



STELLER

STELLER PROPERTY FUNDS PTY LTD
ACN 611 870 083

AGED CARE INCOME FUND

SERIES 1

INFORMATION MEMORANDUM

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INFORMATION MEMORANDUM

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This Information Memorandum is not a product disclosure statement 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 under the *Corporations Act 2001* (Cth).

This Information Memorandum is an important document which should be read in its entirety.

1. IMPORTANT NOTES

This Information Memorandum (**IM**) is dated 21 August 2018.

This IM has been prepared by Steller Property Funds Pty Ltd ACN 611 870 083, Authorised Representative No. 001260713 (**Steller Property Funds** or **Manager**). Steller Property Funds has been appointed as a corporate authorised representative and manager by Otway Funds Limited ACN 121 907 784, AFSL No. 306644 (**Trustee**), authorised to provide general advice about the Steller Aged Care Income Fund Series 1 (**Fund**), being an unregistered managed investment scheme, and manage the assets of the Fund.

The Trustee is the trustee of the Fund and makes the offer of units in the Fund (**Units**) under this IM (**Offer**) and is the issuer of the Units to investors (**Investors**). The function performed by the Trustee should not be considered as an endorsement of the Offer nor a recommendation of the suitability of an Investment in the Fund for any person. While the repayment of the Loan and payment of the fixed return to Investors is guaranteed by Steller Developments Pty Ltd and its Directors, the Trustee does not guarantee the success or performance of the Fund, Steller Property Funds, the Steller Group or the underlying assets of the Fund.

No part of this IM may be reproduced or disseminated to any other person without the prior written permission of Steller Property Funds. No person is authorised to give any information, or to make any representation, about the investment in the Fund contemplated in this IM (**Investment**) which is not contained in this IM.

This IM is not a disclosure document lodged with ASIC under Part 7.9 of the *Corporations Act 2001* (Cth) (**Corporations Act**) and ASIC takes no responsibility for the content of this IM, or the merits of investing under this IM. As no formal disclosure document (within the meaning of the Corporations Act) will be lodged with ASIC in connection with this Investment, the Offer is only made to Investors in circumstances which permit an offer of interests in a managed investment scheme to be made without disclosure to investors under the Corporations Act. By accepting a copy of this IM, the recipient warrants that it is a wholesale client (as defined within the meaning of section 761G of the Corporations Act) or otherwise falls within one of the limited classes of persons described in sections 1012B, 1012D and 1012E of the Corporations Act. Applications will not be accepted from any person to whom these sections do not apply.

This IM is not a prospectus or a product disclosure statement. As it is not regulated by the Corporations Act, it does not purport to contain all of the information that would be contained in a product disclosure statement or that recipients may require in order to evaluate whether to invest in the Fund. In addition, Steller Property Funds, the Trustee and their respective directors, partners, consultants and their employees, related bodies corporate, the directors, shareholders, managers, partners, employees, agents or advisors of them) (each an **Information Provider**) are not under any obligation to correct,

update or revise this IM or any written or oral communications transmitted to the recipient in the course of evaluating Steller Property Funds or the Investment.

This IM is provided to the recipient for information purposes only. This IM is not to be considered as a recommendation by any Information Provider that a recipient invest in the Fund, or that the Investment is a suitable investment for the recipient. Therefore, any person who intends to invest should:

- make their own independent assessment and investigation into the Investment and the Fund as they deem necessary including, without limitation, seeking professional advice on the legal, financial, taxation and other consequences of an investment in the Fund; and
- base any decision they may make and any 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 in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this IM in jurisdictions outside Australia may be restricted by law and persons who come into possession of this IM outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable financial services law.

This IM should be read in its entirety. Any document summary in this IM only lists some effects of the document. The document itself must be referred to for its full effect.

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Photographs and other images used in this IM are for illustrative purposes only and may not represent completed Projects.

Investment risk warning

The Investment has the specific risks as outlined in section 8 of this IM. You should not invest unless you are prepared to accept the risk that you may lose some or all of your Investment. Applicants are advised to consider these risks carefully before deciding whether to invest in the Fund. Accordingly, Investors should carefully consider the risks in light of their own personal circumstances and seek independent professional advice on the legal, financial and taxation consequences of making any Investment.

This IM contains predictions and assumptions as to future events and future financial performance, as well as other “forward looking statements”. Whilst Steller Property Funds believes they are reasonable and achievable based on present knowledge, they are inherently uncertain, and may not eventuate. Such statements are best estimates only and based on assumptions about future events and management actions that may not necessarily take place and are subject to significant uncertainties, many of which are outside the control of Steller Property Funds and the Trustee. 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 as to future events and future financial performance. Each recipient should make its own enquiries and investigations regarding any of those statements which may affect the future operations of the Fund and the impact that different future outcomes may have on the Fund and should not rely on those statements. Steller Property Funds and the Trustee reserve the right to provide further information to any person and is not under an obligation to treat all interested persons equally to provide the same information to the recipient or any other recipients of this IM as it provides to any other person.

An Investment should be considered to be an illiquid investment, and there is no public market for the Investment.

In preparing this IM, Steller Property Funds has not considered the personal circumstances, investment aims, or the financial and taxation position, of specific Investors.

Privacy notice

Steller Property Funds and the Trustee collect personal details in the Application Form in order to make decisions relating to your application to invest, to identify and contact you, and to manage your Investment. To this end, personal information of Applicants may be disclosed to agents, contractors or advisors of Steller Property Funds and its related entities (**Steller Group**) and the Trustee. In addition, Steller Property Funds and the Trustee may disclose personal information about Applicants 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 Form you will consent to the distribution of your personal information in accordance with this paragraph. In accordance with privacy laws, personal information collected in relation to applicants can be obtained by that applicant by contacting Steller Property Funds or the Trustee.

If you do not provide us with the information requested in the Application Form, the Trustee may be unable to accept your application.

Steller Property Funds has a privacy policy setting out how it manages personal information. You can obtain a copy by contacting Steller Property Funds at the phone number or the address on the front cover of this IM.

Confidentiality

If this IM has been provided directly to the recipient by Steller Property Funds as part of a “personal offer”, the information contained in this IM is being provided on a confidential basis to the recipient solely for the purpose of evaluating an investment in the Fund. In that case, by accepting a copy of this IM, the recipient agrees, for itself and its related bodies corporate and each of their directors, officers, employees, agents, representatives and advisers, to maintain the confidentiality of the information contained in this IM, and also the recipient agrees that any reproduction or distribution of this IM, in whole or in part, or any disclosure of its contents, or use of any information contained in this IM for any purpose other than to evaluate an investment in the Fund, is prohibited.

Capitalised terms have the meaning given to them in this IM, including the Glossary in section 13.





2. LETTER FROM THE CHIEF EXECUTIVE OFFICER

Dear Investor,

I am delighted to present you with this opportunity to invest in the Steller Aged Care Income Fund Series 1 (**Fund**).

Steller Property Funds Pty Ltd (**Steller Property Funds**) is providing astute investors with the opportunity to participate in the Steller Group's acquisition and development of an aged care portfolio comprising a mix of aged care facilities and retirement village assets.

The residential aged care and retirement living sector is a growing part of the provision of health care in Australia, with a number of attractive drivers, including:

- Australia's population aged 65 or over growing at an annual growth rate of 2.9%
- a shortage of aged care places, with an assessed need for 83,500 places required over the ensuing 10 years
- attractive and sustainable government funding with some 69% of revenue currently provided by the Federal Government; and
- strong operator occupancy rates with industry wide rates >92% for the past 15 years

The Fund will provide investors with exposure to the high growth residential aged care sector by providing debt funding towards the acquisition and development of a portfolio of aged care facilities and retirement living. In turn Steller Care, led by a skilled and experienced management team, will generate:

- a geographically diverse portfolio of well located, high quality facilities;
- a strategy of targeting high value and profitable segments of the market via careful selection of facility locations that follows a rigorous selection process;
- portfolio optimisation and expansion capability; and
- future growth underpinned by a vertically integrated business model.

The Fund will partially fund, by way of debt funding, the acquisition and development of a mix of existing facilities and new sites to be developed. Steller Care has been earmarked to grow to an initial 1,000 bed operation over the ensuing 3 years; and has acquired or will shortly acquire the following 4 properties that are to be developed into aged care and retirement living facilities, including an existing operating facility with a 90-bed licence in Clarinda.

- **21 - 25 Inverness St, Clarinda**
(90 beds to increase to 120 bed facility)
- **32 Graham Rd, Highett**
(plans for 122 bed facility)
- **1 - 9 Allen St, Oakleigh**
(plans for 120 bed facility)
- **22 Wood St, Preston**
(plans for 149 bed facility)

Pursuant to this Information Memorandum, we are seeking to raise \$10,000,000 by offering units in the Fund to wholesale clients. The funds raised under this Offer will be used to fund, by way of a loan, acquisition and construction costs associated with the various aged care and retirement village units.

The minimum investment is \$100,000. Steller Property Funds will deliver a fixed return of 9.25% per annum on your investment in the Fund, paid quarterly.

I recommend that you read the entire Information Memorandum before making a decision to invest, including section 8 that outlines some of the risks relating to investing in the Fund. You should however consider consulting a suitably qualified professional adviser to ensure that an investment in the Fund suits your individual requirements.

The Directors believe that an investment in the Fund offers a solid investment opportunity to participate in a burgeoning sector in the market; with an experienced and successful property group that offers attractive medium-term investment returns.

Yours sincerely,



A handwritten signature in blue ink, appearing to read 'M. Burstin', with a light blue circular highlight around it.

Michael Burstin
Chief Executive Officer
Steller Property Funds Pty Ltd



3. SUMMARY OF THE INVESTMENT OPPORTUNITY

Feature	Summary
Fund	Steller Aged Care Income Fund Series 1, being an unlisted, unregistered unitised managed investment scheme.
Offer	Applicants are offered the opportunity to participate in this capital raising through the issuance of 10,000,000 Units priced at \$1.00 in the Fund.
Offer Period	The Offer opens on the date of this IM and remains open until closed by the Trustee.
Trustee / Issuer	Otway Funds Limited is the trustee of the Fund and the issuer of the Units.
Manager	The Trustee has engaged Steller Property Funds Pty Ltd (Steller Property Funds or Manager) to manage the Fund and its assets.
Minimum Investment	\$100,000 and in increments of \$10,000 thereafter.
Use of Funds	Funds raised for the Fund will be advanced by way of a Loan to a Steller SPV which will use the funds advanced to help acquire and develop the Projects, being various aged care and retirement village facilities in Victoria.
Investment Term	The life of the Fund is 36 months. Following repayment of the Loan using received Refundable Accommodation Deposits (RADs), the Fund will be wound up and capital and final interest returns will be paid to Investors.
Investor Eligibility	An investment in the Fund is restricted to those persons who are “wholesale clients” under the Corporations Act or who are not otherwise required to be provided with a regulated disclosure document, i.e. a product disclosure document.
Return	A fixed return of 9.25%, paid quarterly.
Payment of Interest	Interest is payable quarterly in arrears and in the maturity of the principal.
Borrowings	<p>There will be no borrowings at the Fund level. Borrowings to fund construction will be at the SPV level and will be non-recourse to the Fund and therefore Investors. The target bank gearing at the SPV level will be 55% to 60% of total Projects costs.</p> <p>There are no proposed additional borrowings above the senior first ranking mortgage construction facility for the nominated Projects.</p>
Security	Steller Developments Pty Ltd and its Directors have guaranteed the repayment of the Investment and payment of the fixed return to Investors.
Risks	Investors in the Fund will be exposed to risks associated with lending for the purposes of funding aged care and retirement living property development, such as development and construction risk, purchase default risk, borrowing risk etc. Details of the risk factors are set out in section 8.
Fees	The Manager may pay fees to third parties for the referral of Investors at its discretion. Any fees paid by the Manager are at its own expense and are not charged to investors. They represent overheads to the Manager.
Cooling Off and Liquidity	There is no cooling off period for this Investment as the Units are considered an illiquid investment. There is no redemption or liquidity facility offered by the Trustee.
Priority investor status in Steller Group future funds	Investors in the Fund will be given priority to invest in future Steller Group project specific offerings ahead of other applicants who are not Investors in the Fund, including future Steller Aged Care Development Fund Series (Series 2, Series 3) which will also provide debt funding to the Projects as and when required.

4. INVESTMENT OFFER AND KEY BENEFITS

4.1 Offer Overview

4.1.1 The Offer

The Trustee is offering qualifying investors the opportunity to invest in the Fund by this Offer. The money raised from this Offer will be applied to fund, by way of loan, the acquisition and construction costs of various aged care and retirement village projects throughout Victoria.

The minimum investment required by an Applicant is AUD\$100,000 with additional investment in increments of AUD\$10,000.

Units will be issued to Investors within 7 days of an application being accepted by Steller Property Funds. Interest will accrue from the date of Units issue. Should an application be rejected by Steller Property Funds and monies returned to the Applicant without interest.

Application monies will not be utilised in the various projects until the Units have been issued.

4.1.2 Target subscription

Steller Property Funds is seeking to raise \$10,000,000 under this Offer through the issue of 10,000,000 Units at \$1.00 per Unit.

4.1.3 Offer period

The Offer opens on the date of this IM, and is intended to close on 31 October 2018.

All dates are subject to change and are indicative only. The Trustee and the Manager reserve the right to vary the dates without prior notice, including the right to close the Offer early, to extend the Closing Date, to withdraw the Offer and to accept late applications. Applicants are encouraged to submit their Application Forms as early as possible.

4.2 Term of Investment

The life of the Investment will be 36 months from the issuance of the Units. Following repayment of the Loan by the SPV predominantly from recovered RADs, the Fund will be wound up and capital and final interest returns will be paid to Investors. The Trustee may repay some capital earlier at its sole discretion. Conversely if the collection of RADs takes longer, then the term of the Loan and therefore the Fund will be extended.

4.3 Key Benefits of investment

Benefit	Summary
Participation in residential aged care and retirement living opportunity	Investors have an opportunity to participate in the development of a portfolio of residential aged care and retirement living projects with an experienced and skilled diversified property group.
Attractive returns	Investors have the opportunity to benefit from the attractive returns available from funding successful aged care and retirement living projects over and above standard bank deposit returns.
Management team	Steller Group has an experienced management team with a strong and proven track record in the identification, management, construction and financing of property developments.

4.4 Investment Risks

There are risks associated with the Investment. The Projects involves the funding of the development of the Projects and sale of RADs. As such there are additional risks associated with an investment in the Fund that you might not be exposed to if, for example, the Fund acquired a commercial property. An increased risk profile should mean increase returns, but you will need to consider whether an investment in the Fund is appropriate for you after reading this IM in full and obtaining appropriate independent financial advice. See section 8 for a summary of key risks associated with an Investment.

However, the Manager has mitigated these risks to Investors by procuring Steller Developments Pty Ltd and its Directors to guarantee the repayment of the Loan and payment to Investors of the fixed return of 9.25% p.a. This means that if the SPV is unable to meet its obligations under the Loan then the Trustee will be able to call on Steller Developments Pty Ltd and its Directors for payment, which it will then distribute to Investors. This is further evidence of Steller Property Funds' commitment to its Investors.

An Investor's investment in the Fund will only provide the Investor with an interest in the Fund and the right to the repayment of their Investment and payment of the fixed return of 9.25% p.a. At no time will the Investor have an equitable interest in any aged care and retirement village facilities to which the Projects relate.

4.5 Application process

4.5.1 How to apply

To apply for Units, Applicants must:

- Complete the Application Form attached to or accompanying this IM. All applications must be made on the Application Form attached to this IM.
- Provide the required identification documents.
- Provide an Accountants Certificate (see pro forma in section 16), if required.
- Pay the application money. This can be done by cheque or EFT.

Instructions on how to apply for the Units and complete the Application Form are set out in section 15.

A paper copy of this IM will be provided free of charge to any person who requests a copy by contacting the Manager during the Offer Period.

4.5.2 Minimum application amount

The minimum application amount is \$100,000 and increments of \$10,000 thereafter.

4.5.3 Application money

Application money will be held in an interest-bearing application monies account pending acceptance and issue of Units. The Manager is entitled to any interest received on the account.

4.5.4 Eligible investors

The Trustee will only accept applications from eligible investors under the Corporations Act. These include “wholesale clients”. That is, investors who meet at least one of the following tests:

- the investor has net assets of at least \$2.5 million; or
- the investor has a gross income for each of the last 2 financial years of at least \$250,000 a year; or
- the investor makes an Investment of \$500,000. (where “investor” can be a certified person who controls the investor)

In the case of the first two tests, an Applicant must submit an Accountants Certificate (see pro forma in section 16) from a qualified accountant certifying that the investor satisfies the test within 6 months prior to the date of this IM.

4.5.5 Investor types

The Investment is open to all types of eligible investors. Investors may be an individual or entity, including a company, partnership, family trust or self-managed superannuation fund (or ‘SMSF’).

IMPORTANT: *Neither Steller Property Funds nor Trustee are a financial planner or advisor and cannot provide personal financial advice to Applicants. Applicants should seek their own advice regarding the suitability of an investment in the Fund.*

4.6 Processing applications

4.6.1 Issue of Units

Units will be issued within 7 days of an application being accepted by Steller Property Funds. Unit certificates will be sent to successful Applicants as soon as practicable following the issue of the Units.

4.6.2 Cooling off rights

There are no “cooling off” rights in relation to an application for investment in the Fund under this IM. This means that in most circumstances, you cannot withdraw your application once you have lodged your Application Form.

4.6.3 Acceptance or rejection of applications

The Trustee has the right to accept or reject any application for Units in whole or in part and to accept late applications. Where a whole application is rejected, the amount tendered with the relevant Application Form will be returned in full to the Applicant without interest. Where the number of Units issued is less than the number of Units applied for, the surplus application money will be returned within 14 days of the issue date without interest.

4.7 Transferring or selling Units

There is no established secondary market for the Units. An investment in the Fund should therefore be considered an illiquid medium-term investment.

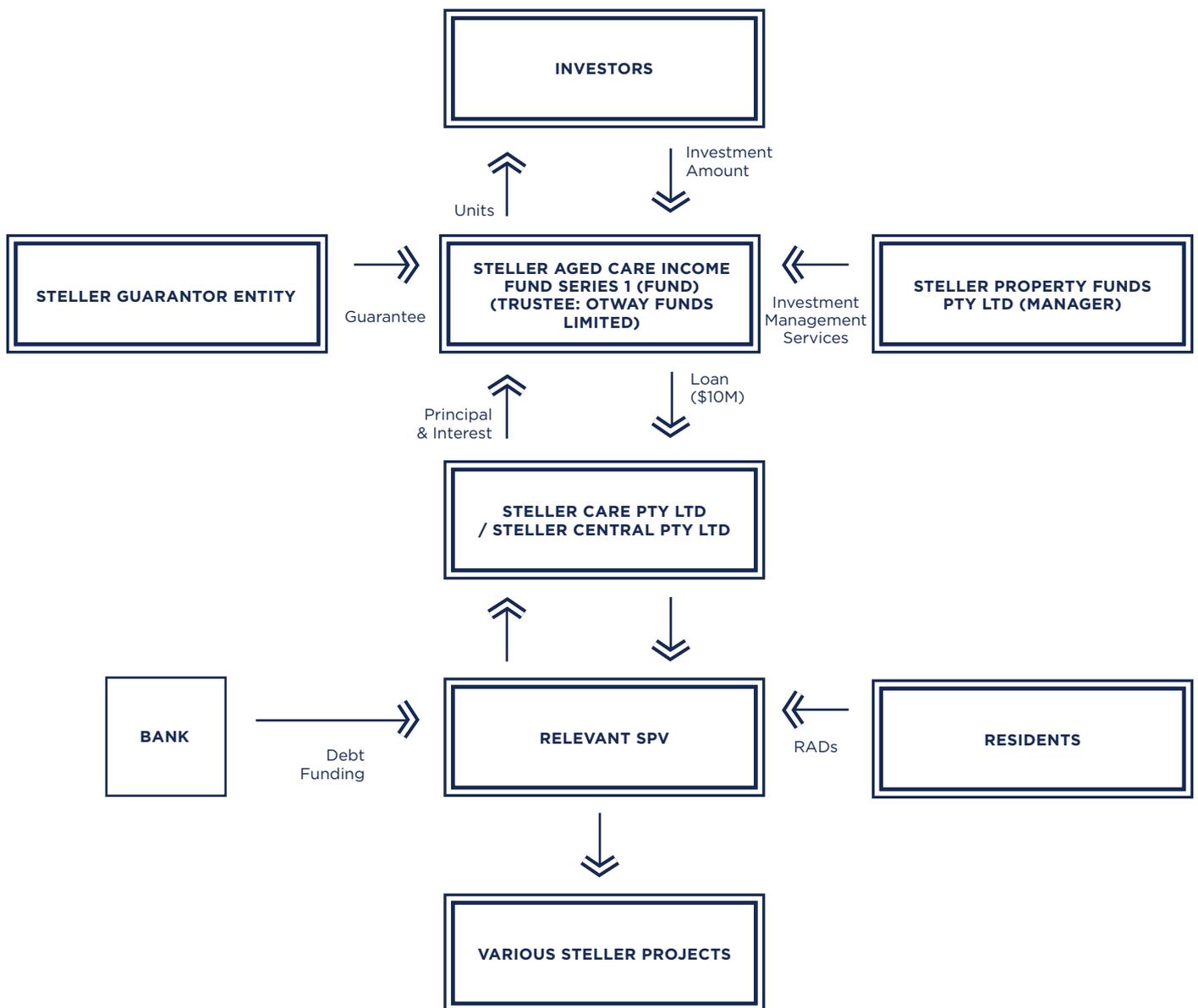
You may, subject to the Trust Deed, sell or transfer your Units at any time. We have the discretion to refuse to enter a transfer of Units if, in our opinion, it is not in the best interests of the Fund to do so or if you or the transferee has not complied with any applicable laws. Tax implications could be associated with the transfer of Units. You should discuss your circumstances with your professional advisor before requesting a transfer.

4. INVESTMENT OFFER AND KEY BENEFITS CONT.

4.8 Use of the Proceeds

Funds raised pursuant to this Offer will be invested by way of Loan in various aged care and retirement village Projects. The Projects will be constructed by project specific SPV's of Steller Care and Steller Central, with ongoing management of the facilities to be undertaken by subsidiary entities of Steller Care (for aged care projects) or Steller Central (for retirement village projects), holder of RADs and Approved Provider Status.

The following diagram shows the structure of the Fund and the parties involved in the Projects.









5. AGED CARE AND RETIREMENT LIVING INDUSTRY SNAPSHOT

The Fund provides an exciting investment opportunity to participate in the growth of the ageing population and accommodation facilities to support this burgeoning industry sector.

The residential aged care and retirement living sector is a growing part of the provision of health care in Australia, with a number of underlying positive trends, including:

- ✓ An increasing number of elderly citizens, reflective of Australia's increased life expectancy and ageing of the "baby boomer" generation
- ✓ Relative high barriers to entry and small threat of substitutes
- ✓ Strong government funding supporting the industry via operator contributions and consumer support
- ✓ Limited vacancy of facilities, with increasing need for bed licences over time. Occupancy rates have been above 92% in recent years

(source: Aged Care Financing Authority 2017 report).

5.1 Industry Snapshot

The Australian care industry is a significant industry providing care options for Australia's ageing population who are unable to live unassisted in their homes due to health reasons, or who require care.

Steller Care operates in the residential aged care and retirement living sector, which provides services to some 1.3 million elderly Australians and has estimated industry revenues of \$21.5 billion in 2018-9, up from \$13.9 billion in 2012-13 *(source: Aged Care Financing Authority 2017 report)*. The sector provides accommodation and care to people who can no longer live independently (either at home or in retirement village accommodation) due to health reasons, but who do not require acute hospital care.

In 2015-16 there were some 949 residential care providers who operated some 196,000 places, and this number is forecast to increase to approximately 260,000 places by 2022, representing a CAGR of 3.5% *(source: Fifth Annual Report on the Funding and Financing of the Aged Care Industry 2017)*.

The residential aged care and retirement living market is highly fragmented, with approximately 63% of operators operating single care facilities, 29% operating between 2 and 6 facilities, 6% operating between 7 and 19; and 2% operating 20 or more facilities *(source: Aged Care Financing Authority 2017 report)*. This market paradigm may lead to future consolidation opportunity for sophisticated private operators such as Steller Care to grow through further consolidation.

5.2 Residential Aged Care and Retirement Living Market Segment

The lifetime aged care and retirement living accommodation spectrum can be depicted as follows:



The Steller Group's strategic vision is to operate in the residential aged care (**Steller Care**) and retirement village (**Steller Central**) segments. The residential aged care and retirement living segment provides accommodation to people who can no longer live independently due to health reasons, but do not require acute hospital care. Steller Care shall provide integrated health services and accompanying amenities that may apply to both high and low care.

The Australian government regulates the supply of aged care and retirement living by specifying a national provision target of subsidised operational places for every 1,000 people aged over 70 years or over (aged care provision ratio). The aged care and retirement living provision ratio is being adjusted progressively from 113 operational places per 1,000 people aged 70 and over in 2012 to 125 by 2021-22 (source: *Fifth Annual Report on the Funding and Financing of the Aged Care Industry 2017*). This further highlights the Australian Government's ongoing support and subsidisation of the sector.

Usage of aged care and retirement living increases significantly with age. 39% of people aged 70 and over access some form of subsidised aged care, whereas this rises to 81% for people aged 85 and over.

5.3 Industry Growth Projections

The demand for aged care and retirement living services will expand with the ageing population. The structural ageing of the Australian population over the next 20 years is expected to see the number of 70 years and over cohort increase by around 1 million people each decade, from 2.6 million people now. In addition, on-going demographic changes will see a continuing increase in demand, as the proportion of people aged 85 and over grows to nearly 5% of the population by 2061, compared with 2% today (source: *Australian Bureau of Statistics, Population Projections*).

This rapid expansion in the number of older people, particularly in the oldest age groups, will result in a significant increase in demand for aged care and retirement living services.

Consequently, it has been estimated that the residential care sector will need to build an additional 83,500 places over the next decade to meet the provision target of 78 operational places per 1,000 people aged 70 and over. This compares to with 33,667 new places that came on-line over the previous decade (source: *Fifth Annual Report on the Funding and Financing of the Aged Care Industry 2017*).

5.4 Key Industry Drivers

The residential aged care and retirement living sector is subject to a number of trends that influence the current status and future outlook of aged care and retirement living operators. These include:

- Demographic shift to a larger population of older Australians
- Significant supply required to meet the projected demand
- Strong Government funding and support
- Barriers to entry and ongoing regulatory compliance: Steller Care has Approved Provider Status from the Government and currently owns a 90-bed licence facility
- Growing financial capacity to fund accommodation and aged care

The residential aged care and retirement living sector is subject to a high degree of regulation by the Government. Residential aged care and retirement living operators are therefore required to have Approved Provider status, such as Steller Care; and are in turn periodically assessed against 44 standards and expected outcomes. Residents need to be assessed by authorised Aged Care Assessment Teams (ACATs) in order for the relevant aged care operator to be eligible to receive Government funding in respect of the resident.

Aside from typical capital structuring (debt and equity), funding for aged care and retirement living operators primarily comprises a mix of operating revenues derived from Government and resident contributions as well as resident funded capital payments known as refundable accommodation deposits (RADs) in respect of accommodation alone. An "Approved Provider" (such as Steller Care) of residential aged care and retirement living services as determined by the Department of Health – Ageing and Aged Care is eligible to receive funding contributions from the Government. Government funding contributions vary depending upon the level of care required from a particular resident. Funding is received in the form of subsidies and supplements on a per resident, per day basis.

RADs are guaranteed from the Government in the event of operator default. RADs are refundable to residents upon their departure from the facility but are often replaced by a RAD from an incoming resident. Historically, outgoing RADs have typically been replaced by incoming RADs at an equivalent or higher amount.





6. STELLER CARE AND STELLER CENTRAL

Steller Care and Steller Central are committed to establishing a market leading presence in the aged care and retirement living sector by creating communities to enrich and empower seniors to live a vibrant life and age well. Steller aims to provide high quality healthcare to meet the growing needs of Australia's elderly population in a profitable manner. This is achieved through a focus on Steller's articulated strategic intent, being:

- **Vertical Integration:** Steller has a competitive advantage in that it operates a vertically integrated business model that provides for a range of functions including tailored analysis of each proposed facility's catchment area, site identification, site / facility acquisition, brownfield and greenfield development, facility operation and asset regeneration.
- **Corporate Governance:** The Steller Care and Steller Central boards maintain a strong corporate governance system that is consistent with accreditation standards; and enables adherence to aged care and retirement living legislative compliance and health and safety.
- **High Quality Portfolio:** Steller Care and Steller Central's facilities are to be primarily located in metropolitan areas with high median house prices. The Steller point of difference provides for better developed product, larger spaces and greater amenity.
- **Scalable Platform:** The broader Steller Group has developed an enviable track record in successfully growing a sizeable business platform, with a burgeoning pipeline of assets that now exceeds A\$4Bn. This is founded on internally resourced IT systems, in-house finance, funds management and administration, in-house construction, an in-house importation business, and in-house hospitality business.

- **State of the Art Community Experience:** Steller Care and Steller Central will provide for a diverse, quality community experience by leading in the provision of quality lifestyle, technology capability; and infrastructure safe for staff to work, families to visit and residents to live.

The ability of Steller Care and Steller Central to deliver on its strategic vision is underpinned by five core values. These are:

1. **Innovative and Responsive:** Steller Care and Steller Central responds to evolving needs and changes with innovation meeting resident's individual needs.
2. **Empowering people to live and age well:** Steller Care and Steller Central value the freedom that comes from an improved quality of life and understand that no one size fits all and they embrace this individuality.
3. **Enriching:** Steller Care and Steller Central ensure that every resident's personal and shared environments are comfortable, nurturing and positive places to be.
4. **Communication:** Steller Care and Steller Central create open communication channels that in turn builds strong and mutually respectful relationships.
5. **Service Footprint:** To be a leader in the provision of aged care and retirement living services and to be the employer of choice for people working in the sector. The staff of Steller Care and Steller Central have the requisite skills to deliver exemplary, innovative and quality services to meet the individual needs of residents.

Funds raised through this IM will be invested in the acquisition and subsequent development of an initial 4 Projects. Detail of the Projects, including the Project feasibility statement and professional directory is outlined below.

6.1 Portfolio Summary

A summary of the initial 4 properties to comprise the Steller Aged Care and Retirement Living portfolio is provided in the table below:

Project Address	No. Beds	No. ILU's	Site Costing (Land & Build)	Site Area	Construction Completion
21 – 25 Inverness St, Clarinda	122	-	\$63M	4,954 sqm	Dec – 2019
32 Graham Rd, Highett	122	105	\$125M	11,981 sqm	Apr – 2021
1 – 9 Allen St, Oakleigh	136	-	\$40M	6,309 sqm	Feb – 2020
22 Wood St, Preston	149	169	\$151M	18,270 sqm	Oct – 2021
Proposed Portfolio	529	274	\$379M	41,514 sqm	

*ILU = Independent Living Units within Retirement Living

The projects are all located in metropolitan Melbourne in well located and sought-after areas with a demonstrated shortage of appropriate aged care and retirement living in the immediate area of the facilities to be developed.

6.2 Site Analysis and Approval Process

Prior to any site being approved by the Steller Care or Steller Central board, a thorough and standard assessment process is undertaken. This process incorporates financial analysis, site suitability analysis, competitive information and town planning considerations. The following key elements form part of the assessment process:

Financial Feasibility:

- Room size to be larger than competition
- Overall design amenity to be at a higher standard than the assessed competition
- Site land size typically in excess of 3,500 sqm
- Construction costs to adhere to an approved methodology; prior to construction start, costs will be validated by an external professional team

Area Analysis:

- Have regard to proximity to local amenities including shopping centre , hospital, public transport; and local parkland
- Assessment of demographic data to ensure suitable catchment is evident
- Competitor analysis for assessment of number of competing beds and standard RAD rate

Town Planning:

- Title searches for check on easements and covenants
- Check on planning restrictions
- Review relevant zoning and planning policies
- Check on any site contamination

Upon finalisation of the development assessment proposal, the report is tabled to the Steller Care or Steller Central board for consideration and ultimate approval. The business has reviewed and passed on some 30 - 40 possible project sites prior to progressing with the proposed Projects noted above.

6.3 Consultant Team

The Manager has assembled an experienced external professional team to provide project advice regarding due diligence, costings and analysis for the Projects. The team includes the following:

- Architects: VIA Architects
- Landscape Architect: John Patrick Pty Ltd
- Traffic Engineer: Traffix Engineering Pty Ltd
- ESD Consultant: SD Consultants Pty Ltd
- Quantity Surveyor: Napier and Blakeley
- Town Planner: Steller Property Pty Ltd
- Land surveyor: Land Dimension Pty Ltd
- Valuer: Knight Frank

These consultants have not issued this IM and have not made any statements that are included in this IM. None of the consultants has any responsibility for any part of this IM or accepts any liability to Investors.





7. MANAGEMENT AND THE STELLER GROUP

7.1 Management and The Steller Group

Steller Group is a Melbourne based, full service property development and construction group that was established in 2006. It has a strong track record in developing residential accommodation that is tailored to the owner occupier, and in turn attracts investors who understand the intrinsic value inherent in the completed product.

From procurement of land to design, marketing, construction and project delivery, Steller has an expert in-house team managing the entire process, ensuring fastidious attention to detail and precise quality.

Since 2006, Steller have completed close to 50 apartment projects primarily located in Melbourne's south-east. The Steller Group has evolved into a fully integrated and burgeoning property group that is active across the development of apartment and townhouse projects, retirement estates, child care centres and regional shopping centres. In all, Steller has a development pipeline that exceeds AUD \$4 billion.

Steller employs in excess of 300 staff and contractors and have strategically positioned the business into a vertically integrated operation to enhance construction processes and eliminate cost inefficiencies. This has enabled the group to grow profitably, reduce construction timelines, and improve the overall quality of the end product.





7.2 STELLER GROUP DIRECTORS



Simon Pitard

Chief Executive Officer

Simon possesses 12 years of experience in working for major companies in both Melbourne and Canberra in the design and construction industry, covering government, private sector, commercial, retail, residential and institutional work including responsibilities for site management, design management, documentation and project administration. Simon has a Bachelor of Building and Construction Management and is a registered domestic and commercial builder practitioner. Further he is a member of the Master Builders Association of Victoria.



Nicholas Smedley

Managing Director

Nicholas, who co-founded Steller with Simon Pitard in 2006, brings his extensive finance structuring experience and passion for residential property. Their initial foray into development inspired a shared belief that good quality homes should be available at an accessible price point. Nicholas has 14 years of professional experience, with nine years as a managing director of Steller. Throughout his career, he has set himself apart as an expert in finance structuring experience, as well as working with residential property. His regular tasks include overseeing the business and seeking out opportunities for its growth and development. This is achieved by enhancing the city's streetscapes and helping to actively grow communities.



James Cirelli

Project Sales & Marketing Director

James has experience in construction and real estate sales and therefore brings an eclectic mix of skills to the Steller team. As a qualified real estate agent, James has a superb understanding of both owner-occupier and investor needs with over 10 years' experience in off the plan sales & marketing. He commenced working with Steller in a site acquisitions role in 2010 and quickly became an integral part of the team, consulting on site acquisitions, overseeing sales and providing sound advice to parties interested in investing in Steller properties. "I understand that many people seek quality low density accommodation with access to communities and activity centres. These priorities are always front of mind when we are creating homes that we know people will love living in."

Alastair Williams

Managing Director - Aged Care

Alastair has an extensive background in accounting and finance, with a Masters in Commerce and more than 15 years of experience consulting to high net worth individuals in private practice. Responsible for managing Steller's financials to enable the Company's rapid growth, Alastair takes a strategic approach to forecasting and structuring, and oversees all accounting, tax and compliance matters.

7.3 STELLER CARE TEAM

Directors

Nicholas Smedley, Alastair Williams

Management Team

Dianne Sullivan AM
Corporate and Clinical Governance Consultant

Diane has been awarded an AM in the Australia Day Awards “for significant contribution to community health, particularly through aged care, Indigenous, and rural health organisations.”

Diane has significant Board and senior executive experience in aged, palliative, acute, indigenous, community sectors partially for regional and rural communities and organisations. She has held company Board positions as Chair, Director and Sub Committee in Clinical Governance, Audit and Risk, Remuneration and Nominations Committees.

Diane is a Panel Member of the Department of Health’s Aboriginal and Torres Strait Islander Service Development and Assistance Panel and was an approved panel member of the Department of Health Administration and Nurse Advisors panel for many years.

Diane has been Principal Consultant and Director of Oban Consulting for over 10 years.

Diane is passionate about the need for the community to have a greater awareness of the standards of care for our elderly, both in mainstream and for Aboriginal Elders predominantly in residential care. They are particularly vulnerable as are those receiving care for cancer and palliative care. She believes that we need strong advocates and people committed to the highest levels of clinical governance in all these areas and especially in rural and regional Victoria.

Jeremy Bell
Commercial Director

Jeremy has over 10 years’ experience in M&A and private equity. He has led the investment strategy, transaction, due diligence, and integration of numerous acquisitions following careers at KPMG, Catalyst Investment Managers and Telstra.





8. RISKS

8.1 The Risks of Investing

All investments carry risk. Before making an investment decision, it's important to understand the risks that can affect the value of your Investment. Whilst it's not possible to identify every risk relevant to investing in the Fund, we have detailed in the following table significant risks that may affect your Investment.

Your financial advisor can assist you in determining whether an Investment is suited to your financial needs.

Notwithstanding the risks summaries below, the Manager has mitigated these risks to Investors by procuring Steller Developments Pty Ltd and its Directors to provide the Trustee with a guarantee of repayment of the Loan and payment of the fixed return to Investors.

8.3 Specific Risks

Type of Risk	Description of risk
Liquidity risk	<p>There is no established secondary market for the Units and there are no early redemption rights, therefore you should consider that your Investment is "illiquid".</p> <p>You may sell or transfer Units at any time by finding a buyer for the Units, subject to our approval which will not be unreasonably withheld and subject to the provisions of the Trust Deed.</p>
Financial risk	<p>The ability of the Fund to return your capital invested and any returns will be subject to completion of the Projects and the receipt of RADs to enable the SPV to repay the Loan which is dependent upon a number of factors, including:</p> <ul style="list-style-type: none">• Completion of the construction works by the contractor; and• Sales risk, whereby there is insufficient sales of aged care and retirement living units and receipt of RADs to repay the Loan and to satisfy ultimate payment of returns to Investors.
Guarantee risk	<p>In the event that the Loan and fixed return cannot be paid to Investors there is a risk that Steller Developments Pty Ltd and its Directors may not have sufficient funds to pay out any shortfall under their guarantee.</p>
Planning risk	<p>A thorough assessment of planning is undertaken prior to an acquisition being undertaken. Conditions of the planning permit continue to apply during the development process in relation to any ongoing statutory approvals.</p>

8.2 General Risks

There are general risks that are outside the control of the Manager and the Trustee. Some that may affect the performance of the Fund or value of your Investment are:

- Economic conditions in Australia and internationally, with a consequent negative impact on capital markets;
- Movements in interest rates, inflation and foreign exchange rates;
- Changes in government, monetary policies, taxation and other laws; and
- Geo-political conditions such as natural or man-made disasters and acts or threats of terrorism, military conflict or international hostilities.

Financing risk

The Loan from the Fund to the SPV will be unsecured. Therefore, the Fund will rank as an unsecured creditor with other creditors behind the senior debt financier. You have no interest in the property itself.

In addition to the Loan from the Fund, the SPV will also use senior bank debt to fund a substantial part of the construction costs of the Projects. The use of debt funding in this context brings with it a number of risks, including the following:

- There is a risk that current market lending criteria, in particular for bank finance, may change and alternative funding for development costs may be required prior to finalising the anticipated debt funding. Changes in variable interest rates and other finance costs could impact the SPV's debt servicing costs.
- The bank debt funding will be subject to certain conditions precedent to drawdown. A failure to satisfy the conditions precedent may prevent the SPV from drawing down on the bank debt funding which may then be terminated. There is therefore a risk that the required bank debt funding will not be available at the anticipated time to enable commencement of construction.
- The bank debt funding will be secured against the property to be developed. A default of the loan facility may allow the bank lender to exercise its security and sell any secured property for a price lower than that which might have been achieved in normal circumstances.
- The bank lender may revalue the property at any time which may cause the SPV to be in default of the gearing ratios required to be maintained under the loan facility. This could require the SPV to raise further capital, sell any property or renegotiate/replace the loan facility.
- Adverse movements in interest rates could affect the profitability of the Projects being undertaken.
- The bank debt funding may need to be refinanced or renegotiated from time to time, for a variety of reasons. If this occurs, then there is a risk the SPV may not be able to refinance or renew the debt facility on the same or better terms or at all.

The occurrence of any of these risks may require the SPV to sell the property to repay the debt to the bank and the Loan to the Fund, which may have a negative effect on the performance of the Fund and potentially result in a loss of Investors' capital.

In the worst case, if the SPV was not able to secure sufficient debt funding for the Projects, then the SPV, the Manager and the Trustee would need to consider alternative capital management strategies which might include seeking to raise further equity capital or procure the SPV to sell one or more of the Projects on an "as is" basis and liquidate the Fund.

Environmental risk

The Projects could be adversely affected by discovery of an unforeseen environmental contamination. In the event that any of the properties are contaminated, the SPV will need to take appropriate action to remediate or manage the contamination. This may increase the costs to the SPV, which may affect the SPV's ability to repay the bank debt and Loan to the Fund. At the time of preparing this IM, no environmental issues have been identified on any of the subject properties.

Legal and regulatory risk

Changes in legislation including those dealing with taxation, accounting and investments may adversely impact your investment.

9. FEES AND CHARGES

No fees will be paid to the Trustee from the Fund. However, under the Trust Deed, the Trustee is entitled to recover all costs, charges and expenses incurred by it in connection with the establishment, administration, management and winding up on the Fund or the proper performance of its duties under the Trust Deed. These expenses typically include, but are not limited to registry, accounting, legal and taxation services and communication with investors.

The Manager may pay fees to third parties for the referral of investors to the Fund, at its discretion. Any fees paid by the Manager will be at its own expense and are not charged to Investors.



OAKLEIGH AGED CARE
ARTIST IMPRESSION



10. INVESTOR RIGHTS

The Units are issued under the terms of the Fund's trust deed (**Trust Deed**). A copy of the Trust Deed is available to Investors, upon request. The rights and liabilities attached to, and the terms and conditions of, the Units are set out in the Trust Deed. The following is a summary of some key provisions of the Trust Deed:

10.1 Investor's rights, obligations and ranking

The beneficial interests of the Fund are divided into Units. Each fully paid Unit confers an equal undivided beneficial interest in the Fund, and the Fund's property as a whole. It does not confer an interest on any particular asset.

Subject to the Trust Deed, you have the following rights:

- the right to share in any distributions from the Fund;
- the right to attend and vote at meetings of Investors;
- the right to participate in the proceeds of winding up of the Fund.

10.2 Distributions

A person registered as an Investor will be paid Capital (including Interest) distributions quarterly in proportion to their holding of Units. The Trustee may deduct from interest distributions amounts of tax payable by the Trustee for the Investor or any other amount required by law.

10.3 Transfer or Sale of Units

Units may only be transferred to a willing purchaser subject to the Trustee's approval which will not be unreasonably withheld and subject to the provisions of the Trust Deed. We may provide administrative assistance needed to process a transfer or sale of Units, including providing the form to document the transfer.

10.4 Redemption of Units

Investors may request that some or all of the Units be redeemed. The Trustee may, in its absolute discretion, deny the request or effect the redemption.

10.5 Amending the Trust Deed

The Trustee can amend the Trust Deed without the special approval of Investors, provided the Trustee reasonably believes the amendment will not have a materially adverse effect on the rights of Investors.

10.6 Investor Meetings

An Investor or Investors representing more than 10% of the Units outstanding at any time may, and the secretary on written request from such Investor(s) must, call an Investors' Meeting if a default in payment on a Unit is considered to have occurred. Voting at an Investors' Meeting is determined by a majority based on a show of hands, subject to a demand for a poll. On a poll, each Investor has 1 vote per Unit held by them. A decision of the Investors shall be deemed passed if Investors holding more than 50% of the Unit on issue at the date of the meeting vote in favour of the resolution unless a clause in the Trust Deed requires a decision of the Investors by a special resolution, in which case a vote in favour of the Investors holding at least 75% of the Units on issue at the date of the meeting shall be required. This process does not limit the rights of an Investor from exercising their rights in relation to their Unit.

10.7 Indemnity, Liability and Expenses of the Trustee

Subject to applicable law, the Trust Deed limits the liability of and indemnifies the Trustee in respect of any loss or damage occasioned by properly performing or exercising its powers or duties by the Trustee acting in good faith and without negligence. The Trustee can be reimbursed its costs in properly performing its duties in respect of the Fund from the assets of the Fund.

11. TAXATION

11.1 Summary

The taxation information provided here is of a general nature only and is based on tax laws that were current at the date of issue of this IM. Investors should note that Australian tax laws are complex and are subject to change. It is important that Investors seek their own professional advice in respect to their particular circumstances before they invest or otherwise deal in the Units.

Under Australian tax law, a unit trust which is not a public trading trust will be a 'flow through trust' which means income earned by the trust can be distributed, untaxed at trust level, to Australian resident Investors who then include the taxable component of that income (broadly their proportionate share of the 'taxable' income of the trust) as part of their taxable income and pay tax at their applicable marginal rate.

Further, capital gains realised by a 'flow through trust' can be distributed, untaxed at trust level, to investors who then include the capital gain as part of their taxable income and pay tax at their applicable marginal level (and may be eligible for a capital gains tax discount on the capital gain).

If the accounting income for the trust in a particular taxation year exceeds its taxable income, the trust can distribute such excess to Australian investors as a 'tax deferred' distribution which reduces the cost base of their units and is not required to be included in the investors tax return as taxable income.

A unit trust is a trading trust unless it only holds eligible investments. 'Eligible investments' include real property for the primary purpose of the deriving rental income. As the Trust's sole or predominant activity will be to lend to the SPV for the purposes of developing the Property and derive income from interest which accrues from the Loan, it is considered the Trust and will be a 'flow through trust' under Australian tax law, provided that it does not derive any other kinds of income and does not own or control another entity which derives 'active' income.

11.2 Distributions

Under current Australian tax legislation, as a flow through trust the Fund will not be subject to taxation provided its taxable income (including assessable realised capital gains) is distributed in full to Investors. Should realised capital losses arise, they are not distributed to Investors but are retained in the Fund to be offset against any future realised capital gains.

11.3 Income tax

Australian resident Investors may be liable to pay income tax on distributions received from the Fund depending on their total level taxable income and their income tax rate.

11.4 Capital gains tax

Australian resident Investors may incur a capital gains tax liability if they sell or dispose of their Units for more than they paid for them. Capital gains are subject to tax depending on the classification of the Investor and the length of time the Investor held the investment.

If the Fund disposes of an asset and realises a capital gain, that gain can be distributed to Investors. Australian resident Investors may incur a capital gains tax liability (depending on whether they have capital losses against which the capital gain can be offset) on their portion of the capital gain. An Investor may be eligible for a capital gains discount, if they meet certain criteria.

11.5 Tax deferred distributions

If the Fund makes a tax deferred distribution to Investors (due to accounting income exceeding taxable income as a result of, for example, depreciation of PP&E), such distribution is not taxable income for Australian resident Investors but will reduce the cost base of their units (provided if the cost base is reduced to zero a capital gains tax event will occur). For foreign resident Investors, no withholding tax applies to such distributions and it constitutes a tax free distribution (as foreign resident Investors in the Fund will generally not be subject to capital gains tax).

11.6 Withholding tax (foreign resident Investors)

The Fund may be required to withhold amounts from distributions (both income and capital gains) paid to overseas Investors. Any withholding tax will be a final tax for that foreign resident Investor.

11.7 Goods and services tax (GST)

The issuing, redemption and transfer of Units in the Fund will not be subject to GST and GST is not payable on distributions made to Investors.

11.8 Quotation of Tax File Number

Investors are not obliged to quote their Tax File Number (TFN) or (if relevant) Australian Business Number (ABN). However, if the Investor fails to do so then the Trustee will be required to deduct tax from any distributions to that Investor at the highest marginal tax rate plus the Medicare Levy.

12. GENERAL

12.1 Reporting to Investors

At all times during the Fund's term, the Manager will prepare regular financial and investing reporting documents. Investors will periodically receive copies of documents prepared in relation to the Fund.

12.2 Related Party and Conflicts Policy

The Manager and the Trustee may appoint related parties to perform services in connection with the Fund's operations on arms' length commercial terms in accordance with the Manager's related party and conflicts policy, a copy of which is available from the Manager.

12.3 Valuation Policy

Valuations for the Fund will be undertaken in accordance with the Manager's valuation policy, a copy of which is available from the Manager. In accordance with that current policy:

- internal valuations will be undertaken annually by the Manager and the Manager will be required to seek an independent valuation where the internal valuation gives rise to a material change (deemed to be a change of 15% or greater in the asset's value); and
- at any rate, assets in the Fund will be independently valued at least every three years. Independent valuations will be undertaken by an independent professional valuer with a minimum of 5 years' experience as an unrestricted valuer of assets similar to the assets held within the Fund.

12.4 Fund Gearing Policy

Borrowings are generally secured by all of the assets of the SPVs, as relevant, and this will mean that repayment of these borrowings ranks ahead of the Fund's debt interest in the SPVs and ultimately an Investor's interest in the Fund.

The SPV's Gearing Ratio or Loan to Value Ratio (LVR) will be calculated by dividing the SPV's total interest bearing liabilities (net of cash and cash equivalent assets) by the SPV's total assets at any given reporting date. The SPVs will seek bank debt funding for the various Projects and these will generally be between 55% and 60%. The LVR target is an indicative range may vary due to temporary effects of a specific transaction or assets valuations, for example. The Manager acknowledges each financier may apply different covenants and will seek to negotiate reasonable covenant ranges to accommodate temporary fluctuations.

12.5 Privacy

By applying for Units, you are providing personal information to us. We have a privacy policy which is summarised below.

The Manager and Trustee can gather, hold and use personal information in order to process your application for investment in the Units and if your application is successful, to administer your Investment, including:

1. Complying with its legal and regulatory obligations;
2. Maintaining a register of Investors;
3. Paying distributions to you;
4. Dealing with complaints and answering queries; and
5. Sending you reports and any other documentation that we wish to send to you.

Your personal information may be provided to service providers and third parties on the basis that they deal with such information in accordance with our privacy policy.

The service providers who may be provided with your personal information and the circumstances in which your personal information may be disclosed are:

1. to mail houses and their printers for the preparation and distribution of documents to you;
2. for administration of the register of Investors;
3. to lawyers, accountants, auditors, consultants and other professionals for administering and advising on the Units and for any associated actions; and
4. to other firms where we out-source functions to those firms.

The third parties that may be provided with your personal information are government, regulatory authorities or other people when permitted or required by law.

You have the right to gain access to your personal information held by us. A reasonable charge for providing access to personal information may be charged for providing access to personal information. You can request access to your personal information by writing to:

The Compliance Manager
Steller Property Funds Pty Ltd
840 Dandenong Road
Caulfield East VIC 3145

Our privacy policy is available on our website (www.Steller.com.au). Any changes to our privacy policy will be posted on the Steller Property Funds website from time to time.

12.6 Complaints

The Manager has adopted a process for dealing with complaints which is detailed in its Complaints Policy, a copy of which is available from the Manager.

The Manager's Compliance Manager will manage the resolution of any complaint, attempting to settle it promptly to your satisfaction.

Complaints in writing should be addressed to:

Compliance Manager

Steller Property Funds Pty Ltd
840 Dandenong Road
Caulfield East VIC 3145
Email: colin@steller.com.au

Alternatively, you can call +61 3 8658 8341.

12.7 Anti-Money Laundering And Counter-Terrorism Financing

The Australian Government Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (**AML/CTF Act**) requires managed investment scheme managers to meet stringent investor identification and verification requirements. This means that prior to Units being issued, the Manager must be 'reasonably satisfied' that you exist, and you are who you claim to be.

Where you are investing through your professional advisor, that entity or person will be responsible for collecting and verifying identification information pursuant to the AML/CTF Act.

However, if you are investing directly with us, you need to provide us with the identification information set out in our Identification Check List, along with the completed Application Form. We may request additional information from you where we reasonably consider it necessary to satisfy our obligations under the AML/CTF Act. (Refer Section 14)

12.8 United States of America (US) Foreign Account Tax Compliance Act (FATCA)

FATCA is a US law, effective 1 July 2014, which impacts investors worldwide. FATCA attempts to minimise US income tax avoidance by US persons investing in assets outside the US, including through their investments in foreign financial institutions. FATCA requires reporting of US persons' direct and indirect ownership of non-US entities to the US Internal Revenue Service (**IRS**).

The Australian Government has entered into an Inter-Government Agreement (**IGA**) with the Government of the United States of America for reciprocal exchange of taxpayer information. Under the IGA, financial institutions operating in Australia report information to the Australian Taxation Office (**ATO**) rather than to the US IRS. The ATO may then pass the information onto the US IRS.

The Fund will comply with its FATCA obligations, as determined by Australian law implemented for the purposes of compliance with the IGA. These laws apply to all financial institutions offering bank or deposit accounts, investment funds, custodial accounts and certain insurance accounts in Australia.

In order for the Fund to comply with these obligations, the Manager will collect certain information about you as necessary to verify your FATCA status.

The Fund is required to provide information about the following Investors to the ATO:

- Investors identified as US citizens or tax residents (information about corporations and trusts with US substantial owners or controlling persons will also be reported);
- Investors who do not confirm their FATCA status; and
- Certain financial institutions that do not meet their FATCA obligations (non-participating foreign financial institutions).

Neither the Trustee nor the Manager are able to provide tax advice and cannot determine the impact or compliance obligations of FATCA or the IGA for Investors' business activities. The Manager strongly encourages Investors to seek the advice of an experienced tax advisor to determine what actions Investors may need to take.

13. GLOSSARY

ABN	Australian Business Number.
AFSL	Australian financial services licence.
AML/CTF Act	<i>Anti-Money Laundering and Counter-Terrorism Financing Act 2006</i> (Cth), including applicable subordinate legislation.
Applicant	A person who has completed and lodged with the Trustee an Application Form included in or accompanied by this IM and has paid the application money for Units.
Application Form	An application form accompanying this IM.
ASIC	The Australian Securities and Investments Commission.
ATO	The Australian Taxation Office.
Business Day	A day on which banks are open for business in Victoria, except for Saturday, Sunday and public holidays.
Closing Date	30 September 2018, although we may close the Offer early or extend the Closing Date, in our discretion and without notice.
Corporations Act	<i>Corporations Act 2001</i> (Cth) including applicable subordinate legislation.
Fund	Steller Aged Care Income Fund Series 1.
GST	Goods and Services Tax as defined in <i>A New Tax System (Goods and Services Tax) Act 1999</i> , as amended
Income Tax Assessment Act	<i>Income Tax Assessment Act 1936 or 1997</i> (Cth) (as applicable).
Information Memorandum, IM	This offer document.
Investment	An Investor's investment in the Fund.
Investor	A holder of Units in the Fund.
Loan	The loan from the Fund to the SPV in order to partially fund the acquisition and construction costs of the various Projects.
Manager	Steller Property Funds Pty Ltd ACN 611 870 083.
Offer	The offer of Units under this IM.
Offer Period	The period between the Opening Date and the Closing Date.
Opening Date	The date of this IM.

Projects	Steller aged care development projects as outlined in sections 2 and 6.1.
RADs	Refundable Accommodation Deposits, being lump-sum payments for accommodation costs paid by residents upon entry into an Australian Government-subsidised aged care home and refunded upon a resident's exit.
SPV	A Steller Group special purpose entity.
Steller Care	Steller Care Pty Ltd ACN 618 869 757 and its subsidiary SPVs.
Steller Central	Steller Central Pty Ltd ACN 618 919 690 and its subsidiary SPVs.
TFN	A Tax File Number issued by the ATO.
Trust Deed	The trust deed of the Fund.
Trustee	Otway Funds Limited ACN 121 907 784, AFSL No. 306 644, as trustee of the Fund.
Units	Ordinary units in the Fund.
we	The Trustee, the Manager and/or Steller Group.
Wholesale Client(s)	Wholesale clients pursuant to section 761G(4) of the Corporations Act.
you	A potential Applicant, an Applicant or an Investor (as the case allows).

14. APPLICATION INSTRUCTIONS

APPLICATION LODGEMENT

Before completing the Application Form, you should read the whole of the Information Memorandum.

Should you decide to invest, please:

- complete and sign the original Application Form;
- include your cheque or make an EFT payment;
- lodge the application at the address noted below.

APPLICATION GUIDE

Number of Units

Please fill in the number of Units that you are applying for and calculate and fill in the required payment amount.

Applicants

Individual Applicants: Please write your full name including any middle name. If there are two Applicants, make sure you include both Applicants' names in full.

Trustee Applicants: If the application is made on behalf of a trust, ensure the full legal name of the trustee is inserted in the Applicant section, and the full legal name of the trust or superannuation fund is included in the trust name section.

Please refer to the "Guide to Completing the Application Form" below for the correct forms of registrable name(s).

TFN or ABN

You are not required to quote your tax file number (**TFN**) to the Trustee. However, if a valid TFN or exemption details are not provided, Australian tax will be required to be deducted by the Trustee from distributions at the maximum marginal tax rate plus the Medicare levy. An Investor who holds Units as part of an enterprise may quote their Australian Business Number instead of their TFN. Non-resident taxpayers are exempt from this requirement.

Contact details

Please ensure that a phone number is included so that we can contact you to discuss your application if there is a problem.

Execution by Power of Attorney

Where the application is made using a power of attorney, a full copy of the power of attorney must accompany the Application Form.

Execution by a Company

Companies must execute their application in accordance with section 127 of the Corporations Act.

Payment (Payment by cash cannot be accepted.)

If paying your application moneys by cheque, you should make the cheque payable to **Otway Funds Limited ATF the Steller Aged Care Income Fund Series 1** and send your cheque with your application.

If paying by EFT, please contact the Manager for EFT Details.

If you have any questions regarding the correct way to fill in the Application Form, you can contact the Manager on (03) 8658 8341 during Victorian business hours.

All Application Forms should be forwarded to:

Steller Property Funds – Steller Aged Care Income Fund Series 1
840 Dandenong Road
Caulfield East VIC 3145

GUIDE TO COMPLETING THE APPLICATION FORM - CORRECT FORMS OF REGISTRABLE NAME(S)

Type of Investor	Correct Form	Samples of Incorrect Form
Individual Use given name(s), not initials	David Alan Jones	D A Jones
Joint Use given name(s), not initials	David Alan Jones & Mary Anne Jones	David Alan & Mary Anne Jones
Companies Use company title, not abbreviations	XYZ Pty Ltd	XYZ P/L XYZ Co
Trusts Use trustee(s) personal name(s) Do not use the name of the trust.	Mary Jones <Mary Jones Family Trust A/C>	Mary Jones Family Trust
Minor Apply in name of adult Do not use name of minor.	David Alan Jones <Thomas Jones A/C>	Mr Thomas Jones
Deceased Estates Use executor(s) personal name(s) Do not use the name of the deceased	David Alan Jones <Estate Graham Jones A/ C>	Estate of Late Graham Jones
Partnerships Use the partners' personal names Do not use the name of the partnership	David Jones & Thomas Jones <David Jones & Son A/C>	David Jones & Son
Clubs/unincorporated bodies/business names Use office bearer(s) personal name(s) Do not use the name of the club etc.	Mary Jones <XYZ Bowls Association A/C>	XYZ Bowls Association
Superannuation funds Use the trustee of fund Do not use the name of the fund	David Alan Jones Pty Ltd <David Alan Jones Super Fund A/C>	David Alan Jones P/L Superannuation Fund

Insert name(s) of any joint Applicant(s) and/or account description using <> as indicated above in designated space(s) on the Application Form.

14. APPLICATION INSTRUCTIONS CONT.

AML/CTF Identification And Verification Documentation

What are the appropriate identification materials for AML/CTF legislative purposes?

INDIVIDUAL

Please provide the documentation from either A or B

A

An **original or certified copy** of one of the following:

- An Australian driver's licence that contains a photograph of the licence/permit holder.
- An Australian passport.
- An identification card issued by a State or Territory that contains the date of birth and a photograph of the card holder.
- A driver's licence issued by a foreign country that contains a photograph of the person.
- A passport or other document of identity for the purpose of international travel that contains a photograph and signature of the passport holder and is issued by a foreign government, the United Nations (UN) or a UN agency and if written in a language other than English, is accompanied by an English translation prepared by an accredited translator.
- A national identification card that contains a photograph and signature of the card holder and issued by a foreign government, the UN or a UN agency and if written in a language other than English, is accompanied by an English translation prepared by an accredited translator.

OR

B

An **original or certified copy** of one of the following:

- A birth certificate or birth extract issued by a State or Territory.
- A birth certificate issued by a foreign government, the UN or a UN agency and if written in a language other than English, is accompanied by an English translation prepared by an accredited translator.
- An Australian citizenship certificate.
- A citizenship certificate issued by a foreign government and if written in a language other than English, is accompanied by an English translation prepared by an accredited translator.
- A pension card issued by Centrelink



An **original** of one of the following:

- A notice relating to the provision of financial benefits issued by a State or Territory or the Commonwealth within the preceding 12 months and contains the name and residential address of the individual.
- A notice issued by the Australian Taxation Office within the preceding 12 months relating to a debt payable to or by an individual and contains the name and residential address of the individual.
- A rates notice issued to an individual by a local government or utilities provider within the preceding 12 months and contains the name and residential address of the individual.
- In relation to an individual under the age of 18, a notice issued to the individual by a school principal within the preceding three months and that records the time that individual attended the school and the name and residential address of the individual.

PARTNERSHIP

Please provide:

Note:

Please also provide the documentation required for individuals (above) for one of the partners.

- An original partnership agreement, certified copy or certified extract of the partnership agreement.
- A certified copy or certified extract of minutes of a partnership meeting.
- The full name and address of each partner in the partnership.

COMPANY

Please provide:

- A current full company search of the ASIC database showing:
 - the full name of the company
 - the ACN
 - the registered office address of the company
 - the principal place of business of a company
 - the names of each director of the company (only for a proprietary company), and
 - the shareholders of the company (for all proprietary companies that are not licensed subject to regulatory oversight of a Commonwealth, State or Territory statutory regulator).
- If the company is a regulated company, a search of the licence or other records of the relevant Commonwealth, State or Territory statutory regulator.
- If the company is listed, a search of the relevant financial market.

TRUST

Please provide:

- For a registered management investment scheme or a government superannuation fund –
 - an ASIC search confirming the registration of the managed investment scheme, and
 - an extract from relevant legislation confirming the establishment of the government superannuation fund.
- For an unregistered managed investment scheme that only has wholesale clients and does not make small scale offerings under 1012E of the Corporations Act 2001, a declaration is provided to this effect.
- For all other trusts (including wrap trusts/ master trusts/IDPS):
 - the original trust deed or a certified copy or certified extract of the trust deed confirming the full name of the trust;
 - the name of each beneficiary or class of beneficiary;
 - if the trustee is an individual, please also provide documentation required for individuals (above), and
 - if the trustee is a company, please also provide documentation required for companies (above).

14. APPLICATION INSTRUCTIONS CONT.

WHO CAN CERTIFY DOCUMENTS OR EXTRACTS?

The following people can certify documents or extracts:

1. A lawyer – a person who is enrolled on the roll of the Supreme Court of a State or Territory, or High Court of Australia, as a legal practitioner (however described).
2. A judge of a court.
3. A magistrate.
4. A chief executive officer of a Commonwealth court.
5. A registrar or deputy registrar of a court.
6. A Justice of Peace.
7. A notary public (for the purposes of the Statutory Declaration Regulations 1993).
8. A police officer.
9. A postal agent – an agent of the Australian Postal Corporation who is in charge of an office supplying postal services to the public.
10. The post office – a permanent employee of the Australian Postal Corporation with two or more years of continuous service who is employed in an office supplying postal services to the public.
11. An Australian consular officer or an Australian diplomatic officer (within the meaning of the Consular Fees Act 1995).
12. An officer with 2 or more continuous years of service with one or more financial institution (for the purposes of the Statutory Declaration Regulations 1993).
13. A finance company officer with 2 or more continuous years of service with one or more financial companies (for the purposes of the Statutory Declaration Regulations 1993).
14. An officer with, or authorised representative of, a holder of an Australian Financial Services Licence, having two or more continuous years of service with one or more licensees.
15. An accountant – a member of the Institute of Chartered Accountants in Australia, CPA Australia or the National Institute of Accountants with 2 or more years of continuous membership.



Otway Funds Ltd (ACN 121 907 784)
Steller Aged Care Income Fund Series 1



Complete this form using **BLACK** ink and print well within the boxes in CAPITAL LETTERS.
Mark appropriate answer boxes with a check (✓). Do not use this form unless it is attached to
the Information Memorandum dated 21st August 2018 issued by Otway Funds Ltd.

SECTION 1: Investment

Please mark with a check (✓) one of
the boxes to indicate who is making
the investment

- Individual Investor Joint Investor Trustee for Super Fund
 Executor of an Estate Company Trustee for Family Trust

Minimum application is
100,000 Units / \$100,000 and
thereafter multiples of \$10,000

Number of Units _____
Investment Amount \$ _____

SECTION 2: Applicant(s) details

Individual Investor, Joint Investor 1, Executor 1 or Trustee 1

A Title _____ Given name(s) _____
Surname _____ Date of birth _____ DD/MM/YYYY
/ /

Joint Investor 2, Executor 2 or Trustee 2

B Title _____ Given name(s) _____
Surname _____ Date of birth _____ DD/MM/YYYY
/ /

Please include your TFN in the
space provided to ensure tax is not
deducted from distributions.

Tax File Number(s) (Individual and Joint Investors only)

A _____ B _____

If any of the investors above are exempt from providing a TFN, please provide the reason for the
exemption (eg. sole parent benefits, service pension, etc).

Name of Investing Company, Association, Body or Trustee Company if applicable

C _____

ABN _____ TFN _____

Account Designator (Name of Super Fund, Trust, Deceased Estate or other entity of person)

D ATF _____

ABN _____ TFN _____

If exempt from providing a TFN and/or ABN, please provide the reason for the exemption

SECTION 3: Contact details

Please enter all relevant contact
details, including your daytime
telephone number, in case we need
to contact you in relation to your
application

Advisor details are not acceptable
unless your advisor holds a power
of attorney, a copy of which must be
provided

All administration correspondence in
relation to this investment will be sent
to the nominated mailing address.

Company Reports will be emailed
unless indicated otherwise

Contact person for this investment _____

Email address _____

Mailing address _____

State _____ Postcode _____

Daytime Phone Number _____ After hours phone number _____

Fax Number _____ Mobile number _____

Indicate how you would like to receive your correspondence

- Email Mail Neither

SECTION 4: Advisor details

If you use an Advisor, please have them sign this section and stamp the front of the Application Form

Title	Advisor full given name(s)
_____	_____
Advisor surname	_____
_____	_____
Advisor company (if applicable)	_____
_____	_____
Licensed dealer	_____
_____	_____
Dealer License Number	Advisor Signature
_____	_____

SECTION 5: Distribution payments

Name that appears on the Account	

Name of Financial Institution	

BSB / SWIFT CODE	Account number
_____	_____

SECTION 6: Declaration and authorisation

I/We as Applicant declare (i) that I/we have read the entire Information Memorandum (ii) that if an electronic copy of the Information Memorandum has been used, that I/we obtained the entire Information Memorandum, not just the Application Form; and (iii) that I/we have not obtained any personal financial advice from the directors of the Company or from Steller Property Funds ABN 83 611 870 083 or any of its employees. I/we agree to be bound by provisions of the Company's Constitution (as amended from time to time) and acknowledge that neither the Company nor Steller Property Funds nor any employees of those entities guarantees the performance of the Company or the repayment of capital. I/We as applicant acknowledge that any subscription is subject to investment risk including the possible loss of income and capital invested and that the Company and its related entities do not in any way guarantee to stand behind the capital value and/or performance of the Company other than as specifically provided in the Information Memorandum.

If the application is signed by more than one person, who will operate the account Any to sign All to sign together

Signature A	Name
_____	_____
	Date DD/MM/YYYY
	/ /

If a Company Officer or Trustee, you MUST specify your title: Director Sole Director Trustee

Signature B	Name
_____	_____
	Date DD/MM/YYYY
	/ /

If a Company Officer or Trustee, you MUST specify your title: Director Sole Director Trustee

Cheques must be made payable to Otway Funds Ltd. Only cheques in Australian currency and drawn on an Australian bank will be accepted. Your cheque(s) should be crossed NOT NEGOTIABLE.

Mail your completed application form with your cheque(s) to: **Steller Property Funds Pty Ltd**
840 Dandenong Rd, Caulfield East VIC 3145

For Steller Property Funds use only	Date Received	DD/MM/YYYY	Date Completed	DD/MM/YYYY
	/ /	/ /	/ /	/ /
	Processed by	_____		
	Client reference number(s)	_____		
	Internal reference	_____		
	Notes	_____		



16. ACCOUNTANT'S CERTIFICATE

In accordance with the requirements of section 761G(7)(c) of the *Corporations Act 2001* (Cth) and Regulations 7.6.02AB and 7.6.02AC of the *Corporations Regulations 2001* (Cth),

I, of, certify on this date

that:
[name of investor, or of individual controlling the investor]

- (a) has net assets of at least \$2.5 million; or
- (b) had gross income for each of the last 2 financial years of at least \$250,000 per year.

Signed:

Signature of Accountant:

Professional Body Membership:

Firm Name and Address of Accountant:

Date: / /
DD/MM/YYYY

Note: A "Qualified Accountant" means a member of a professional body that is approved by ASIC in writing for the purposes of the definition under the *Corporations Act 2001*. ASIC has approved the following persons as a "qualified accountant":

- a. any member of CPA Australia ("**CPAA**") who is entitled to use the post-nominals "CPA" or "FCPA", and is subject to and complies with CPAA's continuing professional education requirements;
- b. any member of the Institute of Chartered Accountants in Australia ("**ICAA**"), who is entitled to use the post-nominals "CA", "ACA" or "FCA", and is subject to and complies with the ICAA's continuing professional education requirements; and any member of the National Institute of Accountants ("**NIA**") who is entitled to use the post-nominals "PNA", "FPNA", "MNIA" or "FNIA", and is subject to and complies with the NIA's continuing professional education requirements.

17. CORPORATE DIRECTORY

Trustee

Otway Funds Limited

ACN 121 907 784
AFSL No. 306 644

Directors:

Nicholas Smedley
Michael Burstin
Gerard Bongiorno

Responsible Managers:

Gerard Bongiorno
Colin Robinson

Manager

Steller Property Funds Pty Ltd

ACN 611 870 083
Authorised Representative No. 001260713

Directors:

Nicholas Smedley
Michael Burstin

Solicitor

Gadens Lawyers

Level 25, 600 Bourke Street, Melbourne VIC 3000

Auditor

RSM Australia

Level 21, 55 Collins Street, Melbourne VIC 3000

Disclaimer: The information in the IM is general information only and does not take into account the objectives, financial situation or particular needs of Investors. It is important that Investors read the entire IM before making any decision to invest in the Fund. In particular, in considering the prospects of the Fund, it is important that Investors consider the risk factors that could affect the performance of the Fund. Investors should carefully consider these factors in light of their particular objectives, financial situation and needs (including financial and taxation issues) and seek advice from their own professional advisers before deciding to invest. Investments in the Fund are not deposits with or liabilities of the Manager and are subject to investment and other risks, including possible loss of income and capital invested. Investors should be aware that past performance should not be relied upon as being indicative of future performance. Neither of the Manager, the Company, the Responsible Entity or their agents and representatives any particular rate of return, the performance of the Fund or repayment of principal.

