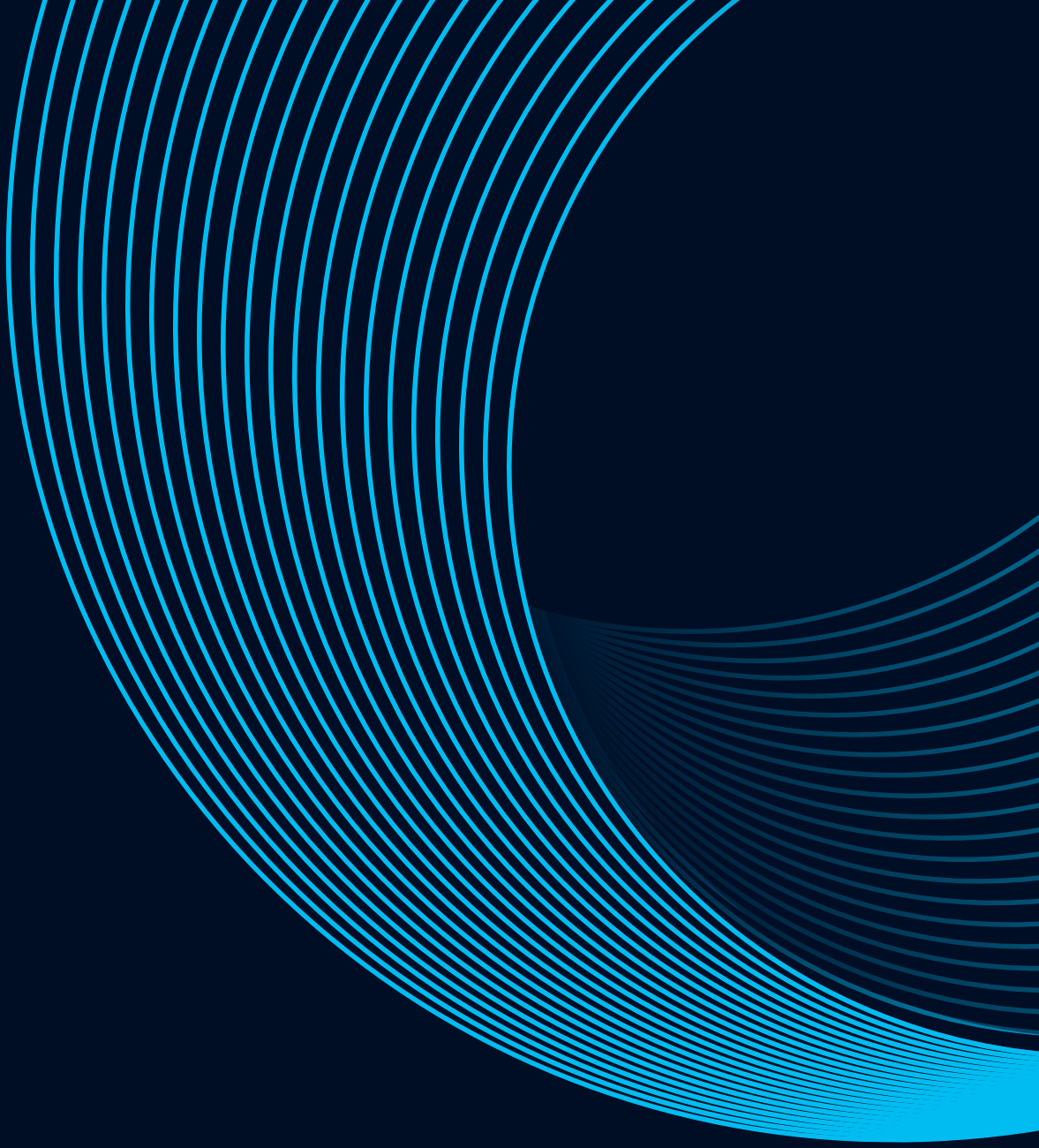

# ORDE Income Fund

## Information Memorandum

22 December 2025

ORDE FINANCIAL

# Table of contents


1. **Directory and important information**
2. **Key Features**
3. **Key Benefits**
4. **Key Risks**
5. **ASIC Benchmarks and Disclosure Principles**
6. **Investment Overview and Portfolio**
7. **Fees and other costs**
8. **Additional Information**

- Privacy
- Anti-Money Laundering and Counter Terrorism Financing
- Complaints and Dispute Resolution
- Taxation Implications
- Cooling off
- Withdrawals
- Regular Withdrawal Plan
- Financial advice
- Investing through Platforms
- Regulatory Environment
- Availability of other information


ORDE FINANCIAL

# 1. Directory and important information

## The Fund

ORDE Income Fund
ARSN 649 520 472
APIR OCL1768AU
Level 15
31 Queen Street
Melbourne VIC 3000

## Responsible Entity

ORDE Capital Management Limited
ACN 636 165 378
AFSL 523150
ACL 523150
Level 15
31 Queen Street
Melbourne VIC 3000

## Investment Manager

ORDE Financial Pty Ltd is the provider of investment management services to the Responsible Entity in respect of the Fund (**Investment Manager** or **ORDE Financial**).
ACN 634 779 990
ACL 522079
Level 15
31 Queen Street
Melbourne VIC 3000

## Custodian and Backup Servicer

For the additional protection of investors in the Fund, the Fund has engaged an independent custodian BNY Mellon (**the Custodian**) to hold the beneficial interest of the assets of the Fund on behalf of ORDE.

The Fund has also engaged BNY Mellon as a backup servicer (**the Backup Servicer**). The backup servicer ensures continuity of administration and servicing functions in the event the Investment Manager is unable to perform its duties.

Level 2
1 - 7 Bligh Street
Sydney NSW 2000

## Auditors

EY
8 Exhibition Street
Melbourne VIC 3000

## Legal advisors

Gilbert + Tobin
L35, Tower Two, International Towers
200 Barangaroo Avenue, Barangaroo NSW 2000

## Consents

ORDE Financial, BNY Mellon, EY, Gilbert + Tobin, and Fancourt Capital Group have given, and not withdrawn, their consent to be referenced in this IM in the form and context in which such references appear. None of these parties have issued this IM and none of these parties guarantee the performance of the Fund, your Account or repayment of your invested capital.

## Contact details

If you have any questions or require any further information, please:

- visit us at orde.com.au/invest (please note that the section of the ORDE website related to the Fund is new and growing, so initially there may be certain hyperlinks that are not yet available. If there are any hyperlinks in this IM that you cannot access, please contact us via the other contact points listed below and we can assist you directly);
- telephone us on 13ORDE (13 6733) between 8.30am and 5.30pm;
- send an email to us at invest@orde.com.au; or
- write to us at Level 15, 31 Queen Street, Melbourne, VIC 3000.

## Date of this Information Memorandum

This Information Memorandum (**this IM**) is dated 22 December 2025 and has been issued by ORDE Capital Management Limited (referred to in this IM as **ORDE**, **we**, **us**, the Trustee, or **Responsible Entity**) as the responsible entity of the ORDE Income Fund (**the Fund**). This IM is issued solely by ORDE. No other person (whether or not related to ORDE) is responsible for any information contained in this IM.

## Making an investment

Please read this IM carefully before making an investment.

You invest in the Fund by completing the application form and subscription deed (together, the **Application Form**) available at orde.com.au/invest (unless the Investment Manager has provided you with a paper-based form) and upon us confirming that we have received and accepted your Application Form. ORDE is not bound to accept your Application Form and we may refuse an application without giving any reason.

You should note that:

- ORDE does not give financial product advice;
- this IM is currently for distribution only to, and an investment in the Fund will only be available to 'wholesale clients' as defined in the Corporations Act 2001 (Cth);
- the information in this IM is general information only and does not take into account your objectives, financial situation and needs;
- you should read the entire IM (including the Application Form) carefully and consider the risk factors, including the potential for a loss of capital to determine if this product is right for you;
- an investment in the Fund is not a bank deposit and is subject to investment risk. ORDE, its related entities, the Investment Manager, the Custodian, and service providers do not guarantee that your investment in the Fund will retain its value, do not guarantee the repayment of the money you invest in the Fund, and do not guarantee the performance of the Fund; and
- if required, you may want to consider seeking professional financial advice from a licensed financial adviser before investing in the Fund.

In addition to the considerations above, you should carefully review this IM and the Constitution available at orde.com.au/invest to determine if this product is right for you before investing. If these documents are not available on the website, ORDE will provide this information to you upon request.

If you are investing in the Fund through a third-party platform, referred to in this IM as an 'Investment Platform', please refer to the section of this IM titled 'Investing through an Investment Platform' on page 40 to understand how the terms of this IM will apply to you.

## Important information about this IM

The provision of this IM to any person does not constitute, and may not be used for the purposes of, an offer or issue of securities or interests of any kind. Any such offer or invitation will only be extended to a person who has satisfied the Investment Manager that it is a 'wholesale client' (as defined in the Corporations Act 2001 (Cth) (**Corporations Act**)) and would not contravene applicable law.

This IM is not a disclosure document or product disclosure statement for the purposes of the Corporations Act (nor any similar disclosure document under any applicable law) and does not contain all information which would be required for such documents, or all the information that a prospective investor may desire or obtain in order to make an informed investment decision. This IM has not been, and is not required to be, lodged with ASIC.

This IM is not provided to any person located in a jurisdiction where its provision or dissemination would be unlawful. Any person who receives a copy of this IM in circumstances where receipt of it is unlawful or unauthorised or requires the Investment Manager to take any additional steps, including registration, must not accept the copy of the IM and must immediately return it to the Investment Manager. Any failure to comply with restrictions on receipt or distribution may constitute a violation of applicable securities law.

The information contained in this IM is strictly confidential and is provided for the exclusive use of the recipient to whom this copy has been issued for the purposes of considering an investment in the Fund. It may not be copied or distributed (except to the recipient's professional advisors, who must be informed of its confidentiality) and the recipient and its professional advisors must keep confidential all matters contained in it which are not already in the public domain or subsequently become public other than through the fault of the recipient or its advisors. By receiving and retaining this IM, potential investors agree to be bound by these confidentiality restrictions.

## Your contract with us in respect of your investment in the Fund

The terms of the Fund are contained in this IM, the Application Form and the Fund's constitution dated 9 April 2021 (**Constitution**), as amended from time to time which can be accessed online here (or you can contact us for a copy of the Constitution free of charge if it is not available on the website). These documents together form your contract with us in respect of your membership in the Fund.



ORDE FINANCIAL

If there is any inconsistency between the terms in any of the above documents, the following order of priority will apply: the Application Form, then this IM and then, the Constitution.

If any provision of this IM or Application Form is found to be invalid or unenforceable under the law, it is excluded so that it does not in any way affect the validity or enforceability of the remaining parts.

## Updated information about the Fund

The information in this IM is current on the date it was prepared but may change from time to time.

We may update information which is not materially adverse to you from time to time. We will provide this updated information on our website orde.com.au/invest. If not available on the website, a copy of the updated
information will be provided to you by email, free of charge.

We may change any of the matters which are the subject of representations made in this IM from time to time. In accordance with the law, we will notify you of material or significant changes which may affect you before or after the change has taken place.

We also provide regular reporting to Investors in connection with the Fund. Please see page 13 for more details about what the various reporting will cover and how these are provided.

# 2. Key Features of the ORDE Income Fund

## Structure

The ORDE Income Fund (**Fund**) is a trust and a managed investment scheme registered with the Australian Securities & Investments Commission (**ASIC**). ORDE is the responsible entity and trustee of the Fund, and this IM is issued solely by ORDE – no other person (whether or not related to ORDE) is responsible for any information contained in this IM. ORDE holds an Australian Financial Services Licence (**AFSL**) and an Australian Credit Licence (**ACL**) to perform its role in respect of the Fund.

## 12 Month Investment Account

The Fund operates a single investment product, the **12 Month Investment Account.** A reference to the 'Fund' or 'product' in this IM is therefore the same as, and interchangeable with, a reference to the 12 Month Investment Account product.

As the Fund has an investment term of 12 months, Investors do not have the right to withdraw from the Fund before their investment term of 12 months has expired. Please see Section 8 of this IM below for more details.

## Our business model

The Fund is a managed investment scheme that is commonly referred to as a "pooled mortgage" fund. Contributions by Investors to the Fund are "pooled", and these pooled funds are lent to borrowers as loans. The loans are secured by registered first mortgages over real property in Australia.

Our investment objectives for the Fund are:

- to generate a steady monthly investment return for Fund investors (Investors) from a diversified portfolio of loans to borrowers, with all loans secured by registered first mortgages over real property in Australia.; and
- to preserve your capital and return it to you.

All Investor funds are "pooled" and are then invested collectively by ORDE to build the Fund's asset portfolio. This means that each Investor has a proportionate share in the total mortgages rather than a specific interest in any particular mortgage. The Fund's asset portfolio consists of a diversified portfolio of loans secured by registered first mortgages over real property in Australia, as well as certain cash (or cash equivalent) holdings (together, the **Fund's Asset Portfolio**). When an investor makes an investment in the Fund, that money can either be used by ORDE to fund loans secured by mortgages over real property, or classified by the Fund as a 'cash' holding.

Please note that all investments carry a level of risk, and this also applies to an investment in the Fund. You should read and understand the risks to determine whether this product is right for you. See the 'Key Risks' and 'ASIC Benchmarks and Disclosure Principles' sections of this IM on pages 14 and 21, respectively for information about certain key risks associated with the Fund.

## How your Account works

The Fund operates on an "Investor account" basis and does not have a "unitised" structure – meaning when you log into your Account, you will see a balance reflective of the dollar amount you have invested, and any income accumulated over the course of your investment. Some of the key concepts of the Fund, which are described in more detail later in this IM, are:

| Key feature | Summary | Where to go for more details |
|---|---|---|
| Application Form | To become an Investor in the Fund, you will need to be a 'wholesale client' (as defined in the Corporations Act) and complete the Application Form at the end of this IM. | The electronic Application Form can be found at orde.com.au/invest. You must complete the form at this link unless the Investment Manager has provided you with a paper-based form. |
| Minimum Investment Amount | The minimum investment amount is $1,000 with additional amounts to be in multiples of $500. | Section 2 |
| Maximum Investment Amount | No maximum, but we reserve the right to limit investments if it is considered to be in the best interests of all Investors. | Section 2 |
| Fees and costs | The Fund charges a management fee of 0.80% p.a. of the net asset value of the Fund's Asset Portfolio (net of GST, stamp duty and any reduced input tax credits (RITCs)), and a Benchmark Delivery Fee of up to 0.40%. Certain operational costs are also recovered from the Fund. | Section 7 |
| Monthly investment returns | Monthly investment returns will be credited to your nominated bank account each month or re-invested in your Fund Account. | Section 2 |
| Investment Term | The investment term is 12 months. | Section 2 |
| Withdrawal | Early withdrawal of your investment prior to the expiry of the 12 month investment term is not generally permitted. After the 12 month investment term, Investors may submit a Withdrawal Request or be eligible to elect the 'Regular Withdrawal Plan' to make periodic withdrawals. | Section 8 |
| Notice Period | A Withdrawal Request must be submitted 30 days before the end of current investment term. A reminder of your investment maturity will be sent 60 days prior to the date. | Section 2 |

## About us

ORDE is a member of the ORDE Financial Group (**the ORDE Financial Group**). The ORDE Financial Group was established in 2019, and as at the date of this IM, has total assets under management approaching $5 billion invested in a similar strategy to that intended for the Fund – being loans to a variety of borrowers, all secured by registered first mortgages over real property in Australia.

The ORDE Financial Group manages these funds on behalf of major Australian and international banks, Australian and international financial institutions both privately and in the public capital markets and private Investors. In the public capital markets, ORDE operates a Residential Mortgage Backed Securities (**RMBS**) funding program, completing multiple $1.0bn investment placements in 2024 and 2025, significantly oversubscribed by institutional investors.

The ORDE Financial Group originates all loans in the Fund's Asset Portfolio through extensive relationships with mortgage brokers across Australia.

As at the date of this IM, we have a team of approximately 180 staff and continue to grow progressively.

Each member of the ORDE Senior Executive Group has extensive experience in the loan origination and mortgage asset management industry.

Details of the ORDE Senior Executive Group members and their experience can be found at www.orde.com.au/about-us/our-team.

The ORDE Financial Group is owned by the senior management team and Fancourt Capital Group (**Fancourt**). Fancourt is an investment firm specialising in private credit, funds management and principal investment. Fancourt's principals have a multi-decade track record investing private and institutional funds in Australian property debt assets. Fancourt also invests in related financial services businesses and fund managers, partnering with exceptional management teams.

## The Fund's Asset Portfolio

The Fund's Asset Portfolio comprises a diversified portfolio of loans to borrowers, all secured by registered first mortgages over real property in Australia. Please see section 6 of this IM for details about how we diversify our Fund's Asset Portfolio.

## Investment returns

The Fund's investment strategy aims to generate investment returns from the interest payments made by the borrowers on the loans.

Provided that it is successful, the Fund aims to pay a monthly investment return to Investors. The investment return is variable, with ORDE aiming to maintain a steady monthly investment return.

The current rate of investment return will be provided on ORDE's website at orde.com.au/invest or, if unavailable from the website, ORDE will provide this information to you separately free of charge, upon request The rate of investment return is not fixed and may change during your investment term, is not guaranteed, and is reviewed monthly, with an objective of maintaining low volatility.

The annual performance benchmark for the Fund is the Reserve Bank of Australia's Official Cash Rate (**OCR**) + 1.65% (**the Benchmark**). This aligns performance with the primary base rate referenced by the underlying fixed income market rates and indices in Australia, of which the Fund is a part. We aim to exceed the Benchmark consistently. However, please note that this is subject to the Fund's successful performance. All investments carry a level of risk, and this also applies to an investment in the Fund. This product is available only to 'wholesale clients' (as defined in the Corporations Act). You should read and understand the risks to determine whether this product is right for you. See the 'Key Risks' and 'ASIC Benchmarks and Disclosure Principles' sections of this IM on pages 14 and 21, respectively for information about certain key risks associated with the Fund.

Your monthly investment return will be directly credited to your nominated Australian bank account (usually by the 5th business day of each month), commencing in the first month following your initial investment. Alternatively, you can nominate for your investment returns to be reinvested into your Fund account. This can be varied at any time – please contact us by any of the ways set out in this IM.

As the Fund is new, there is no historical data for the Fund's investment performance. This information will be provided in the regular reports to Investors and in subsequent IMs.

The ORDE Financial Group has managed comparable loan portfolios since 2020. Average portfolio returns since then would have generated Fund performance exceeding the Benchmark in all years. However, this past performance information is provided as a general guide only, and should not be relied upon as an indication of the future performance of the Fund. Importantly, ORDE makes no representation as to future performance or volatility of the Fund. In particular, there is no guarantee that the investment objectives and strategy for the Fund may be successful.

## Investment term

You invest in the Fund for an investment term of 12 months, and this is a rolling 12 month term, unless you notify us in accordance with the terms below:

- your investment matures 12 months from the initial investment date;
- ORDE will notify you 60 days before your investment matures (this being the end of your 12 month investment term). If you do not want to continue your investment for a further 12 month term, you need to notify us via a valid Withdrawal Request no later than 30 days before the end of your current investment term;
- if you wish to continue your investment in the Fund, you don't have to take any action and the 12 month term will renew for a further 12 months. On maturity after 12 months, your funds will be automatically reinvested for a further 12 months unless you advise us to the contrary 30 days prior.

You can make further investments when you like, and any subsequent investment made by you will mature 12 months from the date of that subsequent investment.

## Investment amount

The minimum initial investment amount is $1,000, and you can invest any additional multiples of $500 at any time. Each additional investment will be for a 12 month period. There is no maximum investment amount, but ORDE reserves the right to limit an investment if ORDE considers it in the best interests of all Investors to do so.

## Instructions

You can provide instructions to us regarding reinvestment of your investment returns, withdrawals and making additional contributions to your Account. Please note that generally, you must provide us with an instruction by sending an email to invest@orde.com.au.

# 3. Key Benefits

As an Investor in the Fund, provided the Fund is successful, we aim to provide the key benefits described below. Please note that these benefits are not guaranteed and there are risks associated with any investment, including an investment in the Fund – please refer to the 'Key Risks' and 'ASIC Benchmarks and Disclosure Principles' sections of this IM at pages 14 and 21 for more information:

## Investment in a professionally managed investment fund

ORDE is a specialist professional asset manager and non-bank lender, whose key Senior Executives and Team have extensive professional experience successfully managing mortgage assets, including major managed investment scheme products in the Australian market. Further information about our Team's experience and capability can be found at www.orde.com.au/about-us/our-team.

## Monthly income

Provided the Fund is successful, it aims to provide a relatively stable monthly income to Investors, generated from a carefully structured portfolio of secured loans. The investment rate of return is variable, reviewed monthly, and we will tell you when the rate changes.

## Major asset class

The Fund will only invest in loans secured by registered first mortgages over Australian residential, commercial, and other types of real property. For example, residential mortgage loans, commonly referred to as home loans, are a long established and major debt class in Australia, in relation to which legal, commercial and investment characteristics are well understood.

Loans secured by residential and commercial property are also a well-established asset class in Australia. Despite these being long standing asset classes, all investments carry risks and may not be appropriate for you - investors should do their own research and seek professional advice.

The Fund's 12 Month Investment Account is designed to offer a well-understood income product in this major asset class including a number of significant enhancements for Investors and also an investment product readily comparable with other similar products in market.

## Simplified and transparent Fund structure

The Fund is limited to one investment product, the 12 Month Investment Account.

This investment product holds a 100% interest in every underlying asset. This materially simplifies the structure of the Fund and removes potential risk factors that may apply where there are multiple investment products within one fund and each product is entitled to a different portion of the asset.

Further, a fund with a single investment product simplifies and enhances the transparency, understanding and reporting on assets and risks for Investors and advisors.

We retain the right to establish additional products in the future.

## Conservative investment strategy

ORDE applies a conservative investment strategy to the Fund. For example, ORDE excludes certain assets available in the market that ORDE does not consider optimal for this investment product. Additionally, the Loan-to-Valuation Ratio (**LVR**) for any loan in the Fund's Asset Portfolio will not exceed 80% and will typically be lower. The LVR of a loan is the loan amount expressed as a percentage of the value of the real property securing the loan.

## Registered first mortgage security

All loans are secured by registered first mortgages over real property in Australia. This means that if the borrower is unable to make the required payments under the loan, or fails to repay the loan when due, the Fund is entitled to take possession of the security property and sell it to recover the monies owed by the borrower. As the Fund only lends to a maximum LVR of 80%, this means that we secure each loan with a mortgage over a property that is of a higher monetary value than the loaned amount. The purpose of this policy is to ensure that when the security property is sold, it is likely that the sale proceeds will be sufficient to repay the monies owed by the borrower, although this cannot be guaranteed.

## Independent property valuation

All properties against which first mortgages are registered to secure the Fund's Asset Portfolio are valued by registered valuers independent of ORDE.

## Professional asset selection and management

ORDE originates and assesses all the loans that make up the Fund's Asset Portfolio and manages all aspects of these loans during their term.

ORDE has leading experience in this asset class and has developed a tailored asset origination and assessment culture, framework, and process. This brings significant advantages including enhancing the asset quality originated by ORDE and invested in by the Fund.

The significant scale of ORDE's overall business also means that it operates a high quality and broad-based national business to originate loans. This in turn presents a strong, consistent flow of high-quality asset opportunities from which ORDE assesses selection for the Fund's Asset Portfolio.

## Diversified loan portfolio

The Fund's Asset Portfolio of loans secured by registered first mortgages is diversified by geography, property type, loan term, borrower type and settlement date, affording resilience through diversification. The Fund's Asset Portfolio has been carefully selected to ensure high quality diversification across all material risks (see the next Section on Key Risks).

## Reserve Accounts

ORDE will establish and maintain two Investor reserves held outside of the Fund and that do not form part of the Fund's assets (**Reserve Accounts**) exclusively for the benefit of Investors in the Fund:

- an Arrears Reserve Account (**Arrears Reserve**) – which is intended to support the stability of monthly income distributions to Investors by helping to smooth out ordinary fluctuations in the Fund's returns; and
- a Portfolio Reserve Account (**Portfolio Reserve**): which is primarily intended to provide some support Fund liquidity and expenses in the event of capital or income shortfalls on the Fund's Asset Portfolio.

The Arrears Reserve is funded entirely by ORDE. Investors do not directly contribute to the Arrears Reserve. The Portfolio Reserve is initially funded by temporary direct contributions from ORDE in its personal capacity. The intention is that eventually ORDE's contributions to the Portfolio Reserve will be repaid to ORDE and that ongoing and sustained future contributions to the Portfolio Reserve will be met from the Fund's residual monthly income ('residual income' meaning the Fund income remaining after payment of investor distributions and Fund fees and expenses – this amount will change from month to month so is not a fixed figure (**Residual Income**)).

Please see below and in section 4 for further information around how these Reserve Accounts are funded.

At the date of this IM, ORDE has set the following Reserve Account targets: (expressed as percentages of the Fund's Asset Portfolio):

- Arrears Reserve target of 0.20% of the Fund's Asset Portfolio (including both cash holdings held in the Arrears Reserve and amounts distributed to Investors recoverable through secured borrower repayment receivables); and
- Portfolio Reserve target of 0.40%.

These targets are set at percentages ORDE considers are reasonable and appropriate at the date of this IM, in light of factors such as the projected size of the Fund and risks for which the Reserve Accounts are intended. These are simply targets – the Reserve Accounts may not be kept at these target levels if there are other liquidity demands on the Fund, for example, and these targets can be subject to change from time to time. Please refer to the ORDE website at orde.com.au/invest for information about any update to the target range however, if this information is unavailable from the website, ORDE will provide this information to you directly, free of charge, upon request.

The Reserve Accounts are initially established and funded by ORDE on behalf of all new investors or invested balances, by contributing the above target percentages in the month of investment in the Fund (**Initial Contributions**).

In respect of the Portfolio Reserve only:

- where the Portfolio Reserve balance is in surplus of its target, the surplus funds can be used by ORDE for the purpose of meeting contributions to the Portfolio Reserve;

- following the Initial Contributions (which in the case of this Reserve Account, is advanced by ORDE on a temporary basis, such amounts to be eventually repaid to ORDE), ongoing contributions to maintain the Portfolio Reserve balance will typically be allocated by ORDE from Fund assets (that is, the Residual Income); and

- ORDE is also entitled, subject to meeting specific performance prerequisite benchmarks (described in section 4), to receive allocations from Fund assets (specifically the Residual income) over time, for ORDE to recover the value of Initial Contributions (and any additional contributions) advanced by ORDE to the Portfolio Reserve.

  Please refer to Section 4, Key Risks of this IM for further details about the Reserve Accounts.

## Committed Liquidity Support

The Fund's investment strategy involves utilising investor contributions to make loans to borrowers, secured by mortgages over real property. The nature of these arrangements with the borrower means that Fund assets are often tied up in long term loans and this can pose limitations from a liquidity perspective – the Fund may not be able to realise or make available assets on demand to satisfy withdrawal requests.

Given the above risk, the Fund aims to support the liquidity of the Fund through investment design, including diversification of asset profiles, daily asset management, and an overlay of contractually committed funding support available to purchase Fund assets (these arrangements with counterparties being the '**Committed Mortgage Funding Arrangements**'). For the avoidance of doubt, these Committed Mortgage Funding Arrangements do not create any right for investors to withdraw or redeem their investment in the Fund, and does not guarantee that withdrawals will be available.

ORDE seeks to prudently manage Fund liquidity through the Committed Mortgage Funding framework, which is described in more detail at section 4 of this IM. At a high level:

- under this framework ORDE has sought out high-quality sources of funding from parties which are contractually obliged to assist with funding existing mortgage loans in the Fund's portfolio, at ORDE's direction. These funding arrangements are generally with reputable financial institutions and experienced wholesale clients;

- through this, ORDE maintains a source of funding to facilitate the refinancing or sale of a portion (targeting at least 25%) of the Fund's existing mortgages into cash as needed for liquidity (**the Committed Mortgage Funding**);

- ORDE currently targets the Committed Mortgage Funding Arrangements to facilitate converting 25% of the Fund's mortgages into cash (**the Committed Mortgage Funding Target**). However, the Committed Mortgage Funding Target is a target only. It may not be continually maintained, and is not a guarantee of Fund liquidity. The actual level of Committed Mortgage Funding may be lower than the Committed Mortgage Funding Target and may reduce once drawn upon to support Fund liquidity, unless it is replenished. You can see the current level of Committed Mortgage Funding in the monthly 'Investor Report' which is available on our website here (or you can contact us for a copy if it is not available on the website);

- the 25% Committed Mortgage Funding Target is set by ORDE, taking into account factors including, but not limited to: potential scenarios of investor and asset liquidity; managed operational liquidity patterns during distressed periods; the impact of incremental Committed Mortgage Funding support levels; and the cost of this support for investors. These settings are internal risk management parameters only and do not confer withdrawal rights;

- importantly, the Committed Mortgage Funding is available across all Fund asset types. It is designed so that refinancing to manage the Fund's liquidity should not materially or adversely affect the remaining portfolio's compliance with the Fund's investment strategy and mandate parameters, however we note this is not a guarantee and actual outcomes may vary depending on market conditions; and

- commitment levels on these Committed Mortgage Funding Arrangements are renewed periodically and ORDE is able to provide Investors with 14 months' notice of material changes to the Committed Mortgage Funding Arrangements, providing opportunity for redemption. Any withdrawal or redemption remains subject to, and may be suspended or restricted under, the Fund's Constitution.

In ORDE's view, these elements form part of its overall liquidity risk management framework for the Fund. They do not constitute a promise or assurance of liquidity to Investors for any period.

Additionally, ORDE has and expects to maintain further alternate, high quality funding arrangements providing very significant approved but uncommitted (**Uncommitted**) funding limits. Whilst Uncommitted funding will often be available and (if available) used towards liquifying the Fund's mortgage assets, ORDE does not rely on Uncommitted funding to provide liquidity support during distressed periods.

For the avoidance of doubt, nothing in this section should be read as a guarantee of liquidity or of the availability, timing, amount or processing of any investor withdrawal request. Any investor withdrawal request remains subject to the terms, conditions, limitations and discretions set out in the Fund's Constitution, which prevails to the extent of any inconsistency.

## Regular reporting

Investors will be provided with:

- an investment statement every six months to 30 June and 31 December;
- an annual tax statement;
- a monthly Fund update in relation to the Fund's Asset Portfolio and performance. These detailed Fund and asset performance reports will be provided at orde.com.au/invest however, if this information is unavailable from the website, ORDE will provide this information to you directly free of charge. These are designed to provide exceptional transparency and assurance, in particular on risk management; and
- access to the Fund's Half-Year and Annual Reports are on the ORDE website, however, if this information is unavailable from the website, ORDE will provide this information to you directly, free of charge.

## Beneficial interest in assets held by a custodian

To provide an added layer of protection for Investors, and to comply with its Australian Financial Services Licence conditions, ORDE has retained the Custodian. ORDE has engaged a related ORDE entity, ORDE Mortgage Custodian Pty Ltd (**OMC**), to hold the legal interest in the assets of the Fund, as lender of record and mortgagee on title. Meanwhile, the Custodian will hold the beneficial interest in the assets of the Fund.

## Title Insurance

Where available, ORDE arranges Lender's Title Insurance in respect of the mortgages securing the loans made to borrowers. This helps protect the Fund in certain events including providing:

- cover against unauthorised or illegal structures. For example, if, subsequent to ORDE's loan, the borrower has constructed any type of building on the security property without the required regulatory permits, this may cause problems - the security property may not be able to be sold, or if it can be sold, then at a significantly reduced price. Title Insurance is beneficial as it will compensate the Fund for any capital loss in such circumstances;
- cover for identity and title fraud; and
- protection against the unenforceability of the mortgage.

Title Insurance is a cost borne by borrowers and is not an expense to Investors or the Fund.

# 4. Key Risks

We describe in this section how we seek to mitigate risks relating to the Fund, however, despite our best efforts the risks set out in this IM will still exist and cannot be eliminated.

All investments carry a degree of risk, and it is generally accepted that there is a risk/return trade-off when investing – the greater the return, the greater the risk.

The level of risk that you are prepared to take for a given potential return is often referred to as your "risk appetite".

As an Investor, you need to assess this risk/return trade-off yourself and verify that a particular investment meets your own investment goals and objectives. You may need to seek professional advice before investing in the Fund. ORDE is not licensed to and does not provide financial product advice.

All investments have a level of risk. While we are unable to remove and eliminate all investment risks, we conduct continual analysis and establish procedures and policies to seek to mitigate risks and minimise their impact on the Fund and its investments to the extent possible. In this section we have set out a summary of some significant investment risks that are relevant to the Fund. Please note that this list is not exhaustive and is intended as a summary of what we consider to be key risks. You should seek professional advice to understand the risks more relevant to your financial objectives, circumstances, and goals.

For the Fund, the risks of investing can be placed into three categories:

- risks associated with ORDE, the Fund, and the investment markets generally;
- risks to your monthly investment return; and
- risks to the return of your capital on maturity.

## Specific Risk Observations

- **Risks associated with the Fund and the investment markets generally**

  **The Fund**

  As with many managed investment schemes and trusts, there is a risk that the Fund could be terminated and wound up or that the responsible entity is replaced. Where the Fund is wound up, please refer to the Constitution for details on how assets of the Fund are allocated and distributed. Otherwise, you will have your rights to withdraw and exit the Fund as set out in the Constitution and this IM.

  The Fund is also newly established and has no track record or past performance. However, the Investment Manager's investment management team possesses relevant asset experience gained over a number of years. Past performance is not an indicator of future performance.

- **Markets**

  The markets include both the investment market as a whole and the Australian property market specifically.

  The investment market is subject to fluctuations in confidence resulting at times in what are commonly referred to as "booms and busts".

  The Fund operates in this wider investment market and variations in market sentiment can sometimes impact on Investor confidence. Maintaining a well-diversified portfolio across a range of loans and mortgages can reduce, but not eliminate, the impact of market risk.

- **Property**

  The Fund's investment model involves real property in Australia – therefore major changes in the Australian property market may be a risk for the Fund.

  The Australian property market is similarly subject to price fluctuations, and from time to time, the value of properties securing the repayment of loans may decline.

  At the Fund level, ORDE seeks to mitigate these risks by having structured decision-making processes and an inherently conservative investment portfolio management approach that are designed to withstand these fluctuations. Specifically, the LVRs of the Fund's Asset Portfolio are conservative and aim to accommodate fluctuations in property values.

- **Economic**

  Economic conditions have an impact on both a borrower's ability to service their loan and on the value of the property securing the loan.

For example, there is a risk that an economic recession or other event reduces a substantial proportion of borrowers' abilities to meet their required monthly loan repayments and at the same time reduces the value of the security property in the event of the borrower defaulting on the loan.

ORDE seeks to mitigate this risk by rigorously assessing the creditworthiness of the borrower, applying an interest rate servicing buffer to the borrower's capacity to service the loan, obtaining independent property valuations, applying conservative LVRs, excluding specific asset types, having diversification across key borrower and asset characteristics, and having a highly experienced servicing team available to work with any borrowers who may not meet repayment obligations.

- **Interest Rates**

  Interest rates generally, and interest rates charged to ORDE's borrowers specifically, are affected by economic conditions and the interest rate environment.

  The general risk is that there may be a mismatch between the interest rates paid by borrowers and the variable monthly investment return paid to Investors. A secondary risk for Investors is that the monthly investment return does not meet their expectations.

  ORDE seeks to mitigate the first risk by being able to vary the monthly return payable to Investors and the second by typically applying variable interest rates to loans, along with the risk management approaches profiled in Economic Risk above.

  Any default interest collected from borrowers is included as general income to the Fund. ORDE does not benefit directly from the collection of this income from borrowers whose loans are funded by the Fund.

- **Documentation**

  The primary security for a loan from the Fund is the loan documentation signed by the borrower. The loan documentation creates a binding legal contract between the borrower and the Fund, requiring the borrower to make monthly payments and then repay the loan at the end of its term.

  The secondary security for the loan is the first mortgage registered over the security property (real property relating to the loan).

  The risk is that if the documentation with either the loan or the mortgage is defective, repayment of the loan or recovery via the mortgaged security property will not be legally enforceable.

  ORDE seeks to mitigate this risk by always using reputable law firms experienced in finance and mortgage lending, and, where available, by taking out Title Insurance in relation to the Fund's rights over the security property.

- **Valuations**

  There is a risk that the valuation obtained in relation to the security property may not accurately reflect the value of the property due to either error or negligence, in which case the value may be overstated. ORDE seeks to mitigate this risk by only using registered independent valuers who satisfy the criteria set out in Benchmark 5 [see page 22].

- **Legislative and Regulatory**

  There is a risk that a change in law, government policy, regulations or taxation laws may adversely impact the Fund's investments or business model. While ORDE has limited control over this, we have policies and governance structures in place to ensure that we are up to date with the law and update our policies where necessary.

  Both ORDE and the Fund operate in a highly regulated environment, with ASIC as the primary regulator. One of ASIC's roles is to promote confident and informed participation by Investors and consumers in Australia's financial system and to this end, monitors all market participants, including ORDE and the Fund. There are significant consequences and may be penalties under the law if it is determined by ASIC or a court that a financial services provider or credit licensee has been operating in breach of the law.

  ORDE seeks to mitigate this risk by having strong and robust corporate governance structures, including a Board of Directors, the majority of whom are external Directors, and processes designed to minimise the risk of regulatory non-compliance and monitors all regulatory changes that may affect ORDE and the Fund.

- **Cyber-attack**

  All businesses are subject to the risk of cyber-attack.

  The risks include attacks on the data integrity of ORDE and the Fund and privacy risks to personal information.

  Protecting your investment is a core focus for ORDE. ORDE places a high priority on cybersecurity to help ensure the safety of your financial assets, personal information, and data. We are dedicated to maintaining leading security standards, and to safeguarding your investments from potential cyber threats. Please see our website for more information, however if this information is unavailable on the website, ORDE will provide this information to you separately free of charge, upon request.

- **Side letters**

  Subject to applicable law, ORDE and the Investment Manager may, from time to time, enter into other written agreements with one or more investors without the consent or approval of any other investors. These agreements may supplement the terms of the IM with respect to such investor and may entitle an investor to make an investment in the Fund on terms that vary from those described in this IM.

- **Risks to the monthly investment return**

The Fund pays Investors their monthly investment returns from the monthly loan payments made by the borrowers.

The risk is that too many borrowers at any one time do not make their required monthly loan payments on time, in which case the Fund may not be able to make the expected monthly investment return to Investors.

ORDE seeks to mitigate this risk in the following ways:

- **Robust credit assessment**

  ORDE applies a structured process when assessing the credit worthiness of all potential borrowers, thus verifying that the borrower can service the loan, even in times of financial stress.

- **Monitoring borrower performance and proactively responding when required**

  ORDE monitors borrower performance daily, so that we can act quickly if a borrower defaults on a required monthly payment.

- **Diversified borrower base**

  ORDE maintains a diversified borrower base which can help to minimise the impact of a small number of borrowers who may default on their monthly loan payments at any one time.

- **The Fund's Reserve Accounts**

  ORDE will establish and maintain two Investor Reserve Accounts, the Arrears Reserve and the Portfolio Reserve. ORDE believes that these Reserve Accounts are important tools that can be used to help manage risk and support stability in the Fund. However, they are not a guarantee of performance, distributions, liquidity, capital protection, or loss avoidance and do not eliminate the risks of investing in the Fund.

  These Reserve Accounts are held by ORDE outside of the Fund and do not form part of the Fund's assets. They are maintained exclusively for purposes connected with the Fund and for the benefit of Investors, but are applied at ORDE's discretion and may be used only to the extent funds are available in the relevant Reserve Account. ORDE will have the sole discretion to determine how each Reserve Account is managed and utilised.

  1. **Arrears Reserve**

     The Arrears Reserve is intended to support the stability of monthly income distributions to Investors by helping to smooth out ordinary fluctuations in asset returns, up to the limit of the Arrears Reserve. It may be used to supplement distributions to Investors where appropriate, but it does not guarantee any level of distributions and may be insufficient or unavailable at any time.

     The Arrears Reserve may also be used to cover costs incurred by the Fund in enforcing the Fund's security interest over a property (**Possession Costs**). These amounts will later be reimbursed once the security property is sold and sale proceeds are received.

**2. Portfolio Reserve**

The Portfolio Reserve is intended to help offset negative performance impacts that are generally not temporary in nature (such as significant capital or income shortfalls in the Fund's Asset Portfolio), to provide support during potential downward transitions in distribution rates, and to pay Fund expenses that would be otherwise charged to Investors. The Portfolio Reserve is limited to its available balance at any time and does not guarantee against loss. Its primary purpose is to support capital preservation for Investors.

**Reserve Account targets**

ORDE sets targets for both Reserve Accounts, expressed as a percentage of the Fund's Asset Portfolio. These targets will consider the Fund's investment profile and usage or proposed usage of the Reserve Accounts and will undergo periodic reviews.

At the date of this IM, ORDE has Reserve Account targets of:

- Arrears Reserve 0.20%, and
- Portfolio Reserve 0.40%.

The Arrears Reserve value includes both Reserve cash balances as well as amounts already distributed to Investors that are recoverable through secured borrower repayment receivables and any Possession Costs incurred during enforcement of security. If these expenses from the Arrears Reserve are not ultimately recovered from borrowers, the shortfall will be met from the Portfolio Reserve (as part of the Portfolio Reserve's function of offsetting non-temporary losses), subject to adequacy of the Portfolio Reserve level.

From time to time the Portfolio Reserve balance may be above or below the target due to timing of allocations and usage. The above targets can be subject to change from time to time. Please refer to the ORDE website for any updates to the target range, however if this information is unavailable from the website, ORDE will provide this information to you directly, free of charge, upon request.

## Contributions to Reserve Accounts

**Arrears Reserve:**

As described in section 3, the Arrears Reserve balance is initially fully contributed by ORDE in its personal capacity by way of Initial Contributions. The Initial Contributions are calculated by applying the stated target percentage for the Arrears Reserve to newly invested balances. Investors are generally not required to directly contribute to the Arrears Reserve at any time (exceptions to this may be in cases where the Arrears Reserve receives funds from the Portfolio Reserve because, as outlined further below, the Portfolio Reserve is ultimately funded indirectly by Investors through ongoing allocations from residual Fund monthly income).

At ORDE's discretion further contributions may be made to the Arrears Reserve however ORDE has no obligation to make such contributions. There is a risk that the Arrears Reserve may be fully deployed at times, which may limit support for distributions over some periods.

When an Investor redeems their investment in the Fund, this may reduce the required target level for the Arrears Reserve and ORDE may rebalance the Arrears Reserve accordingly.

**Portfolio Reserve:**

Initial Contributions to the Portfolio Reserve are made by ORDE in respect of new invested balances. However, in the long term, the Portfolio Reserve is replenished and maintained out of allocations from the Fund's monthly income (that is, these allocations to the Portfolio Reserve effectively reduce Fund assets, however this serves the purpose of funding a reserve which ORDE deems is a tool for the benefit the Fund as a whole).

The Portfolio Reserve operates differently from the Arrears Reserve in that, for the Portfolio Reserve, the Initial Contributions from ORDE in respect of each newly invested balance are intended to initiate and kick start the reserve balance. These personal contributions from ORDE to the Portfolio Reserve are intended to be temporary initial funding that is eventually repaid to ORDE.

ORDE may also make subsequent additional contributions to the Portfolio Reserve, but is under no obligation to do so and any such additional contributions advanced by ORDE to the Portfolio Reserve are also provided on a recoverable basis and must eventually be repaid.

Over time, the intention with the Portfolio Reserve is that:

1. ongoing contributions to the Portfolio Reserve will be met, at ORDE's discretion, by monthly allocations from Fund assets (this being from the portion of the Fund's monthly income which ORDE deems the "Residual Income"). Residual Income is the amount remaining from the Fund's monthly income after payment of investor monthly distributions and fund fees and expenses; and
2. subject to the performance benchmark prerequisites set out further below being met, ORDE will be entitled to direct repayments of any Initial Contributions it has made to the Portfolio Reserve. Such repayments to ORDE to be paid either from the Portfolio Reserve balance or directly from the Fund in respect of the Residual Income which was to be allocated to the Portfolio Reserve that month.

The performance benchmark prerequisites referenced above are that:

- the Portfolio Reserve is at or above its target;
- all Fund expenses due are paid in full; and
- Investor distributions for the relevant month exceed the annual Benchmark.

**Important limitations and risks of the Reserve Accounts**

ORDE has no claim to repayment of Initial or further contributions other than the subordinated repayment entitlement, described above and only to the extent of available Fund income as determined by ORDE.

It is important to note that the Reserve support is limited to the balance available in each Reserve Account. There may be insufficient funds to meet the purposes for which that Reserve Account is maintained.

The Reserve Accounts do not guarantee any level of income or capital return, do not ensure liquidity, and do not eliminate the risk of loss. There may be times when one or both Reserve Accounts are fully deployed or unavailable, or when ORDE elects not to apply them. If ORDE chooses not to make further contribution to a Reserve Account, investor returns and/or Fund liquidity may be negatively impacted.

**Interest and reporting**

Interest earned on cash held in the Arrears Reserve bank account will be retained by ORDE, while interest earned on cash held in the Portfolio Reserve bank account will be reinvested into the Portfolio Reserve. ORDE will, at least annually, provide information about the net payments from each Reserve Account in the Fund's Annual Report, which can be found on the ORDE website at orde.com.au, which is usually available within 3 months after the end of each financial year.

In addition to this, ORDE will also provide more frequent monthly reporting on the amount held in each Reserve Accounts as a percentage of the Fund's Asset Portfolio – this will be set out in the monthly 'Investor Report', which can be found on the ORDE website at orde.com.au within 10 days after the end of each month. However, if these reports are for any reason not available at these links, ORDE will provide this information to you directly, free of charge.

- **Risks to the return of your capital on maturity**

The Fund is required to return an Investor's capital, if requested by the Investor, on the maturity of each 12 month investment term.

The risk is that the Fund will have insufficient liquidity, namely cash, at a point in time to repay Investors' capital. The loans funded by ORDE have a typical loan life of between 12 and 48 months indicating a potential mismatch. The loans also commonly have legal terms substantially longer, creating potential for extended typical loan life in certain market conditions.

ORDE seeks to mitigate this risk in the following ways:

- **Diversified investment dates**

  Fund investments are received throughout the year with no specific concentration periods. The resulting relatively even spread of investment dates is mirrored in potential repayment dates 12 months later, with the effect that only a limited proportion of investments can seek withdrawal at any time.

  This is also supported by a clear position that investment capital will not be repaid within or prior to 12 months, that is, as an early withdrawal. As a result, the type of capital attracted to invest in the Fund tends to be relatively stable over time. This may vary in certain market or economic conditions.

- **Diversified loan portfolio**

  ORDE maintains a diversified loan portfolio including diversified loan settlement dates, so that there will be a flow of loans repaying at any point in time, which goes to maintaining the liquidity and cashflow of the Fund.

- **Asset selection and valuation**

  By ensuring the quality of a security property, as verified by an independent professional valuation, and by lending at conservative LVRs, Investors can have confidence that even if enforcement action is required and the security property must be sold by ORDE, there is sufficient equity in the property to repay the loan in full.

- **Committed Liquidity Support**

  As described in section 3 further above, the Fund seeks to support liquidity through a variety of means, including the Committed Mortgage Funding - this being funding contractually committed through funding arrangements between ORDE and other parties to purchase Fund assets at ORDE's direction.

  Under this framework:

  - ORDE maintains its Committed Mortgage Funding Arrangements with high quality counterparties (financial institutions and experienced wholesale clients) to provide mortgage asset funding at ORDE's direction. These arrangements facilitate the transfer of assets out of the Fund's portfolio, in exchange for cash to provide liquidity.
  - These Committed Mortgage Funding Arrangements impose committed contractual obligations, subject to conditions, on the counterparties to fund existing mortgage loans.
  - Counterparties are commonly paid a fair, arm's length fee for this commitment and/or make capacity available under broader, arm's length funding arrangements with the ORDE Group. In its capacity as responsible entity of the Fund, ORDE will recover these fees (or a reasonable allowance for these fees) from the Fund, so they are borne as a Fund expense. As these costs are Fund expenses, they will reduce the Fund's net returns.
  - ORDE targets maintaining Committed Mortgage Funding Arrangements to facilitate converting at least 25% of the Fund's mortgage assets into cash (this being the Committed Mortgage Funding Target). However, this Committed Mortgage Funding Target may reduce once drawn upon to support Fund liquidity (unless it is reinstated). Any stated levels are targets only, may not be continually maintained, and are not a guarantee of liquidity or of investor withdrawals. You can see the current Committed Mortgage Funding level on the ORDE website however, if this information is not available on the website, ORDE will provide this information to you directly, free of charge, upon request.
  - The 25% level is set taking into account potential scenarios of investor and asset liquidity, managed operational liquidity patterns during distressed periods, the impact of incremental Committed Mortgage Funding support levels and the cost of this support for investors.

- The 25% level is expected to offer adequate liquidity to support investor redemption requests during most typical distressed periods that the Fund may experience. This is based on assumptions considered reasonable by ORDE, that may prove incorrect or inapplicable. Further, periods of more acute or extended distress than assumed by ORDE may eventuate, imposing redemption demands that exceed capacity of the 25% Committed Mortgage Funding level. In ORDE's judgement these scenarios are considered sufficiently remote or improbable that incurring incremental costs of the Committed Mortgage Funding, at investors' expense, is not justified. In this case, meeting redemption requests by investors may be delayed beyond the ordinary period, using ORDE's entitlement to extend by twelve months and a further six months, refer to section 8.

- Importantly, the Committed Mortgage Funding is available across all Fund asset types. This means delivering liquidity through asset refinance should not adversely impact the Fund's remaining portfolio complying with the Fund's investment mandate.

- Use of the Committed Mortgage Funding will be limited to managing liquidity and will be at the Manager's discretion. Once drawn on, ORDE will endeavour to reinstate the 25% Committed Mortgage Funding Target as soon as reasonable, but this may not be achievable immediately or may not be possible.

- Counterparties commit for specific, limited periods and these commitments are intended to be renewed periodically or replaced by new arrangements. It is possible that counterparties will not renew or commit in future periods, or at costs considered acceptable for investors.

- ORDE will provide notification to investors of any material changes to the framework, including via direct communication and updates through the Fund's website or investor portal. The framework is designed to allow ORDE to provide investors with 14 months' notice of material change, providing redemption opportunities for all standard 12 month investments before changes take effect.

- Counterparties may delay or fail to fund upon direction, in breach of contractual obligations. ORDE cannot eliminate this risk. However, counterparties have been specifically selected for their reliability and are considered highly reliable at the date of this IM. Contractual breach is typically expected to result in actionable rights on behalf of investors.

  ORDE Financial Group also has and expects to maintain further alternate, high quality funding relationships with similar counterparties, offering significant additional funding capacity for Fund mortgage asset transfer.

  Typically, this funding has approved limits but is not contractually committed by the counterparty (**Uncommitted**). Whilst these funding sources may be available to liquify Fund assets, ORDE does not rely on Uncommitted funding to provide liquidity support during distressed periods.

- **Development financing**

  There are specific risks associated with providing finance for development, and ORDE seeks to mitigate this risk by ensuring that funds are advanced only on receipt of a quantity surveyor's certificate. Liquidity to fund drawdowns can be met from either new investments into the Fund, loan repayments or the transfer of loans out of the Fund.

You should be aware that as with all investments the Fund carries the above risks despite attempts to mitigate and manage such risks.

# 5. ASIC Benchmarks and Disclosure Principles

In respect of unlisted pooled mortgage schemes like the Fund, ASIC has determined a set of 8 benchmarks and corresponding disclosure principles for each benchmark. These benchmarks have been designed to provide information on key risks that ASIC considers relevant to enable Investors to understand the features of a mortgage scheme better and to help you assess the rewards and the risks associated with an investment in the Fund.

The following Benchmarks and Disclosure Principles are provided in accordance with ASIC's guidance.

| Benchmark | Response | Further information |
|---|---|---|
| **1. Liquidity**<br><br>This benchmark goes to the liquidity (the proportion of cash or cash equivalents in a scheme's assets) measures of the scheme. Particularly in relation to relative liquidity (that is, short-term assets relative to short-term liabilities).<br><br>ORDE has cash flow estimates for the Fund that:<br><br>• demonstrate the Fund's capacity to meet its expenses, liabilities and other cash flow needs for the next 12 months;<br><br>• are updated at least every 3 months and reflect any material changes; and<br><br>• are approved by the Directors of ORDE at least every 3 months. | This Benchmark is met. | For further information, please refer to Disclosure Principle 1 on page 24 |
| **2. Scheme Borrowing**<br><br>This benchmark goes to a scheme's policy on borrowing.<br><br>ORDE does not have any current borrowings and does not intend to borrow on behalf of the Fund. | This Benchmark is met. | For further information, please refer to Disclosure Principle 2 on page 25 |
| **3. Portfolio Diversification**<br><br>This benchmark goes to the current nature of a scheme's portfolio.<br><br>The features of the Fund's Asset Portfolio are:<br><br>• the Fund holds a portfolio of assets diversified by size, borrower, class of borrower activity and geographic region;<br><br>• the Fund has no single asset in the Fund's Asset Portfolio that exceeds 5% of the Fund's total assets;<br><br>• has no single borrower who exceeds 5% of the Fund's Asset Portfolio; and<br><br>• all loans made by the Fund are secured by registered first mortgages over real property in Australia. | This Benchmark is met. | For further information, please refer first to Disclosure Principle 3 on page 25 and then section 6 of this IM. |



ORDE FINANCIAL

| Benchmark | Response | Further information |
|---|---|---|
| **4. Related Party Transactions**<br><br>This benchmark goes to any related party transactions by the Responsible Entity or Investment Manager of the Fund.<br><br>ORDE does not lend to related parties of ORDE including the Fund's Investment Manager.<br><br>From time-to-time ORDE and our related parties may:<br><br>• invest into the Fund; and/or<br><br>• provide services to assist in the administration and management of the Fund.<br><br>The Investment Manager currently provides investment management services in respect of the Fund and is a related party of ORDE. However, this arrangement is on an arm's length commercial basis. | This Benchmark is met. | For further information, please refer to Disclosure Principle 4 on page 25 |
| **5. Valuation Policy**<br><br>This Benchmark goes to the Responsible Entity's approach to valuation of the properties which secure the loans funded by the Fund.<br><br>We have a valuation approach that meets this benchmark. This is because in relation to valuations of the Fund's Asset Portfolio and the security properties, ORDE requires:<br><br>• a valuer to be a member of an appropriate professional body where the security property is located;<br><br>• the valuer to be independent;<br><br>• procedures to be followed for dealing with any conflicts of interest;<br><br>• a rotation and diversity of valuers;<br><br>• an independent valuation to be obtained before the issue of a loan, on renewal and where a decrease in the value of a security property may have caused a material breach of a loan covenant; and<br><br>• depending on the loan type, the valuation may be on an "as is" basis, an "as if complete" basis or a "highest and best use" basis. | This Benchmark is met. | For further information, please refer to Disclosure Principle 5 on page 26 |

| Benchmark | Response | Further information |
|---|---|---|
| **6. Lending – Loan to Valuation ratios**<br><br>This benchmark goes to the approach taken by a responsible entity in respect of loan to value ratios and whether their policy is within the benchmarks set by ASIC. This benchmark requires that if a scheme holds mortgage assets:<br><br>• where the loan relates to property development—funds are provided to the borrower in stages based on independent evidence of the progress of the development;<br><br>• where the loan relates to property development — the scheme does not lend more than 70% based on the latest 'as if complete' valuation of property over which security is provided; and<br><br>• in all other cases—the scheme does not lend more than 80% based on the latest market valuation of property over which security is provided.<br><br>ORDE meets this benchmark because:<br><br>• it does not lend more than 80% of the value of the security property based on the independent valuation;<br><br>• where a loan relates to a property development, funds are provided to the borrower in stages based on independent evidence of the progress of the development; and<br><br>• does not lend more than 70% based on the latest "as if complete" valuation. | This Benchmark is met. | For further information, please refer to Disclosure Principle 6 on page 26 |
| **7. Distribution Practices**<br><br>This benchmark goes to the distribution practices of the scheme and specifically, prohibits the responsible entity from paying current distributions from scheme borrowings.<br><br>ORDE does not make current distributions from borrowings. | This Benchmark is met | For further information, please refer to Disclosure Principle 7 on page 27 |

| Benchmark | Response | Further information |
|---|---|---|
| **8. Withdrawal arrangements**<br><br>This benchmark goes to withdrawal arrangements for the scheme – that is, whether an investor can withdraw from a scheme and how long it takes to be paid from the scheme upon withdrawal.<br><br>The benchmark requirements will depend on whether the Fund is a liquid or illiquid scheme at the time. The Fund is currently a liquid scheme, therefore the required benchmarks for its withdrawal arrangements are as follows:<br><br>• the maximum period allowed in the Constitution of the Fund for the repayment of withdrawal requests is 90 days or less.<br><br>• the responsible entity will pay withdrawal requests within the period allowed for in the Constitution; and<br><br>• the responsible entity only permits members to withdraw at any time on request if at least 80% (by value) of the scheme property is:<br><br>(i) money in an account or on deposit with a bank and is available for withdrawal immediately, or otherwise on expiry of a fixed term not exceeding 90 days, during the normal business hours of the bank; or<br>(ii) assets that the responsible entity can reasonably expect to realise for market value within 10 business days. | This Benchmark is not met.<br><br>The investment term for the Fund is 12 months.<br><br>ORDE only permits Investors to withdraw their investment at the completion of their 12 month investment term if you submit your request 30 days prior to the end of your investment period.<br><br>Payment of your Withdrawal Request can take up to 381 days, unless any unforeseen circumstances arise. | For further information, please refer to Disclosure Principle 8 on page 27 for further information about this benchmark and why it has not been met. |

## Disclosure Principle 1 Liquidity

This Disclosure Principle addresses the need for ORDE to maintain appropriate levels of liquidity (by liquidity we mean the proportion of cash or cash equivalents in the Fund's assets) for the Fund.

The Fund is a "pooled" fund, and liquidity is a measure of the Fund's ability to satisfy not only its obligations to Investors in relation to withdrawal of funds, but also, its short-term commitments, expenses, liabilities, and other cash flow needs.

ORDE monitors the liquidity of the Fund daily to ensure that:

(a) the current and future prospects of liquidity of the Fund are identified and managed;

(b) any significant risk factors that may affect the liquidity of the Fund are monitored and addressed in a timely manner; and

(c) it balances the maturity of its assets with the maturity of its liabilities.

"Liquidity" means that there needs to be sufficient cash in the Fund to pay all expenses, and importantly, to repay all Investors who have requested to withdraw their investments, as and when required and to settle loans in a timely manner. The current and future prospects of the liquidity of the Fund relate to when the assets of the Fund, namely the loans, are due to be repaid and when the liabilities of the Fund, namely the obligation to repay Investors, are required to be met. The risk factors largely relate to the repayment of loans as and when they fall due. Loan repayments are monitored daily, and if a loan is not repaid on the due date, appropriate action, including legal action, is taken to enforce repayment of the loan. The risk is that there will be insufficient cash on hand to meet all liabilities. Balancing the maturity of the assets with the maturity of the liabilities requires a daily understanding of both assets and liabilities, and this is a key skill that ORDE and the Investment Manager bring to the management of the Fund.

ORDE monitors all changes that may impact liquidity and estimates all cashflows to ensure that at all times it has sufficient liquidity and resources to meet all expenses. The Reserve Accounts can also be utilised to manage liquidity.

The ORDE Board approves the cashflow estimates on a quarterly basis.

## Disclosure Principle 2 Scheme Borrowing

This Disclosure Principle addresses the Fund's policy on borrowing, including the Fund's actual and intended borrowing.

Although ORDE is permitted to borrow for the purposes of the Fund under the Constitution, ORDE does not have any current borrowings and does not intend to borrow on behalf of the Fund. If, in the future, ORDE decides to borrow on behalf of the Fund, we will make additional disclosures in accordance with Disclosure Principle 2.

## Disclosure Principle 3 Portfolio Diversification

This Disclosure Principle addresses the diversification of the Fund's Asset Portfolio.

This IM is the first information memorandum issued in relation to the Fund. Accordingly, there is no historical data for the Fund's Asset Portfolio. However, once this information is available (and then, monthly), ORDE will disclose to Investors in a report the following details required by ASIC under Disclosure Principle 3. These include:

(a) by number and value:

(i) loans by class of activity e.g. development or construction projects, industrial, commercial, retail, residential, specialised property, reverse mortgages;

(ii) loans by geographic region;

(iii) the proportion of loans that are in default or arrears for more than 30 days;

(iv) the nature of the security for loans made by the Fund e.g. first or second ranking;

(v) loans that have been approved but have funds that have yet to be advanced and the funding arrangements in place for any of these undrawn loan commitments;

(vi) the maturity profile of all loans in increments of not more than 12 months;

(vii) loan-to-valuation ratios for loans, in percentage ranges;

(viii) interest rates on loans, in percentage ranges;

(ix) loans where interest has been capitalised;

(b) the proportion of the total loan money that has been lent to the largest borrower and the 10 largest borrowers;

(c) the percentage of loans (by value) that are secured by second ranking mortgages;

(d) the use of derivatives (if any);

(e) a clear description of the non-mortgage assets of the scheme, including the value of such assets; and

(f) the Fund's diversification policy and how the assets correlate with that policy.

This report will be available on our website however, if this information is not available on the website, ORDE will provide this information to you directly, free of charge, upon request.

## Disclosure Principle 4 Related Party Transactions

This Disclosure Principle is concerned with the Fund entering into related party transactions, and addresses the risks associated with such transactions. A 'related party transaction' is a transaction (for example, loans or investments) involving parties related to the Responsible Entity.

If the Fund enters any related party transactions, then we will provide details of those related party transactions on our website orde.com.au/invest (however, if this information is not available on the website, ORDE will provide this information to you directly, free of charge, upon request). If the related party transactions are material to the interests of Investors, we will notify Investors directly by notice addressed to each Investor.

ORDE:

- does not lend to related parties of ORDE, including the Fund's Investment Manager;

- has entered into the Investment Management Agreement with the Fund's Investment Manager for the provision of investment management services in respect of the Fund and this agreement is on an arm's length, commercial basis and the remuneration of the Investment Manager is reasonable. ORDE and ORDE Financial are related in that they are both owned by the ultimate holding company of the ORDE Group, namely ORDE Holdings Pty Limited (the ORDE Group). The relationship between ORDE and ORDE Financial is monitored by ORDE's Board;

- will disclose assets being assigned between the Fund and alternate ORDE funding sources. The ORDE Group has a number of different sources of funds to undertake its business as a non-bank lender. These sources of funds comprise warehouse funding facilities provided by Australian and international banks, and from time to time, we will transfer assets between the Fund and these alternate ORDE funding sources. These transfers are determined by ORDE to maximise the use of funds and to optimise returns to Investors. We will disclose these transfers in the quarterly portfolio update for the Fund available on our website orde.com.au/invest (however if the quarterly portfolio update is not available on the website, ORDE will provide the update to you directly, free of charge); and

- has a process for managing potential conflicts of interest. The ORDE Group has a Conflicts of Interest Policy and managing any potential conflict of interest within the ORDE Group insofar as it affects the Fund, is monitored by the ORDE Board.

ORDE and its related companies may invest in the Fund from time to time. However, any such investment will be on the same terms as all other Investors in the Fund.

## Disclosure Principle 5 Valuation Policy

This Disclosure Principle addresses the Fund's valuation practices, including when an independent valuation is required.

In relation to valuations for the Fund's mortgage assets and their security properties, ORDE requires:

(a) a valuer to be a member of an appropriate professional body in the jurisdiction in which the relevant property is located;

(b) a valuer to be independent;

(c) procedures to be followed for dealing with any conflict of interest;

(d) a diversity of valuers;

(e) in relation to the security property for a loan, an independent valuation is to be obtained:

(i) before the issue of a loan and on renewal;

(ii) for development property, on both an 'as is' and an 'as if complete' basis;

(iii) for all other property, on an 'as is' basis; and

(iv) within two months after ORDE forms a view that there is a likelihood that a decrease in the value of security property may have caused a material breach of a loan covenant.

## Disclosure Principle 6 Lending and Loan to Valuation ratios

This Disclosure Principle addresses the Fund's Loan to Valuation Ratio (**LVR**) policies. "LVR" means the amount being loaned to a borrower divided by what we assess to be the value of the real property securing the loan, expressed as a percentage.

We meet the requirements of this Disclosure Principle.

ORDE's policies on LVRs are:

(a) where the loan relates to property development—funds are provided to the borrower in stages based on independent evidence of the progress of the development and property development loans will not exceed 20% of the Fund's assets;

(b) where the loan relates to property development the Fund does not lend more than 70% based o the latest 'as if complete' valuation of property over which security is provided;

(c) in all other cases—the Fund does not lend more than 80% based on the latest market valuation of property over which security is provided; and

(d) the LVR for a particular loan may be less than 80% depending on the borrower and the nature of the security property. The actual LVR to be applied is determined by ORDE at the time of the assessment of the loan.

## Disclosure Principle 7 Distribution Practices

ORDE only makes distributions from income received from Fund assets, primarily monthly interest payments made by borrowers i.e. from income earned by the Fund in the previous month. ORDE makes the monthly distribution payments usually by the 5th business day of the following month. ORDE does not and will not make distributions from borrowings.

## Disclosure Principle 8 Withdrawal Arrangements

As the business model of the Fund involves using your investment to fund loans, the underlying assets are illiquid and therefore may take us time to make available sufficient assets to fund a withdrawal from the Fund, particularly if the withdrawal is requested prior to the end of your 12 month investment term. Please see the Section below in relation to withdrawals at page 38.

Note:

Meeting the Benchmarks and the Disclosure Principles are not a guarantee regarding the Fund's performance;

These principles are designed to help you understand the risks. You should read these in full and, if necessary, seek financial advice to determine whether investing in the Fund is suitable for your objectives, financial situation and needs.

# 6. Investment Overview and Portfolio

## Commitment to diversification of our loan portfolio

In order to address Disclosure Principle 3, the Fund aims to build and maintain a diversified portfolio of loans to a range of borrowers secured by registered first mortgages over Australian properties. This is a key feature of the Fund's lending compliance framework.

## The Fund's Asset Portfolio

All Fund assets will meet approved eligibility mandates and credit policy processes. ORDE applies the following portfolio parameters to progress towards diversifying the Fund's Asset Portfolio and limiting the concentration of risk:

- no loans above $10m;
- loans above $5m to comprise no more than 10% of Fund's Asset Portfolio;
- no single borrower will exceed 5% of the Fund's Asset Portfolio; and
- no single loan amount to exceed 5% of the Fund's Asset Portfolio at the date of loan settlement.

## Loan assessment

ORDE originates and assesses all loan applications and applies a structured approach to the credit assessment of the proposed loan.

ORDE applies the traditional "3Cs" principle to the loan assessment:

- **Character**

"Character" relates to the likelihood that the borrower will honour the legal obligations to service the loan during the term of the loan and to repay it at the end of the loan term.

ORDE undertakes a rigorous assessment of the borrower's character, including credit checks and other searches, to ensure that the borrower is credit worthy.

- **Collateral**

All loans from the Fund are secured by registered first mortgages over Australian property.

The objective of registering a mortgage is to be able to sell the security property if the borrower defaults in making the required monthly payments or fails to repay the loan on the due date.

Generally speaking, Australian borrowers only default if they experience a "life event" such as illness, divorce, unemployment, or adverse economic conditions that prevent them from servicing their loan.

ORDE will negotiate with the borrower to work through the issues, but if there is no other solution, ORDE will have to sell the security property.

It is therefore important that an independent valuation of the security property is obtained, and that a conservative LVR is applied to the loan, so that if the security property must be sold, it can be anticipated that there will be sufficient proceeds from the sale to repay the loan.

- **Capacity**

The borrower must have the financial capacity to service the loan. This requires a review of the borrower's income and expenses to ensure that the borrower can meet the monthly payments. ORDE undertakes a comprehensive investigation into the borrower's income and expenses, and then applies a "servicing buffer" in the event of interest rate rises, that is, applies a higher interest rate to the loan assessment to ensure that the borrower can service the loan.

## Diversification

ORDE aims to diversify the Fund's Asset Portfolio in five ways:

- geographic distribution across Australia;
- property type e.g. residential, commercial;
- borrower type e.g. individual, company, self-managed superannuation funds (**SMSF**);
- settlement date; and
- loan term.

The Fund will always maintain a well-diversified loan portfolio based on these five diversification principles. Diversification of the Fund's Asset Portfolio by applying these 5 factors helps to protect the Fund's Asset Portfolio and make it more resilient. For example:

- by having geographic distribution across Australia, if one part of Australia suffers from an economic recession, then having a broadly based portfolio will help balance the Fund's Asset Portfolio;
- by having different property types, economic factors affecting one type of property e.g. apartments, will not have a substantial affect on the Fund's Asset Portfolio;
- by having different borrower types means that legal changes affecting one type of borrower e.g. SMSFs, will not have a substantial impact on the Fund's Asset Portfolio;
- by having different settlement dates e.g. not all loans being established on the same day, but spread out over the year, means that we can manage the liquidity of the Fund's Asset Portfolio more effectively; and
- by having different loan terms means that not all loans are repaid on the same date, which again means that we can manage the liquidity of the Fund's Asset Portfolio and ensure that Investors' funds are fully invested.

## Independent valuations

ORDE always obtains an independent valuation to assess the value of a security property prior to advancing the loan and prior to renewal of a loan. If the borrower defaults on the loan, another valuation of the security property is obtained prior to the sale of the security property. Regular valuations will also be obtained during a construction loan, at various stages. This valuation may be obtained from a quantity surveyor.

We have a panel of approved valuers who we engage to undertake valuations. The valuer will have regard to the nature of the security property and type of valuation required and will be required to provide a report of their findings. This valuation report is then reviewed by ORDE and in certain circumstances, a second valuation may be undertaken.

ORDE only engages leading national or regional valuers appropriate to specific securities and who meet our panel appointment standards. Our appointment standards take into account factors like the qualifications and experience of the valuer, diversity, independence, professional reputation and affiliation with an accredited appropriate professional body.

## The Fund's Asset Portfolio

This IM is the first IM issued in relation to the Fund. Accordingly, there is no historical data for the Fund's Asset Portfolio.

It is our intention to provide a report to Investors monthly and in that report, we will provide information in relation to the criteria required under Disclosure Principle 3 (set out on page 25 of this IM).

Additionally, in respect of Benchmark and Disclosure Principle 3, we note that:

- the Fund will not use derivatives;
- the Fund will only lend on the security of a registered first mortgage. The Fund will not lend on the security of second or subsequent mortgages;
- property development loans will not exceed 20% of the Fund's Asset Portfolio;
- the LVR of any property development loan will not exceed 70% on the basis of the latest 'as if complete' valuation of the property over which security is provided;
- there will be no single asset in the Fund's Asset Portfolio that exceeds 5% of the total Fund assets; and
- there will be no single borrower who exceeds 5% of the Fund's Asset Portfolio.

## Valuing the Fund's Asset Portfolio

The Fund's Asset Portfolio is valued based on the total face value of all the loans in the Fund's Asset Portfolio. The face value of a loan does not usually vary on a day-to-day basis and is only re-valued if there is any question as to whether the loan will likely be re-paid in full.

If a loan falls into arrears i.e. the borrower fails to make a payment under the loan terms, we will assess whether the loan needs to be revalued. In most cases, given the conservative LVRs of the loans in the Fund's Asset Portfolio, there will be no need to re-value a loan. In the rare case that there is a loss arising from the sale of the security property securing the loan, the Fund's Asset Portfolio will be revalued, and the Loss Reserve Account may be used to make good on any capital loss sustained.

## Environmental, Social and Governance considerations

We consider environmental, social, and governance factors wholistically in line with our ESG Policy. ESG considerations are assessed individually for each loan at loan assessment stage, rather than by referencing a predetermined list or minimum standard during the selection, retention, or release processes within the Fund. However, labour standards are not included in our loan assessment process or in our selection, retention, or realisation considerations in relation to a loan.

We only consider environmental, social and governance matters at the time of assessing the loan, and do not monitor these matters during the term of the loan.

Each loan is individually assessed by the Investment Manager to determine its suitability for inclusion in the Fund's Asset Portfolio. In conducting this assessment, the Investment Manager considers environmental, social and governance (**ESG**) factors where such considerations are relevant to the value, risk profile, or intended use of the loan.

Where applicable, ESG factors are evaluated in the context of the proposed use of the loan and the characteristics of the subject property (i.e. the property intended to be acquired by the borrower). This may include, but is not limited to:

- The nature of the property's intended use;
- Any historical or current use of the property that may present environmental risks; and
- The potential impact of the property's use on the surrounding community or neighbourhood.

These considerations form part of the broader credit and risk assessment process and are applied on a case-by-case basis.

# 7. Fees and other costs

**DID YOU KNOW?**

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

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

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

**You may be able to negotiate to pay lower fees. Ask the fund or your financial adviser.**

**TO FIND OUT MORE**

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

## Fees and other costs

This document shows fees and other costs that you may be charged.

These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the managed investment scheme as a whole.

Taxes are set out in another part of this document.

**You should read all the information about fees and costs because it is important to understand their impact on your investment.**

## Fees and costs summary

| **ORDE Income Fund** | | |
|---|---|---|
| Type of fee or cost | Amount | How and when paid |
| **Ongoing annual fees and costs** | | |
| Management fees and costs[1]<br><br>The fees and costs for managing your investment.[2] | 0.80% p.a. of the net asset value of the Fund's Asset Portfolio. | This amount accrues each calendar month and is deducted from the Fund's investment earnings and paid to ORDE monthly. The amount of this fee can be negotiated by investors. |
| Benchmark delivery fees<br><br>Fees for managing your investment, payable from income performance above benchmark return level. | Up to 0.40% p.a. of the net asset value of the Fund's Asset Portfolio. | This amount accrues each calendar month and is deducted from the Fund's investment earnings and paid to ORDE monthly. The amount of this fee can be negotiated by investors. |
| Transaction costs<br><br>The costs incurred by the scheme when buying or selling assets. | Nil | Not applicable |
| Net Interest Margin | Nil | Not applicable |
| Operational expenses<br><br>Expenses paid directly by ORDE and recovered from the Fund. | In aggregate covering Custodial services, Back up Servicer engagement and Mortgage Broker Trail. Approximately 0.20% p.a. | These amounts are deducted from the investment earnings of the Fund and paid to ORDE monthly. |

[1] Management fees and costs are net of GST, stamp duty and any reduced input tax credits (RITCs) available to the Fund, the Responsible Entity and the Investment Manager.
[2] If you meet the requirements under the Corporations Act for a professional investor, sophisticated investor or wholesale client, this fee is negotiable.

| **Member activity related fees and costs (fees for services or when your money moves in or out of the product)** | | |
|---|---|---|
| Establishment fee<br><br>The fee to open your investment. | Nil | Not applicable |
| Contribution fee<br><br>The fee on each amount contributed to your investment. | Nil | Not applicable |
| Buy–sell spread<br><br>An amount deducted from your investment representing costs incurred in transactions by the scheme. | Nil | Not applicable |
| Withdrawal fee<br><br>The fee on each amount you take out of your investment. | Nil | Not applicable |
| Exit fee<br><br>The fee to close your investment. | Nil | Not applicable |
| Switching fee<br><br>The fee for changing investment options. | Nil | Not applicable |

## Example of annual fees and costs for the Fund

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

| **EXAMPLE - ORDE Income Fund Account** | | **BALANCE OF $50,000 WITH A CONTRIBUTION OF $5,000 DURING YEAR** |
|---|---|---|
| Contribution fees | Nil | For every additional $5,000 you put in, you will be charged $0. |
| **PLUS** Management fees and costs | 0.80% | **And**, for every $50,000 you have in the Fund you will be charged or have deducted from your investment $400 each year |
| **PLUS** Benchmark delivery fees | Up to 0.40% | **And**, for every $50,000 you have in the Fund you will be charged or have deducted from your investment $200 each year |
| **PLUS** Transaction costs | Nil | **And**, you will be charged or have deducted from your investment $0 in operating expenses. |
| **PLUS** Operating expenses | ~0.20% | **And**, you will be charged or have deducted from your investment $100 in operating expenses. |
| **EQUALS** Cost of the Account | | If you had an investment of $50,000 at the beginning of the year and you put in an additional $5,000 during that year, you would be charged fees and costs in the range of:<br><br>**$700 to $770.***<br><br>**What it costs you will depend on the fees you negotiate.*** |

*Additional fees may apply, such as advice fees. Please read the Additional explanation of fees and costs section below for further information.

Please note that:

- our fees and costs are not negotiable unless you are a wholesale, professional or sophisticated investor and meet the requirements for such an investor under the Corporations Act;
- the example above is illustrative only. The $50,000 balance is prescribed by legislation for use in this example. It also assumes that the full $50,000 is invested in your Fund Account for the entire year, the value of the investment is consistent over the year and that the additional $5,000 is invested during the year. Therefore, the management fees and costs are calculated using the $50,000 balance only; and
- all fees and costs referred to in this section are inclusive of GST and, where applicable, net of any applicable input tax credits and RITCs, and are shown without any other adjustment in relation to any tax deduction available to ORDE.

## Cost of product for 1 year

The cost of product gives a summary calculation about how ongoing annual fees and costs can affect your investment over a 1-year period for your investment in the Fund. It is calculated in the manner shown in the example of annual fees and costs.

The cost of product assumes a balance of $50,000 at the beginning of the year with a contribution of $5,000 during the year. Additional fees such as an establishment fee or an exit fee may apply: see the Fees and costs summary above.

You should use this figure to help compare this product with other products offered by managed investment schemes.

### ORDE Income Fund
### Cost of product: $700 to $770

## Additional explanation of fees and costs

### Management fees and costs[3]

The management fees and costs are currently 1.40% of the net asset value of the Fund's Asset Portfolio comprising:

- a management fee of 1.0% paid to the Investment Manager for investment manager services;
- 0.35% retained by ORDE for administering the Fund (from which we may pay referral fees); and
- 0.05% for other costs in relation to the operation of the Fund.

This amount is deducted from the Fund's Asset Portfolio.

### Fees for professional, wholesale, and sophisticated Investors

We may, from time to time, negotiate the management fees and costs (by way of a rebate or fee waiver) with certain Investors that satisfy the requirements of a professional, wholesale, or sophisticated investor on an individual basis in accordance with the Corporations Act. Please contact us for further information.

### Fees under the Constitution

Under the Constitution for the Fund, the Responsible Entity is, subject to the law and the proper performance by it of its duties, entitled to receive (**but may elect to receive less than**) the following fees in relation to 'Investor Property' (the property, rights and income that relates to your interest in the Fund), payable or reimbursable out of the Investor Property or payable personally by the Investor:

(a) an investment manager's fee, for managing the Investor Property of 2% per annum of the gross value of the Investor Property calculated daily and payable on the last business day of the calendar month or at such other times as determined by the Responsible Entity;

(b) a trustee fee, for the ongoing administration and operation of the Fund, being 2% per annum of the gross value of the 'Fund Property' (all assets and property of the Fund (including Investor Property)) calculated daily and payable on the last business day of the calendar month or at such other times as determined by the Responsible Entity; and

(c) an expense fee, in respect of expenses incurred by the Responsible Entity in managing Investor Property, being 1% per annum of the gross value of the Investor Property calculated daily and payable on the last business day of the calendar month.

Under the Constitution, the Responsible Entity may also deduct a remuneration fee out of Fund Property for time spent on 'Additional Fund Administration Services' (as defined in the Constitution) and apply a levy of up to 1% of Fund Property annually, to replenish the Fund reserves and meet any expenses (please see 'Fund Reserves' in section 8 of this IM for further information on Fund reserves).

**While the Trustee is entitled to the above fees under the Constitution, as at the date of this IM, the Responsible Entity intends to apply only the fees and costs set out in the 'Fees and other costs' table above.**

### Referral fees

We may pay a referral fee to a person who introduces Investors to the Fund. Referral fees will be paid in accordance with relevant laws.

### Fees for financial advice

ORDE is not authorised to provide you with financial product advice. However, you may obtain advice from a professional financial adviser, and you may agree with your financial adviser certain advice fees payable in respect of their advice services. Any such fees will be in addition to and separate from the fees disclosed in this IM.

You can authorise the payment of such an advice fee from your ORDE Account. If you instruct us to do this, we will pay your financial adviser their fee out of your Account and in accordance with your instructions.

### Commission paid on loans

ORDE deals with mortgage brokers in originating the loans that form part of the Fund's Asset Portfolio.

We generally charge the applicant for a loan from the Fund a fee of between 0.5% and 1.5% and generally we will pay the introducing mortgage broker an initial amount of between 0.5% to 0.7% and an ongoing amount of between 0.15% to 0.25% annually depending on the arrangement with the broker.

[3] Management fees and costs are net of GST, stamp duty and any RITCs available to the Fund, the Responsible Entity and the Investment Manager.

## Changes to fees

Subject to the terms of the Constitution, ORDE has the right to change the amount of fees without the Investors' consent. You should refer to our website at orde.com.au/invest for details of any changes to the fees and costs that are not materially adverse. However, if this information is not available on the website at any time, ORDE will provide this information to you directly, free of charge.

If there is a materially adverse change in the fees and costs (such as an increase), we will notify you in writing 3 months in advance of the increase taking effect.

## Tax

For more information on tax, please see the "Additional Information" section of this IM on page 37.

# 8. Additional information

## Privacy

We need to collect personal information from you, your financial adviser, or other authorised parties as nominated by you or permitted by the law, so that we can facilitate and manage your investment in the Fund and the ongoing services required as part of your investment in the Fund. We are bound by the Australian Privacy Principles contained in the Privacy Act 1988 (Cth) (**Privacy Act**) and under a legal obligation to keep your personal information both safe and confidential.

We are committed to managing your personal information in accordance with our Privacy Policy, which may be updated from time to time. The Privacy Policy is available free of charge on our website at orde.com.au (however if the Privacy Policy is at any time not available on the website, ORDE will provide this information to you directly, free of charge, upon request). Our Privacy Policy tells you how you can access or correct the information we hold. It also contains information about how you may complain to us about a breach of the Australian Privacy Principles and how we will deal with such a complaint. You can also contact us for more information about this.

The information that we collect about you is the information that is requested in the Application Form that you will complete to become an Investor in the Fund and such other information we may request from time to time for the purpose of managing your investment in the Fund. Your personal information will only be disclosed to:

- the ORDE Group (including the Investment Manager) and any external service providers we need to engage for the purpose of managing your investment as described above;
- a court, tribunal or government body or agency if required by the law or regulations; and
- a third party (such as a financial adviser) if that third party is authorised by you.

Your personal information will always be retained in Australia. Please see the Privacy Policy for more information about how your personal information may be shared and managed.

You can choose not to disclose personal information to us, but if you don't, it will make it harder for us to manage your Account. In particular, you can choose not to provide your Tax File Number, but that may mean that we will have to deduct tax at the highest marginal tax rate for any investment returns that we pay from the Fund.

Please note that we cannot verify the accuracy of the personal information we collect from you (whether directly or indirectly). It is therefore important that you notify us immediately if there is any change to the personal information you have provided to us (particularly your contact information and banking details). If you are unsure, you can always contact us by any of the methods disclosed in this IM to check if the personal information that we hold in relation to you is correct. If any personal information is incorrect, we will update the details as instructed by you.

You can make a complaint about any aspect of the way we handle your personal information by any of the methods disclosed in the Privacy Policy or Complaints and Dispute Resolution section of this IM below.

## Anti-Money Laundering and Counter Terrorism Financing

We are required to comply with the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) and any applicable regulations (**AML/CTF Act**). This means that from time to time we may need to collect information and documentation from you, your estate or anyone acting on your behalf, to verify your identity and comply with our obligations under the AML/CTF Act, including identifying your source of wealth.

We may also need to disclose information, including your personal information to ORDE's related bodies corporates and service providers or regulators of the AML/CTF Act.

The information that we require to meet our obligations under the AML/CTF Act is requested in the Application Form that you complete to become an Investor in the Fund. You will be prompted as you complete the Application Form to provide that information.

We reserve the right to delay or refuse any request or transaction in connection with an Account in the Fund if we have reason to suspect that the request or transaction may breach any obligation or constitute an offence under the AML/CTF Act. If we exercise our right to delay or refuse a request or transaction made by you on this basis, we will not incur any liability.

## Complaints and Dispute resolution

While we hope that this never arises, if you do ever have a complaint, please contact us immediately by writing to us at complaints@orde.com.au, telephoning us on our toll free number 1800 533 633 or using any of the other contact options contained in this IM. We will endeavour to resolve your complaint as soon as possible. Please see our Internal Dispute Resolution Policy at orde.com.au for more information. However, if the Internal Dispute Resolution Policy is not available on the website, ORDE will provide this information to you directly, free of charge, upon request. Please note that certain aspects of the Internal Dispute Resolution Policy will not apply to 'wholesale clients' (as defined in the Corporations Act).

## Taxation Implications

- **Disclaimer**

  This section summarises the likely Australian income tax consequences for Investors in the Fund who are Australian tax residents or non-residents who hold their interests in the Fund on capital account for tax purposes.

  The comments are not applicable to Investors who are (i) exempt from income tax in Australia; (ii) invest or trade in trust interests in the ordinary course of their business or otherwise hold interests in the Fund on revenue account; or (iii) are subject to Division 230 of the Income Tax Assessment Act 1997 (Cth) (i.e. the Taxation of Financial Arrangements regime). This summary is based on the Australian judicial and administrative interpretations of the Income Tax Assessment Act 1997 (Cth), the Income Tax Assessment Act 1936 (Cth) and the Taxation Administration Act 1953 (Cth) (collectively referred to as the Tax Act or the Australian income tax laws) as at the date of this IM. This summary is necessarily general in nature and is not intended to be either a definitive or exhaustive statement of the possible tax treatment for the Fund or its Investors.

  The summary does not take into account the specific circumstances of any Investor. Prospective Investors should therefore obtain professional tax advice that takes into account their specific circumstances before making the decision to invest in the Fund. Non-resident Investors should also obtain professional tax advice that takes into account the likely tax treatment in their country of residence.

  Investors should be aware that the ultimate interpretation of the Australian tax law rests with the Australian courts, and that the law, and the way that the Australian Taxation Office administers the law, may change over time.

- **General tax treatment**

  It is intended that income derived by the Fund will be distributed to Investors by way of monthly distributions and that Investors will be presently entitled to all of the trust income of the Fund Under current Australian legislation, this means that the Fund should not be liable for any income tax, rather each Investor should be liable for income tax at their marginal tax rates on their proportionate share of the taxable income of the Fund.

- **Managed investment trust (MIT) and attribution managed investment trust (AMIT) regimes**

  Subject to satisfying applicable requirements during the relevant period, the Fund may be treated as a MIT for tax purposes. Given the nature of the investments that are proposed to be made by the Fund, the qualification of the Fund as a MIT is not expected to materially alter the tax treatment for Investors in the Fund (as described below).

- **Taxation of financial arrangements (TOFA)**

  The Fund may be subject to the TOFA rules. Where the TOFA rules apply to the Fund, this will result in income from certain investments of the Fund being brought to account on an accruals basis (rather than a due and payable or realisation basis). This may mean that Investors in the Fund could be taxed on amounts of income before they receive cash distributions from the Fund.

- **Australian tax resident Investors**

  Australian tax resident Investors will be subject to Australian tax at their relevant marginal tax rate on their share of the taxable income of the Fund for each year.

  If Australian tax resident Investors dispose of their interests in the Fund, they may realise a capital gain or a capital loss on the disposal depending on their individual circumstances. The capital gains tax (CGT) discount may apply to interests held for more than 12 months by Investors who are Australian resident individuals or trusts, or complying superannuation funds.

- **Non-resident Investors**

  Interest income derived by the Fund which is distributed to non-resident Investors would generally be subject to Australian interest withholding tax at the rate of 10%, but that rate may be reduced if the Investor is resident in a country with which Australia has a double tax agreement. Different rates of withholding tax may apply to other types of Australian sourced income (such as fees, dividends, and royalties) which are derived by the Fund and distributed to non-resident Investors. It is presently anticipated that the Fund's sole source of income will be interest income.

  Based solely on the investments presently proposed to be made by the Fund, non-resident Investors are unlikely to be subject to tax on the disposal of their interests in the Fund on the basis that they are not taxable Australian property.

- **GST**

  The issue and withdrawal of interests in the Fund and receipt of distributions from the Fund should not be subject to GST.

- **Tax file number (TFN) / Australian business number (ABN) withholding**

  If an Investor does not provide its TFN or ABN to the Trustee, or claim a valid exemption, the Trustee may be required to withhold tax at the top marginal tax rate from payments to the Investor. The Investor may be entitled to a credit for such tax withheld in their tax return for the relevant year.

## Cooling off

Once you have made your investment in the Fund, you have the right to "cool off" – in other words, change your mind, and have your investment returned to you. You have 14 days to change your mind from the earlier of the date on which you received your confirmation of your investment and the end of the 5th business day after the day on which we accept your investment.

You need to contact us in writing by letter or email within those timeframes and we will refund your investment to you. Cooling off does not apply to any automatic reinvestment (or Regular Withdrawal Plan, if it is offered) and you cannot exercise your cooling off right any time after you have exercised any other right or power you have in relation to your investment in the Fund.

## Withdrawing from the Fund

As the Fund has an investment term of 12 months, Investors do not have the right to withdraw from the Fund before their investment term of 12 months has expired.

Our policy is to balance the maturity of assets within the Fund's Asset Portfolio (that is, the time left on each loan), with the maturity of Investors' 12 month investment terms (how far along the 12 month term each Investor is), to ensure that there is sufficient liquidity to honour all withdrawal requests. We do this by monitoring liquidity and cashflow daily.

We will only allow withdrawals from the Fund while the Fund is "liquid" as defined in the Corporations Act. The maximum withdrawal period that applies to the payment of withdrawal requests when the Fund is liquid is 12 months.

If the Fund is not "liquid", then we may delay making any withdrawal payments if it is in the best interests of all Investors to do so, and we may make specific withdrawal offers to all Investors. The main risk that may affect the ability of Investors to withdraw from the Fund is the liquidity of the Fund. This risk is discussed in Section 3 – Key Risks. We may refuse or suspend withdrawal requests at any time if it is in the best interests of all Investors to so.

- **Withdrawal Requests**

  You can make a request for a withdrawal by submitting a written request (Withdrawal Request). A copy of the Withdrawal Request form can be found on our website or by emailing us. If you have any trouble accessing the form on our website, please email us for a copy.

  Your Withdrawal Request:

  - cannot be cancelled once it is submitted, unless we approve the cancellation;
  - must specify a 'Withdrawal Amount' (this is the amount of your investment you would like to withdraw from the Fund);
  - if we determine that your Withdrawal Request would leave your Account with less than $500, we may treat your request as applicable to your entire Account; and
  - we may reject your Withdrawal Request for any reason, including if we determine that processing your Withdrawal Request would leave your Account with insufficient funds to fund any existing or future liabilities associated with the Fund.

- **Timing requirements for Withdrawal Requests**

Please note that the following timeframes and notice periods apply to a Withdrawal Request:

1. the Withdrawal Request must be submitted to us, with all required details, at least 30 days before the end of your 12 month investment period;
2. if your Withdrawal Request is approved and sufficient assets are available to fund your Withdrawal Request, we will use our best efforts to pay you the Withdrawal Amount within 30 days, however we reserve the right to take up to 360 days from the date of your Withdrawal Request to process your request - that is, to make available sufficient assets to fund your Withdrawal Request;
3. if there are unforeseen circumstances or difficulties making available sufficient assets to fund your Withdrawal Request, ORDE may delay your Withdrawal Request by up to an additional 180 days after the 360-day period. Where such a delay occurs, we will write to let you know at least 60 days before the end of your 360-day period; and
4. once sufficient assets are available to fund your Withdrawal Request at the end of the 360-day period (or end of the extended period if point 3 above applies), we will pay you the amount payable in respect of your request within 21 days.

- **Withdrawal when the Fund is illiquid**

  Where the Fund is 'illiquid' as defined in the Corporations Act, Investors generally will not have the right to withdraw from the Fund unless a withdrawal offer is made by ORDE. We may, if there is a material error in the offer or if it is in the best interests of all Investors, cancel a withdrawal offer by giving you written notice. Where a withdrawal offer is made, your Withdrawal Request will be satisfied in accordance with the law (that is, within 21 days or, if there are insufficient funds to fund your Withdrawal Request).

## Regular Withdrawal Plan

While the minimum investment period in the Fund is 12 months, you may want to access some of your investment after your initial 12 month investment term.

To do this you can elect to use a Regular Withdrawal Plan:

- Monthly Plan – Investors may access 1/12th of their investment per month, for up to three months within any 12-month period.
- Quarterly Plan – Investors may access 1/4th of their investment per quarter, across the 12 month period.

Under both Plans you need to give us 30 days' notice each time you want to access your investment.

You can arrange for these options simply by contacting our ORDE Investor Services Team and requesting that we set you up to participate in the Regular Withdrawal Plan. This can be either at the time of investment or subsequently at any time prior to the end of your 12 month investment term. The latter will apply from commencement of the next 12 month investment term.

## Fund reserves

For completeness, we note that ORDE may, from time to time, establish reserves in accordance with the Constitution that (unlike the Arrears Reserve and Portfolio Reserve) form part of the Fund's assets. However, at the date of this IM, it has not set up any such reserves and does not intend to. We will notify you if ORDE establishes any such reserve in the future and will provide details on how such reserves will be used, funded, and maintained.

## Financial advice

ORDE is not licenced to provide you with any personal financial advice. We can only provide you with information about ORDE and the Fund. The information contained in this IM is general information only and does not take into account your individual needs and objectives or your financial situation.

You may wish to seek personal financial advice from a licenced financial adviser to obtain financial advice that is tailored to your personal circumstances and discuss this IM with them before you invest.

## Investing through an Investment Platform

A person may invest in the Fund through an Investment Platform. This means that you will access the Fund indirectly, through the operator of the Investment Platform.

This IM may have been provided to you by the Investment Platform to give you information to use in making a decision about whether to instruct the Investment Platform to invest in the Fund on your behalf and to compare the Fund to other investment options you may be considering through the Investment Platform. However, as the Investment Platform invests in the Fund on your behalf, it is the Investment Platform which has the rights of an Investor in the Fund. Your rights will be different.

If you make an investment through the Investment Platform, usually the terms and conditions you agree with the Investment Platform will determine your rights in respect of investment options like the Fund. Accordingly, you should read the terms and conditions associated with the Investment Platform in conjunction with this IM, Application Form and Constitution to understand your rights prior to investing in the Fund.

We also note that some provisions of the Constitution will not be directly relevant to you. For example, you will generally not be able to attend meetings, or withdraw investments directly. However, the Investment Platform will exercise these rights on your behalf. Reporting to you in relation to the Fund will be obtained through the Investment Platform, not ORDE. Enquiries about the Fund should be directed to your Investment Platform and certain rules and features in the Fund won't apply to you – for example, the Minimum Investment and standard redemption entitlements.

You may rely on the information in this IM to give directions to your Investment Platform in relation to your investment in the Fund. For example, to withdraw your investment from the Fund, you will need to apply to the Investment Platform, which will then deal directly with us to process your withdrawal.

Withdrawals are processed monthly on a date agreed between ORDE and the Platform operator. To be included in a processing cycle, notice of intention to withdraw must be received at least 14 business days before the agreed withdrawal date. ORDE is able to decline or defer total withdrawals exceeding 3% of a platform investor's total investments in any one month.

## Regulatory environment

ORDE and the Fund are regulated by ASIC.

ORDE is not a bank and is not regulated by the Australian Prudential Regulatory Authority.

No guarantees are provided by ORDE or any ORDE related company, in relation to the Fund.

## Availability of other information – how to contact ORDE

If you have any questions or require further information, please:

- visit us at orde.com.au/invest;
- telephone us on 13ORDE (13 6733) between 8.30am and 5.30pm;
- send an email to us at invest@orde.com.au; or
- write to us at Level 15, 31 Queen Street, Melbourne, VIC 3000.

## How we communicate with you

By applying to becoming an Investor in the Fund, you consent to receive all disclosures and communications from us electronically to your nominated email address or by ORDE making these disclosures available through your Account on our website. All communications will be in accordance with our Privacy Policy. We will mostly communicate with you by email, using the email address provided by you in your Application Form. Other information relating to the Fund will be updated regularly on our website, however if you have any issues accessing information on our website, please contact us.

If an email sent to you is returned, we will write to you separately at the postal address provided by you in your Application Form. It is very important that you ensure that the email and postal address nominated on your Application Form are correct. If there is a change to any of these details, please contact us immediately.

You agree to us communicating by making correspondence available to you via the email address that you provide to us in your Application Form.

# 9. Application form

The Application Form is generally completed online and can be found at the following link: orde.com.au/invest.

You must complete the form at this link unless the Investment Manager has provided you with a paper-based form. If you would prefer a paper-based Application Form, please contact the Investment Manager.

**Disclaimer**

This document is issued by ORDE Capital Management Limited (ACN 636 165 378, AFSL 523150 and Australian Credit Licence 523150) (ORDE) as responsible entity of the ORDE Income Fund. ORDE Financial Pty Ltd (ACN 634 779 990 and ACL 522079) is the provider of investment management services to ORDE in respect of the ORDE Income Fund (Investment Manager).

This document contains information which may include general advice, but it does not contain any personal advice. Personal advice requires a provider to act in their client's best interests and take into account the client's objectives, financial situation and needs - these requirements do not apply to general advice. We have not taken into account your objectives, financial situation and needs in the preparation of this document. Further, this document does not contain, and should not be read as containing, any recommendations to you in relation to this product. Before acting on the information in this document or deciding whether to acquire or hold this product, consider its appropriateness for your circumstances, this IM, the Constitution, and the Application Form. Call us or visit our website for a copy of any of these documents free of charge.

Certain statements in this IM constitute forward-looking statements. These forward-looking statements are identified by words such as 'aim', 'anticipate', 'assume', 'believes', 'could', 'expects' 'intends', 'may', 'plan', 'predict', 'potential', 'positioned', 'should', 'target', 'will', 'would', and other similar words that involve risks and uncertainties. Investors should note that these statements are inherently subject to uncertainties in that they may be affected by a variety of known and unknown risks, variables and other factors which could cause actual values or results, performance or achievements to differ materially from anticipated results, implied values, performance or achievements expressed, projected or implied in the statements. These forward-looking statements are based on current expectations, estimates, and projections about the ORDE Income Fund's business and the industry in which the ORDE Income Fund invests and the beliefs and assumptions of ORDE and the Investment Manager. In addition, forward looking statements are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other factors that are in some cases beyond ORDE's and the Investment Manager's control. No representation, assurance, or guarantee can be provided that the occurrence of the events expressed or implied in any forward-looking statements in this IM will actually occur, or that actual performance will mirror the guidance provided. As a result, any or all of the forward-looking statements in this IM may turn out to be inaccurate. Factors that may cause such differences or make such statements inaccurate include, but are not limited to, the key risks described in section 4.

Potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on the forward-looking statements. ORDE and the Investment Manager do not make any assurance, express or implied, in relation to whether any forward-looking statements will actually eventuate. These forward-looking statements speak only as at the date of this IM. Unless required by law, ORDE and the Investment Manager do not intend to publicly update or revise any forward-looking statements to reflect new information, future events or otherwise. They are provided as a general guide only and should not be relied on as an indication or guarantee of future performance. Some numerical figures in this IM have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that preceded them.

22 December 2025