

AUSSIE MORTGAGE LENDERS PRESENT ...



Australian
Mortgage
Lenders

AN INVESTMENT OFFER

FEBRUARY 2017

This information memorandum (IM) outlines an exciting opportunity to invest in the Australian mortgage market.

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AUSSIE MORTGAGE LENDERS

7.99%pa

An offer to wholesale investors,
with profits paid monthly into your bank account.

Information Memorandum: Investment Offer

This information memorandum is not a prospectus under Australian law. This information memorandum is provided to you on the basis that you are a person who would not require a disclosure document because of Section 708 of the Corporations Act 2001 (Cth).

Potential investors should obtain their own independent advice and make their own assessment of the investment described in this information memorandum. You may wish to consult your professional advisor about its contents.

The investment offered is speculative in nature. This information memorandum is an important document which should be read in its entirety.

Important Information

This information memorandum (IM) is dated February 2017.

This IM has been prepared by Aussie Mortgage Lenders ACN 167 367 080.

No part of this IM may be reproduced or disseminated to any other person without the prior written permission of Aussie Mortgage Lenders. No person is authorised to give any information or to make any representation about the investment offered in this IM (investment memorandum) when it is not contained in this IM.

This IM is not a disclosure document lodged with ASIC under Part 6D.2 of the Corporations Act 2001 (Cth) as no formal disclosure document (within the meaning of the Corporations Act) will be lodged with ASIC in connection with the investment.

The investment is only made to investors in circumstances which permit an offer of securities to be made without disclosure to investors as outlined in Section 708 of the Corporations Act 2001 (Cth). By accepting a copy of this IM the recipient warrants that they fall within one of the limited criteria of persons defined in this IM (and in section 708 of the Corporations Act).

Applications will not be accepted from persons to whom Section 708 of the Corporations Act does not apply. This IM is not a Prospectus or a Product Disclosure Statement. As it is not regulated by the Corporations Act 2001 (Cth) it does not purport to contain all of the information that would be contained in a prospectus that recipients may generally require in order to evaluate whether to invest in Aussie Mortgage Lenders.

In addition, Aussie Mortgage Lenders advises that their Director / Solicitors / Accountants are not under any obligations to correct, update or revise this IM or any written or oral communications transmitted to the recipient in the course of evaluating Aussie Mortgage Lenders or the Investment.

The IM is not to be considered as a recommendation by any information provided that a recipient is to invest in Aussie Mortgage Lenders or that this investment is suitable to the recipient. The IM is provided to the recipient for information purposes only.

Therefore, any individual who is considering investing in this IM should make their own independent assessment and investigation into the investment and Aussie Mortgage Lenders, and the investor should seek professional advice without any limitation on the taxation, financial, or legal issues of an investment in Aussie Mortgage Lenders whether pursuant to this investment or otherwise, and any decision that they, the investor, makes in determination as to the relevance of any information on such assessment, investigation and advice.

This IM does not constitute an offer or invitation in any place or to any person to whom it would not be lawful to make such an offer or invitation. Jurisdictions outside Australia may be restricted by law and persons who come into possession of this IM outside of Australia should seek advice on and observe any such restrictions. Any failures to comply with such restrictions may constitute a violation of applicable securities law.

This IM is not lodged with ASIC and ASIC takes no responsibility for the content of this IM or the merits of investing under this IM.

The IM must be read in its entirety. The information providers do not make any representation or warranty (express or implied) as to the accuracy, reliability, reasonableness or completeness of the contents of this IM. None of the information providers have verified the statements in this IM.

The information providers expressly disclaim all liability and the recipient irrevocably and absolutely releases the information providers from all claims.

Whether arising from negligence or otherwise, or based on or relating to information (including any predictions and assumptions as to future financial performance) and any forward looking statements contained in this IM, any errors or omissions in this IM or any written or oral communications transmitted to the recipient in the course of the evaluation of Aussie Mortgage Lenders of this Investment accept any liability which cannot be excluded as matter of law.

Investment Risk Warning

This Investment has specific risks outlined in this document, along with general risks associated with lending. While Aussie Mortgage Lenders is obliged to pay agreed interest rates and to repay sums loaned at the times agreed, the Director does not guarantee its performance of those obligations. Do not invest unless you are prepared to accept the risk that you may lose some or all of your investment. All applicants are advised to consider these risks carefully before deciding whether to invest in Aussie Mortgage Lenders.

Investors should carefully consider the risks in view of their own personal circumstances and seek independent professional advice on the taxation, legal and financial consequences of making any investments. The IM contains predictions and assumptions as to future events and future financial performances as well as other future statements.

Aussie Mortgage Lenders believes these predictions and assumptions are reasonable and achievable based on present knowledge, but acknowledges that they are inherently uncertain and may not eventuate.

Statements are best estimates only and are based on assumptions about future events and management actions that may not necessarily take place and are subject to significant uncertainties, many of which cannot be controlled by Aussie Mortgage Lenders. Those assumptions may or may not prove to be correct or accurate. No representation or warranty is made as to the accuracy of those predictions and assumptions related to future events and future financial performances.

Each recipient should make their own enquiries and investigations regarding any of these statements which may affect the future operations of Aussie Mortgage Lenders and the impact that different future outcomes may have on Aussie Mortgage Lenders, and should not rely solely on those statements. Aussie Mortgage Lenders reserves the right to provide further information to any person and is not under an obligation to treat all interested persons equally, or to provide the same information to the recipient or any other recipients of this IM as it provides to any other person.

The offer in this IM is for a fixed term. There is no public market for the Investment. Aussie Mortgage Lenders, in preparation of this IM, has not considered the personal circumstances, investment aims or the taxation implications on financial position of specific investors.

Privacy Notice

Aussie Mortgage Lenders collects personal details in the application form in order to make decisions relating to your application to invest, and to identify and contact you and manage your investment. Aussie Mortgage Lenders may disclose private information about applications where they are required to do so by law or where permitted to do so under law including the [Privacy Act 1998 \(Cth\)](#). By returning a signed application you will consent to the distribution of your personal information in accordance with this paragraph. In accordance with privacy laws, information collected in relation to the applicants can be obtained by that applicant by contacting Aussie Mortgage Lenders.

Confidentiality

If you receive a copy of this IM directly from Aussie Mortgage Lenders as part of a 'personal offer', the information contained in this IM is being provided on a confidential basis for the recipient solely, for the purpose of evaluating an investment in Aussie Mortgage Lenders.

In this use, by accepting a copy of this IM, the recipient agrees for itself and its related bodies corporate and for company directors, employees, agents and advisors to maintain the confidentiality of the information contained in this IM.

The recipient also agrees that any reproduction or distribution of this IM, in whole or in part or disclosure of any parts or content, is prohibited.

From The Director . . .

I take this opportunity to introduce my company, Aussie Mortgage Lenders, specializing in first and second mortgage security over residential and commercial property throughout Western Australia.

Mortgage lending is a specialist area that needs to be understood, respected, and analysed on an individual basis. Each property has unique characteristics and requires individual consideration. These issues are vital when assessing a lending enquiry.

Aussie Mortgage Lenders use only quality valuers that are accredited with the national body and have the appropriate indemnity insurance for valuations. Assessing, reading and understanding valuations are complex areas of lending and require knowledge and experience in this area. The valuation plays an important role in Aussie Mortgage Lenders' criteria. All properties are valued for lending purposes. This is part of Aussie Mortgage Lenders charter.

The LVR (loan to value ratio) will at all times be at the 70% level and below, a figure that provides a solid safety net in the event of default.

Property mortgage lending is not without its risks and, like any market, circumstances can change which can result in increases or decreases.. However, with an LVR set at 70% and below it mitigates the risk for the lender.

Having extensive personal experience in the lending landscape and property market, I am well versed to make informed decisions regarding all types of properties, both residential and commercial.

I have the experience to know when to lend and, just as importantly, when not to lend; I have an understanding of borrowers and current legislation and how it affects borrowers and lenders.

Aussie Mortgage Lenders are offering a solid return of 7.99% per annum paid monthly in arrears. That's 7.99% on first mortgages. Compare this rate to other returns and you can see Aussie Mortgage Lenders are offering a real rate of return on your money. Term deposits with the 'big four' are offering up to 3% per annum on your money. When we take inflation into account, you are most likely going backwards in real terms.

This is an investment opportunity for those seeking a solid regular return on their money, backed by first mortgage security, Aussie Mortgage Lenders.

Please read the IM in full. If you have any queries please call me, I will be only too happy to assist you.

Regards



EONNIS EOANNIDIS Dip in FB/MB
EOANNIDIS PROPERTY INVESTMENTS
Trading as AUSTRALIAN MORTGAGE LENDERS

Invest Highlights

INVESTMENT OPPORTUNITY	A simple 'interest only' to Aussie Mortgage Lenders (unsecured note)
INITIAL TERM OF LOAN	Short term – 12 months Medium term – 18 – 24 months
ROLLOVER	12 months or 24 months
INTEREST RATES	12 months minimum 7.99% per annum Interest calculated and paid monthly in arrears
INTEREST CALCULATIONS	Interest paid monthly in arrears calculated on 9% per annum
INTEREST PAYMENTS	Interest paid monthly in arrears, or yearly on maturity date into your bank account
SECURITY	This investment is by way of unsecured note and is not secured by any form of security
COMMISSIONS	Aussie Mortgage Lenders may pay to third parties commissions for referrals or investors
TERMS OF THE INVESTMENT	A summary of the key terms of the investment is set out in Annexure A
RISK OF THE INVESTMENT	Refer to 'Risk Factors' set out in Annexure B
MINIMUM INVESTMENT	\$50,000 initial and increments of \$50,000 thereafter

Not everybody qualifies to lend Aussie Mortgage Lenders' money. Who may invest is set out in the IM. A summary of the terms of the investment are set out in IM Annexure A.

The document comprises the full legal documentation of your investment. By signing the application form you agree to the terms of the investment.

At the end of each period of investment, Aussie Mortgage Lenders Pty Ltd will advise you if it wishes to extend the Investment and the investment date that will apply. At this point you can then, if you wish, withdraw your Investment or extend the loan at the new interest rate for either 12 months or 24 months, whichever you are offered.

Before making an investment check you have the current version of this IM, which is always available from Aussie Mortgage Lenders.

Investment Summary

The Investment is tailored to investors with a higher risk appetite, who require rates of return that are above rates paid by mainstream lenders on 'term deposits' with fixed terms of 6, 12 or 18 months.

The Aussie Mortgage Lenders rate is far superior to a bank 'term deposit'.

This opportunity would suit investors looking for:

- A fixed high income yield;
- An option to be paid monthly or on maturity of their investment; and
- A medium or long term investment and the option to upgrade or downgrade per term of the investment.

Use of Proceeds of the Investment

The proceeds of the Investment will be used to finance the continued growth in Aussie Mortgage Lenders and the Company's loan portfolio.

The demand for first and second mortgages is a growing business, and as banks become tougher to deal with there are opportunities being regularly created for Aussie Mortgage Lenders.

Current Bank Term Deposits

The current bank term deposits can fluctuate from bank/lender to bank/lender. Term deposits for a 12 month investment period are running about 2.75% per annum, but can be as high as 3% per annum.

Below are the current term deposit percentage rates that are available in the marketplace (as of 31 March 2016). These figures have been supplied by Info Choice. Aussie Mortgage Lenders doesn't give a guarantee or warranty as to the accuracy of this information. Aussie Mortgage Lenders suggest you speak with your financial advisor regarding term deposits or make enquiries directly to the lender.

LENDER	1 YEAR	2 YEAR
Bank West	2.8% pa	2.9% pa
ING Direct	3.0% pa	3.2% pa
Bank of Melbourne	2.45% pa	2.7% pa
Bank of SA	2.45% pa	2.7% pa
St George Bank	2.45% pa	2.7% pa
ME Bank	3.0% pa	3.0% pa
CUA	3.0% pa	3.0% pa
Heritage Bank	3.0% pa	2.75% pa
BOQ	2.85% pa	2.95% pa
U Bank	3.01% pa	-
P & N Bank	2.9% pa	2.55% pa

Please check with your banking institution for your rate, which may fluctuate on a daily basis

The Aussie Mortgage Lenders rate is 7.99% per annum paid monthly in arrears. As there are significant differences in rates, please request the IM from Aussie Mortgage Lenders in full and consult your financial advisor for any further information.

Aussie Mortgage Lenders

Aussie Mortgage Lenders is a privately owned mortgage lending company incorporated in 2013. Aussie Mortgage Lenders deals in first and second mortgages, both private mortgages and institutional lending.

Aussie Mortgage Lenders has experienced growth and a steady demand for private mortgage lending. Private mortgage lending is not new. In Australia, private mortgages are mainly done by solicitors, however the market has grown to include specialist brokers working in this field.

Aussie Mortgage Lenders is a specialist company working with individual lenders and borrowers. Aussie Mortgage Lenders has charter in place which allows the company to take investments and pay an interest rate to its investors. The charter restricts Aussie Mortgage Lenders' loan to value ratio to a maximum of 70% which is in line with other mortgage lenders.

Market Overview

The private mortgage lending market is an area of growth. At one time, only solicitors could lend to borrowers on a private mortgage. As the population grows and banks become more regulated, the private mortgage market has grown and continues to grow.

First and second mortgage lending is now more understood by borrowers as they seek an alternative to traditional lending methods. The private mortgage market is becoming more popular with borrowers/developers as an option to secure funding for their projects. The return for investors is higher on mortgages, however when analysing the LVR on mortgages we see that they are lower than traditional lenders. Most mainstream lenders will lend up to 95% LVR based on the value of the property, and most times LMI is required with lending over 80% of the LVR.

In the private mortgage market the maximum LVR would be 70%. The LVR is lower than most mainstream lenders, providing a good cushion for investors. As the private mortgage market grows, the opportunities for brokers and investors will also grow - a natural progression in the marketplace. Aussie Mortgage Lenders' experience in dealing in first and second mortgages has enabled them to fully understand the

mechanics of valuers and valuations, and know how read valuations.

Not all properties are a good lend. Aussie Mortgage Lenders, through its experience, can determine if the location and property represents good value. Aussie Mortgage Lenders deal only with reputable valuers that hold the private mortgage lending insurance in place, therefore any errors in valuations by the valuer may be subject to legal recourse against the valuers.

The property market in Australia is like any open market and investors need to be conscious that values can rise and fall. Australia is not immune or insulated from outside influences; issues such as the GFC in 2008 can cause havoc with stock market liquidity in the banking system; therefore causing property values to fall due to the difficulty of property buyers' ability to access funds.

Interest rates can influence property values in both a positive and negative way. When interest rates fall property prices generally rise and when interest rates rise, property prices can stagnate and fall. Similar to all markets, the property market's rise and fall and is influenced by many factors such as interest rates, employment, and overseas factors.

This IM must be read in full and it is recommended that any queries and questions be referred to your financial advisor for clarification.

Market Commentary:

In order to provide you with a comprehensive insight of Perth's current property climate, please review the article excerpts provided. They are accompanied by the article URL references for your continued reading.

"Perth's Northeast subregion was the standout performer in the Perth rental market in this quarter, recording a 4.7% increase in leasing activity. We also saw signs of strength in the Southwest subregion, with activity lifting 0.2%," reports REIWA president Hayden Groves.

Bucking local market trends, 30% of the suburbs in the Central subregion still reported either higher or unchanged rates, Groves says, suggesting that these areas remain good options for investors.

He adds that first home buyers from WA made up 15% of all first home buyers in the country – the largest proportion of all the states – during the June 2016 quarter. Perth's rental market "has certainly presented challenges for investors over the last 18

months”, Groves states, “so it’s a good sign that in August there was an improvement in listing levels and a notable increase in activity”.

The Central subregion of Perth, which reported an 8.5% decline in leasing activity back in the June 2016 quarter, recorded a 19% increase in activity in August 2016. The Northwest area also experienced over 17% growth.

<http://www.yourinvestmentpropertymag.com.au/market-report/wa/wa-excerpt-from-the-2016-december-market-report-227465.aspx>

A lot of investors prefer property as it is a tangible asset. You can see it and touch it, and it is a physical representation of your money. People tend to feel more comfortable with such a significant financial commitment when they have something physical to show for it, as opposed to a piece of paper.

Property investment is also said to be less of a risk, as there is less frequent fluctuation in the property market – cycles tend to take longer. Shares can go up and down in value every day, but in the property market values move a lot more slowly. On top of this, shares expose investors to the risk of losing everything in the case of a company going into liquidation.

Investors who prefer property tend to believe it’s harder for them to lose everything, as the physical asset remains on the land despite value fluctuations or changing market conditions. Regardless of the position of the market, a property will always be worth something and, if you purchase well, its value will continue to increase over time – even if it moves at a glacial pace.

<http://www.smartpropertyinvestment.com.au/spi-plus/beginners-guide/15282-property-versus-shares-which-is-the-better-investment>

Figures from CoreLogic show dwelling values in the city improved by 0.2 per cent in January to be 2.1 per cent up over the past three months.

The increase was driven by units with values lifting by two per in the month. Over the quarter, unit values were only up by 1.5 per cent and down by 3.8 per cent over the past year.

CoreLogic head of research Tim Lawless said there were signs the bottom of the market had been reached in both Perth and Darwin where values have climbed by 1.8 per cent over the past three months.

“Buyers still have a great deal of leverage in these markets, with listing numbers remaining high, long selling times and high rates of discounting,” he said.

<https://thewest.com.au/business/property/perth-property-prices-edge-higher-in-january-ng-b88372503z>

Domain senior economist Dr Andrew Wilson said the ABS figures reflect what looks to be the bottoming out of the Perth housing market following two years of steady decline.

“Confidence is gradually returning to the market,” Dr Wilson said.

“I think that is because affordability is activating buyers. We’re seeing mid to high price range buyers become more active in the market.” Dr Wilson said the “lowest interest rates in living memory” were also part of the driving force behind the recovery in Perth’s housing market.

The median price of houses bought and sold in Perth over the December quarter was \$535,000 according to the ABS figures, a jump from \$530,000 in the September quarter. The data also states the median price paid for a Perth apartment was \$435,000 in the December quarter, an increase of \$2000 on the previous quarter.

Hayden Groves, president of the Real Estate Institute of Western Australia, said the composition of the market had changed in December, with a slightly higher proportion of properties in the \$750,000 bracket selling.

<https://www.domain.com.au/news/perth-housing-market-bottomed-out-according-to-new-figures-20160322-gnona8/>

Who may Invest?

This investment opportunity is to be made without a disclosure document as defined by the *Corporations Act 2001 (Cth)* and accordingly will only be offered to “sophisticated investors” within the meaning of Section 708 (8)[c] of the *Corporations Act 2001 (Cth)* and “professional investors” within the meaning of Section 708 (11) of the *Corporations Act 2001 (Cth)*.

Aussie Mortgage Lenders may also in its discretion make personal offers to a limited number of persons that are not “sophisticated investors” or “professional investors” in accordance with the provisions of the *Corporations Act* relating to small scale offerings under Section 708 (1).

To be eligible to apply for this investment in Aussie Mortgage Lenders applicants must satisfy one of those categories as set out below, or Aussie Mortgage Lenders must have made a personal offer to them. If the investor has any concerns they should seek specific advice from a solicitor or their financial advisor.

Sophisticated Investors

To comply with the *Corporations Act 2001 (Cth)*, Aussie Mortgage Lenders will only accept investment from “sophisticated investors”; that is, investors who meet at least one of the following criteria:

- The investor has net assets of at least \$2.5 million;
- The investor has a gross income for each of the last two financial years of at least \$250,000 per year; or
- The investor invests \$500,000 or more in the investment.

In the case of the first two criteria, a qualified accountant must certify that the investor satisfies the conditions within six months of the date of this investment offer being made. The certificate to be completed is attached.

Professional Investors

This investment offer may also be made to persons classed as “professional investors”. A “professional investor” is defined as one of the following:

- A financial services licensee;
- A person who is a body regulated by APRA, other than a trustee of any of the following -within the meaning of Superannuation Industry (Supervision) Act 1993 (Cth).
 - ◆ A superannuation fund
 - ◆ An approved deposit fund
 - ◆ A pooled superannuation trust
 - ◆ A public sector superannuation scheme
 - ◆ A body registered under the Financial Corporations Act 1974 (Cth)
 - ◆ A person who is a trustee of a superannuation fund or an approved deposit fund or a pooled superannuation trust or a public sector superannuation scheme within the meaning of the Superannuation Industry (Supervision) Act 1993 (Cth), and the fund trust or scheme has net assets of at least \$10 million;
- A person who has or controls gross assets of at least \$10 million (including any assets held by an associate or under a trust that the investor manages);
- A person who is a listed entity or a related entity;
- Body corporate of a listed entity;
- A person who is an exempt public authority;
- A person who is a body corporate or an unincorporated body that carries on a business of investment in financial products, interests in loans or other investments;
- For those purposes investment funds received (directly or indirectly) following an offer or invitation to the public within the meaning of Section 82 of the Corporations Act, the terms of which provide for the funds subscribed to be invested for those purposes; and
- A person who is a foreign entity that if established or incorporated in Australia would be covered by one of the paragraphs above (relating to a professional investor).

Personal Offers

Aussie Mortgage Lenders may also in its discretion make personal offers to a limited number of persons that are neither sophisticated investors nor professional investors.

The investment will be a personal offer that can only be accepted by the person to whom it is made and if the person is likely to be interested in the investment because:

- Of any previous contact between Aussie Mortgage Lenders and the investor;
- Some professional or other connection between Aussie Mortgage Lenders and the investor; or
- Statements or actions by the investor that indicate they are interested in offers of this kind;

Personal offers will only be available if Aussie Mortgage Lenders has not breached the limit of 20 investors in any 12 month period who, together invest no more than \$2 million in the 12 month period in accordance with the Corporations Act.

How to make an Investment in Aussie Mortgage Lenders

Applicants that are either sophisticated investors or professional investors who wish to apply should complete the application form attached, and lodge that form together with a cheque for the amount to be invested with Aussie Mortgage Lenders at the address listed on page 2 of this document. The completed application form must be accompanied by the corresponding application monies.

Cheques must be made payable to 'Aussie Mortgage Lenders Pty Ltd' and should be marked 'not negotiable'. Sufficient cleared funds must be held in an applicant's cheque account as cheques returned unpaid may not be re-presented and may result in the application being rejected.

Prior arrangement must be with Aussie Mortgage Lenders Pty Ltd if payments can be made via electronic funds transfer (EFT).

Applicants must include their tax file number (TFN) or Australian Business Number (ABN), or advise of their exemption. This is not compulsory but if the applicant does not provide their TFN or ABN, tax will be deducted from any income distribution at the highest marginal tax rate, plus the Medicare levy.

Applicants must also include appropriate evidence that they are either a sophisticated or professional investor with their completed application form. Sophisticated investors must provide a qualified accountant's certification stating that they have net assets of at least \$2.5 million or gross income for each of the last 2 financial years of at least \$250,000 per annum.

Professional investors should provide evidence that they fall within one of the types of entities described under heading "Professional Investors" in this IM. The investor may contact Aussie Mortgage Lenders for more information regarding the type of evidence required.

Applications considered as being from professional or sophisticated investors will not be accepted unless they are made on the application form provided with this memorandum.

Aussie Mortgage Lenders may accept or reject any application made on the application form provided with this memorandum. Aussie Mortgage Lenders may, at their discretion, in whole or in part allocate a smaller investment without giving a reason. If Aussie Mortgage Lenders declines any application, all application monies will be returned with advice accordingly. If Aussie Mortgage Lenders accepts any applications the applicant will be notified in writing. On signing the application form, investors shall be bound by the terms of the loan summarised in this IM.

If you have any queries about the application please contact Eonnis Eoannidis direct on telephone (08) 9513 0255 or email john@aml.net.au.

Minimum Application, No Cooling off period

Applications must be for a minimum of \$50,000 and increments thereafter of \$50,000.

There is no cooling off period. Once applications have been processed by Aussie Mortgage Lenders the investor is bound by the terms of the loan.

Underwriting

This investment is *not* underwritten.

Risks

There are a number of risks associated with accepting the Investment and investing in Aussie Mortgage Lenders. The risks are outlined in this IM.

No Financial Product Advice

Aussie Mortgage Lenders does not provide financial product advice and is not licensed to do so. All investors are encouraged to seek professional financial or legal advice.

Privacy Policy

The privacy of your personal information is important to us. We comply with the National Privacy Principles contained in the *Privacy Act 1988 (Cth)*. This Privacy Policy outlines the general information handling practices you can expect from us. If you require any further information concerning privacy and the ways in which we handle your personal information please contact Aussie Mortgage Lenders using the contact details provided in this IM.

We may collect personal information from you in relation to any application for units made by you. We may also collect personal information about you from telephone calls, faxes, emails, letters and by other means.

Personal Information collected for Business Purposes

Aussie Mortgage Lenders may disclose personal information to related bodies corporate, as that term (as defined in the Corporations Act) which carry out functions on behalf of the above entities.

Personal information may be disclosed to others under the following circumstances:

- a) Disclosures to external service providers who assist Aussie Mortgage Lenders operate our business;
- b) If you have consented to the disclosure; or
- c) Disclosures we are required or authorised to make by law (for example, to report on compliance matters to regulators such as the Australian Securities and Investments Commission (ASIC), the Australian Taxation Office (ATO) or permitted to make under the Act.

By making an investment in Aussie Mortgage Lenders, you will be taken to authorise the collection and disclosure of your personal information for the purposes detailed above.

Security of Information

Aussie Mortgage Lenders will take reasonable steps to protect your personal information from misuse, loss, unauthorised access, modification, or disclosure.

If we hold personal information about you and that information is no longer needed by us we will take reasonable steps to effectively and securely destroy it.

Our security measures include, but are not limited to:

- a) Restricting access to our computer systems and physical records to authorised persons only;
- b) Employing firewalls and virus screening tools to prevent unauthorised persons and programs from accessing computer systems;
- c) The use of unique passwords to gain access;
- d) Fully secured premises; and
- e) Document shredders for the disposal of written information.

Accuracy of and access to your Personal Information

We aim to ensure that the personal information we retain about you is accurate, complete, and up to date. Aussie Mortgage Lenders reserve the right to charge any reasonable costs incurred by us in providing access in certain circumstances. You may request access to your information by writing to Aussie Mortgage Lenders at the address provided in this IM.

Changes to our Privacy Policy

From time to time our privacy statement may change. We may notify you about changes to our privacy statement through posting a notice to your nominated address.

Tax Information

All investments can have a substantial impact on your tax position from year to year. The income you receive from your investment in Aussie Mortgage Lenders will be taxable. Aussie Mortgage Lenders will not be liable for your income tax. All income is distributed to investors.

Australian investors will have to include income from this investment in their taxable income for that year. If you are a non-resident, Australian tax may be deducted from your distributions.

Every investor should consult their tax agent, accountant and/or financial planner regarding any investment in Aussie Mortgage Lenders Pty Ltd.

**AUSSIE MORTGAGE LENDERS PTY LTD
INVESTMENT OFFER INFORMATION MEMORANDUM**



CERTIFICATE BY A QUALIFIED ACCOUNTANT

Chapter 6D of the Corporations Act 2001 (Cth)

[Name of person or entity]

.....

[Address of person or entity]

.....

I certify that the person or entity whose details are set out above:

- Has net assets of at least \$2.5 million; or
- Has a gross income for each of the last 2 financials of at least \$250,000.

I belong to [name of my professional body]:

.....

My membership designation from this professional body is:

.....

I comply with this body's continuing professional education requirements.

Signature of accountant

Date certificate issued

(If this certificate is not on the accountant's letterhead, include the following information here.)

[Name of accountant]

.....

Contact email:

.....

TFN or ABN (for each individual, partner, trust or superannuation fund):

.....

ACN or ABN (if a company):

.....

Name of Trustee (if a Trust):

.....

Account for interest or redemption monies: BSB: Account Number:

Account holder's name:

.....

I/We have read and understood the Information Memorandum for investor loans with Aussie Mortgage Lenders Pty Ltd and agree to be bound by the terms of load in Annexure A of that document.

If the investor is a superannuation fund, I/we also confirm that the fund is a complying superannuation fund under the *Superannuation Industry (Supervision) Act 1993*.

Signature: Date:

Signature: Date:

PLEASE NOTE:

1. Cheques must be made payable to "Aussie Mortgage Lenders Pty Ltd" and should be crossed and marked "Not Negotiable". By prior arrangement with Aussie Mortgage Lenders, payment can also be made by electronic funds transfer.
2. You are not obliged to provide your tax file number, but if you do not, and you also do not claim an exemption, tax will be taken out of any distribution at the highest marginal tax rate, plus a Medicare levy.
3. Aussie Mortgage Lenders Pty Ltd may accept or reject any application, in whole or in part, or to allocate a smaller investment, in its absolute discretion without giving a reason.

Very few people will think of investing in mortgages, even though it is a superb investment vehicle.

The Top 7 Reasons to Invest directly in Mortgages

→ Great Returns

Rates of return are typically between 8 and 20%. How much do you earn when you own a property? How much after taxes and maintenance are considered? With mortgages you have a very specific rate of return you are lending money for.

→ Stability

Mortgages have a set, steady payment every month. They are shielded from the ups and downs of the market.

→ Solid Backing

Mortgages are debts secured by real estate. Land will go up and down in value, but it will always retain some value. The same cannot be said for other investments.

→ Hassle-Free

The landowner is responsible for the problems associated with owning a property. While mortgage loans can require investor effort, we have fund pools that are professionally managed that require no effort by investors.

→ Low cost of entry

Mortgage Investment Funds require a low minimum initial investment, investors can even invest small monthly sums. Compare this to the cost of owning a property.

→ Easy to understand

Most people understand real estate. But if you are borrowing money to own properties without an understanding of what works and what doesn't you could lose. Compare this to mortgages – when you are the lender it's simple. It's nice to be collecting the payments rather than making them.

→ **Tangible**

How much research do you need to do to understand a stock investment?
Compare this to investing in mortgages: we can literally drive you to the property and show you your investment. If you don't like it, you don't invest.

The above information is to be read with the information provided in this information memorandum. Please read the information memorandum in full and every investor should seek its own personal advice from its financial advisor or legal representative.

Terms of Unsecured Notes

Below is a summary of the key terms of the Investment. The full document is available in hard copy on request.

Key Terms

- The Investment is by way of a simple interest-only investment to Aussie Mortgage Lenders.
- Interest rates are fixed at the rates on offer at the time of acceptance of the application by Aussie Mortgage Lenders. The interest rate is fixed for a specific term.
- Minimum investment – the minimum investment amount is \$50,000 of unsecured notes and hereafter in multiples of \$50,000.
- Interest calculated and paid monthly – interest is calculated on the last day of each calendar month from the date your application is accepted by Aussie Mortgage Lenders. It will be paid monthly in arrears. However, if your investment application is accepted after the 20th day of the month, the interest for the balance of that month will be paid at the end of the next month.
- Interest calculated and paid on maturity – interest is calculated from the date your application is accepted by Aussie Mortgage Lenders. Your interest payment will be paid on maturity of the unsecured note.
- Interest payment – if you elect on the application form to have interest paid monthly, your interest will be paid directly into your nominated bank account. Notification of interest paid will be sent by mail.
- Security – the unsecured notes are not secured by any form of security.
- Redemption / withdrawals – There are no early redemptions, except at the absolute discretion of Aussie Mortgage Lenders. If agreed by Aussie Mortgage Lenders, on any early redemption permitted by Aussie Mortgage Lenders a 'break fee' may be charged and deducted from the amount you redeem.
- Once a withdrawal request is received you must wait until the maturity of the investment term before you can withdraw your funds.
- You must advise Aussie Mortgage Lenders in writing and give 30 days' notice prior to the maturity of your investment to withdraw your funds.

Rollover

At the end of each period of the loan Aussie Mortgage Lenders will advise you if it wishes to extend the loan. This advice will be in writing and provided 30 days prior to the maturity of the loan, and will also advise you of the new interest rate that will be applied to the rollover.

At this time you may wish to withdraw your investment or extend the loan at the new interest rate for the period offered by Aussie Mortgage Lenders, either 12 or 24 months.

Priority – the unsecured notes rank ‘pari-passu’ (equally) in proportion to the Aussie Mortgage Lenders amount owing.

Withholding Tax – Aussie Mortgage Lenders reserves the right to deduct withholding tax and other taxation deductions where it is required to do so under any appropriate taxation laws.

Statement of Interest

Interest Paid Monthly – Aussie Mortgage Lenders will send you a Statement of Interest Earned for each taxation year. The statement will be issued by 31 July each year.

Interest Paid on Maturity – Aussie Mortgage Lenders will send you confirmation of your investment and interest earned within 30 days of maturity of the investment term.

Interest Confirmation – Aussie Mortgage Lenders will send you confirmation of your investment within a few days of accepting your application.

Registry – an ‘in house’ registry of unsecured notes will operate. Aussie Mortgage Lenders issue confirmation upon acceptance of your investment.

Risk Factors

There are risks associated with an investment in unsecured notes, as identified by the management of Aussie Mortgage Lenders.

Aussie Mortgage Lenders is in the business of lending in first and second mortgages on property, and this can be a risky business by nature. All risks may, either separately or in combination, materially affect the performance of Aussie Mortgage Lenders' ability to fulfil its obligations in respect of the unsecured notes.

Aussie Mortgage Lenders makes no guarantees that the Investment will achieve its stated objectives or that any forward looking statements or forecasts or returns in this IM will eventuate. Accordingly an investment in the unsecured notes should be considered in light of these risks.

Management maintains an active risk management policy which aims to monitor the risk and in turn manage the risk, and the impact of such risk through risk diversification and credit risk strategies. Despite Aussie Mortgage Lenders best efforts and intentions, Aussie Mortgage Lenders cannot provide any assurances as to its ability to minimise the risks.

You must consult your financial advisor, accountant or lawyer before deciding to invest in the unsecured notes.

You must:

- Read the information memorandum in its entirety;
- Consider risk factors that could affect the financial performance of Aussie Mortgage Lenders; and
- Consider your personal situation and circumstances before investing in Aussie Mortgage Lenders.

Credit Risk

Aussie Mortgage Lenders are lenders of monies for first and second mortgage loans and rely on the borrowers paying their loans and any incurred interest.

Aussie Mortgage Lenders undertakes the following criteria to mitigate the risk and they include:

1. LVR ratios within 70% of the value of the property;
2. Assess the borrowers' application and ability to repay the loan with its interest;
3. Run credit checks on the applicant and guarantor of the loan;
4. Check ABN and ACN numbers of the company;
5. Undertake discussions with the borrowers' financial advisor and/or accountant in relation to the borrowings;
6. Check taxation records to ensure tax is up to date;
7. Check employment background and current employment status;
8. Check banking transactions of the applicant and current loan conduct; and
9. Doing everything to mitigate the risk to the borrowers. Aussie Mortgage Lenders will always ensure there is sufficient equity in a property so that the first ranking security remains in place and if needed, in the event of a default, Aussie Mortgage Lenders can, under its mortgage and loan agreement, terminate the loan and sell the security to recoup its loan and any outstanding monies. Aussie Mortgage Lenders not only have first ranking security but also guarantees from the borrowers, and may exercise its rights should it be required. Therefore Aussie Mortgage Lenders are in a position of strength should any borrower default on a loan.

Interest Rate Risk

Interest received on loans to customers is Aussie Mortgage Lenders' main income. Interest rate risk arises from the need to ensure that interest received on loans to customers and on bank balances is sufficient to pay interest due on the unsecured notes, as well as all of Aussie Mortgage Lenders' expenses.

Interest rates paid on the unsecured notes and charged-on loans are set by Aussie Mortgage Lenders management and are not immune from market factors. The interest rate margin is consistently reviewed by management to ensure noteholders will have their interest payments made when due.

No Market

The unsecured notes will not be listed and there will be no formal market. Accordingly, subject to law you will not be able to transfer your investment to a third party.

Management of Growth

No assurance can be given of the Aussie Mortgage Lenders ability to manage future growth.

Reliance on Key Management

As the company grows in size there will be less reliance on any individual within the company structure. The loss of senior management will not cause disruption to the conduct of Aussie Mortgage Lenders business in the short term.

Technology

The implementation and maintenance of technology to manage and report loan accounts is a critical element of the company's business system.

Additional Funding

As Aussie Mortgage Lenders' business grows there may be a need to raise additional funds. There could be a risk that additional funding may not be available under the terms and conditions that are acceptable to Aussie Mortgage Lenders. If funds are not available, opportunities may be missed by Aussie Mortgage Lenders therefore this may compromise Aussie Mortgage Lenders' ability to satisfy its repayment obligations on unsecured notes.

General Economic Conditions

Aussie Mortgage Lenders is like any other business operating in a market economy; it is subject to downturn in the economy or even recessions during these times. Interest rate movements could have a major effect on Aussie Mortgage Lenders' business and financial performance.

Government Policy

Change of governments at a Federal or even State level can have an impact on any business. When legislation changes the result could be felt directly or indirectly, as Aussie Mortgage Lenders operates within the financial services sector, a sector that is often subject to change by the government of the day. If this occurs the business could be affected by any legislation change within the sector. Political changes occur all the time and without notice.

Unforeseen Circumstance

No business is immune to unforeseen circumstances, such as the GFC, which can have a major effect on Aussie Mortgage Lenders' business. These occurrences are not possible to be insured against, and could affect the ability of the business to meet its commitments and obligations.

Insurance

Aussie Mortgage Lenders holds a relevant insurance policy for professional indemnity against any possible claim of negligence in the general course of its business. It also holds several insurance policies for fire, theft and damage occurring in the normal course of business.

In Summary

To all those interested in investing in Aussie Mortgage Lenders, we request that you do the following:

- Read this information memorandum in its entirety;
- Seek advice from your financial advisor as to your personal circumstances and suitability to invest in this offer; and
- Contact Aussie Mortgage Lenders direct to seek clarification of any issues contained in this IM.

Aussie Mortgage Lenders makes no warranties as to the accuracy of the information provided in this IM. Each investor should seek independent legal advice regarding this IM from their solicitor.