

3. SCHEME BORROWING

Borrowing maturities and credit facility expiry profiles are important information where a fund borrows to invest

- a. The Investment Manager intends to procure a debt facility for the Fund shortly following the close of this Offer and the following information is an estimate based on an in principle support from a major financial institution (and noting the final terms may change).
- b. Based on the Minimum Applications Amount being raised under this Offer of \$30 million AUD equivalent, the expected loan amount will be \$45 million. The expected maturity profile of the loan facility agreement is expected to be initially 5 years from the date of drawdown. The Investment Manager will look to refinance or extend the maturity of the loan to align with the Term of the Fund.
- c. As at the date of this PDS, as the Fund does not have any borrowings, it cannot disclose how much its cash flow or asset value would need to decrease by to breach any loan covenant.
- d. The expected maximum allowable loan-to-value ratio under the debt facility is 60% at the time of drawdown and the interest cover ratio covenant is expected to be at least 200%. The Fund may from time to time enter into an interest rate swap arrangement (**ISDA Master Agreement**) with a major financial institution to hedge against rising interest costs as a result of potential increases in interest rates.
- e. It is expected that the facility agreement will set out usual default provisions (that trigger an early repayment obligation under the facility agreement) if Unitholders exercise their rights to terminate or remove the Responsible Entity or Investment Manager.
- f. Under the proposed debt facility agreement, any amounts owing to the financiers and other creditors of the Fund will rank before an Investor's interests in the Fund.

See Section 'About the Fund Investments' (Investment objectives) for more information.

Disclosure principle

PDS section reference for more information

4. PORTFOLIO DIVERSIFICATION

Generally, the more diversified a portfolio, the lower the risk that an adverse event affecting one property or one lease will have on the overall portfolio.

- a. The Fund aims to achieve a diversified portfolio of residential property across the UK (with minimal investment in Central London) and aims to avoid having any significant portfolio concentration in any one city in the UK
- b. The Fund will invest in a broad spectrum of residential property in the UK including apartments, semi-detached houses and some student property.
- c. The Fund currently does not have any assets and it may take up to 6 to 12 months or longer for the Investment Manager to identify appropriate opportunities for investment by the Fund. While the Investment Manager is identifying possible property investments, the assets of the Fund will be limited to cash and cash equivalents (that is, term deposits and interest in cash management trusts). Until the Fund establishes its portfolio, diversification will be limited.

See Section 'About the Fund Investments' (Investment objectives) for more information.

5. RELATED PARTY TRANSACTIONS

Related party transactions carry a risk that they could be assessed and monitored less rigorously than arm's length third party transactions. A significant number or value of related party transactions increases the risk of potential conflicts of interest.

- a. Each of the Responsible Entity and Investment Manager, and their respective associates, are entitled to enter into or be interested on their own account in any transactions entered into on behalf of the Fund or with any company or body in which the Fund is invested or who provides services to the Fund.
- b. The Responsible Entity maintains and complies with a written policy on related party transactions, including the assessment and approval process for such transactions and arrangements to manage conflicts of interest.
- c. Under this policy, the Responsible Entity may be required to disclose conflicts of interest to Investors and to ensure that its disclosure is timely, prominent, specific and meaningful, and contains enough detail to understand and assess the potential impact on the service provided by the Responsible Entity.

See Section 'Other Important Information' (Related party transactions) for more information.

Disclosure principle

PDS section reference for more information

6. DISTRIBUTION PRACTICES

Some property funds make distributions partly or wholly from unrealised revaluation gains and/or capital rather than solely from realised income. This may not be commercially sustainable over the longer term, particularly where property values are not increasing.

Distributions are intended to be made by the Fund semi-annually as at 30 June and 31 December (each, a “**Distribution Period**”).

The Responsible Entity intends that Distributions will be paid from the Fund’s cash from operations (including proceeds of sale and excluding borrowings) available for distribution.

See Section ‘Investing in the Fund’ for more information.

7. WITHDRAWAL ARRANGEMENTS

Unlisted property funds often have limited or no withdrawal rights. This means they are usually difficult to exit.

It is important for Investors to be aware of withdrawal arrangements so that they may form realistic expectations about their ability to withdraw from the Fund. Investors have no right to withdraw from the Fund unless the Responsible Entity makes a withdrawal offer. Presently, the Responsible Entity is not at any time obliged and does not intend to make a withdrawal offer.

See Section ‘Investing in the Fund’ (Making a withdrawal) for more information.

8. NET TANGIBLE ASSETS

A NTA calculation helps investors understand the value of assets upon which the value of their unit is determined.

The NTA is calculated in accordance with ASIC RG 46 as follows:

$$\frac{\text{Net assets} - \text{intangible assets} +/- \text{any adjustments}}{\text{Number of Units on issue}}$$

Using this formula the initial NTA for the Fund on a pro forma basis post raising will be \$1.00, assuming the Minimum Applications Amount is reached.

The NTA calculation assists Investors in understanding the value of the assets upon which their Unit holding value is based and identifying Fund risks.

NTA measures the total tangible asset backing per Unit in the Fund and helps investors understand the value of assets upon which the value of their Units is determined. Generally speaking, the higher the NTA, the greater the level of asset backing per Unit, and the lower the risk of loss of capital to Investors on winding up of the Fund.

See Section ‘Investing in the Fund’ (Making a withdrawal) for more information.

Investment Manager consent

The Investment Manager has given, and at the date of this PDS has not withdrawn, its written consent:

- to be named in this PDS as the Investment Manager of the Fund; and
- to the inclusion of the statements made about it, the Fund and to the information attributed to it in the form and context in which this information appears.

The Investment Manager has not otherwise been involved in the preparation of this PDS, nor has it caused or otherwise authorised the issue of this PDS.

None of the Investment Manager, L1 Capital, nor their employees, officers or associated companies accept any responsibility arising in any way for errors or omissions from this PDS, other than in relation to the statements for which they have provided consent.

Administrator consent

Apex Fund Services Ltd has given, and at the date of this PDS has not withdrawn, its written consent:

- to be named in this PDS as the Administrator of the Fund; and
- to the inclusion of the statements made about it and the Fund in the form and context in which this information appears.

Apex Fund Services Ltd has not otherwise been involved in the preparation of this PDS, nor have they caused or otherwise authorised the issue of this PDS. Neither Apex Fund Services Ltd nor their employees or officers accept any responsibility arising in any way for errors or omissions from this PDS, other than in relation to the statements for which they have provided consent.

Indemnification of the Investment Manager

Under the terms of the Investment Management Agreement, Equity Trustees (in its capacity as responsible entity of the Fund) indemnifies and agrees to hold harmless the Investment Manager against any loss or liabilities reasonably incurred by the Investment Manager, and any direct costs, charges and expenses incurred by the Investment Manager by reason of the Investment Manager performing its duties and obligations under the Investment Management Agreement. The Investment Manager will not be entitled to be indemnified out of the Fund assets in relation to any such loss, liability, cost, charge or expense to the extent to which it is caused by the Investment Manager's gross negligence, fraud or dishonesty.

Privacy statement

The Privacy Act 1988 (**Privacy Act**) and the Australian Privacy Principles regulate the way organisations collect, use, disclose, keep, secure and give people access to their personal information. At Equity Trustees we are committed to respecting the privacy of your personal information throughout the information lifecycle and our Privacy Policy details how we do this.

Equity Trustees may collect personal information about you and individuals associated with you in order to provide products and services to you, and to ensure compliance with legal and regulatory obligations (including under the Corporations Act, the AML/CTF Act and tax related legislation). You must ensure that all personal information which you provide to Equity Trustees is true and correct in every detail, and should those personal details change it is your responsibility to ensure that you promptly advise Equity Trustees of the changes in writing. If you do not provide the information requested, we may not be able to process your application, administer, manage, invest, pay or transfer your investment(s). We may also obtain or confirm information about you from publicly available sources in order to meet regulatory obligations.

Equity Trustees may disclose your information to other members of our corporate group or to third parties, where it is necessary, in order to provide you with the products or services. Those third parties may be situated in Australia or offshore, and we take reasonable steps to ensure that all third parties with whom we have a contractual relationship or other influence comply with the Australian Privacy Principles.

The third parties that we may disclose your information to include, but are not limited to:

- stockbrokers, financial advisers or adviser dealer groups, their service providers and/or any joint holder of an investment;
- those providing services for administering or managing the Fund, including the Investment Manager, Fund Custodian and Administrator, auditors, or those that provide mailing or printing services;
- those where you have consented to the disclosure and as required by law; and
- regulatory bodies such as ASIC, ATO, APRA and AUSTRAC.

Equity Trustees or the Investment Manager may from time to time provide you with direct marketing and/or educational material about products and services they believe may be of interest to you. You have the right to “opt out” by contacting Equity Trustees. Equity Trustees’ Privacy Policy contains information about how you can access information held about you, seek a correction if necessary, make a complaint if you think there has been a breach of your privacy and about how Equity Trustees will deal with your complaint. Full details of Equity Trustees’ Privacy Policy is available at www.eqt.com.au. You can contact Equity Trustees’ Privacy Officer on +61 3 8623 5000, or email to privacy@eqt.com.au to request a copy.

Information on underlying investments

Information regarding the underlying investments of the Fund will be provided to a Unitholder in the Fund on request, to the extent Equity Trustees is satisfied that such information is required to enable the Unitholder to comply with its statutory reporting obligations. This information will be supplied within a reasonable timeframe having regard to these obligations.

Foreign Account Tax Compliance Act (“FATCA”)

In April 2014, the Australian Government signed an intergovernmental agreement (“**IGA**”) with the United States of America (“**U.S.**”), which requires all Australian financial institutions to comply with the FATCA Act enacted by the U.S. in 2010.

Under FATCA, Australian financial institutions are required to collect and review their information to identify U.S. residents that invest in assets through non-U.S. entities. This information is reported to the ATO. The ATO may then pass that information onto the U.S. Internal Revenue Service.

In order to comply with the FATCA obligations, the Investment Manager or the Responsible Entity may request certain information from you. Failure to comply with FATCA obligations may result in the Fund, to the extent relevant, being subject to a 30% withholding tax on payment of U.S. income or gross proceeds from the sale of certain U.S. investments. If the Fund suffers any amount of FATCA withholding and is unable to obtain a refund for the amounts withheld, Unitholders may not be compensated for any such withholding and the effect of the amounts withheld will be reflected in the returns of the Fund.

Common Reporting Standard (“CRS”)

The CRS is a standardised set of rules developed by the Organisation of Economic Co-operation and Development that requires certain financial institutions resident in a participating jurisdiction to document and identify reportable accounts and implement due diligence procedures. These financial institutions will also be required to report certain information on reportable accounts to their relevant local tax authorities.

Australia signed the CRS Multilateral Competent Authority Agreement and has enacted provisions within the domestic tax legislation to implement CRS in Australia. Australian financial institutions must document and identify reportable accounts, implement due diligence procedures and report certain information with respect to reportable accounts to the ATO. The ATO may then exchange this information with foreign tax authorities in the relevant signatory countries.

In order to comply with the CRS obligations, the Investment Manager or Responsible Entity may request certain information from you. Unlike FATCA, there is no withholding tax that is applicable under CRS. However, penalties may apply for failing to comply with the CRS obligations.

Anti-Money Laundering and Counter Terrorism Financing (“AML/CTF”)

Australia’s AML/CTF laws require Equity Trustees to adopt and maintain an AML/CTF Program. A fundamental part of the AML/CTF Program is that Equity Trustees knows certain information about investors in the Fund.

To meet this legal requirement, we need to collect certain identification information and documentation (“**KYC Documents**”) from new investors. Existing investors may also be asked to provide KYC Documents as part of a re-identification process to comply with AML/CTF laws. Processing of applications will be delayed or refused if investors do not provide the applicable KYC Documents when requested. Under the AML/CTF laws, Equity Trustees is required to submit regulatory reports to AUSTRAC. This may include the disclosure of your personal information. Equity Trustees may not be able to tell you when this occurs.

The Responsible Entity shall not be liable for any loss you may suffer because of compliance with the AML/CTF laws.

Administrator – Apex Fund Services Ltd.

AEDT – Australian Eastern Daylight Time.

AFCA – Australian Financial Complaints Authority.

AFSL – Australian financial services licence.

Alternative Vehicle – has the meaning given in section 5 (*About the Fund Investments*) of this PDS.

AMIT – Attribution Managed Investment Trust.

AML/CTF Act – the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth).

AMMA – AMIT Member Annual Statement.

ASIC – Australian Securities and Investments Commission.

ASX – ASX Limited or the market operated by it, as the context requires.

ATO – Australian Taxation Office.

AUD – Australian Dollars.

AUD Class – units in the Fund issued in AUD.

Average GAV means the sum of the GAV at the start and end of each applicable period, divided by two.

Average NAV means the sum of the NAV at the start and end of the Reference Period, divided by two.

BBSW – AUD Bank Bill Swap Rate as at 30 June 2020.

Business Day means a day other than a Saturday or a Sunday on which banks are open for general banking business in Melbourne or if the administrator of the Fund primarily performs its administrative functions in respect of the Fund in a city other than Melbourne, the city in which the administrator performs such functions.

CGT – Capital Gains Tax.

Co-investors means any person who is co-investing in particular investments, alongside the Fund.

Co-investment Trust means any special purpose vehicle through which the Fund and the Co-investors jointly own certain property assets.

Constitution – the trust deed or constitution of the Fund which sets out the rights, responsibilities and beneficial interest of both Unitholders and the Responsible Entity in relation to the Fund.

Co-investors means any person who is co-investing in particular investments, alongside the Fund.

Co-investment Trust means any special purpose vehicle through which the Fund and the Co-investors jointly own certain property assets.

Constitution – the trust deed or constitution of the Fund which sets out the rights, responsibilities and beneficial interest of both Unitholders and the Responsible Entity in relation to the Fund.

Corporations Act – the *Corporations Act 2001* (Cth) and *Corporations Regulations 2001* (Cth), as amended from time to time.

CPI – Consumer Price Index.

Distribution – the amount that is paid to Unitholders after the end of a distribution period. This generally includes any income and realised capital gains.

Distribution Period – has the meaning given in under ‘Distribution Policy’ in the section ‘Investing in the Fund’.

EBITDA – the earnings before interest, tax, depreciation and amortisation.

FATCA – Foreign Account Tax Compliance Act.

First Reference Period means the period commencing on the Offer Close Date and ending on 30 June 2020. Subsequently a Reference Period will be every 12 months.

Full Independent Valuation – an Independent Valuation of all the Properties.

Fund Custodian means the entities appointed by the Responsible Entity to have custody of the Properties, on behalf of the Fund.

GBP – British Pounds.

Gearing ratio and **Gearing** have the meaning given in the section headed ‘Gearing ratio’.

Gross Asset Value (GAV) – the gross asset value of the Properties, and any other assets, of the Fund. For the avoidance of doubt, the amount used for this purpose is not reduced on account of any borrowings.

Gross Realised Return means the IRR calculated based on:

- i. the dates and amounts of aggregate capital contributions of Unitholders; and
- ii. the aggregate of Distributable Proceeds made to Unitholders from the Fund and any Interim Performance Fee Amounts paid to the Investment Manager, noting the dates of distributions, over the Look Back Period; and
- iii. the NAV less any net unrealised gains in the value of the Portfolio and adding back any accrued but unpaid Performance Fees.

GST – Goods and Services Tax.

HMRC – HM Revenue and Customs (UK tax authority).

Hurdle Return means an IRR of 7.5% p.a, except for the period ending 30 June 2020 for which the Hurdle Return will be AUD 3 month BBSW + 1% (as the Fund is not expected to be fully deployed for the first year).

Independent Valuation – a valuation completed by an **Independent Certified Valuer** who is RICS (Royal Institute of Chartered Surveyors) certified in the UK.

Investment Management Agreement means the investment management agreement entered into between (among others) the Responsible Entity and the Investment Manager relating to (among others) management services provided by the Investment Manager and L1 UK Property Pty Ltd for the benefit of the Fund.

Investor or **Unitholder** means the holder of a Unit.

IRR means internal rate of return, calculated on an annual basis. An IRR is a measure typically used to estimate the profitability of an investment, and is used to calculate the applicable performance fee.

Listed means admitted to the official list of the ASX.

Look Back Period means the date commencing on the Offer Close Date up to the relevant calculation date.

Minimum Applications Amount means \$30 million AUD equivalent, being the minimum proceeds from all applications received under this Offer.

MIT – Managed Investment Trust.

Net Asset Value (NAV) – the value of assets of the Fund (or a class of Units in the Fund) less the value of the liabilities of the Fund (or a class of Units in the Fund), as the context requires.

Net Realised Return means the IRR calculated based on:

- i. the dates and amounts of aggregate Unitholder capital contributions;
- ii. the aggregate of Distributable Proceeds made to Unitholders, noting the dates of distributions, over the Look Back Period; and
- iii. the NAV less any net unrealised gains in the value of the Portfolio and adding back any accrued but unpaid Performance Fees.

Net Unrealised Return means the IRR calculated based on:

- i. the dates and amounts of aggregate Unitholder capital contributions;

- ii. the aggregate of Distributable Proceeds made to Unitholders, noting the dates of distributions, over the Look Back Period; and

- iii. the NAV and adding back any accrued but unpaid Performance Fees.

Offer – the offer of Units as outlined in this PDS.

Offer Close Date – 31 July 2019, which may be extended to such other date determined and notified by the Responsible Entity.

Officially Quoted – admitted to quotation by ASX under the Listing Rules including, if quotation is suspended for a continuous period not exceeding 60 days, the period of suspension; and Official Quotation has a corresponding meaning.

PDS – this Product Disclosure Statement.

Property – each property asset comprising the portfolio of the Fund.

RITC – Reduced Input Tax Credit. Equity Trustees will apply for reduced input tax credits on behalf of the Fund, where applicable, to reduce the GST cost to the Fund.

Sub-Trust means any subsidiary trust of the Fund, which may be established from time to time to hold Properties.

Term of the Fund means 7 years from the Offer Close Date. Refer to “Termination of the Fund” in the “Other Important Information” section for further details.

‘Tier 1’ UK cities – cities in the UK (excluding London) that have the potential to deliver high rental yields. Examples of ‘Tier 1’ cities include Birmingham, Leeds, Manchester and Sheffield.

Unit – a beneficial interest in the Fund.

UK – United Kingdom.

USD – United States Dollars.

USD Class – units in the Fund issued in USD.

Valuation – a valuation of each of the Properties.

Wholesale Client – a person or entity defined as such under section 761G of the Corporations Act.

Wholesale Investor – in the case of a New Zealand investor, means a Wholesale Client who also meets the definition of wholesale investor under clause 3(2) of Schedule 1 of the Financial Markets Conduct Act 2013 (New Zealand).

L1 Capital UK Residential Property Fund III Application Form

Please send your completed application by:

post to

Apex Fund Services,
Attn: Investor Services
PO Box 189, Flinders Lane
VIC 8009

or by fax to

+61 3 8648 6885

or by email to

investorregistry@apexfunds.com.au

- If completing by hand, use a black or blue pen and print within the boxes in **BLOCK LETTERS**
- Use ticks in boxes where applicable
- The applicant must complete, print and sign this form
- Keep a photocopy of your completed Application Form for your records
- Please ensure all relevant sections are complete before submitting this form

This application form is part of the Product Disclosure Statement dated 22 May 2019 ('PDS') relating to Units in L1 Capital UK Residential Property Fund III ('Fund') issued by Equity Trustees Limited (ABN 46 004 031 298, AFSL 240975).

- The PDS contains information about investing in the Fund. You should read the PDS before applying for Units in the Fund.
- A person who gives another person access to the Application Form must at the same time and by the same means give the other person access to the PDS.
- Equity Trustees will provide you with a copy of the PDS and the Application Form on request without charge (If you make an error while completing your application form, do not use correction fluid. Cross out your mistakes and initial your changes).

Section 1 – Introduction

1.1

Do you have an existing investment in either the L1 Capital UK Residential Property Fund I or Fund II and the information provided for that investment remains current and correct?

YES – my existing investment is in L1 Capital UK Residential Property Fund I Fund II – my details are

Account Number

Account Name

Contact Number

I/We confirm there are no changes to our details previously provided (including details around the appointment of a power of attorney, agent or financial advisor)

I/We confirm there have been no change to our FATCA and CRS status.

If there have been any change(s) in your details or FATCA/CRS status since your last application, the relevant sections of the full Application Form must be completed. In order to meet the obligations under the AML/CTF Act, FATCA and CRS requirements, there will be instances where we may be required to collect additional information about you and may ask you to provide certified copies of certain identification documents along with the Application Form.

I/We have completed section 8 – Investment Instructions.

I/We have executed section 10 – Declarations.

NO – Only complete the sections relevant to you, as indicated below:

1.1 Continued...

Select One	Account Type	Sections to Complete	Identification Requirement Groups to Complete
<input type="checkbox"/>	Individual(s)	1, 2, 7, 8, 9, 10	Group A
<input type="checkbox"/>	Partnership	1, 3, 7, 8, 9, 10	Group A & B
<input type="checkbox"/>	Trust/Superannuation fund with individual trustee(s)	1, 2, 4, 7, 8, 9, 10	Group C or D & E
<input type="checkbox"/>	Trust/Superannuation fund with corporate trustee	1, 4, 5, 7, 8, 9, 10	Group C or D & E
<input type="checkbox"/>	Company	1, 5, 7, 8, 9, 10	Group F, G or H
<input type="checkbox"/>	Power of attorney or agent	Section 6	Group I
<input type="checkbox"/>	Financial Adviser	Section 7	Group I - if acting under direct authority

If you are an Association, Co-operative, Government Body or other type of entity not listed above, please contact the Fund.

1.2 AML Identity Verification Requirements

The AML/CTF Act requires Equity Trustees to adopt and maintain an anti-money laundering and counter-terrorism financing ('**AML/CTF**') program. The AML/CTF program includes ongoing customer due diligence, which may require the Responsible Entity to collect further information.

- Identification documentation provided must be in the name of the Applicant.
- Non-English language documents must be translated by an accredited translator.
- Applications made without providing this information cannot be processed until all the necessary information has been provided.
- If you are unable to provide the identification documents described please call +61 3 9286 7000

These documents should be provided as an original or a CERTIFIED COPY of the original.

GROUP A – Individuals

Each individual investor, individual trustee, partner, beneficial owner, or individual agent or authorised representative must provide one of the following primary photographic ID:

- A current Australian driver's licence (or foreign equivalent) that includes a photo and signature
- An Australian passport (not expired more than 2 years previously)
- An identity card issued by a State or Territory Government that includes a photo
- A current passport (or similar) issued by a foreign government or the United Nations (**UN**) (or an agency of the UN) that includes your photograph and signature

If you do NOT own one of the above ID documents, please provide one valid option from Column A and one valid option from Column B.

1.2 Continued...

Column A	Column B
<input type="checkbox"/> Australian birth certificate	<input type="checkbox"/> A document issued by the Commonwealth or a State or Territory within the preceding 12 months that records the provision of financial benefits to the individual and which contains the individual's name and residential address.
<input type="checkbox"/> Australian citizenship certificate	<input type="checkbox"/> A document issued by the Australian Taxation Office within the preceding 12 months that records a debt payable by the individual to the Commonwealth (or by the Commonwealth to the individual), which contains the individual's name and residential address. Block out the TFN before scanning, copying or storing this document.
<input type="checkbox"/> Pension card issued by Department of Human Services (previously known as Centrelink)	<input type="checkbox"/> A document issued by a local government body or utilities provider within the preceding 3 months which records the provision of services to that address or to that person (the document must contain the individual's name and residential address).
	<input type="checkbox"/> If under the age of 18, a notice that: was issued to the individual by a school principal within the preceding 3 months; and contains the name and residential address; and records the period of time that the individual attended that school

GROUP B – Partnerships

Provide Group A verification documents for at least one partner and each beneficial owner of the Partnership and one of the following:

- A certified copy or certified extract of the partnership agreement.
- A notice issued by the Australian Taxation Office (“ATO”) within the last 12 months.
- An original or certified copy of a certificate of registration of business name issued by a government agency in Australia.
- A certified copy or certified extract of minutes of a partnership meeting.

All the above must show the full name of the partnership.

1.2 Continued...

GROUP C – Registered Managed Investment Scheme, Regulated Superannuation Fund (including a self-managed super fund), Government Superannuation Fund or a trust registered with the Australian Charities and Not-for-profit Commission (ACNC)

Provide one of the following:

- A copy of the company search of the relevant regulator's website e.g. APRA, ASIC or the ATO
- A copy or relevant extract of the legislation establishing the government superannuation fund sourced from a government website.
- A copy from the ACNC of information registered about the trust as a charity

All the above must show the Trust's full name and type (i.e. registered managed investment scheme, regulated superannuation fund (including a self-managed super fund) or government superannuation fund).

GROUP D – Other Trusts (unregulated)

Provide Group A verification documents for each beneficial owner of the trust who is directly or indirectly entitled to benefit from a 25% or greater interest in the trust, **and** in relation to the Trust, and one of the following:

- A certified copy or certified extract of the Trust Deed.
- Annual report or audited financial statements.
- A certified copy of a notice issued by the ATO within the previous 12 months.
- Signed meeting minutes.

All the above must show the full name of the Trust, its trustees, the appointer (the person authorised to appoint or remove trustees) and the settlor of the Trust (if any).

GROUP E – Trustees

- If you are an **Individual Trustee** – please provide the identification documents listed under Group A.
- If you are a **Corporate Trustee** – please provide the identification documents listed under Group F, G or H.
- If you are a **combination** of both – please provide the identification documents for each investor type listed under Group A and F, G or H.

GROUP F – Regulated Australian Companies

Provide one of the following:

- A copy of information regarding the company's licence or other information held by the relevant Commonwealth, State or Territory regulatory body e.g. AFSL, RSL, ACL etc.
- If the company is listed on an Australian securities exchange, provide details of the exchange and the ticker (issuer) code
- If the company is a majority owned subsidiary of a company listed on an Australian securities exchange, provide details of the exchange and the ticker (issuer) code for the holding company
- An Annual Statement from ASIC issued in the previous 12 months; or
- A full company search issued in the previous 3 months; or
- A certificate of Company Registration.

All of above must clearly show the company's full name, its type (i.e. public or proprietary) and ACN.

GROUP G – Other Australian Companies (unregulated)

Provide Group A verification documents for each beneficial owner (including any shareholder who directly or indirectly owns or controls 25% or more the issued capital, and such documents about the senior managing official(s) who exerts control over the company), and in relation to the unregulated company, **and** one of the following:

- An Annual Statement from ASIC issued in the previous 12 months; or
- A full company search issued in the previous 3 months; or
- A certificate of Company Registration

All of above must clearly show the company's full name, its type (i.e. public or private) and ACN issued to the company.

GROUP H – Non-Australian Companies

Provide Group A verification requirements for each beneficial owner (shareholder(s) who directly or indirectly owns or controls 25% or more the issued capital and information about the senior managing official(s) who exerts control over the company, and in relation to the foreign company, **and** one of the following:

- A certified copy of the company's Certificate of Registration or incorporation issued by ASIC or the equivalent issued by the foreign jurisdiction's in which the company was incorporated, established or formed.
- A certified copy of the company's articles of association or constitution.
- A copy of a company search on the ASIC database or relevant foreign registration body. The company search from a foreign regulator must include the name of the regulator, the name of the company and the foreign registration number.

All of the above must clearly show the company's full name, its type (i.e. public or private) and the ARBN issued by ASIC, or the identification number issued to the company by the foreign regulator.

GROUP I – Agents and Authorised Representatives

- If you are an **Individual Agent or Representative** – please provide the identification documents listed under Group A.
- If you are a **Corporate Agent or Representative** – please provide the identification documents listed under Group F, G or H.

All Agents and Authorised Representatives must also provide a certified copy of their authority to act for the investor e.g. the POA, guardianship order, Executor or Administrator of a deceased estate, authority granted to a bankruptcy trustee, authority granted to the State or Public Trustee etc.

1.3 Additional Information

In most cases the information that you provide in this form will satisfy the AML/CTF Act, the US Foreign Account Tax Compliance Act ('**FATCA**') and the Common Reporting Standards ('**CRS**'). However, in some instances the Responsible Entity may contact you to request further information. It may also be necessary for the Responsible Entity to collect information (including sensitive information) about you from third parties in order to meet its obligations under the AML/CTF Act, FATCA and CRS.

1.4 Declarations

When you complete this Application Form you make the following declarations:

- I/We have received the PDS and made this application in Australia or New Zealand.
- I/We have read the PDS to which this Application Form applies and agree to be bound by the terms and conditions of the PDS and the Constitution of the Fund in which I/we have chosen to invest.
- I/We have considered our personal circumstances and, where appropriate, obtained investment and / or taxation advice.
- I/We hereby declare that I/we are not a US Person as defined in the PDS.
- I/We declare that I am/are not a tax resident of any country in the United Kingdom.
- I/we am/are investing on our own account and not on behalf of any other person (unless otherwise agreed with Equity Trustees).
- I/We acknowledge that (if a natural person) I am/we are 18 years of age or over and I am/we are eligible to hold Units in the Fund in which I/we have chosen to invest.
- I/We acknowledge that the Investment Manager may pay sales agents, brokers or financial advisers a referral fee (as determined by the Investment Manager) in respect of applications from certain Wholesale Clients (as described in the Corporations Act 2001). The fee is borne by the Investment Manager and is not an additional cost to the Fund.
- I/We acknowledge and agree that Equity Trustees have outlined in the PDS provided to me/us how and where I/we can obtain a copy of the Equity Trustees Group Privacy Statement.
- I/We consent to the transfer of any of my/our personal information to external third parties including but not limited to fund administrators, fund investment manager(s) and related bodies corporate who are located outside Australia for the purpose of administering the products and services for which I/we have engaged the services of Equity Trustees or its related bodies corporate and to foreign government agencies for reporting purposes (if necessary).
- I/We hereby confirm that the personal information that I/we have provided to Equity Trustees is correct and current in every detail, and should these details change, I/we shall promptly advise Equity Trustees in writing of the change(s).
- I/We agree to provide further information or personal details to the Responsible Entity if required to meet its obligations under anti-money laundering and counter-terrorism legislation, US tax legislation or reporting legislation and acknowledge that processing of my/our application may be delayed and will be processed at the unit price applicable for the Business Day as at which all required information has been received and verified.
- If I/We have provided an email address, I/we consent to receive ongoing investor information including PDS information, confirmations of transactions and additional information as applicable via email.
- I/We acknowledge that Equity Trustees does not guarantee the repayment of capital or the performance of the Fund or any particular rate of return from the Fund.
- I/We acknowledge that an investment in the Fund is not a deposit with or liability of Equity Trustees and is subject to investment risk including possible delays in repayment and loss of income or capital invested.
- I/We acknowledge that Equity Trustees is not responsible for the delays in receipt of monies caused by the postal service or the applicant's bank.
- If I/We lodge a fax application request, I/we acknowledge and agree to release, discharge and agree to indemnify Equity Trustees from and against any and all losses, liabilities, actions, proceedings, account claims and demands arising from any fax application.
- If I/We have completed and lodged the relevant sections on authorised representatives/agents on the Application Form then I/we agree to release, discharge and indemnify Equity Trustees from and against any and all losses, liabilities, actions, proceedings, account claims and demands arising from Equity Trustees acting on the instructions of my/our authorised representatives, agents and/or nominees.
- If this is a joint application each of us agrees that our investment is held as joint tenants.

1.4 Continued...

- I/We acknowledge and agree that where the Responsible Entity, in its sole discretion, determines that:
 - I/We are ineligible to hold Units in a Fund or have provided misleading information in my/our Application Form; or
 - I/We owe any amounts to Equity Trustees, then I/ we appoint the Responsible Entity as my/our agent to submit a withdrawal request on my/our behalf

in respect of all or part of my/our Units, as the case requires, in the Fund.

Unless otherwise agreed with the Responsible Entity, by applying for Units under this PDS, you are taken to appoint each of the Responsible Entity and the Investment Manager as your administrative agent to complete and lodge any document as they consider necessary or desirable with a view to compliance with UK income tax obligations.

1.5

Terms and conditions for collection of Tax File Numbers (TFN) and Australian Business Numbers (ABN)

Collection of TFN and ABN information is authorised and its use and disclosure strictly regulated by tax laws and the Privacy Act. Investors must only provide an ABN instead of a TFN when the investment is made in the course of their enterprise. You are not obliged to provide either your TFN or ABN, but if you do not provide either or claim an exemption, we are required to deduct tax from your distribution at the highest marginal tax rate plus Medicare levy to meet Australian taxation law requirements.

For more information about the use of TFNs for investments, contact the enquiries section of your local branch of the ATO. Once provided, your TFN will be applied automatically to any future investments in the Fund where formal application procedures are not required (e.g. distribution reinvestments), unless you indicate, at any time, that you do not wish to quote a TFN for a particular investment. Exempt investors should attach a copy of the certificate of exemption. For super funds or trusts list only the applicable ABN or TFN for the super fund or trust.

1.6

When you sign this Application Form you declare that you have read and agree to the declarations above.

Section 2 – Individual(s) or Individual Trustee(s)

Complete this section if you are investing in your own name or as an individual trustee.

For AML requirements please refer to Section 1.2.

2.1 Type of Investor

Tick **one** box only and complete the specified parts of this section.

- Individual** – Complete Section 2.2
- Jointly with another individual(s)** – Complete Sections 2.2, 2.3 and 2.5
- Individual trustee for a trust** – Complete Sections 2.2 and 2.3 (also complete Section 4)
- Sole Trader** – Complete Sections 2.2 and 2.4
- Individual trustee for an individual** – Complete Sections 2.2, 2.3 & 2.5 (if there is more than one individual trustee)

2.2 Investor 1

Title Given Name(s)

Surname

Telephone Number (Including Country Code)

Email

Date of birth (DD/MM/YY)

 / /

Tax File Number (TFN) – or exemption code

Reason for TFN Exemption

Street Address (not a PO Box)

Unit No. Street No. Street Name

Suburb

State

Post Code Country

Do you hold a prominent public position or function in a government body (local, state, territory, national or foreign) or in an international organisation or are you an immediate family member or a business associate of such a person?

- NO**
- YES** – Please give details

Are you a foreign resident for tax purposes?

- NO**
- YES** – Please advise country of residence

Do you hold dual citizenship?

- NO**
- YES** – Please advise which countries

Title Given Name(s)

Surname

Telephone Number (Including Country Code)

Email

Date of birth (DD/MM/YY)
 / /

Tax File Number (TFN) – or exemption code

Reason for TFN Exemption

Street Address (not a PO Box)

Unit No. Street No. Street Name

Suburb State

Post Code Country

Do you hold a prominent public position or function in a government body (local, state, territory, national or foreign) or in an international organisation or are you an immediate family member or a business associate of such a person?

- NO**
 YES – Please give details

Are you a foreign resident for tax purposes?

- NO**
 YES – Please advise country of residence

Do you hold dual citizenship?

- NO**
 YES – Please advise which countries

Business Name (in full, if applicable)

Australian Business Number (ABN) (if obtained)

Unit No. Street No. Street Name

Suburb State

Post Code Country

Section 3 – Partnerships

Complete this section if you are investing for a partnership or as a partner.

For AML requirements please refer to Section 1.2.

3.1 General Information

Full Name of Partnership

Registered Business Names of Partnership (if any)

Country where Partnership is established

Tax File Number (TFN) – or exemption code

Reason for TFN Exemption

3.2 Type of Partnership

Is the partnership regulated by a professional association?

NO – Go to Section 3.3

YES – Please provide details (need only give information below for partners with a 25% or greater interest or, if there are no such partners, for just one partner)

Name of Association

Membership Details

Number of Partners

Partner 1

Title Given Name(s)

Surname

Telephone Number (Including Country Code) (daytime)

Date of birth (DD/MM/YY)

Unit No. Street No. Street Name

Suburb

State

Post Code Country

Country of birth

Partner 2

Title Given Name(s)

Surname

Telephone Number (Including Country Code) (daytime)

Date of birth (DD/MM/YY)

Unit No. Street No. Street Name

Suburb

State

Post Code Country

Country of birth

Section 4 – Trust/Superannuation Fund

Complete this section if you are investing for a trust or superannuation fund.

For AML requirements please refer to Section 1.2.

4.1 General Information

Full Name of Trust or Superannuation Fund

Full Name of Business (if any)

Country where Trust established

Tax File Number (TFN) – or exemption code

Reason for TFN Exemption

4.2 Trustee Details

How many trustees are there?

- Individual** – at least one trustee must complete Section 2 of this form.
- Company** – at least one trustee must complete Section 5 of this form.
- Combination** – at least one trustee from each investor type must complete the relevant section of this form.

4.3 Type of Trust

Registered Managed Investment Scheme

Australian Registered Scheme Number (ARSN)

Regulated Trust (including self-managed superannuation funds and registered charities that are trusts)

Name of Regulator (e.g. ASIC, APRA, ATO)

Registration/License Details

Australian Business Number (ABN)*

*** See Section 1.5 of the Application Form for Terms and Conditions relating to the collection of TFNs and ABNs**

Other Trust (also complete Sections 4.4 & 4.5)

Please describe

4.4 Beneficiaries of an Unregulated Trust

Complete Section 4.4 and 4.5 only if you ticked 'Other Trust' in 4.3

Does the Trust Deed name beneficiaries?

YES – how many?

Provide the full name of each beneficiary who directly or indirectly is entitled to an interest of 25% or more in the trust

1.
2.
3.
4.

NO

Describe the class of beneficiary:
(e.g. the name of the family group, class of unit holders, the charitable purpose of charity name)

4.5 Beneficial Owners and other persons of interest in an Unregulated Trust

Please provide the **Full Name** of any beneficial owner of the trust.

A beneficial owner is any individual who directly or indirectly has a **25% or greater interest** in the trust or a person who exerts **control over the trust**. This includes the **appointer** of the trust (who holds the power to appoint or remove the trustees of the trust. All beneficial owner(s) who meet the above definition will need to provide information and AML verification documents set out in Group A, F, G or H. Please provide beneficial owners as an attachment if there is insufficient space below:

1.
2.
3.
4.

Does any beneficial owner hold a prominent public position or function in a government body (local, state, territory, national or foreign) or in an international organisation or is the beneficial owner an immediate family member or a business associate of such a person?

NO

YES – Please provide details

Please provide the **Full Name** of the **settlor** of the trust where the initial asset contribution to the trust was greater than \$10,000 and the settlor is not deceased.

Section 5 – Company/Corporate Trustee

Complete this section if you are investing for a company or where a company is acting as a trustee.

For AML requirements please refer to Section 1.2.

5.1 The company type

- Australian Listed Public Company** – Complete Section 5.2
- Australian Proprietary Company or non-listed public company** – Complete Section 5.2 & 5.4
- Foreign Company** – Complete all sections

5.2 The company details

Company Name

ACN/ABN (if registered in Australia)*

Tax File Number (TFN) – or exemption code

Reason for TFN Exemption

Given Name(s) of Contact Person

Telephone Number (Including Country Code)

Email

Registered Street Address (not a PO Box)

Unit No. Street No. Street Name

Suburb State

Post Code Country

5.2 Continued...

Principal place of business in Australia

Note for non-Australian companies registered with ASIC: you must provide a local agent name and address if you do not have a principal place of business in Australia.

Tick if same as Registered Street Address – Otherwise provide below

Unit No. Street No. Street Name

Suburb State

Post Code Country

5.3 Additional Details for non-Australian Company

Tick if the company is registered with ASIC

Australian Registered Body Number (ARBN)

Tick if the company is registered with a foreign regulatory body

Name of Regulatory Body

Company Identification Number Issued (if any)

Country of formation, incorporation or registration

Company type (eg private company)

5.3 Continued...

Registered Company Address (not a PO Box)

Unit No. Street No. Street Name

Suburb State

Post Code Country

5.4 **Beneficial Owners**

a) **Managing Officials**

All proprietary or non-listed public domestic companies and foreign companies must provide the full name of each senior managing official/s of the company (such as the managing director or directors who are authorised to sign on the company's behalf):

Note: If there are more than 4 directors please provide as an attachment.

1.
2.
3.
4.

b) **Shareholders and other beneficial owners:**

All proprietary or non-listed public domestic companies and foreign companies must provide details of each shareholder who owns directly, jointly or beneficially at least 25% of the company's issued capital.

Note: If there are more than 2 shareholders that each have at least 25% of the company's issued capital, provide as an attachment.

Shareholder 1

Full Name

Registered Street Address (not a PO Box)

Unit No. Street No. Street Name

Suburb State

5.4 Continued...

Post Code Country

Shareholder 2

Full Name

Registered Street Address (not a PO Box)

Unit No. Street No. Street Name

Suburb State

Post Code Country

Section 6 – Authorised representative or agent

Complete this section if you are completing this Application Form as an agent under a direct authority such as a Power of Attorney. You must also complete the section relevant to the investor/applicant that you are acting on behalf of.

For AML requirements please refer to Section 1.2.

6.1

Appointment of Power of Attorney or other Authorised Representative

- I am an agent under Power of Attorney or the investor's legal or nominated representative –

Complete Section 6.2

Full name of authorised representative / agent

Title of role held with applicant

Signature

6.2

Documentation

You must attach a valid authority such as a Power of Attorney, guardianship order, grant of probate, appointment of bankruptcy trustee etc:

- The document is an original or certified copy
- The document is signed by the applicant/investor
- The document is current and complete
- The document permits the attorney/agent (you) to transact on behalf of the applicant/investor

Section 7 – Financial adviser

By completing this section you nominate the named adviser as your financial adviser for the purposes of your investment in the Fund. You also consent to give your financial adviser/authorised representative/agent access to your account information unless you indicate otherwise by ticking the box below. **For AML requirements please refer to Section 1.2.**

7.1 Financial adviser

I am a financial adviser completing this application form as an authorised representative or agent.

Name of Adviser

AFSL Number

Dealer Group

Name of Advisory Firm

Postal Address

Suburb

State

Post Code

Country

Email Address of Advisory Firm (required)

Email Address of Adviser

Business Telephone

Facsimile

7.2 Financial Adviser Declaration

I/We hereby declare that I/we are not a US Person as defined in the PDS

I/We hereby declare that the investor is not a US Person as defined in the PDS

I have completed an appropriate Customer Identification Procedure (CIP) on this investor which meets the requirements (per type of investor) set out above.

AND EITHER

I have attached the relevant CIP documents;

OR

I have not attached the CIP documents however I will retain them and agree to provide them to Equity Trustees on request. I also agree to forward these documents to Equity Trustees if I ever become unable to retain the documents.

Financial Adviser Signature

Date (DD/MM/YY)

 / /

7.3 Access to Information

Unless you elect otherwise, your financial adviser will have access to your account information and will receive copies of all statements and transaction confirmations.

Please tick this box if you **DO NOT** want your financial adviser to have access to information about your investment.

Please tick this box if you **DO NOT** want copies of statements and transaction confirmations sent to your adviser.

Section 8 – Investment Instructions

All investors MUST complete

8.1 Contact Details

Title	Given Name(s)	
<input type="text"/>	<input type="text"/>	
Surname		
<input type="text"/>		
Date of birth (DD/MM/YY)		
<input type="text"/>	/	<input type="text"/>
<input type="text"/>	/	<input type="text"/>
Unit No.	Street No.	Street Name
<input type="text"/>	<input type="text"/>	<input type="text"/>
Suburb	State	
<input type="text"/>	<input type="text"/>	
Post Code	Country	
<input type="text"/>	<input type="text"/>	
Home Telephone Number (including Country code)		
<input type="text"/>		
Mobile Number (including Country code)		
<input type="text"/>		
Email Address		
<input type="text"/>		
Business Telephone Number (including Country code)		
<input type="text"/>		
Facsimile		
<input type="text"/>		

8.2 Investment Details

L1 Capital UK Residential Property Fund III

Full name investment to be held in

Investment Amount

\$, , .

Note: The minimum initial investment in the Fund is AUD \$50,000 (for AUD Class) or USD \$500,000 (for USD Class)
Amount is taken to be in Australian dollars or if in respect of the USD class in United States dollars.

8.3 Unit Classes

AUD Class – Australian dollars class. No currency hedging will apply.

Bank Details

Bank Name:

ANZ Bank

Account Name:

Equity Trustees Ltd ATF L1 Capital UK Residential Property Fund III

SWIFT:

ANZBAU3M

BSB Number:

013006

Account Number:

838105121

Reference:

Investor name

8.3 Continued...

USD Class – United States dollars class. No currency hedging will apply.

Bank Details

Bank Name:

ANZ Bank

Account Name:

Equity Trustees Ltd ATF L1 Capital UK Residential Property Fund III

SWIFT:

ANZBAU3M

BSB Number:

012052

Account Number:

686055USD00001

Reference:

Investor name

8.5

Purpose of Investment and Source of Funds

Please outline the purpose of investment (e.g. superannuation, portfolio investment, etc)

Please outline the source/s of initial funding and anticipated ongoing funding (e.g. salary, savings, business activity, financial investments, real estate, inheritance, gift, etc and expected level of funding activity or transactions)

8.4

Investor Banking Details for Redemptions and Distributions (if applicable) *

Account name

Financial Institution

Branch (including Country)

SWIFT

BSB

Account Number

* Bank account must be in the name of the investor in AUD with an Australian domiciled bank for AUD Class (or holders of USD class Units may provide a non-Australian domiciled bank)

Section 9 – Foreign Account Tax Compliance Act (FATCA) & Common Reporting Standard (CRS) Self-Certification Form - Australia
All Investors MUST complete

9.1 Individuals

Please fill this Section I only if you are an individual. If you are an entity, please fill Section II.

1. Are you a US citizen or resident of the US for tax purposes?

- NO** – Continue to question 2
- YES** – Provide your Taxpayer Identification Number (TIN) below. Continue to question 2

INVESTOR 1 TIN

INVESTOR 2 TIN

2. Are you a tax resident of any other country outside of Australia?

- NO** – Skip to question 12
- YES** – Provide the details below and skip to question 12. If resident in more than one jurisdiction please include details for all jurisdictions

INVESTOR 1

Country of Tax Residence

1.
2.
3.

INVESTOR 2

Country of Tax Residence

1.
2.
3.

Tax Identification Number (TIN) or equivalent

1.
2.
3.

Tax Identification Number (TIN) or equivalent

1.
2.
3.

Reason Code if no TIN provided

1.
2.
3.

Reason Code if no TIN provided

1.
2.
3.

If TIN or equivalent is not provided, please provide reason from the following options:

- Reason A:** The country/jurisdiction where the entity is resident does not issue TINs to its residents
- Reason B:** The entity is otherwise unable to obtain a TIN or equivalent number (Please explain why the entity is unable to obtain a TIN in the below table if you have selected this reason)

If Reason B has been selected above, explain why you are not required to obtain a TIN

INVESTOR 1

INVESTOR 2

- Reason C:** No TIN is required. (Note. Only select this reason if the domestic law of the relevant jurisdiction does not require the collection of the TIN issued by such jurisdiction)

Please fill this Section II only if you are an entity. If you are an individual, please fill Section I.

3. Are you an Australian Retirement Fund?

- YES** – Skip to question 12
- NO** – Continue to question 4

A. FATCA

4. Are you a US Person?

- YES** – Continue to question 5
- NO** – Skip to question 6

5. Are you a Specified US Person?

- YES** – Provide your Taxpayer Identification Number (TIN) below and skip to question 7
TIN
- NO** – Please indicate exemption type and skip to question 7
Type

6. Are you a Financial Institution for the purposes of FATCA?

- NO** – continue to question 7
- YES** – Provide your GIIN below and continue to question 7
GIIN

If you do not have a GIIN, please provide your FATCA status below and continue to question 7
 - Exempt Beneficial Owner Type
 - Deemed-Compliant FFI (other than a Sponsored FI or a Trustee Documented Trust) Type
 - Non-Participating FFI Type

- Sponsored Financial Institution. Please provide the Sponsoring Entity's name and GIIN
Sponsoring Entity's Name

Sponsoring Entity's GIIN
- Trustee Documented Trust. Please provide your Trustee's name and GIIN
Trustee's Name

Trustee's GIIN

B. CRS

7. Are you a tax resident of any country outside of Australia?

- NO** – Continue to question 8
- YES** – Provide the details below and continue to question 8. If resident in more than one jurisdiction please include details for all jurisdictions
Country of Tax Residence

1.
2.
3.

Tax Identification Number (TIN) or equivalent

1.
2.
3.

Reason Code if no TIN provided

1.
2.
3.

9.2 Continued...

If TIN or equivalent is not provided, please provide reason from the following options:

Reason A: The country/jurisdiction where the entity is resident does not issue TINs to its residents

Reason B: The entity is otherwise unable to obtain a TIN or equivalent number (Please explain why the entity is unable to obtain a TIN in the below table if you have selected this reason)

If Reason B has been selected above, explain why you are not required to obtain a TIN

--

Reason C: No TIN is required. (Note. Only select this reason if the domestic law of the relevant jurisdiction does not require the collection of the TIN issued by such jurisdiction)

8. Are you a Financial Institution for the purposes of CRS?

NO – Skip to question 10

YES – Specify the type of Financial Institution below and continue to question 9

Reporting Financial Institution

Non-Reporting Financial Institution: Specify the type of Non-Reporting Financial Institution below

Trustee Documented Trust

Other: Please Specify

--

9. Are you an Investment Entity resident in a Non-Participating Jurisdiction for CRS purposes and managed by another Financial Institution?

YES – Skip to question 11

NO – Skip to question 12

C. NON-FINANCIAL ENTITIES

10. Are you an Active Non-Financial Entity (Active NFE)?

NO – You are a Passive Non-Financial Entity (Passive NFE). Continue to question 11

YES – Specify the type of Active NFE below and skip to question 12

Less than 50% of the Active NFE's gross income from the preceding calendar year is passive income (e.g. dividends, distribution, interests, royalties and rental income) and less than 50% of its assets during the preceding calendar year are assets held for the production of passive income

Corporation that is regularly traded or a related entity of a regularly traded corporation

Governmental Entity, International Organisation or Central Bank

Other: Please Specify

--

D. CONTROLLING PERSONS

11. Does one or more of the following apply to you:

Is any natural person that exercises control over you (for corporations, this would include directors or beneficial owners who ultimately own 25% or more of the share capital) a tax resident of any country outside of Australia?

If you are a trust, is any natural person including trustee, protector, beneficiary, settlor or any other natural person exercising ultimate effective control over the trust a tax resident of any country outside of Australia?

NO – Continue to question 12

YES – Specify the type of Active NFE below and skip to question 12

Note: If there are more than 3 controlling persons, please list them on a separate piece of paper

Controlling individual or entity 1

Full Name

Date of birth (DD/MM/YY)

 / /

Residential Address

Country of Tax Residence

TIN or equivalent

Reason Code if no TIN provided

Controlling individual or entity 2

Full Name

Date of birth (DD/MM/YY)

 / /

Residential Address

Country of Tax Residence

TIN or equivalent

Reason Code if no TIN provided

Controlling individual or entity 3

Full Name

Date of birth (DD/MM/YY)

 / /

Residential Address

Country of Tax Residence

TIN or equivalent

Reason Code if no TIN provided

If TIN or equivalent is not provided, please provide reason from the following options:

Reason A: The country/jurisdiction where the entity is resident does not issue TINs to its residents

Reason B: The entity is otherwise unable to obtain a TIN or equivalent number (Please explain why the entity is unable to obtain a TIN in the below table if you have selected this reason)

If Reason B has been selected above, explain why you are not required to obtain a TIN

Reason C: No TIN is required. (Note. Only select this reason if the domestic law of the relevant jurisdiction does not require the collection of the TIN issued by such jurisdiction)

E. DECLARATION

12. Signature

I undertake to provide a suitably updated self-certification within 30 days of any change in circumstances which causes the information contained herein to become incorrect. I declare the information above to be true and correct.

INVESTOR 1

Signature

Date (DD/MM/YY)

 / /

Name of authorised representative

Name of entity/individual

INVESTOR 2

Signature

Date (DD/MM/YY)

 / /

Name of authorised representative

Name of entity/individual

Section 10 – Declarations

All Investors MUST complete

By signing as or on behalf of the Applicant, you make all the declarations set out above, in all sections.

Applicant 1

Applicant Given Name(s)

Capacity

- Individual Signatory
 Director
 Executive Office
 Partner
 Sole Director/Secretary
 Authorised Signatory

Signature

Date (DD/MM/YY)

 / /

Company Seal (if applicable)

Applicant 2

Applicant Given Name(s)

Capacity

- Individual Signatory
 Director
 Executive Office
 Partner
 Sole Director/Secretary
 Authorised Signatory

Signature

Date

 / /

Company Seal (if applicable)

Signing Authority

Please tick to indicate signing requirements for future instructions (e.g. withdrawals, change of account details, etc.)

- Only one investor required to sign All investors must sign

Have you...

- completed all sections relevant to you (as set out in the introduction)?
 nominated your financial adviser in Section 7 (if applicable)?
 provided certified copies of your identification documents or has your financial adviser completed this for you?
 completed all other relevant details and SIGNED the Application Form?

If you can tick all of the boxes above, send the following:

- Completed Application Form;
- Certified copies of identification documents

by post to:

Apex Fund Services, Attn: Investor Services
PO Box 189, Flinders Lane
VIC 8009

or by fax to:

+61 3 8648 6885

or by email to:

investorregistry@apexfunds.com.au

