

This website notice is dated 30 April 2021 and is issued by Equity Trustees Limited (ABN 46 004 031 298 AFSL 240975) (**Responsible Entity**) in its capacity as responsible entity of Federation Education REIT (ARSN 645 478 495) (**REIT**). This is an update to the information memorandum (**IM**) for the REIT issued on 15 March 2021. 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 IM is updated in all relevant places to extend the Offer Close Date from 30 April 2021 to 31 May 2021 (or to such other date as notified by the Responsible Entity, at our discretion). As indicated in the IM, the Responsible Entity may:

- elect to process applications and issue Units ahead of the Offer Close Date, now extended to 31 May 2021;
- during the extended Offer period, continue to issue Units at an application price of \$1.01 per Unit.

Unless otherwise defined or the context requires otherwise, capitalised terms used in this document have the meanings given to them in the IM.

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

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

FEDERATION N EDUCATION REIT

Information Memorandum



Date issued: 15 March 2021

Federation Asset Management Pty Ltd (ABN 39 628 789 220 AFSL 516560)

Equity Trustees Limited (ABN 46 004 031 298 AFSL No 240975) as responsible entity for Federation Education Real Estate Investment Trust (ARSN 645 478 495)

APIR Code: ETL6148AU

ISIN: AU60ETL61487

Important Notices

This is the Information Memorandum (“**IM**”) for an offer to invest in Federation Education Real Estate Investment Trust (ARSN 645 478 495) (the “**Fund**”). This IM was issued on 15 March 2021.

The invitation to acquire Units in the Fund made by way of this IM is made under circumstances where no disclosure is required to be made under the Corporations Act 2001 (Cth) of Australia (the “**Corporations Act**”). This IM is not a product disclosure statement or a prospectus under the Corporations Act. It will not be lodged with the Australian Securities and Investments Commission. This IM is not required to and does not contain all of the information which would be required to be included in a product disclosure statement or a prospectus.

Any offer or invitation to acquire Units in the Fund will be only extended to a person if the person has first satisfied to the Investment Manager and/or the Responsible Entity that the person is a wholesale client (as defined in the Corporations Act).

Responsible Entity

This IM 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 IM as the “**Responsible Entity**”, “**us**” or “**we**”).

Investment Manager

The investment manager of the Fund is Federation Asset Management Pty Ltd (ABN 39 628 789 220 AFSL No 516560) (referred to throughout this IM as the “**Investment Manager**” or “**Federation**”).

Administrator

The administrator of the Fund is Apex Fund Services Ltd (referred to throughout this IM as the “**Administrator**”).

Fund Custodian

The Responsible Entity acts as the custodian of assets of the Fund, however reserves the right to appoint an external custodian in respect of some assets subject to complying with applicable laws in relation to custody. This custodian is referred to throughout this IM as the “**Fund Custodian**”.

Eligibility and Selling Restrictions

Unless otherwise determined by the Responsible Entity, the offer made in this IM is available only to persons receiving this IM in Australia and New Zealand (electronically or otherwise).

This IM 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**”). The Responsible Entity may vary its position and offers may be accepted on merit at the Responsible Entity’s discretion. The units in the Fund have not been, and will not be, registered under the US Securities Act unless otherwise determined by the Responsible Entity 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 IM does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an invitation. The distribution of this IM in jurisdictions outside Australia or New Zealand may be restricted by law. Persons who come into possession of this IM 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 IM. 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.

Investors to Complete the Subscription Deed and Review Accompanying Declarations

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

New Zealand Investors

The offer of Units in the Fund made by way of this IM is only available in New Zealand to, and is only capable of acceptance by, persons who are wholesale investors in terms of clause 3(2) of Schedule 1 of the New Zealand Financial Markets Conduct Act 2013 (“**FMCA**”). The offer is not to be treated as an offer to, and is not capable of acceptance by, persons in New Zealand who are not wholesale investors.

The offer made by way of this IM is not a regulated offer and, as such, is made in circumstances where

no disclosure is required to be made under the FMCA. This IM is not a product disclosure statement under the FMCA. It is not required to, and does not contain, all of the information which would be required to be included in a product disclosure statement.

An offer or invitation to acquire Units in the Fund will only be extended to a New Zealand investor who has first satisfied the Investment Manager and the Responsible Entity that the investor: (i) is a wholesale investor (within the meaning of clause 3(2) of Schedule 1 of the FMCA); and (ii) is not investing with a view to selling or transferring their Units to a retail investor (being anyone who is not a wholesale investor). By accepting this Offer and completing the Subscription Deed, each New Zealand investor is taken to have represented to the Investment Manager and the Responsible Entity that the investor meets the criteria set out in this paragraph and undertakes to immediately notify them if it ceases to meet the criteria set out in this paragraph.

New Zealand investors wishing to invest in the Fund should be aware that there may be different tax implications of investing in the Fund and should seek their own tax advice as necessary.

Cooling Off Period

There is no cooling off period with respect to Units issued under the Offer.

Not Investment Advice

This IM 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.

The information contained in this IM is not financial product advice. This IM 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 IM. 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 or the Investment Manager 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 a reliable indicator 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 the 'Risks' section of this IM. 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 IM.

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 expected to be an illiquid fund and an investment in the Fund is expected to be 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 IM 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 IM 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 IM will actually occur. You are cautioned not to place undue reliance on those statements.

No Representations Other Than Contained in This IM

You should seek your own independent financial advice and should only rely on the information in this IM 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 IM. Only information or representations contained in this IM may be relied upon as having been authorised by the Responsible Entity 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 IM. You should read this IM because you will become bound by it if you become a holder of Units.

Obtaining A Copy of This IM

A paper copy will be provided free upon request. Please call the Responsible Entity on +61 3 8623 5000 for a copy.

This IM should be read together with the Constitution of the Fund. A copy of the Constitution is available from the Responsible Entity by calling +61 3 8623 5000.

Updated Information

Certain information in this IM is subject to change from time to time.

Where considered appropriate by the Responsible Entity, you will be notified in writing of any changes.

A paper copy of any updated information will be provided free of charge on request. Copies of any updated information may be obtained from the Responsible Entity by calling +61 3 8623 5000.

Date of Information

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

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 IM are due to rounding.

A glossary of important terms used in this IM can be found in the 'Glossary of Important Terms' section.

Indirect Investors

The Responsible Entity has authorised this IM for the use of investors who invest directly in the Trust, as well as for investors who invest indirectly ("**Indirect Investor**") through an investor directed portfolio service, master trust, wrap account or an investor directed portfolio service-like scheme ("**IDPS**"). When the Trust is available for investment through an IDPS, this Information Memorandum may be used by any Indirect Investor whose registered address is in Australia and who is a Wholesale Client as defined in section 761G or a Sophisticated Investor as defined in section 761GA of the Corporations Act. The platform operator (or the custodian of the platform), and not the Indirect Investor, pays for, subscribes for and holds the units in the Trust. An Indirect Investor does not acquire the rights of a unitholder in the Trust. The platform operator may charge additional fees. The platform operator exercises all rights in respect of the units (including with respect to any distributions) in accordance with the arrangements they have with you. The terms and conditions of the IDPS Guide or similar type of document will govern an Indirect Investor's investment through the IDPS. For all information about your investment, you will need to contact the operator of the platform through which you have invested.

Questions

If you have any questions about the IM please contact the Responsible Entity on +61 3 8623 5000 (inside Australia) between the hours of 8.30am and 5.00pm Monday to Friday Australian Eastern Standard Time (AEST) (excluding public holidays).

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Letter from Federation Asset Management

Dear Investor,

I am proud to invite you to invest in the Federation Education Real Estate Investment Trust.

Federation Education REIT invests in childcare real estate for children up to five years of age in metropolitan regions across Australia.

Portfolio: The portfolio consists of 9 childcare properties across Brisbane, Sydney and Adelaide representing approximately \$75 million of asset value. The Fund's portfolio of assets are leased to high quality, experienced tenants, on long-term net lease arrangements and in prime locations supported by unmet demand for childcare services.

Scaleable Investment Opportunity: Large and fragmented total addressable market, where the Fund has an immediate pipeline of opportunities totalling \$150 million. Federation foresees the ability to grow the Fund by at least \$100 million of properties each year thereafter.

High Return Potential: Federation aims to provide an excellent return for investors with a target total net return objective (before taxation) of 14.0 to 16.0% per annum. Federation looks to provide investors with stable dividends targeting a distribution yield of 6.0% per annum.

Why Federation: The Fund trades at a discount to listed peers of up to 25%, with material capital growth potential for investors upon an ASX listing of the Fund.

Defensive Asset Class: Childcare real estate is asset backed, long WALE, supported by demographic tailwinds and receives significant and consistent Federal Government funding and support.

It is the intention of the Investment Manager to consider an IPO for the Fund on the Australian Securities Exchange at a milestone where the aggregation of centres is of sufficient scale to support the listing, targeting on or before June 2022.

The Federation investment team is known for its investment acumen and its disciplined, prudent, measured and transparent approach to investing. In addition to an excellent track record, the team enjoys a deep domain of expertise in real estate investing and, importantly, has experience working together as a team over many years.

Alignment with investors is critical to Federation and we employ best-in-class corporate governance arrangements via an external responsible entity, finance and compliance functions.

I hope to welcome you as an investor with Federation.

Yours sincerely,



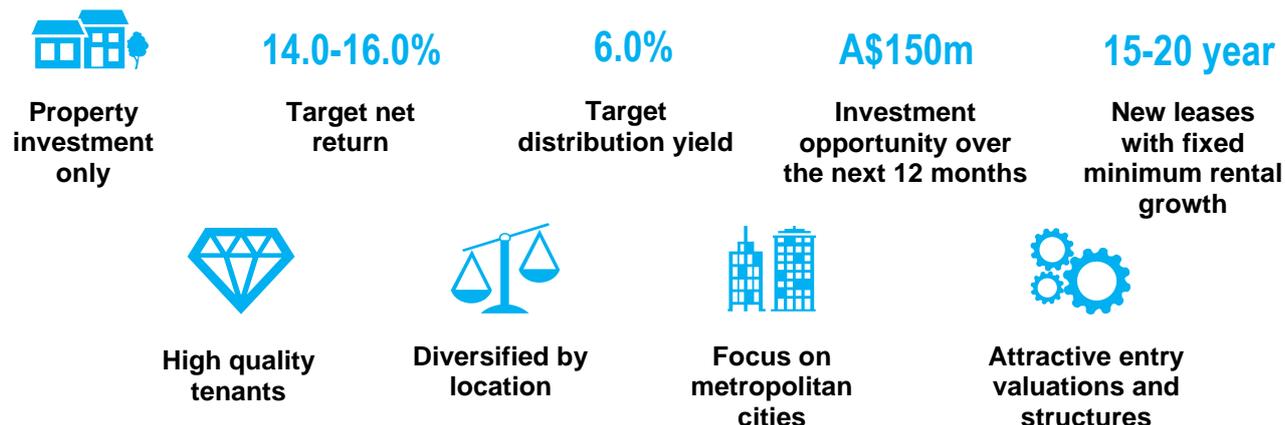
Cameron Brownjohn
Chief Executive Officer

1. About the Fund

1.1 Overview of Investment Strategy

The Fund is an Australian, unlisted, long WALE real estate investment trust designed to build and acquire childcare centres in metropolitan locations across Australia for children up to five years of age.

1.2 Investment Objectives



The Investment Manager's investment objective is to generate attractive risk-adjusted returns through investing in childcare real estate in Australian metropolitan regions.

The Investment Manager will target freehold childcare real estate investment opportunities which satisfy the following criteria:

- High quality, experienced, well-capitalised tenant;
- Long-term leases (15-20 years for the majority of properties);
- Effective triple net leases for each property¹;
- Target 3.0-3.5% fixed annual rental increases for each property, or CPI, whichever the greater;
- Locations with unmet demand; and
- Bias towards capital cities.

The Investment Manager will look to add similar quality childcare real estate to the portfolio over time in an accretive way to existing Unitholders.

1.3 Target Return and Target Distribution Yield Objectives

Being an illiquid and unlisted fund, the Fund is unlikely to hold any substantial amount of its assets in cash (after full deployment of funds raised under this Offer). Any net cash flow (following payment of interest and other expenses) is likely to be fully paid to Unitholders on the next distribution date.

¹ Means leases where all outgoings including structural repairs, general repairs and maintenance, rates, taxes, insurance and property management expenses are met by the tenant. As an example, this means that under the triple net lease, a tenant may pay for all non-structural repairs and maintenance whilst the landlord, the Fund, will be responsible for the cost of significant structural works

Target Return Objective: The Investment Manager seeks to acquire investments which support the Fund's total return objective of 14.0 to 16.0% per annum (after taking into account fees and costs of the Fund, but before taxation).

Target Distribution Yield Objective: The Investment Manager seeks to acquire investments which support the Fund's distribution yield objective of 6.0% per annum (after taking into account fees and costs of the Fund, but before taxation).

The Fund will pay quarterly distributions in arrears in February, May, August and November, with respect to the preceding three month period ending 31 December, 31 March, 30 June and 30 September respectively.

The Target Return Objective and Target Distribution Yield Objective are targets only and may not be achieved. Actual returns and yields achieved will be influenced by a range of factors. No representation can be or is deemed to be made as to the future performance of the Fund. The target rate is not a forecast. There can be no assurance that the Fund will achieve its investment objectives. Investors may not get back the full value of their investment and in certain circumstances investors could lose all of their investment.

The rates are expressed on an average annualised basis having regard to the investment objective for the life of the Fund. It may take some time until the target portfolio construction is achieved and this may impact the ability to achieve the stated rate of return and yield, including in the first few years of the term of the Fund.

Investors should read the 'Risks' section of this IM as various risks may impact the ability of the Fund to achieve the Target Return Objective and the Target Distribution Yield Objective. For more information on the distribution policy, refer to the information under section 'Distribution Policy, Liquidity and Reporting' of this IM.

Federation will monitor the actual returns of the Fund and will notify Unitholders of actual performance of the Fund in the Fund's reports.

Tax Deferral: The Investment Manager anticipates distribution payments to investors will contain some portion of tax-deferred income. Tax-deferred income arises through the different treatment of expenses and depreciation allowances on buildings and plant and equipment within a building for accounting and taxation purposes. Tax-deferred distributions effectively represent the excess of the amount distributed by the Fund over the taxable component of those distributions. The excess is sheltered from tax because of deductions such as capital works, depreciation on plant and equipment and other tax timing differences. Tax-deferred distributions are not immediately assessable when received by the Investor but will reduce the cost base of their Units. Therefore, tax-deferred distributions received affect the Investor's capital gain/loss on disposal of the Units. Once the Investor exhausts their cost base in the Units, the tax-deferred component of the distributions will give rise to an immediate capital gain.

1.4 Investment Features of the Fund

- **Attractive Risk-Adjusted Returns²:** Australian Federal Government supported industry, fixed annual rent reviews and robust landlord-friendly lease terms
- **Significant Government Support:** Bi-partisan support for the sector focusing on workforce participation with \$8.3 billion in subsidies allocated for the 2019-2020 period³
- **Female Labour Force Participation:** Continues to grow and is at an all-time high of 66%⁴

² All investments come with risk and investors should review section 'Risks' for more information.

³ Source: Australian Federal Budget 2019-20.

⁴ Source: Peritus Childcare Sales, 2018 Investment Review & Outlook.

- **Rise in Childcare Participation Rates:** As the quality of service increases with the introduction of additional staff qualification requirements, minimum educator-to-staff ratios, emphasis on school readiness and extra-curricular activities
- **Long WALE:** new 15-20 year lease term with options to extend
- **Fragmented Industry:** Industry consolidation is still in its infancy with further consolidation expected to continue
- **Attractive Entry Valuations and Structure:** The Fund invests once the childcare development site has obtained to its satisfaction a development approval, long-term lease agreement and visibility on fixed price design and construction contract, which acts to mitigate development risks and significantly shorten the development period
- **Discount-to-Market Entry Valuations:** The Fund's participation in the development phase via the fund-through model is advantageous as it allows for stamp duty savings and for a development profit to be earned via the coupon charged on funds drawn by the development partner
- **Site Selection:** Affirm childcare needs analysis and demographic composition of each site, with a focus on metropolitan locations
- **Excellent Tenancy Partners:** Tenants with an excellent operating history, strong financial covenants, stable occupancy rates, low and sustainable occupancy costs and those who have enjoyed strong organic growth rather than rapid growth by acquisition
- **ESG Principles:** Federation's ESG relationships afford significant ongoing operational and financing benefits

Alignment of Interest

The Investment Manager (or its affiliated entities or their securityholders, directors or employees) and Federation Alternative Investments have seeded the Fund with an aggregate equity contribution of \$15.4 million.

2. Summary of Key Terms

Item	Description	More Information
Name	Federation Education Real Estate Investment Trust	'About the Fund'
Investment Objective	The Fund's investment objective is to make Target Investments that the Investment Manager expects will support the Fund's Target Return Objective and Target Distribution Yield Objective	'About the Fund'
Target Investments	<p>The Fund invests primarily in childcare real estate in Australian metropolitan regions</p> <p>The Investment Manager will preference long-lease terms with high quality counterparties and in locations with unmet demand with a bias towards capital cities</p>	'About the Fund'
Target Return Objective	The Investment Manager seeks to acquire investments which support the Funds total return objective of 14.0% to 16.0% (after taking into account fees and costs of the Fund, but before taxation) over the life of the Fund	'About the Fund' 'Risks'
Target Distribution Yield Objective and Distribution Policy	<p>The Investment Manager seeks to acquire investments which will support the Fund's distribution yield objective of 6.0% (after taking into account fees and costs of the Fund, but before taxation) over the life of the Fund</p> <p>The Fund will pay quarterly distributions in arrears in February, May, August and November with respect to the preceding three month periods ending 31 December, 31 March, 30 June and 30 September respectively</p>	'About the Fund' 'Distribution policy, Liquidity and Reporting' 'Risks'
Structure	An Australian unit trust which holds the underlying investments directly or indirectly via Sub-Trusts	'About the Fund'
Term of the Fund	<p>The Fund is a closed end investment trust with an expected term of five years through to January 2025 (subject to any subsequent extensions)</p> <p>Given the Target Investments will be illiquid and the time it takes to divest them can be affected by market conditions, the Responsible Entity can extend the term of the Fund by two (2) years with the approval of Unitholders holding not less than 50% of the Units in the Fund</p> <p>It is the intention of the Investment Manager to explore an Initial Public Offering on the Australian Securities Exchange ("ASX") or another suitable exchange, at which point Unitholders would be free to sell their units (subject to any escrow arrangements required by the regulators or the exchange at the time)</p> <p>It is the intention of the Investment Manager to consider listing the Fund on the ASX, targeting on or before June 2022.</p>	'Distribution Policy, Liquidity and Reporting'

Item	Description	More Information
Withdrawals	<p>The Fund is an illiquid fund, and therefore Investors will not have the automatic right to withdraw their money from the Fund</p> <p>Whilst the Investment Manager intends to explore liquidity solutions for Unitholders, Investors who elect to invest acknowledge they are proceeding on the basis as if the Investment Manager and the Responsible Entity are not expected to make any withdrawal offers</p>	'Distribution Policy, Liquidity and Reporting'
Application Price	During the Offer period, the application price of a Unit is \$1.01	n.a.
Minimum Investment	\$20,000, the Responsible Entity may (at its absolute discretion) accept a lower amount	'Guide to Investing'
Offer Open Date	15 March 2021	n.a.
Offer Close Date	<p>The First Close will close at 4:00 pm AEST on 31 March 2021 (First Offer Close Date) or such other date determined and notified by the Responsible Entity</p> <p>The Second Close will close at 4.00 pm AEST on 30 April 2021 (Second Offer Close Date) or such other date determined and notified by the Responsible Entity</p> <p>The Responsible Entity may elect to process applications and issue Units as they are received</p>	'Guide to Investing'
Future Offer Periods	The Responsible Entity reserves the right to reopen the Offer at its absolute discretion. Any future offer will likely be under an updated offer document, and at a revised valuation per unit	n.a.
Applications	<p>Applications, together with all supporting documentation and cleared funds, should be sent to the Administrator</p> <p>The Responsible Entity may accept or reject applications in its sole discretion. For the avoidance of doubt, the Responsible Entity reserves the right not to issue Units to the relevant applicant if any part of the application has not been received by the Administrator by 4:00 pm AEST on the Offer Close Date</p> <p>Units will be issued on a fully paid basis</p>	'Guide to Investing'
Alignment of Interest	The Investment Manager (or its affiliated entities or their securityholders, directors or employees) and Federation Alternative Investments ("FAI") have seeded the Fund with an aggregate equity contribution of approximately \$15.4 million.	'About the Fund'
Borrowing Policy	<p>The Fund (or any of the underlying Sub-Trusts) has the capacity to make borrowings in accordance with the borrowing policy of the Fund</p> <p>The target gearing for the Fund whilst in unlisted format is 50-55% loan-to-value</p>	'Other Important Information' under 'Borrowing Policy'

Item	Description	More Information
Valuation Policy	<p>The Investment Manager will provide updated director valuations for each Property every quarter</p> <p>An annual review of the Portfolio will be carried out by the Fund auditor, and will occur on 30 June of each year</p> <p>The Investment Manager will procure a valuation of each Property by an independent valuer at least once each 3 years from its date of acquisition, and not more than three months earlier than the date of application for Listing, or more frequently at the absolute discretion of the Investment Manager</p>	'Other Important Information' under 'Valuation Policy'
Fees and Other Costs	The fees and other costs of the Fund are further described in the 'Fees and Other Costs' section of this IM. Such fees and costs will impact the returns received by Unitholders in the Fund	'Fees and Other Costs'
Currency Denomination	The functional currency of the Fund is AUD. Annual tax distribution statements will be provided to Unitholders in AUD	'Taxation'
Risks	<p>Liquidity risk – The Fund is illiquid and capital is not expected to be returned to you until the winding up or listing or trade sale of the Fund</p> <p>Legal, Regulatory and Tax risks – The risk that changes in any law, regulation or government policy in Australia or other applicable jurisdictions could have an impact on the Fund's performance. This includes the risk of the availability and access to Government subsidies which may impact the viability of the Fund's investments</p> <p>Financing risk – Borrowing may increase the potential for reductions in distributions and/ or capital losses if asset values fall or income from assets decline. Some or all of the interest on borrowings may be calculated on floating interest rates which may negatively impact returns if interest rates were to increase</p> <p>No guarantee – Although the Federation team has extensive experience analysing, investing in and managing real estate investments, the Fund is recently formed with limited financial or operating history upon which to evaluate its likely performance. There is a risk that Federation will fail to deliver positive returns or that the strategy will fail to perform as expected, in which case the investment objective for the Fund may not be achieved</p> <p>Personnel risk – Investors in the Fund will have no direct control over the day-to-day management of the Fund or the Investment Manager. Therefore, if key investment personnel at Federation are lost (for example, through departure, disability or even death) there is no guarantee that their skills can be easily or quickly replaced. This is likely to have an impact on the performance of the Fund</p>	'Risks'

Contact	Description	More Information
Investment Manager	Federation Asset Management Pty Ltd Suite 30.04 The Chifley Tower 2 Chifley Square Sydney, NSW 2000, Australia Ph: +61 2 8650 4500 Web: www.federationam.com	'About the Investment Manager'
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'
Adminstrator	Apex Funds Services Ltd PO Box A517, Sydney South, NSW 1235 Ph: + 61 2 7201 9015 Web: www.theapexgroup.com	'About the Administrator'

3. Portfolio Overview

The Fund currently owns four completed and trading assets across Brisbane and Adelaide, leased to Guardian Early Learning and the South Australian Government. Further, Federation continues to manage the construction process for an additional asset in Brisbane, which is expected to be complete in Q4 2021. A summary of the current portfolio is outlined in the following sections of this IM.

Operationally, the current portfolio proved defensive during COVID-19 with 100% occupancy and rent collection achieved on trading assets during that time. This is unique when comparing the Fund with its ASX listed peers. However, COVID-19 did cause some delay in the delivery of properties in the portfolio which consequently delayed rental income and valuation uplifts being recognised by the Fund.

The Fund is raising capital to finalise the acquisition of at least four new childcare assets which have been secured across Sydney, Brisbane and the Sunshine Coast. These new assets, along with the broader pipeline, will improve the Fund's geographical and tenant diversity. A summary of the contracted portfolio is outlined in the following sections of this IM.

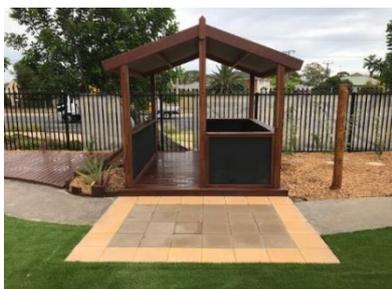
3.1 Current Portfolio

Asset	Coopers Plains	St Clair	Croydon Park	Springfield Lakes	Greenbank
State	Queensland	South Australia	South Australia	Queensland	Queensland
Type	Freehold property	Freehold property	Freehold property	Freehold property	Freehold property
Use	Childcare centre	Childcare centre	Childcare centre and office	Childcare centre	Childcare centre
Tenant	Guardian Early Learning	Guardian Early Learning	Guardian Early Learning and SA Government	Guardian Early Learning	Guardian Early Learning
Places	135	120	135	100	120
Lease Term and Options	15 + 5 + 5	15 + 10 + 10	10 + 10 + 10 (Guardian)	15 + 10 + 10	15 + 10 + 10
WALE	14 years	13 years	9 years (Guardian)	15 years	15 years
Rental Increases	Greater of 3.0% and CPI	Greater of 3.0% and CPI	Greater of 3.0% and CPI (Guardian)	Greater of 3.5% and CPI	Greater of 3.0% and CPI
Yield on Cost	6.50%	6.30%	6.33%	6.00%	6.25%
Capitalisation Rate	5.50%	6.25%	6.25%	Expectation of 5.50%	On completion expectation of 5.50%
Status	Trading	Trading	Trading	Awaiting service approval	In construction, due October 2021

Coopers Plains



St Clair



Croydon Park



3.2 Contracted Portfolio

Subject to the funds raised under this IM, the Fund intends to make offers to develop and acquire the following properties, at an average yield on cost of 5.8%.

Asset	Acacia Garden	Bulimba	Maroochydore	Sydney
State	New South Wales	Queensland	Queensland	New South Wales
Tenant	Guardian Early Learning	Harmony Early Learning	Eden Academy	Guardian Early Learning
Places	120	122	115	100
Lease Term and Options	15 + 2 x 10 years	20 + 2 x 10 years	20 + 2 x 10 years	15 + 2 x 5 years
Rental Increases	3.5% or CPI	3.0%	3.0% p.a.	3.0% or CPI
Yield on Cost	5.70%	5.80%	6.00%	5.50%
Investment Type	Fund-Through	Fund-Through	Fund-Through	Completed

Note: Sydney acquisition is subject to due diligence

4. About Federation

4.1 Introduction

Federation Asset Management Pty Ltd (“**Federation**” or the “**Investment Manager**”) is an Australian based specialist fund manager.

Federation’s purpose is to protect and grow clients’ capital in a sustainable and responsible way.

Federation invests in businesses and assets that meet a social and economic need. Federation builds strong, sustainable, market-leading businesses through the provision of the capital they need to grow, as well as strategic, analytical and operational support brought from many years of experience supporting similar businesses.

Federation’s principles represent their core values and how they wish to behave with each other and stakeholders:

- **Performance:** Strive for excellence through insight, access, analysis and effort
- **Accountability:** Take responsibility and act decisively
- **Teamwork.** Be respectful, collaborative and fair. Value diversity
- **Integrity.** Maintain sustainable and responsible business practices. Do the right thing

This formula provides Federation with an enviable ability to source quality investment opportunities, to analyse and execute upon them. The Federation team has a strong track record of working together over the past decade and offers unrivalled investment experience across its target sectors.

Key elements of the Federation service offering include:

People: Federation’s team is known for its investment acumen and disciplined, prudent, measured and transparent approach to investing. The team has deep domain expertise in each investment strategy and, importantly, has long-term experience of working together as a team.

Performance: Federation’s investment team members have a compelling track record over many years:

- **Value creation:** Strong, long-term track record on equity investments for an average hold period of 5 years
- **Consistency:** Involvement in over \$2.3 billion of initial value of investments
- **Longevity:** Whilst the Investment Manager was established in September 2018, the core investment team has operated together in various formats since 2011
- **Breadth:** Experience and track record investing in both bull and bear markets across all relevant industry groups

Process: Federation’s investment team applies an overarching emphasis on rigorous fundamental research into each investment opportunity from a platform of:

- **Powerful origination capabilities:** Federation has sourced over 400 actionable investments since 3 September 2018 and the team is currently analysing over 20 actionable investments in its proprietary pipeline
- **Investment discipline:** Investment Committee approval on top 2% (by value) of investment opportunities across all strategies

- Risk management and capital preservation are critical focuses at all points in the Federation investment process, building upon the backgrounds of the senior members of the investment team
- Governance: Alignment with investors is critical to Federation and Federation employs best-in-class corporate governance arrangements

Culture: Responsible investing is core to Federation’s approach. Federation is a signatory to the United Nations Principles for Responsible Investing and is certified by the Responsible Investment Association of Australia. Furthermore, Federation is an equal opportunity employer. In addition to producing outstanding returns for investors, Federation values integrity, respect and inclusion.

4.2 Track Record

Prior to founding Federation, the core members of the Federation team (referred to as “**Relevant Federation Personnel**”) enjoyed an excellent track record over many years.

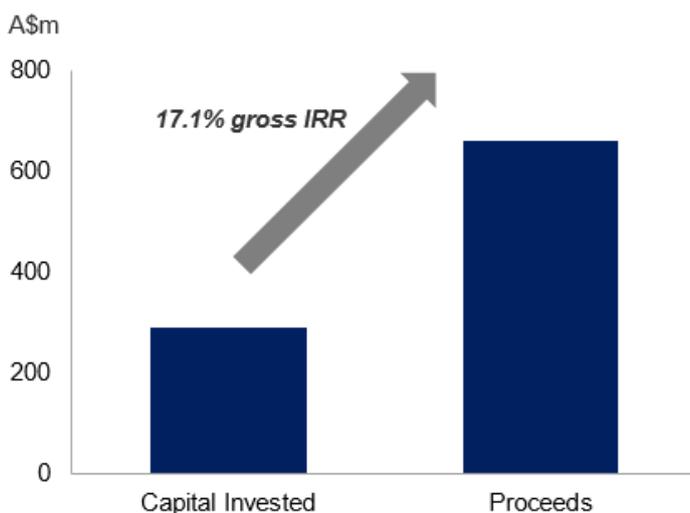
Performance: Assuming a weighted average based on capital invested in each investment, Relevant Federation Personnel have achieved a 17.1% gross IRR on real estate equity investments (that have been exited) prior to founding Federation (referred to as “**Relevant Past Performance**”).

Scale: Real estate equity investment of over \$500 million, prior to founding Federation.

Longevity: Data captures past 10 years, noting that Relevant Federation Personnel have operated together in various capacities since 2011.

Experience: The Federation team has experience and a strong track record investing profitably across all market environments and across all relevant real estate sector groups.

Relevant Past Performance on Exited Investments of Federation



Investors should note that the Relevant Past Performance is not the actual performance of the Fund or Federation. The Relevant Past Performance is not a reliable indicator of the future performance of the Fund. The performance of the Fund could be significantly different to the Relevant Past Performance. Past performance is not a reliable indicator of the future performance of the Fund. Returns are shown gross of fees and taxes.

Methodology of Track Record Information

As the Investment Manager and the Fund were recently established, statements of prior performance are not statements of the track record of the Investment Manager or the Fund. The return indicated is the Investment Manager's estimate of the weighted average gross return achieved on investments made by Relevant Federation Personnel where such team members had a relevant role in contributing to the Relevant Past Performance. The information in this section summarises the estimated historical performance of the other portfolios managed by Relevant Federation Personnel (at the time they were employed outside of Federation during their roles with other employers over the relevant period). Former employers of the Federation team have not provided attribution of the above track record. The information provided in this IM has been provided by the Investment Manager and is not a statement of the track record of the Investment Manager or the Fund. The return indicated is the Investment Manager's estimate of the weighted average gross return achieved on investments made by former employers of the Relevant Federation Personnel and which such team members had a significant role in managing in their respective roles at such firms. The track record is provided in aggregate and as a guide only. IRR and Hold Period are weighted on the basis of capital invested per project.

4.3 Investment Committee

The Investment Manager is supported by a number of professionals who have deep experience in the property sector. The following key individuals will serve as the Fund's investment committee and be involved in implementing the Fund's investment strategy, portfolio asset management and managing the Fund:

Cameron Brownjohn – Partner and Chief Executive Officer



- Cameron founded Federation in 2018. Cameron serves as a Director of Social Infrastructure Investment Partners Pty Ltd (investment manager of the Synergis Fund), Director of Windlab Limited, in addition to chairing Federation's Investment Committee and serving on several internal boards.
- Prior to founding Federation, Cameron held a number of senior positions at Macquarie Group, including Head of Principal Investments for Macquarie Capital in Australia and New Zealand (appointed 2013) and a member of Macquarie Capital's Australian Management Committee (appointed 2015). During his time at Macquarie, Cameron served on a range of Macquarie investee company boards.
- In aggregate, Cameron has twelve years of experience investing in, managing and exiting control equity, minority equity and debt/mezzanine investments across all industry groups. He is equally comfortable investing in the private equity, real estate and renewable energy sectors and is experienced at running investment teams across all of these disciplines. Importantly, Cameron has invested successfully in both bull and bear markets, including a range of highly profitable distressed debt investments following the Global Financial Crisis including BrisConnections, Babcock & Brown, Centro and Allco.
- Prior to investing, Cameron spent nine years as an investment banker with Merrill Lynch. He has experience across all forms of merger and acquisition and capital raising transactions, has worked across all sectors relevant to Federation's business, and has lived in Asia, Europe, North America and Australia throughout his career.
- Cameron is active in the not-for-profit sector, including serving as Chairman of Special Olympics Australia. He holds degrees in Law and Commerce with First Class Honours.

Jason Walter – Partner



- Jason is a founding partner of Federation. Prior to joining Federation, Jason was Chief Executive Officer and founder of boutique investment and development firm, JW Redleaf, which successfully acquired, developed and sold a number of property assets, most notably a A\$120 million commercial landfill and recycling facility, Patons Lane RRC, between 2014 and 2018. Jason has also developed childcare centres and other commercial properties in his capacity as Director at JW Redleaf.
- In aggregate, Jason has approximately 20 years of experience investing in, managing and developing commercial real estate assets.
- He has spent time in development, capital transaction and investment management roles at Lend Lease, Stockland, Valad, Mirvac and Coles, acquiring and developing in excess of A\$1 billion of real estate.
- Jason serves on Federation’s Board and Investment Committee and is a Director of Social Infrastructure Investment Partners Pty Ltd (investment manager of the Synergis Fund)
- Jason maintains a number of charitable interests, holds a Bachelor of Business degree, with a double major in Banking and Finance, and Accountancy from the Queensland University of Technology.

Neil Brown – Partner



- Neil is a founding partner of Federation. Prior to joining Federation, Neil was a senior member of Macquarie Group’s Corporate and Asset Finance Principal Finance team. In that role, he gained eight years of broad experience across renewable energy, real estate, financial institutions, infrastructure and other industrial sectors, making investments that traversed the capital structure from debt to ordinary equity. He served on a number of Macquarie portfolio company boards.
- Prior to investing, Neil spent five years as an investment banker with Macquarie Capital providing merger and acquisition, capital raising and other corporate advice to companies in the energy and infrastructure sectors.
- Neil serves on Federation’s Board and Investment Committee and is a Director of Federation’s portfolio company Sendle.
- Neil holds degrees in Economics and Commerce with First Class Honours from the University of Queensland, and is a Graduate Member of the Australian Institute of Company Directors

Stephen Panizza – Partner



- Stephen is a founding partner of Federation. He has over 30 years’ experience in the finance industry in Australia, Asia and the Middle East. Prior to joining Federation, Stephen was the Chief Investment Risk Officer of the Clean Energy Finance Corporation (CEFC). The CEFC is the world’s largest green investment bank, responsible for investing A\$10 billion in clean energy projects on behalf of the Australian Government. The CEFC’s mission is to help lower Australia’s carbon emissions by investing in renewable energy, energy efficiency and low emissions technologies. In this role, Stephen was a member of the Investment Committee, Chair of the Asset Management Committee and also supported innovative start-up companies through the Clean Energy Innovation Fund.
- Prior to this, Stephen was an Executive Director at Macquarie Group. His roles included Head of Macquarie Capital’s Principal Investments division in Asia, Senior Managing Director of Macquarie Capital’s Corporate Finance Division in Asia and Head of Capital Markets in Asia.

- Stephen joined Macquarie from ABN AMRO Bank in Hong Kong where he served as Head of Leveraged Finance, Asia. He also served at ABN AMRO as Executive Director of Structured Capital Markets Asia in Singapore and Associate Director of Project Finance and Advisory in Sydney.
- Stephen has served as a Non-Executive Director of ASX-listed Miclyn Express Offshore Limited, and Thinxtra Pty Ltd. He was the Vice Chair of the Humanitarian Organisation for Migration Economics, a Singapore based NGO serving the migrant worker community in Asia.
- Stephen serves on Federation’s Board and Investment Committee and is a Director of Windlab Limited.
- Stephen holds a Bachelor of Economics Degree and a Master of Business Administration from the University of Western Australia and is a member of the Australian Institute of Company Directors.

4.4 Responsible Investing

Federation is a signatory to the United Nations Principles for Responsible Investment (“**UNPRI**” or “**Principles**”) and is certified by the Responsible Investment Association of Australasia (“**RIAA**”).

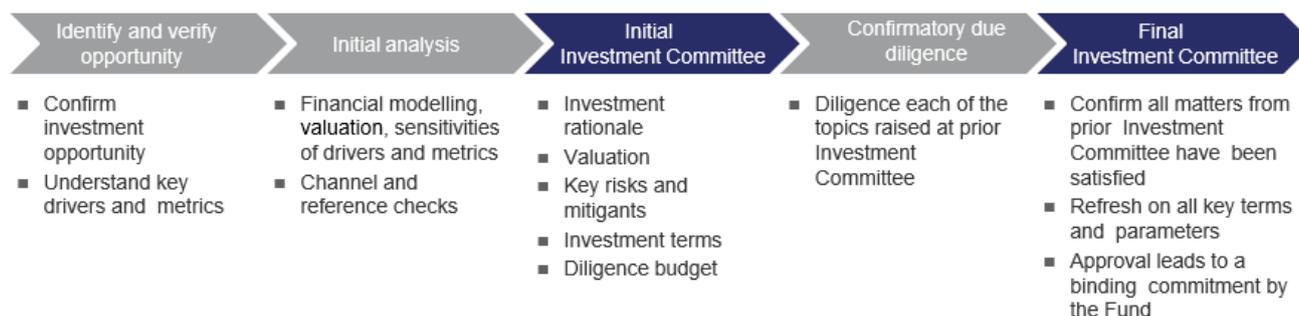
UNPRI requires Federation to commit to:

- Incorporate Environmental, Social and Corporate Governance (“**ESG**”) issues into investment analysis and decision-making processes;
- Be an active owner and to incorporate ESG issues into ownership policies and practices;
- Seek appropriate disclosure on ESG issues by the entities in which Federation invests;
- Promote acceptance and implementation of the Principles within the investment industry;
- Work with the UNPRI Secretariat and other signatories to enhance their effectiveness in implementing the Principles; and
- Report on activities and progress towards implementing the Principles.

As a member of RIAA, Federation implicitly adopts RIAA’s mission to promote, advocate for, and support approaches to responsible investment that align capital with achieving a healthy and sustainable society, environment and economy.

4.5 Investment Process

Federation uses a two stage Investment Committee process for any new childcare investment, variation to an existing investment or sale of an existing investment:



Key due diligence topics include;

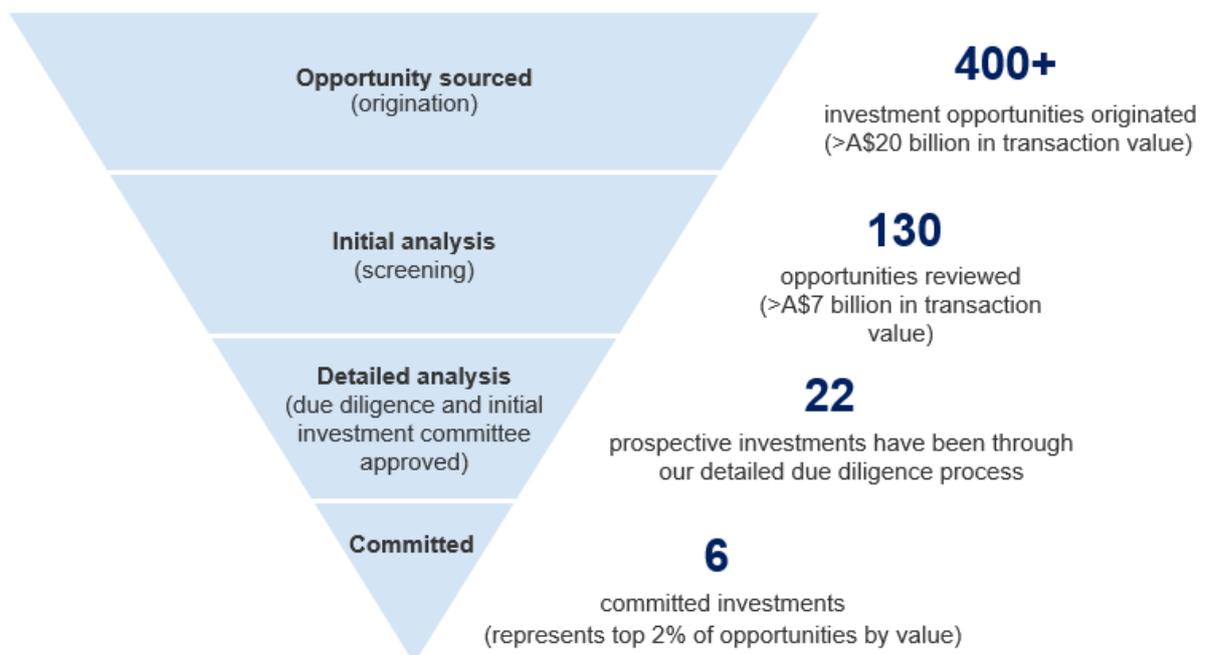
- Project and Location Summary – including summaries of location, access, parking, building type etc.
- Financial Summary – the purchase price and terms
- Needs Analysis – needs analysis is to be provided detailing demand and supply
- Lease Documents – lawyers to complete review of the agreement for lease and lease, summarising the key commercial terms and any material clauses
- Planning and Environmental – lawyers to complete searches in respect of encumbrances on title, confirm exchanged development agreement, complete review of planning certificate and development approval, and confirmation that there are no environmental problems on site
- Valuation – a third-party valuation must be provided supporting both the initial land acquisition and the on-completion valuation
- Construction – in the absence of a signed fixed price design and construction contract, two fixed price construction quotes to be provided with an estimate from an approved Quantity Surveyor
- Debt Funding – an indicative offer from a financial institution/broker must be provided, detailing for both the construction period and the investment period – the interest rate, term, LVR and other relevant debt covenants

4.6 Investment Reach and Discipline

Federation has sourced over 400 investment opportunities (across all its investment strategies) since inception in September 2018. This level of origination, and the continued strong and growing pipeline of opportunities since commencement shows **investment reach**.

Of the sourced investments, Federation's **investment discipline** has filtered out all but the top 2% of opportunities.

The figure below is a graphical representation of the above points:



4.7 Execution Points of Difference

Sourcing, execution and portfolio management are each critical to maximising returns. Federation's investment focus, strengths and advantages at each stage of the investment cycle are outlined below:

	Pre-Investment	Post-Investment	Exit
Investment Focus	<ul style="list-style-type: none"> • Proprietary sourced investments • Areas of Federation expertise • Strong returns potential for given level of risk • High barriers to entry • Capital potential 	<ul style="list-style-type: none"> • Strategic positioning • Corporate governance • Risk management • Human capital • Operational support 	<ul style="list-style-type: none"> • Monitor relevant market, industry and regulatory developments • Proactively develop relationships with prospective future investors / acquirers • Develop optimal exit strategies to maximise returns and certainty of execution
Strengths and Advantages	<ul style="list-style-type: none"> • Extensive experience across all areas relevant to sourcing, managing and exiting investments in Federation's subject areas • Broad network of contacts to source investments • Rigorous fundamental research • Strong execution track record 	<ul style="list-style-type: none"> • Broad local network • "One team" approach in Federation's Investment Committee and other board sub-committees • Restructuring experience 	<ul style="list-style-type: none"> • Diversified exit experience • Strong network of industry and financial investors to maximise competitive tension • Experience in managing and executing dual track exit processes

4.8 Investor Alignment, Reporting and Transparency

Federation is **paid for performance, not promises**, with performance fees triggered by exits or liquidity events, not mark-to-market valuation models.

Federation maintains a strong focus on **risk management**, not just excess returns.

Federation maintains a prudent valuation policy with all reporting conducted on a **consistent, conservative and transparent** basis.

4.9 Outsourced Middle and Back Office Operations

Federation's business has been built to focus on its core competencies: investment sourcing, execution and portfolio management.

Federation is also committed to the **highest standards of corporate governance**.

Best-in-class governance and middle and back office operations achieved through the support by strong operational and governance overlays from a range of expert third party partners under arms' length contractual arrangements, including:

- Equity Trustees for governance
- Company Matters for Company Secretarial
- Apex for fund administration and reporting
- Corrs Chambers Westgarth for legal

Federation's 'Service Team' is comprised of over 25 representatives from these expert, third party organisations.

In all instances, Federation's Operations and Control Committee chaired by CEO Cameron Brownjohn oversees the third-party relationships.

5. About the Responsible Entity

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

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 ("**Constitution**") and general trust law.

Equity Trustees, in its capacity as responsible entity of the Fund, has appointed Federation Asset Management Pty Ltd to act as the Investment Manager of the Fund and Apex Fund Services Ltd to act as the administrator of the Fund.

6. About the Administrator

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 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 Values 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.

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

7. 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.

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 the Responsible Entity or the Investment Manager. As with most investments, the performance of the Fund and the value of your unitholdings in the Fund may be influenced by a number of factors, many of which are outside the control of the Investment Manager or the Responsible Entity.

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.

Before deciding on whether to invest in the Fund, investors should consider whether the Fund is a suitable investment, taking into account their personal investment objectives, financial position and particular needs and circumstances. The Investment Manager and the Responsible Entity recommend that prospective investors seek professional advice about the risks involved in investing in the Fund and how it might impact on their individual financial circumstances.

Liquidity

The Fund is an illiquid fund and capital is not expected to be returned until the winding up or listing or trade sale of the Fund. Whilst the Investment Manager will endeavour to assist Investors who may request to transfer their Units (see the section entitled 'Distribution Policy, Liquidity and Reporting' under 'Withdrawals'), there is no guarantee that the requested Units will be successfully transferred.

Financing

The Fund may decide to borrow from one or more reputable lenders (on appropriate financing terms), to help finance its portfolio. Borrowing may increase the potential for reductions in distributions and/ or capital losses if property values fall or rental property income declines. Some or all of the interest on borrowings may be calculated on floating interest rates which may negatively impact returns if interest rates were to increase. Generally, financiers may also seek to have a first charge over some or all of the Fund's property assets. If the Fund were to breach a financial covenant (for example, failing to repay any interest or principal repayments as and when they fall due), the affected financier(s) may exercise their rights to sell such assets and to realise their security.

The Fund adheres to the borrowing policy adopted by the Responsible Entity (see section 'Other Important Information' under 'Borrowing Policy' for more information). There is a risk that if the value of the portfolio declines significantly, this may cause the Fund to exceed the target gearing ratios set out in the policy.

No Guarantee of Performance

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. Target return or target yield statements made in this document may not be achieved. Investors may not get back the full value of their investment and in certain circumstances could lose all of their investment. The past performance of any previous funds managed by the Investment Manager are not necessarily a guide to future performance of the Fund.

Although the Federation team has extensive experience analysing, investing in and managing high yield investments, the Fund is a newly formed entity with no financial, operating or performance history upon which to evaluate its likely performance. There is a risk that Federation will fail to deliver positive returns or that the strategy will fail to perform as expected, in which case the investment objective for the Fund may not be achieved. No assurance is provided as to the Fund's ability to achieve its objectives.

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 if key people who have significant expertise and experience and are important to the management of the Fund become unable or unavailable to perform their role. Investors in the Fund will have no direct control over the day-to-day management decisions of the Fund or the Investment Manager. Therefore, if key investment personnel at Federation are lost (for example, through departure, disability or even death) there is no guarantee that their skills can be easily or quickly replaced. This is likely to have an impact on the performance of the Fund.

Interest Rates

This is the risk that changes in interest rates can have a negative impact on certain investment values or returns. Reasons for interest rates changes are many and include variations in inflation, economic activity and RBA policies. The Fund risks making capital losses if it is incorrect in its estimate of the likely interest rate movements. Such losses could be amplified by the use of leverage.

Taxation

The Fund may be impacted by changes in taxation legislation. Taxation law may change as a result of legislation, case law in Australia, rulings and determinations issued by the Australian Commissioner of Taxation or other practices of tax authorities.

Related Party Transactions

A related party transaction may exist where Federation enters into a transaction with a party which it has a close relationship with (for example, if a fund managed by Federation proposes to invest in other funds that Federation acts as manager of). If Federation proposes to enter into transactions with related parties, it will operate in accordance with certain protocols, policies and procedures which obliges the parties to be dealing with each other at arm's length. These policies and procedures apply a code of conduct to Federation's directors and officers, and promote integrity, responsibility and accountability.

Refer to the 'Related Party Transactions' summary in section 'Other Important Information' in this IM for more information.

Concentration

The Portfolio of the Fund is predominately invested in childcare and tenanted by Guardian Early Learning. Any adverse effects to the childcare sector or Guardian Early Learning may result in the deterioration of the tenant's ability to meet lease obligations of the future growth prospect of the Fund.

Rental Income

The Fund's income and overall returns from the real estate strategy are dependent upon finding appropriate tenants for the properties and the tenants paying rent in accordance with their lease agreement. Rental income may be affected by a number of factors, including (i) overall economic conditions; (ii) financial circumstances of tenants; (iii) occurrence of rental arrears or vacancy periods. Any negative impact on rental income has the potential to decrease the value of the Fund and have an adverse impact on distributions to investors or the value of the Units.

Valuation

Properties will be independently revalued in accordance with the Fund's valuation policy. Real estate assets can be difficult to value in certain circumstances such as where there is an unavailability of suitable information for determining the current value of investments. As such, the Fund's independent valuations may not truly reflect the value that may be realised when the Fund's investments are divested.

Additionally, independent valuations are subject to a number of assumptions which may prove to be inaccurate. Property values may fall if the underlying assumptions on which the property valuations are based change in the future. As changes in valuations of investment properties are recorded in the statutory income statement, any decreases in value will have a negative impact on the statutory income of the Fund.

Disasters and Insurance

Disasters such as natural disasters and terrorist attacks may damage properties. Whilst the Fund does take out building's insurance, there is no certainty that appropriate insurance will be available for all risks on acceptable commercial terms, or that the cost of insurance premiums will not continue to rise. Some risks are not able to be insured at acceptable premiums or it may not be possible to insure all the assets against some of these events. The performance of the Fund may be adversely affected where losses are incurred due to uninsurable or under-insured risks. Further, any failure by an insurer or re-insurer may adversely affect the ability for the Fund to make claims under an insurance policy. This could materially impact the value of assets and/or profit available for distribution of the Fund.

Tenant Defaults

Vacancies may occur due to tenants not renewing or defaulting on their leases, or if there is a general decrease in market rentals. In the case of non-renewals or defaults in rent, the Investment Manager may need to re-let part or all of the affected areas. This may result in a delay in the commencement of a new lease, or leases with a period when no rent may be received or where new leases may be entered into on less favourable terms. If a property is not fully leased, the Fund's income, distributions and potentially capital value may be adversely affected.

Construction Costs

Whilst the Fund aims to de-risk its investments by ensuring that any prospective acquisitions have obtained development approval, a satisfactory tenancy agreement and visibility on a fixed price design and construction contract, there is a risk that any increases in prices in the building sector may result in higher construction costs.

Legal, Regulatory and Tax

Changes in any law (including tax laws), regulation or government policy could have an impact on the Fund's performance. There can be no assurance that any government subsidies currently available to the Fund will not

be amended, reduced or even removed altogether. This may therefore limit the viability of the Fund's investments.

Environmental

As with any property, there is a risk that one or more of the properties may be contaminated now or in the future.

Government environmental authorities may require such contamination be remediated, and in some circumstances for the Fund to be liable for the costs of such remediation. This would affect the financial returns from the asset and the performance of the Fund overall. Additionally, there may be significant legal costs involved in ensuring compliance with environmental legislation and there is a risk that the Fund may be required to pay penalties if found to be liable for causing environmental damage and contamination. Generally, environmental issues may also result in interruptions to the operations of a site, including the potential closure or re-lease of the property.

Failure to properly remediate contaminated sites may also adversely affect the Fund's ability to sell the relevant property or to use it as collateral for future borrowings.

Acquisitions

Whilst the Investment Manager has procedures in place to conduct all reasonable and appropriate due diligence on potential investment opportunities, there is a risk that the Fund may not be able to identify suitable investment opportunities that meet its criteria or requirements, or that even if such opportunities are sourced, that they may not be able to be secured on appropriate terms. This may impact the Fund's ability to expand and grow its initial portfolio, which would affect investors in the Fund.

Furthermore, the Investment Manager will endeavour to do all reasonable and necessary due diligence on potential private equity investments. However, there is a risk that potential issues are uncovered subsequent to due diligence and that these risks cannot be fully mitigated.

COVID-19

COVID-19 has the potential to impact the performance of the Fund, particularly in the near term. The Fund holds real estate leased to third parties and may be subject to National Code of Conduct on SME Commercial Leasing Principles, which applies to tenancies with small-to-medium sized businesses (with annual turnover of up to \$50 million) and tenants that are in a position of financial stress or hardship as a result of the COVID-19 pandemic. The code may apply to give certain eligible tenants certain rent deferral rights and other limited protections, which may impact returns achieved by those funds. Furthermore, the potential for work restrictions associated with COVID-19 may impact the speed at which projects can be delivered. The Investment Manager endeavours to keep investors informed of any material information as it presents by way of investor update.

8. Financial Information

8.1 Introduction

This section contains Pro Forma Statements of Financial Position to illustrate the position of the Fund prior to, and following completion of the Offer.

The Statements of Financial Position have been prepared on the basis of the following assumptions by the Investment Manager:

- a) The Fund's real estate investments are held at cost, including the costs associated with acquiring the underlying properties, until such time that the fair value of the properties can be reliably measured. The assessment of fair value will be based on Directors' and/or external valuations;
- b) No adjustment has been made to income earned nor expenses accrued since 31 March 2021; and
- c) All other items have been represented in accordance with the principles and significant accounting policies set out in section 8.3.

The Pro Forma Statement of Financial Position illustrating the position of the Fund following completion of the issue of units associated with the Offer demonstrates the immediate outcomes based on a hypothetical capital raising of AUD 15 million under the Offer as if such events had occurred as at 31 March 2021. It is intended to be illustrative only and will not necessarily reflect the actual position and balances as at the date of this IM or at the completion of the Offer. The Pro Forma Statement of Financial Position is unaudited.

The information in this section should also be read in conjunction with the 'Risk' section and other information contained in this IM.

All amounts disclosed in this section are presented in Australian dollars.

8.2 Historical and Pro Forma Historical Statement of Financial Position and Capital Structure

The Historical and Pro Forma Historical Statement of Financial Position set out below has been prepared to illustrate the financial position of the Fund following completion of the Offer. The pro forma balances have been derived from the Historical Financial Information and adjusted for the pro forma adjustments with respect to the Offer as if such events had occurred as at 31 March 2021.

The Pro Forma Historical Statement of Financial Position demonstrates the immediate outcomes based on a hypothetical capital raising of AUD 15 million under the Offer; it is intended to be illustrative only and will not necessarily reflect the actual position and balances as at the date of this IM or at the completion of the Offer. The Historical and Pro Forma Historical Statement of Financial Position has been prepared in accordance with the principles and significant accounting policies set out in section 8.3.

Statement of Financial Position As at 31 March 2021 (Unaudited)	Historical \$ ('000)	Distribution \$ ('000)	After Distribution \$ ('000)	Pro Forma \$ ('000)
Cash and cash equivalents	818	(225)	593	15,143
Trade and other receivables	269	-	269	269
Investment properties	35,033	-	35,033	35,033
Loan receivable	1,148	-	1,148	1,148
Total assets	37,268	-	37,043	51,593
Trade and other payables	165	-	165	165
Interest bearing loans	14,160	-	14,160	14,160
Total Liabilities	14,325	-	14,325	14,325
Net assets attributable to unitholders	22,943	(225)	22,718	37,268
Subscription of unitholders	22,130	-	22,130	37,130
Changes in net assets attributable to unitholders	813	(225)	588	138
Total assets attributable to unitholders	22,943	(225)	22,718	37,268

Capital Structure and Net Tangible Assets As at 31 March 2021 (Unaudited)	Historical ('000)	Distribution ('000)	After Distribution ('000)	Pro Forma ('000)
NTA	\$22,943	\$(225)	\$22,718	\$37,268
Units	22,533	-	22,533	37,384
NTA per Unit (\$)	\$1.02	\$(0.01)	\$1.01	\$1.00

Please note that a selling fee may be charged by certain financial advisers or intermediaries based on the amounts raised under this Offer (or lesser amount as otherwise agreed). These amounts are payable by the Fund. The Pro Forma Historical Statement of Financial Position assumes that a 3.0% plus GST fee on amounts raised under this Offer has been paid by the Fund. The Historical and anticipated Pro Forma Capital Structure of the Fund on completion of the Offer is set out below based on a hypothetical capital raising of AUD 15 million under the Offer; it is intended to be illustrative only and will not necessarily reflect the actual position and balances as at the date of this IM or at completion of the Offer.

8.3 Significant Accounting Policies

A summary of significant accounting policies that have been adopted in the preparation of the Pro Forma Historical Financial Information, and which will be adopted prospectively in preparation of the financial statements of the Fund for the period ending 31 March each year, is set out as follows.

The Historical and Pro Forma Historical Financial Information have been prepared in accordance with recognition and measurement principles contained in Australian Accounting Standards and interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (AASB), and the Corporations Act. Australian Accounting Standards Board set out an accounting framework that the AASB have concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the unaudited Historical and Pro Forma Historical Statements of Financial Information and notes also comply with the recognition and measurement requirements of International Financial Reporting Standards.

The financial information presented in this IM is presented in an abbreviated form and does not contain all of the presentation and disclosures that are usually provided in an annual report prepared in accordance with Australian Accounting Standards.

8.3.1 Basis of Preparation

The Historical and Pro Forma Historical Financial Information have been prepared on the basis of assumptions outlined in this section.

The Historical and Pro Forma Historical Financial Information have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss and investment properties that have been measured at fair value.

8.3.2 Functional and Presentation Currency

The Historical and Pro Forma Historical Financial Information is presented in Australian dollars, which is the Fund's functional currency.

8.3.3 Cash and Cash Equivalents

For the purpose of presentation, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown as a liability on the statement of financial position.

Payments and receipts relating to the purchase and sale of financial assets at fair value through profit or loss are classified as cash flows from operating activities, as trading of these financial assets represent the Fund's main income generating activity.

8.3.4 Trade and Other Receivables

Receivables are recognised and carried at amortised cost using the effective interest rate method.

8.3.5 Financial Assets Measured at Fair Value Through Profit or Loss (FVPL)

A financial asset is measured at fair value through profit or loss if:

- a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (“**SPPI**”) on the principal amount outstanding; or
- b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

8.3.6 Trade and Other Payables

Trade and other payables are carried at amortised cost and include liabilities and accrued expenses owed by the Fund as at the end of the reporting period.

8.3.7 Interest Bearing Loans

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (“**EIR**”) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

8.3.8 Investment Income

Interest revenue and expense are recognised in the statement of comprehensive income for all interest bearing financial instruments using the effective interest method.

Dividend revenue is recognised on the date when the Fund’s right to receive the payment is established. Dividend revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the statement of comprehensive income.

Net gains or losses on financial assets and liabilities at FVPL are changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition as at FVPL and exclude interest and dividend income and expenses.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of the prior period’s unrealised gains and losses for financial instruments which were realised in the reporting period. Realised gains and losses on disposals of financial instruments classified as at FVPL are calculated using the first-in, first-out (“**FIFO**”) method. They represent the difference between an instrument’s initial carrying amount and disposal amount, or cash payments or receipts made on derivative contracts (excluding payments or receipts on collateral margin accounts for such instruments).

8.3.9 Expenses

All expenses are recognised on an accruals basis.

8.3.10 Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as management, administration and custodian services where applicable have been passed onto the Fund. The Fund qualifies for Input Tax Credits. Hence, fees for these services and any other expenses have been recognised in the consolidated statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (“**ATO**”). Amounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the consolidated statement of financial position. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

9. Distribution Policy, Liquidity and Reporting

9.1 Liquidity

The Fund is an unlisted Australian trust. If the Fund remains unlisted, the term will be five years to January 2025. Given the Target Investments will be illiquid and the time it takes to liquidate them can be affected by market conditions, the Responsible Entity can extend the term of the Fund by two years with the approval of Unitholders holding not less than 50% of the Units in the Fund.

It is the intention of the Investment Manager to explore liquidity solutions for Unitholders in the intervening period. Liquidity options may include but not be limited to:

Initial Public Offering (“IPO”): Listing the Fund on the Australian Securities Exchange or another suitable exchange, at which point Unitholders would be free to sell their units (subject to any escrow arrangements required by the regulators or the exchange at the time). It is the intention of the Investment Manager to consider a listing of the Fund on the ASX, targeting on or before June 2022. If the Investment Manager determines to list the Fund, the Investment Manager may (without unitholder approval) do all things necessary or desirable to facilitate the Listing, including directing the Responsible Entity to make amendments to the Constitution or Investment Management Deed to reflect changes to the Fund (including fees and costs) to operate as a listed vehicle.

The Investment Manager believes there is substantial capital appreciation potential based on comparable listed real estate investment trusts. If an IPO does not proceed, the Investment Manager may consider an alternative exit strategy, which may comprise of a sale of the total Portfolio, or individual asset sales.

While it is not its current intention to dispose of individual Properties during the term, if the Investment Manager considers it appropriate to take advantage of a strong selling opportunity, it may sell one or more Properties prior to the conclusion of the Fund’s term to maximise returns to Investors. The Investment Manager may in its discretion elect to reinvest or return any net sales proceeds to Investors.

Grey Market: Providing an Over-The-Counter market for a period of time following each quarter, during which the Investment Manager or third party will endeavour to facilitate transfers of Units between investors wishing to exit and persons (if any) wishing to acquire Units (or acquire an increased holding) in the Fund, subject to complying with applicable laws. The Responsible Entity or your adviser may contact you following the issue of Units under this IM and provide further information in relation to accessing this facility.

9.2 Withdrawals

The Fund is an Illiquid Fund

Subject to the prior point concerning liquidity solutions, as the Fund is an illiquid investment, Investors will not have the right to withdraw their money from the Fund. Unless a suitable liquidity option arises, the Investment Manager and the Responsible Entity 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 Investments are sold and the Fund is wound up. There will not be any established secondary market for the sale of Units.

Unitholders may not transfer their Units without the consent of the Investment Manager (such consent not to be unreasonably withheld in the case of a transfer to an affiliate of good standing, or a transfer as a result of genuine hardship or deceased estates). This requirement will not apply upon the Listing of the Fund.

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.

For Investors Outside Australia

Please note that any amount paid to you will be in Australian dollars. For example, for New Zealand investors, this may differ from the amount you receive in New Zealand dollars due to:

- Foreign Exchange spreads between Australian and New Zealand dollars (currency rate differs daily); and
- Overseas Telegraphic Transfer (“**OTT**”) costs.

Amounts will only be paid directly to the Unitholder’s bank account held in the name of the Unitholder with an Australian domiciled bank. Payments will not be made to third parties.

9.3 Distribution Policy

Distributions

The Fund’s primary investment objective is to generate attractive risk-adjusted returns through investing in childcare real estate in Australian metropolitan regions. The availability of funds for distribution will be influenced by a range of factors including the operating cashflows of the Fund’s underlying investments.

The Investment Manager may reinvest amounts received from realisation of any investment and will endeavour to provide regular distributions, having regard to the Target Distribution Yield Objective and other considerations (including taxation).

The Fund will pay quarterly distributions in arrears in February, May, August and November, with respect to the preceding three month periods ending 31 December, 31 March, 30 June and 30 September respectively.

Even when the income of the Fund earned in a particular year for tax purposes exceeds the Target Distribution Yield Objective, Federation may determine to only make a cash distribution for the particular year equal to the Target Distribution Yield Objective.

Federation retains the discretion to amend the distribution policy of the Fund. The targeted distributions are only targets and may not be achieved. Investors should review the ‘Risks’ section of this IM.

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. Cash distributions will only be paid in Australian dollars to such an account.

A summary of key tax implications is set out in the 'Taxation' section of this IM.

9.4 Fund Reporting Policy

Regular, simple to read reports are provided to Unitholders in the Fund by email or on a secure website notified to investors in due course.

These reports comprise:

- **Quarterly Report**, including details about the portfolio, recent investments, Investment Manager's fees and established yield. A quarterly director valuation for portfolio investments will be included in each Quarterly Report;
- **Annual Report** including similar information to the Quarterly Report, plus financial statements, an auditor's report;
- **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; and
- **Tax Statements** issued annually, providing Unitholders with taxation information including a detailed summary of the components of any distributions.

9.5 Authorised Nominee

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 Subscription Deed which is attached to this IM 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 Subscription Deed 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.

10. Fees and Other Costs

Type of Fee	Amount	How and When Paid
Base Management Fee	0.72% on the GAV per annum (plus GST)	The base management fee is accrued daily and is payable from the income and assets of the Fund to the Investment Manager quarterly in advance, on the first day of each calendar quarter
Responsible Entity Fee	0.05% on the GAV per annum (plus GST)	The responsible entity fee is calculated and paid to the Responsible Entity monthly in arrears out of the Fund's assets
Performance Fee	20.0% of the Fund's total return in respect of any property after meeting a hurdle of 10.0% per annum on the property (plus GST)	The performance fee accrues daily and is calculated and payable as soon as practicable after the receipt of distributions (whether following realisation or otherwise), referable to each property separately

Base Management Fee

The base management fee payable to the Investment Manager is 0.72% per annum plus GST calculated on the monthly GAV and payable to the Investment Manager quarterly in advance on the first day of each calendar quarter. The fee is payable out of the assets of the Fund.

Responsible Entity Fees

The Responsible Entity will be paid a fee in respect of its services as responsible entity of the relevant Trusts. The fee is 0.05% per annum plus GST calculated on the monthly GAV and payable in arrears, subject to an agreed minimum annual fee. For the avoidance of doubt, the amount used for this purpose is not reduced on account of any borrowings. A fee may also be payable in the case of removal of the Responsible Entity. The fee is payable out of the assets of the Fund.

Expense Recovery Costs

The Investment Manager and Responsible Entity (and their related parties) are entitled to be reimbursed from the Fund in respect of a range of costs as part of the Fund's expenses in connection with the investment, operation and management of the Fund or the acquisition, disposal or maintenance of any investment of the Portfolio which include, but are not limited to, fees and costs of professional advisers (such as legal, administration service providers, tax advisers, consultants, custodians (if any), accounting, audit, research/ratings, investment banks, valuation, brokers and other advisers), insurance expenses (including professional indemnity and director and officer insurance), costs of investor reporting, regulatory expenses (including costs incurred to maintain necessary registrations, maintain compliance with laws and making regulatory filings), tax expenses relating to compliance with tax filing requirements.

Performance Fee

The Investment Manager is entitled to a fee based on the performance of each of the Fund's investments separately. The Performance Fee accrues daily and is calculated and payable as soon as practicable after the

receipt of distributions (whether following realisation or otherwise) from or in respect of each underlying investment of the Fund (“**Underlying Asset**”), in the following order and principles:

Step 1 (Return of capital): firstly, the net proceeds from the Underlying Asset less any transaction costs (including due diligence costs and legal fees) referable to any realisation, stamp duty and GST (and for the avoidance of doubt, after repayment of any borrowings referable to the Underlying Asset that are due and payable) (the balance referred to as “**Distributable Proceeds**”) will be distributed by the Fund to the investors holding Units until such investors have received an amount equal to their aggregate capital contributions referable to the Underlying Asset;

Step 2 (Hurdle Return): secondly, any remaining Distributable Proceeds will be distributed by the Fund to the Investors until the Investors have received an amount which represents a return equal to the Hurdle Return in respect of their aggregate capital contributions referable to the Underlying Asset;

Step 3 (Catch up): thirdly, any remaining Distributable Proceeds will be distributed:

- (a) 20% to the Unitholders;
- (b) 80% to the Investment Manager,

until the Investment Manager receives 20% of the amount received by Unitholders under ‘Step 2 (Hurdle Return)’ and this ‘Step 3 (Catch up)’; and

Step 4 (20% / 80% split): fourthly, any remaining Distributable Proceeds will be distributed:

- (a) 80% to Unitholders; and
- (b) 20% to the Investment Manager.

For these purposes, the Hurdle Return means an IRR of 10.0% per annum referable to the Underlying Asset (net of fees and costs payable to the Investment Manager and the Responsible Entity referable to the Underlying Asset and pre-taxation). Each property might attract a performance fee regardless of the performance of the other properties. GST will be payable on amounts payable to the Investment Manager.

If the Investment Manager is no longer the manager of the Fund (including any Sub-Trust) for whatever reason⁵, then the Investment Manager is entitled to be paid any accrued and unpaid performance fee (calculated as if the Portfolios of all Trusts were Realised Investments and realised for an aggregate amount equal to the GAV as at the termination date) within 20 Business Days of the Investment Manager cessation date. If removed for Cause relating to conduct that does not constitute fraud or wilful misconduct, any Performance Fee is reduced by a haircut of 33.3% (the “**Reduced Performance Fee**”) and this Reduced Performance Fee is calculated as at the date of removal and will be payable within the earlier of: (i) termination of the Fund; and (ii) the second anniversary of removal.

If the Fund becomes Listed, the Investment Manager will be entitled to a 20% performance fee calculated in accordance with the above principles and calculated as if all Underlying Assets were realised for an aggregate amount equal to the GAV as at the listing date (based on the implied valuation at the time of listing). A performance fee is also calculated in a similar manner if the Fund achieves any other similar exit event.

⁵ While unlisted, the Responsible Entity may remove the Investment Manager for Cause (if Unitholders approve by Special Resolution) subject to 3 months prior notice, in which event the unitholders shall have the right to approve a replacement manager. For these purposes, “Cause” means fraud or wilful misconduct by the Investment Manager of its duties under the Investment Management Deed (as finally determined by a court or arbitral tribunal)

Further the Investment Manager is authorised (without unitholder approval) to amend the performance fee provisions in the Investment Management Deed to operate for the period while the Fund is Listed and with the intention that the basis for determination of performance fees is to be reset from the date the Fund is listed based on the fair market value of all Portfolios as determined by an independent valuation, and such that performance fees are calculated based on defined reference periods appropriate for a listed fund. If, on or before the time of Listing, the Responsible Entity and/or the Investment Manager determine to amend the Performance Fees (or other fees and costs) applicable to the Fund, such fees and costs will be disclosed in the product disclosure statement to be issued in connection with the proposed Listing.

It is not possible to estimate the actual Performance Fee that may become payable, as one cannot forecast what the performance of the Fund will be. The following simplified example shows how the Performance Fee is calculated. As the performance fee payable is dependent on the performance of the individual Underlying Asset that is realised, we illustrate the performance fee payable in three different scenarios in relation to the relevant Underlying Asset that is realised.

For the purposes of calculating the Performance Fee payable, we assume a one year time period and the Hurdle Return of 10.0%. As a starting point, assume an investor has \$50,000 invested in the Fund that is referable to the Underlying Asset. 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 (after all referable fees and costs, but before performance fees) of \$2,500. This is below the Hurdle Return, therefore no performance fees will be payable to the Investment Manager by the Fund;
- b) **An IRR return of 10.0%** equates to an investment return (after all referable fees and costs, but before performance fees) of \$5,000. This is equal to the Hurdle Return, therefore no performance fees will be payable to the Investment Manager by the Fund; and
- c) **An IRR return of 15.0%** equates to an investment return (after all referable fees and costs, but before performance fees) of \$7,500. This is above the Hurdle Return and \$1,500 of performance fees will be payable to the Investment Manager by the Fund.

Transactional and Operational Costs

In managing the assets of the Fund, the Fund may incur transactional and operational costs such as due diligence costs, brokerage, settlement 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.

Transactional and operational costs may also include:

- professional adviser costs (legal, accounting, valuation, investment banking or otherwise) that are related to the proposed transaction; and
- certain 'property operating costs' which 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 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. 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 investments, and are not directly charged to investors.

The Fund will be responsible for all fund-related operating expenses which shall include but are not limited to fees, costs and expenses directly related to the purchase, holding, sale or proposed sale of investments, any legal, accounting and consulting and expert fees in relation to the consummation of an investment or target investment (less any portion paid for by the portfolio company), any fees paid to advisers and third parties as incurred to obtain investment opportunities, legal, auditing, accounting and consulting expenses, the costs and expenses of any administrator or custodian, any insurance, indemnification or litigation expenses, the costs and expenses of any lenders, investment banks and other financing sources, and any taxes, fees or other governmental charges levied against the Fund. For the avoidance of doubt, the Fund shall also be responsible for the costs of aborted transactions to the extent such costs are not offset against any transaction fees.

Offer Costs

All legal, accounting, filing and other expenses (including travel) incurred in relation to the Offer under this IM shall be payable out of the assets of the Fund.

Certain advisers or intermediaries involved in the distribution of the Offer under this Information Memorandum may be entitled to a selling fee referable to the amount invested by persons introduced by the intermediaries. The selling fee may be up to 3.0% (plus GST) of amounts raised under this Offer (excluding those amounts referable to investments made by the Investment Manager and related parties of the Investment Manager, or such other entities owned, managed or controlled by the Investment Manager and excluding amounts where the intermediary has agreed not to charge a fee). The selling fee is payable out of the Fund assets (which shall be paid on completion of the Offer).

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.

11. Taxation

The following is a general summary of the Australian income tax, goods and services tax (“**GST**”) and stamp duty implications for Investors in the Fund. It does not constitute tax advice and should not be relied upon as such. The rules summarised in this section are complex. Different tax and stamp duty implications may apply to different Investors depending on their particular circumstances. Accordingly, Investors should obtain independent professional advice concerning the potential tax and stamp duty implications of investing in the Fund.

The following comments assume that Investors hold their investment in the Fund on capital account and are not exempt from taxation. Investors who do not hold their investment in the Fund on capital account should obtain their own advice.

The tax information included in this IM is based on the Australian taxation legislation and administrative practice as at the issue date of this IM.

11.1 Taxation of Australian Resident Investors

Status of the Fund

It is intended that the Fund will be operated such that the Responsible Entity of the Fund will not be subject to income tax by ensuring that its taxable income is fully distributed or attributed to Investors (i.e. the Fund is expected to be treated as a “flow-through” entity). However, it is possible for a trust such as the Fund to be taxed like a company if it is a “public trading trust”. The Responsible Entity will (or will procure the Investment Manager) to appoint a service provider to monitor the status of the Fund to determine the appropriate treatment. In particular, the Fund intends to seek ongoing advice regarding trading trust matters.

It is currently not expected that the Fund will be a public trading trust and accordingly, the following comments assume that the Fund will be taxed as a “flow-through” entity.

AMIT Regime

The Responsible Entity has elected for the Fund to be classified as an Attribution Managed Investment Trust (“**AMIT**”). Under the AMIT regime, Investors will be subject to tax on the net income and net capital gains of the Fund that are attributed to them on a fair and reasonable basis by the Responsible Entity of the Fund in accordance with the Fund’s Constitution.

Depending upon the components of the amounts attributed to Investors and the distributions made, the cost base and reduced cost base of Investors’ Units may be adjusted upwards or downwards.

Investors will receive an AMIT Member Annual (“**AMMA**”) Statement detailing the amount and components of the taxable income of the Fund (including any net capital gain and discount capital gain) that Investors will be assessed on each year, as well as the net annual cost base adjustment in respect of their Units in the Fund.

The tax rules provide that the responsible entity of a managed investment trust may make an irrevocable election to apply deemed capital account treatment for gains and losses on disposal of certain eligible investments (including, relevantly, investing in land for the purpose, or primarily for the purpose, of deriving rent). Where the election is made, the Fund is taken to hold its eligible investments on capital account and gains (or losses) from the disposal of eligible investments are treated as capital gains (or losses). If eligible, the Responsible Entity of the Fund intends to make such an election.

Tax losses incurred by the Fund cannot be distributed to Investors. Instead, losses are carried forward by the Fund and recouped against its future taxable income (subject to the Fund satisfying the relevant loss recoupment rules).

Non-AMIT Regime

Where the Fund does not qualify to be an AMIT, it will be subject to the ordinary trust taxation rules. Broadly, Investors will be subject to tax on the income and capital gains generated by the Fund to which they are “presently entitled” each year and will be assessed on their proportionate share of the taxable income of the Fund each year.

Where the cash distribution in an income year exceeds the taxable income of the Fund allocated to an Investor, the excess is a tax-deferred distribution that is not assessable to the Investor. However, the tax-deferred distribution should reduce the cost base of the Units for the purposes of determining any capital gains tax (“CGT”) liability on subsequent disposal or redemption of the Units. Where the tax-deferred distributions exceed the cost base of the units, a capital gain may arise for the Investor. Certain Investors (i.e. individuals, trustees or complying superannuation entities) who have held the relevant units for at least 12 months may be eligible for a CGT discount where the relevant requirements are satisfied.

Investors will receive an Annual Tax Statement detailing all relevant taxation information concerning attributed amounts and cash distributions.

Disposal or Redemption of Units in the Fund

The disposal or redemption of Units by an Investor may be subject to CGT. The Investor should derive a capital gain to the extent that the capital proceeds from the disposal or redemption exceed the cost base of the relevant units. Conversely, the Investor will incur a capital loss if the capital proceeds are less than the reduced cost base of the relevant Units.

Certain Investors (i.e. individuals, trustees or complying superannuation entities) who have held the relevant units for at least 12 months may be eligible for a CGT discount. Corporate investors are not eligible for the CGT discount.

An Investor’s capital proceeds, cost base and reduced cost base will differ based on the Investor’s individual circumstances at the time of disposal or redemption.

11.2 Taxation of Non-Resident Investors

Non-resident Investors should obtain independent professional advice before investing in the Fund that takes into account their own specific circumstances, including the tax laws of Australia, relevant foreign tax legislation and the effect of any applicable double taxation agreement between Australia and their country of residence.

The Responsible Entity of the Fund may be required to withhold Australian tax on certain distributions made to Investors who are not residents of Australia for tax purposes.

If the Fund qualifies as a Withholding Managed Investment Trust (“**Withholding MIT**”), distributions comprising income other than dividends, interest and royalties (e.g. net rental income and gains on disposals of assets) will be subject to MIT withholding tax⁶.

⁶ Broadly, a Withholding MIT is a managed investment trust for which a substantial proportion of its investment management activities in relation to Australian assets are carried on in Australia throughout the income year.

The Responsible Entity of the Fund will withhold tax from a fund distribution to the extent it represents Australian-sourced taxable income of the Fund or capital gains on the disposal of assets that are “taxable Australian property” (which includes direct and indirect interests in land situated in Australia, broadly defined). Generally, the MIT withholding tax rate is 15% for Investors whose address or place of payment is in a country with which Australia has an effective tax information exchange agreement and which has been specified in the legislation for these purposes. The MIT withholding rate is 30% for all other non-resident Investors.

Where the Fund is not a Withholding MIT, the Responsible Entity will be subject to tax in the place of the non-resident Investor on Australian-sourced income other than dividends, interest and royalties (e.g. net rental income and capital gains). The Investor will generally be entitled to claim a credit against their tax liability for the tax paid by the Responsible Entity.

Disposal or Redemption of Units in the Fund

Generally, a non-resident Investor should not be subject to Australian CGT in respect of the disposal of their Units in the Fund, if the Fund and the non-resident Investor satisfy certain requirements at the time of disposal. Where the Units are held by a non-resident Investor on capital account, Australian CGT may apply to gains or losses if the relevant asset being disposed of or redeemed (i.e. the Unit in the Fund) is “taxable Australian property”.

Units should generally be considered “taxable Australian property” where:

- the value of the Fund relates primarily to real property in Australia; and
- the Investor and its associates hold 10% or more of the Units in the Fund at the time of the disposal or redemption or within a 12 month period during the previous two years.

Where a non-resident Investor is subject to CGT, the CGT liability is calculated in a similar way to Australian resident Investors (see above), with some exceptions (e.g. restrictions on the availability of the CGT discount).

Non-resident Investors should also consider the foreign resident capital gains withholding rules, which may require a purchaser of an indirect Australian real property interest (refer above) to withhold 12.5% from the price paid for that interest.

11.3 Taxation of New Zealand Resident Investors

If you are a New Zealand resident wishing to invest in Australia, we recommend that you obtain independent professional tax advice.

11.4 Other Taxation Matters

Goods and Services Tax (GST)

Transacting in the Units should not attract GST, whether or not the Investors are Australian residents.

However, Investors that are registered for GST may be limited in their ability to recover GST (in the form of input tax credits) on costs relating to the acquisition or disposal of the Units.

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

Collection of an Investor’s TFN is authorised and its use and disclosure is strictly regulated by the Australian tax laws and the Privacy Act. An Investor may quote a TFN or claim a TFN exemption in relation to their

investment in the Fund when completing a Subscription Deed. An Investor may quote an ABN instead of a TFN if it is making the investment in the course of a relevant enterprise carried out by the Investor.

If an Australian resident Investor chooses not to quote a TFN or ABN, or claim a TFN exemption, the Responsible Entity will be required to deduct tax at the prescribed rate from that Investor's income distributions. At the date of this IM, this was the highest marginal tax rate (45%) plus the Medicare Levy (2%). Non-resident Investors are taken to have quoted a TFN in relation to their investment. Refer to the discussion above regarding withholding from distributions to non-resident Investors.

Foreign Account Tax Compliance Act (FATCA)

The Responsible Entity may be required under Australian tax legislation to request Investors to provide additional information to be provided to the Australian Taxation Office in order to comply with US FATCA compliance obligations.

FATCA is a US tax law that requires Foreign Financial Institutions ("**FFIs**") to comply with a number of additional compliance obligations in order to ensure that 30% FATCA withholding tax is not deducted from certain US sourced income, gross proceeds from the sale of securities giving rise to such income and pass-through payments. The Responsible Entity and the Fund should be FFIs for FATCA purposes.

Common Reporting Standard

Australian legislation relating to the automatic exchange of financial information between jurisdictions gives effect to the OECD Common Reporting Standard for Automatic Exchange of Financial Account Information ("**CRS**") and FATCA. These regimes cover the collection and reporting of tax residency information and other data to tax authorities. Accordingly, we may request that you provide certain information in order for the Fund to comply with the CRS and FATCA obligations.

Stamp Duty

Australia has complex stamp duty rules which vary between jurisdictions (i.e. by State and Territory). Broadly, an issue, transfer or redemption of Units may give rise to "landholder duty" or "transfer duty" implications for Investors acquiring Units.

The issue, transfer or redemption of the Units by Investors may give rise to stamp duty for Investors where the Fund holds land or other "dutiable property".

As the stamp duty rules vary in each State and Territory of Australia, whether duty applies and the rate of duty will depend on:

- the location of the underlying assets of the Fund held directly by the Fund or indirectly via interposed entities;
- the nature of those assets;
- the interest in the Fund held by an Investor (alone or together with its associates) as a result of the issue, transfer or redemption of the Units; and
- the nature of the Fund and how it is treated from a stamp duty perspective. Where stamp duty applies due to an issue, transfer or redemption of the Units, the rates of duty that may apply are dependent upon a number of factors and must be determined on a case by case basis.

The Fund holds interests in South Australian and Queensland real property at the time of allotment of Units.

Queensland: The Fund holds Queensland property at the time of allotment of Units. The Fund is a 'widely held unit trust' (and therefore a 'public unit trust') for Queensland duty purposes. Accordingly, stamp duty should not generally be payable in Queensland on an acquisition of Units unless an Investor (alone or with 'related persons') were to have an interest of at least 50% in the Fund.

South Australia: Based on the nature of the South Australian real property, it is expected that no stamp duty will be payable in South Australia on the issue of the Units to the Investors.

Taxation Reforms

The tax information included in this IM is based on the Australian taxation legislation and administrative practice as at the issue date of this IM, together with proposed changes to the taxation legislation as announced by the Government. However, the Australian tax system is constantly evolving. Changes to the law or administrative practice may impact the tax position Investors in the Fund. Accordingly, Investors should seek professional advice taking into account their particular circumstances.

12. Other Important Information

12.1 Valuation Policy

The Investment Manager will provide updated director valuations for each Property every quarter. An annual review of the Portfolio will be carried out by the Fund auditor, and will occur on 30 June of each year. Furthermore, the Investment Manager will procure a valuation of each Property by an independent valuer at least once each 3 years from its date of acquisition (“**Asset Valuation**”), and not more than three months earlier than the date of application for Listing, or more frequently at the absolute discretion of the Investment Manager. The Asset Valuation will be revalued as at 30 June of each year, or more frequently, if required for regulatory or exchange purposes. This will become the basis for which the Fund will calculate its gross asset value (“**GAV**”).

Any material change in a quarterly director valuation for any Property will need to be substantiated by an independent valuation.

12.2 Borrowing Policy

The Investment Manager will have the right to borrow at any Fund (or Sub-Trust) level, and is entitled to enter into financing arrangements (which may include the granting of security interests in and liens on and otherwise encumber the assets of the relevant trust), for the purposes of funding:

- financing fees, costs and expenses;
- providing interim financing to the extent necessary to procure one or more investments before a capital raising event; and
- investment-related activities, including to fund investments in whole or in part.

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 limited to the Fund’s (or the particular Sub-Trust’s) assets).

Securities, such as mortgages, may be granted over the particular Sub-Trust’s assets in favour of lenders (but with no recourse to Unitholders).

The target gearing for the Fund (whilst unlisted) is 50-55% loan-to-value.

12.3 Cooling Off Period

Cooling off rights may apply to investors in New Zealand (if you wish to exercise your cooling off rights you should contact the Responsible Entity). Otherwise, no cooling off period applies for Units issued under the Offer.

12.4 Termination of the Fund

The Responsible Entity may resolve at any time to terminate, liquidate and wind up the Fund in accordance with the 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 the 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 five years to January 2025. The Investments by their nature are illiquid and the time it takes to divest the portfolio can be affected by market conditions. The Responsible Entity can extend the term of the Fund by two years with the approval of Unitholders holding not less than 50% of the Units in the Fund.

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

While it is not its current intention to dispose of individual Properties during the term, if the Investment Manager considers it appropriate to take advantage of a strong selling opportunity, it may sell one or more Properties prior to the conclusion of the Fund's term to maximise returns to Investors. The Investment Manager may in its discretion elect to reinvest or return any net sales proceeds to Investors.

12.5 Our Legal Relationship with You

You will receive Units when you invest in the Fund. Subject to the rights, obligations and liabilities set out in the Constitution and if the Fund is Registered, under the Corporations Act, 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.

The Responsible Entity's responsibilities and obligations, as the responsible entity of the Fund, are governed by the Constitution of the Fund and if the Fund is Registered, 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 the Responsible Entity, and Unitholders. Some of the provisions of the Constitution are discussed elsewhere in this IM. 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;
- 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 (a) the Responsible Entity reasonably believes that the changes will not have a material adverse effect to Unitholders’ rights, (b) where the Investment Manager determines necessary to facilitate registration and operation as a listed trust (if applicable) or (c) if the amendments are approved by Special Resolution of Unitholders (subject to the approval of the Investment Manager in relation to any change that affects the right of the Investment Manager and its affiliates to receive fees or to be reimbursed or indemnified for expenses);
- 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 Deed contains provisions dealing with the termination of the Investment Manager in certain cases involving default by the Investment Manager (unless the Investment Management Deed 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, if the Fund is Registered, the Corporations Act.

The Constitution and, if the Fund is Registered, 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 the Responsible Entity. A summary of some of the provisions of the Constitution is set out below under ‘Rights and Obligations Attaching to the Units’.

The Investment Manager in its discretion may enter into side letters or side arrangements with individual Investors in the Fund which have the effect of establishing rights under, or altering or supplementing the terms of the Fund documents (“**Side Letters**”). Any rights established, or any terms of such Fund documents altered or supplemented in a Side Letter shall govern terms with respect to such Investors.

The Investment Management Deed gives the Investment Manager the right to terminate the deed upon the occurrence of any one of the following events:

- if a person (alone or together with the person’s associates) other than the Investment Manager or an associated entity of the Investment Manager acquires a relevant interest in Units where because of the acquisition, that person’s or someone else’s voting power in the Fund exceeds 50%; and
- if the Fund is Listed, subject to the Listing Rules and any applicable offer document in relation to the proposed Listing, the Manager will have the right to terminate the deed (following the initial term post Listing) by giving to Equity Trustees not less than 3 months’ written notice of termination.

The Investment Manager is also entitled to terminate the Investment Management Deed on not less than twelve months’ written notice.

12.6 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 relevant trust. 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. The Responsible Entity may retain and pay out any monies in its hands all sums necessary to affect such an indemnity.

12.7 Related Party Transactions

There are a number of related party transactions described in this IM 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 Investment to an associate or related body corporate. The Investment Manager (and its affiliates) may from time to time manage a number of 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.

12.8 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 the Responsible Entity 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.

12.9 Rights and Obligations Attaching to the Units

The rights and liabilities attaching to ownership of Units arise from a combination of the Constitution, general law, and, if the Fund is Registered, the Corporations Act. A summary of the significant rights and liabilities attaching to the Units and a description of the material provisions of the Constitution are set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Unitholders.

If you invest in the Fund, you agree to be bound by the terms of the IM and the Constitution. Copies of the Constitution are available, free of charge, on request from the Responsible Entity. Please consider the Constitution before investing in the Fund.

Units

Applicants will be issued Units under the Offer, which are ordinary units in the Fund. The Application Price for a Unit is \$1.01 within the period of the Offer specified in this IM. The price was calculated based on the pro-forma Net Asset Value of the Fund as at 31 March 2021.

The Responsible Entity may admit new investors at any future time, including after the Offer Close Date, and set the unit price as determined under the Fund constitution. In the ordinary course while the Fund is unlisted, the unit price will be determined based on the Net Asset Value uplifted on account of prior or expected Transaction Costs. If the Fund becomes registered with ASIC or listed on the ASX, the unit price will be determined in accordance with the Fund constitution and subject to applicable law and the ASX Listing Rules.

Entitlements

Subject to the rights, obligations and restrictions of a class of units, each unit represents an equal undivided fractional beneficial interest in the assets of the Fund attributable to that class as a whole subject to liabilities attributable to that class, but does not give unitholders an interest in any particular asset of the Fund.

The income for a particular class of units is the net income attributable to each class of units that is available for distribution for that period. Such income will be distributed equally among all unitholders in the relevant class of units.

Winding Up

On a winding up of the Fund, holders of a particular class of units are entitled to a pro-rata proportion of the realised pool of assets relating to that particular class of units (after taking account of liabilities of the Fund).

Redemption of Units

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. Refer to section 'Distribution Policy, Liquidity and Reporting' under 'Withdrawals' for more information.

Meetings of Unitholders and Voting

The Responsible Entity may convene and arrange to hold a general meeting of the Fund whenever it thinks fit and, if the Fund becomes Registered, must do so if required under the Corporations Act. Voting at a general meeting is by a show of hands unless a poll is validly demanded.

On a show of hands each Unitholder (and each proxy, attorney or representative) has one vote, and on a poll, each Unitholder (and each proxy, attorney or representative) has one vote for each dollar value of units held.

Holders of ordinary Units have the same voting rights, other than on matters affecting the rights of a particular class of Unitholders as noted further below.

U.S. Persons

Unless otherwise determined by the Responsible Entity following advice, U.S. Persons are prohibited from acquiring units in the Fund. The Responsible Entity can request the disposal of Units held by U.S. Persons. This is to ensure that the Fund does not breach rules in other countries relating to the Fund.

Amendment of Constitution and variation of class rights

The Constitution may be amended by either a resolution passed by 75% of the votes cast by Unitholders of that Class entitled to vote on the resolution, or by deed executed by the Responsible Entity where it reasonably believes the change will not adversely affect Unitholders' rights.

Other Classes of Units

Pursuant to the Constitution, the Responsible Entity may issue another class of units other than the class of units that are the subject of this Offer.

Unitholder's Liability

The Constitution 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 relevant trust 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 relevant trust 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 as responsible entity of the Fund.

12.10 Powers and Duties of the Responsible Entity

The Constitution also contains provisions governing the Responsible Entity's powers and duties. Below is a list of some of these key powers and duties. The Constitution entitles the Responsible Entity to charge certain fees and recover expenses (refer to section 'Fees and Other Costs' for further details).

Management of the Fund

The Responsible Entity has broad powers to invest, borrow and generally manage the Fund, and power to issue units and financial instruments, borrow money and register (including being able to decline to register) transfers of units. The Responsible Entity has the power to buy and sell assets of the Fund and can enter into contracts. The Responsible Entity can also delegate its powers and duties.

Replacement and Removal of Responsible Entity

The Responsible Entity may retire if it chooses provided that it must call a meeting of the Unitholders to explain its reason to retire and to enable the Unitholders to vote on a resolution to choose a company to be the new responsible entity. The Responsible Entity must retire when directed by the Investment Manager.

12.11 Other Consents to be Named

Each of the parties listed below has given and has not, before the issue of this IM, withdrawn its written consent to being named in the IM and to the inclusion, in the form and context in which it is included, of any information described below as being included with its consent. None of the parties referred to below has caused the issue of this IM:

- Apex Fund Services Ltd has consented to being named in this IM, but it does not make any statement in this IM, nor is any statement in this IM based on any other statement by Apex Fund Services Ltd;
- Company Matters has consented to being named in this IM, but it does not make any statement in this IM, nor is any statement in this IM based on any other statement by Company Matters;
- Corrs Chambers Westgarth ("**Corrs**") has consented to being named in the Directory of this IM as the Australian legal adviser to the Investment Manager (and in respect of certain matters, the Responsible Entity), but it does not make any statement in this IM, nor is any statement in this IM based on any statement by Corrs.

Each of the parties referred to above, to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this IM other than the reference to its name and any statement or report included in this IM with the consent of that party as described above.

12.12 Indemnification of the Investment Manager

Under the terms of the Investment Management Deed, Equity Trustees (in its capacity as responsible entity of the Fund and any Sub-Trust managed by the Investment Manager) indemnifies and agrees to hold harmless the Indemnified Persons against any loss or liabilities reasonably incurred by such Indemnified Persons, and any direct costs, charges and expenses incurred by the Indemnified Person by reason of the Indemnified Person acting or performing its duties and obligations under the Investment Management Deed.

The Indemnified Persons will not be entitled to be indemnified out of the assets of the Fund in relation to any such loss, liability, cost, charge or expense to the extent to which it is caused by the Indemnified Person's gross negligence, fraud or dishonesty.

13. Other Regulatory Matters

13.1 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. Equity Trustees 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.

The Responsible Entity 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 the Responsible Entity. 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.

13.2 Subscription

Persons interested in investing in the Fund are required to complete and return to the Administrator the Subscription Deed, a copy of which will be made available to each prospective Investor on a confidential basis (see section ‘Guide to Investing’). Subscriptions may be rejected in whole or in part at the Investment Manager’s or Responsible Entity’s discretion. Acceptance of subscriptions will be conditional on the Treasurer (through the Foreign Investment Review Board) not objecting to the proposed investment in the Fund unless the Investor has already obtained prior approval or if the Investment Manager determines such approval is not

required. The Investment Manager may reject an applicant's application in its discretion, including if it determines that the acceptance of the application:

- is or may become contrary to any applicable law;
- would, or would reasonably be likely to, prejudice the Fund's ability to obtain or maintain concessional treatment under stamp duty legislation or the stamp duty status of the Fund or any Investor; or
- would give rise to any adverse stamp duty consequences for the Fund or any Investor.

13.3 Foreign Account Tax Compliance Act (FATCA)

In April 2014, the Australian Government signed an intergovernmental agreement ("**IGA**") with the United States of America 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 Australian Taxation Office ("**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.

13.4 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.

13.5 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.

13.6 Ownership Restrictions

The acquisition of Units is regulated by the Australian Foreign Acquisitions and Takeovers Act 1975 (Cth) (“**FATA**”).

In certain circumstances, FATA may prohibit (with the sanction of penalties) the acquisition by a “foreign person” (within the meaning of the FATA) of Units issued by the Fund in certain circumstances unless prior notice of the acquisition has been given to the Treasurer and the Treasurer has either stated that there is no objection to the acquisition or a statutory period has expired without the Treasurer objecting. The Treasurer also has the power to make an order prohibiting such an acquisition where it is proposed or to make a divestment order where such an acquisition has occurred.

Investors requiring further information as to whether notification under FATA to the Treasurer (through the Foreign Investment Review Board) is required in respect of a proposed investment in the Fund should consult their professional advisers. By subscribing for Units, unless otherwise notified to and approved by the Investment Manager, you are representing that you are not a ‘foreign person’ for these purposes.

13.7 Overseas Distribution

No action has been taken to register the offer of Units under this IM, or to otherwise permit a public offering of Units, in any jurisdiction outside Australia and New Zealand.

This IM does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an invitation. The distribution of this IM in jurisdictions outside Australia or New Zealand may be restricted by law. Persons who come into possession of this IM 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 IM. 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.

14. Guide to Investing

14.1 How to Invest

Applications, together with all supporting documentation and cleared funds must be received by the Administrator by 4:00 pm AEST 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.

14.2 Making an Application

To invest, please complete and sign the Subscription Deed attached to this IM.

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

For initial applications

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

Mail: Apex Fund Services, PO Box A517, Sydney South, NSW 1235, Australia

Email: ssg.aus@apexfs.com

Fax: +61 2 9475 1417

You can direct credit your application as follows:

A/c name: EQUITY TRUSTEES LTD ATF FEDERATION ALTERNATIVE ASSETS REAL ESTATE SUBTRUST 1A

BSB number: 013006

SWIFT code: ANZBAU3M

Account number: 838166362

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

The minimum investment in the Fund is \$20,000 subject to the Responsible Entity agreeing to accept a lower amount, in its discretion.

All applications for Units must be made in Australian dollars.

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 Subscription Deed cannot be processed until all the necessary information has been provided. As a result, delays in processing your application may occur.

The Responsible Entity reserves the right to refuse any application without giving a reason. If for any reason the Responsible Entity 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.

When you subscribe to the Fund, you will need to:

<i>Documents to be provided:</i>	<i>Timing</i>
<input type="checkbox"/> Complete the Subscription Deed	Prior to the Offer Close Date
<input type="checkbox"/> Complete the 'Wholesale Investor Eligibility Declaration'	Prior to the Offer Close Date
<input type="checkbox"/> Complete the 'FATCA and CRS Form'	To avoid delays processing your subscription, please provide prior to the Offer Close Date. The latest date for delivery of this document is 5 Business Days after the Offer Close Date.
<input type="checkbox"/> Complete the 'AML Identity Verification requirements' and provide certified copies of identification documents (see below for a summary of documentation requirements)	To avoid delays processing your subscription, please provide prior to the Offer Close Date. The latest date for delivery of this document is 5 Business Days after the Offer Close Date.

14.3 Complaints Resolution

The Responsible Entity 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 within one business day or as soon as possible after receiving the complaint. We will seek to resolve your complaint as soon as practicable but not more than 30 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 is important that you contact us first.

15. Glossary of Important Terms

Administrator – Apex Fund Services Ltd.

AEDT – Australian Eastern Daylight Time.

AFSL – Australian financial Services Licence.

AMIT – Attribution Managed Investment Trust.

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

AMMA – AMIT Member Annual Statement.

APRA – Australian Prudential Regulation Authority.

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.

AUSTRAC – Australian Transaction Reports and Analysis Centre.

BBSW – AUD Bank Bill Swap Rate.

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.

Capitalisation Rate – Annual net operating income associated with a real estate asset expressed as a percentage of the total asset value.

CGT – Capital Gains Tax.

Class – a class of units in the Fund, with such terms as described in the Constitution.

Constitution – the trust deed of the Fund, which set out the rights, responsibilities and beneficial interest of both the Unitholders and the Responsible Entity.

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.

Equity Trustees means Equity Trustees Limited (ABN 46 004 031 298, AFSL 240975) in its capacity as responsible entity of the Fund.

Escalation means refers to the growth in rental payments associated with a real estate asset.

FAI means **Federation Alternative Investments**, being a stapled fund comprising Federation Alternative Investments Trust 1 (ARSN 634 838 216) and Federation Alternative Investments Trust 2 (ARSN 634 840 458)), a fund managed by the Investment Manager.

FATCA – Foreign Account Tax Compliance Act.

Federation or Investment Manager means Federation Asset Management Pty Ltd (ABN 39 628 789 220).

FIRB – Foreign Investment Review Board.

First Offer Close Date – 31 March 2021, which may be extended to such other date determined and notified by the Responsible Entity.

Fund – Federation Education Real Estate Investment Trust.

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

Gross Asset Value (GAV) – the gross asset value of the Portfolio, 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.

GST – Goods and Services Tax.

Hurdle Return means an IRR of 10.0% p.a.

Indemnified Person means:

- the Investment Manager, any person appointed by the Investment Manager to provide investment advisory services and each of their members, officers, directors, employees, agents, shareholders and related bodies corporate;
- members of the investment committee established by the Investment Manager in connection with the Fund; and
- persons who serve at the request of the Fund as an officer, director, partner, member, employee or a member of any investment committee or similar body, of any entity.

Investment Management Deed means the investment management deed entered into between (among others) the Responsible Entity and the Investment Manager relating to (among others) management services provided by the Investment Manager 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.

Listing Rules means the official listing rules of the ASX from time to time.

MIT – Managed Investment Trust.

NTA – means, in relation to a class of units, the value of the total assets attributable to that class of units reduced by the intangible assets and total liabilities attributable to that class of units, divided by the number of units in that class

Net Asset Value (NAV) – the value of assets of the Fund less the value of the liabilities of the Fund, as the context requires.

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

Offer Close Date – Either the First Offer Close Date or the Second Offer Close Date. .

Over-The-Counter Market – a market operated by the Investment Manager or appropriate third party entity.

Portfolio – all assets and liabilities of the Fund (including of any subsidiary trusts of the Fund).

Portfolio Value – the value of the Portfolio.

Property – each property asset comprising the portfolio of the Fund, which may be held directly by the Fund or indirectly by Sub Trusts.

Realised Investments means all or part of an investment which has been realised for cash by the Fund (including by a Sub-Trust).

Relevant Federation Personnel means the relevant Federation personnel who worked together in roles prior to the formation of Federation or upon which past performance information is provided, comprising Cameron Brownjohn, Neil Brown, Stephen Panizza and Jason Walter.

Registered in relation to the Fund, means registration of Federation Education Real Estate Investment Trust as a managed investment scheme under the Corporations Act.

Second Offer Close Date – 30 April 2021, which may be extended to such other date determined and notified by the Responsible Entity.

Special Resolution means a resolution passed by Unitholders representing 75% or more of all Units voted in person or proxy.

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

Target Investments – investments in childcare real estate in Australian metropolitan regions **Target Return Objective** – 14.0% to 16.0% (after taking into account fees and costs of the Fund, but before taxation) over the life of the Fund.

Target Distribution Yield Objective – 6.0% (after taking into account fees and costs of the Fund, but before taxation) over the life of the Fund.

Responsible Entity – Equity Trustees Limited (ABN 46 004 031 298, AFSL 240975) in its capacity as responsible entity of the Federation Education Real Estate Investment Trust.

Unit – a unit in the Fund.

Valuation Date means the date where an external valuation is conducted for each underlying investment as at 30 June of each calendar year, or more frequently at the absolute discretion of the Investment Manager.

WALE means weighted average lease expiry date of real estate assets owned by the Fund (including by a subsidiary trust of the Fund).

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).

Yield or Yield on Cost means annual net operating income associated with a real estate asset expressed as a percentage of the total investment cost at acquisition or development.

16. Corporate Directory

INVESTMENT MANAGER

Federation Asset Management Pty Ltd

Suite 30.04 Level 30 Chifley Tower
2 Chifley Square, Sydney NSW 2000

Phone +61 2 8650 4500

Email contact@federationam.com

Web www.federationam.com

RESPONSIBLE ENTITY

Equity Trustees Limited (ABN 46 004 031 298 AFSL No 240975)

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Melbourne VIC 3000

Phone +61 3 8623 5000

Fax +61 3 8623 5200

Email productteam@eqt.com.au

ADMINISTRATOR & UNIT REGISTRY

Apex Fund Services Ltd

PO Box A517, Sydney South, NSW 1235

Phone + 61 2 7201 9015

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Email: ssg.aus@apexfs.com

LEGAL ADVISER

Corrs Chambers Westgarth

Level 17, 8 Chifley
8-12 Chifley Square
Sydney NSW 2000