

Australian Securities Income Fund

Product Disclosure Statement

[ARSN 092 514 488]

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**AUSTRALIAN
SECURITIES**

The Australian Securities Income Fund

“The Australian Securities Income Fund |**ASIF**| is a conservative security based investment scheme. Benefits include a low risk investment, greater investor control and flexible interest payment options. The fund caters for Institutions, Foundations, Community Groups, Superannuation Funds, Hospitals, Private Investors, Not for Profit Organisations, SME’s and SMSF’s or those seeking a secure, conservative and profitable short or long term investment strategy”.

Product Disclosure Statement

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An Introduction to
Australian Securities
Income Fund and
Security Investments

“The investment is a mortgage security, secured by registration over real estate. The investor chooses their own security and investment terms”.

The Fund

Australian Securities Income Fund | ASIF| is an established and successful managed investment fund with origins in mortgage securities since 1925. Changes to the law in 1999 allowed the fund to be registered as an Australian managed investment scheme.

The Manager

The Fund Manager - Australian Securities Limited | ASL | has a wealth of experience in managing mortgage investments. ASL holds an Australian Financial Services licence to act as Responsible Entity for the Fund.

Board of Directors

ASL is an unlisted public company, with a majority of independent directors on the Board to ensure investor interests are represented in the management of the fund. The ASL Board and executive management have a diverse expertise and experience in mortgage investment, property development and prudential management.

Custodian

ASL is also the Custodian for the Fund.

The Custodian’s principal role is to –

- Receive, hold and disburse all monies to and from investors for mortgage securities;
- Hold in safe custody all mortgage securities and other fund assets;
- Execute any necessary documents as Attorney for Investors under this Product Disclosure Statement;
- Act as Trustee for nominee mortgages.

The Fund meets all fees and expenses of ASL as Custodian from a compliance fee collected from the borrower.

Appointment as Attorney

The investor by signing the Application appoints ASL in its capacity as Responsible Entity under the Constitution¹ to be their Attorney to –

- Execute a Mortgage, Mortgage Variation, Mortgage Discharge and (in the event of default) a Contract of Sale and Transfer for the sale of a mortgage security;
- Recover or compromise any arrears of interest or principal;
- Take possession of any security and exercise the mortgagee power of sale;
- Appoint one or more agents to exercise the powers granted to an attorney and to revoke any appointment of any agent made under this document;
- Do all things necessary or expedient to give effect to any document which ASL as attorney considers not contrary to the interests of the investor on the terms and conditions in this PDS.

Related Information

ASL as Senior Lender under a Syndicated Creditor Agreement (identified in the MSD) will permit subordinate lenders to advance additional funds under the mortgage security to the mortgagor without participating in the Scheme with the ASIF investors always ranking first in priority.

Directors, staff and related parties may invest in ASIF but are prohibited from borrowing.



Mortgage Security

A Mortgage is a legal charge given over real estate (or equivalent) owned by the mortgagor (borrower) to a mortgagee (lender) to secure their promise to repay a debt at a later date. The security is real estate. The mortgage is usually registered in a government registry to protect the mortgagee. The mortgage security can then be securitised by ASL for private investment by one or multiple investors. Mortgage securities for generations have been a popular conservative investment for wealthy investors seeking a higher reliable income. Today ASIF offers the same opportunity to all investors.

Ranking mortgages in priority

Registration determines the rights of the investor in each mortgage. The first mortgage registered has first right by its registration to control the real estate secured by their mortgage and more importantly first right to the proceeds of any sale of real estate. Second and subsequent mortgagees and other unsecured creditors cannot interfere with that right. The MSD will identify all relevant information if a T2 Mortgage Scheme exists.

Investment Strategy

ASL establishes and packages mortgage securities (into sub-schemes) to suit the investors in the Fund sub-scheme. Each sub-scheme may have one or more investors. Each mortgage security pays a defined income to its investors. To maintain a stable and secure

investment all monies are invested only on mortgage securities in Australia and do not exceed two third value of the security.

The income earned by the investor on a mortgage security will vary to reflect the risk of return. For example – longer investment term, likelihood of early repayment, nature of location of security and priority of the mortgage security.

Mortgage Security Description [MSD]

The investor uses the MSD to make an informed decision on their investment in a specific sub-scheme. After approving a MSD, investors make their contributions directly into the mortgage security.

The MSD information includes – investment term, interest rate, repayment dates, real-estate valuation, mortgage priority and other terms relevant to the specific sub-scheme. The MSD also includes information relevant to any other person having an interest in the mortgage security.

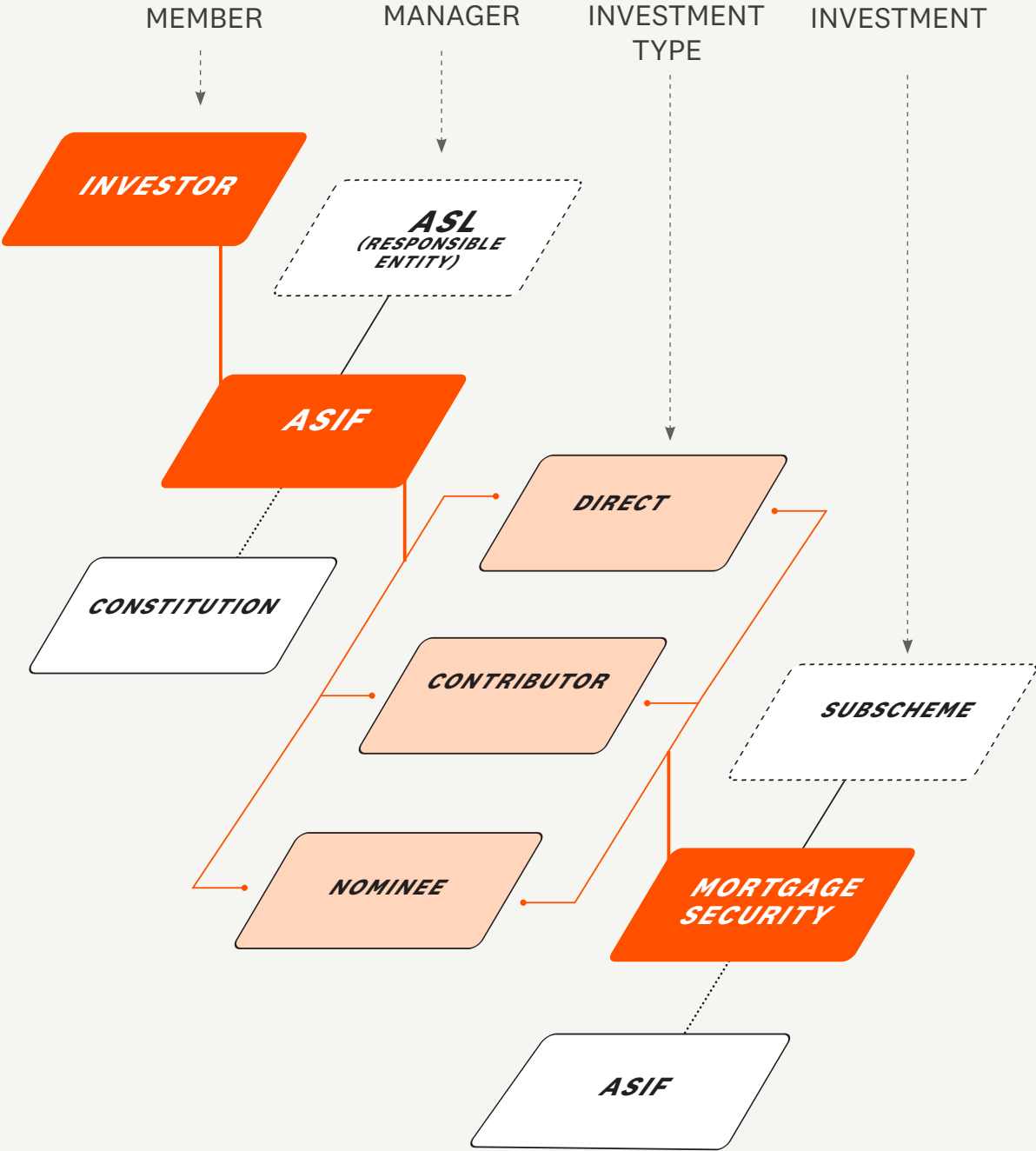
Mortgage Security Summary

The investor receives an investment summary with, copy mortgage, title, valuation, and if a nominee investment - trust declaration stating your member information, within 30 days of registration of the mortgage on the security.

If you do not want to receive an Investment Summary tick the box under Section 1, Item 10 page 23 in the Application in this PDS.

¹ Information about the ASIF Constitution can be found on page 18

The Funds Flow



Australian Securities Income Fund

Key Features & Benefits

“ASIF members have a greater choice to decide on the most suitable investment for their requirements”.

Features

Favourable Terms

- Fixed term (agreed at the start of the investment);
- First mortgage security;
- The loan can not exceed two thirds of the value of the property security;
- An independent valuer prudently values the security;
- Investor selects and approves the mortgage security;
- Corporate borrowers usually provide Director Guarantees and Charge over corporate assets registered on the Personal Property Securities Register.

Investor Suitability

- Superannuation funds;
- Retirees and Pension funds;
- Individuals seeking a secure fixed income;
- Trustees;
- Not -for-Profit Organisations;
- Charities and Foundations.

Mortgage Securities

The Fund invests in mortgages secured predominantly over metropolitan residential property with a mix of commercial and suitable regional, rural, coastal or industrial properties.

Term of the Investment - 1 to 5 years
The investor nominates the term of the investment.

Setting Income

Income is fixed or variable at the rate set in the MSD. Income commences on the start date set out in the MSD or later on receipt of investor contribution.

Monthly Income Distribution

Income credited monthly to the investor's nominated bank account.

Minimum Investment

- Initial Investment \$50,000;
- Additional investment of \$10,000 or an amount approved by the Fund.

Withdrawal

- Funds can only be withdrawn on maturity.

Management Fees

- Entry fee – NIL;
- Exit fee – NIL;
- Management fee – 0.95% [inclusive of GST] pro-rated for the term of the investment.

Early Redemption

The ASIF Constitution permits ASL to facilitate a redemption in hardship cases if circumstances permit. An early redemption fee covering compensation for interest shortfall must be paid and ASL reimbursed for due diligence and compliance requirements.

Benefits of investing in the Fund are:

Management

Investors have access to mortgage securities in a professionally managed investment fund dating back to 1925.

Investor Control

The investor personally decides the key issues of security and contribution for any specific mortgage security.

A Specific (non-pooled) Investment

An investor's contribution to a mortgage security is not pooled.

Specific security investments can be held in the name of a sole investor.

Fixed or Variable Interest Rate

Income is fixed for the term of the mortgage at either the fixed or variable interest rate set in the MSD. The income may increase during development or upon early repayment of the loan.

In some cases an investor will be entitled to a balloon payment if the borrower elects to repay the debt before the repayment date.

Reliable Interest Payments,- Interest Assurance Fund

Interest payments are paid on time to the investor. The Interest advance facility (explained at page 19) assures ASIF investors¹ receive a regular income.

¹ The MSD excludes T2 investors from the Interest Advance Facility

Investment Options

“Invest exclusively in one mortgage security (Direct), with other Members (Contributory) or in private (Nominee)”.

Investor Options

Nominee Mortgage

ASL is registered on a first mortgage and signs a Trust Declaration that the mortgage is held on trust for the Member(s) named in the Trust Declaration. This form of mortgage security is attractive to Members seeking to maintain their privacy and preferred option by ASIF Members.

Contributory Mortgage

Two or three Members together lend on one mortgage and all their names are registered on the title as first mortgagees. Members usually need a minimum contribution of \$500,000 to invest in a contributory mortgage.

Direct Mortgage

One Member lends on one mortgage security. The Member's name is registered on the title as first mortgagee. Members need a minimum of \$1,000,000 to invest in a Direct Mortgage.

Rollovers

The mortgage security can be extended for a further term at the prevailing interest rate set out in a Rollover Notice emailed by ASL before the maturity date to the Member. The Member can continue their investment at the prevailing rate or elect to withdraw part or all of their contribution on the maturity date. Minimum withdrawal is \$50,000.

Mortgage security options to increase Member returns

The Fund offers borrowers attractive repayment and variation options, which can increase the income return to the investor on the same security. These options are acquired when the mortgage security is approved and are identified in the MSD or Roll Over Notice.

No Right to Repay

The borrower on a business or investment [NRI] loan or a domestic purpose loan [CR] loan has elected to not repay the loan prior to the due date. The ASL base interest rate is charged on loans with these repayment options. Should the borrower elect to repay the loan prior to the due date the investor may be entitled to receive compensation by way of additional interest.

Right to Full or Partial Repayment

The borrower pays either -

- A higher interest rate | RR | ; or
- A marginally higher interest rate and a small premium | R1 | to the Member on the amount repaid. The interest rate and any premium will be identified in the MSD.

Right to Partial Discharge | RPD |

Borrowers using multiple securities wishing to sell one or more during the term of the loan commonly use this option. The borrower pays a higher interest rate to the member to secure this right and will usually reduce the debt with each partial discharge in proportion to the remaining value of the security.

Right to Partial Repayments | RPR |

The borrower repays an amount on any interest payment date to reduce the debt secured by the mortgage. The borrower pays additional interest during the term of the loan to secure this right. The repayment is paid to one or more members who have contributed to the sub-scheme. Unless ASL specifies an investor to be repaid in the sub-scheme any repayment will be distributed between Members in proportion to their contribution to the sub-scheme.

Interest Reset Option | IRO |

The borrower [anticipating a falling interest rate during the loan term] may at the outset take an option to reduce the interest rate once only during the loan term by the amount of any fall [exceeding 0.25%] in the Target Cash Rate set by the Reserve Bank at the time the loan commenced. The new rate is effective from the second interest payment date. The borrower pays the Member a higher interest rate to secure this option. The borrower cannot otherwise discharge the mortgage without the consent of the Members in the mortgage. The MSD contains further information on any specific conditions or terms relating to the mortgage security.

Principal & Interest Repayments | PIR |

The borrower repays a small principal amount with each interest payment which is credited to one or more investors in the sub-scheme, preferring to reduce their investment during the term of the mortgage security.

Security Categories

“ASIF has mortgage securities that fall within five categories, Residential, Commercial, Industrial, Regional, Development & Construction”.

Security Categories

Mortgage securities are categorised by the use of real estate security. Different types of mortgage securities may attract a higher interest rate, which generally reflects a perceived increased risk. An example of this may be for a development and construction loan. ASIF has mortgage securities that fall within the following five categories:

1. Residential

Residential property used for domestic purpose. The Credit Code regulates domestic debt lending. ASL in this case (as an authorised credit provider) may lend funds under a nominee mortgage. Business or investment loans can be secured by a mortgage over residential property but these securities fall outside the Credit Code as the purpose of the loan is for business or investment purposes.

2. Commercial

Commercial property covering offices, retail shops and warehouses are included in this category and will have a commercial lease with an approved tenant or are owner occupied. These securities are usually passive investments for the borrower with rental income geared against the mortgage payments over a fixed term with no reductions in capital.

3. Industrial

Industrial securities include property comprising factories and warehouses which have had a prior manufacturing, mechanical or industry use, they may have an environmental issue for chemicals or petroleum products,

used, stored or manufactured on the premises. Any environmental risk is taken into account with the planning permit and independent valuation. In most cases part of the loan funds are advanced to enhance the value of the security by cleaning up the security.

4. Regional , Coastal or Rural

Rural securities comprise residential properties outside the Melbourne metropolitan area. ASL does not take securities over farms, vineyards and hobby farms unless requested by a group of investors.

Regional seaside includes homes in coastal and seaside areas.

5. Development and Construction

These loans typically provide funding to build a residence, residential units, commercial buildings or to make significant renovations to an existing dwelling or to develop vacant land into a residential subdivision. The interest rate on construction and development loans is 1% above the ASL Base Interest Rate set in the mortgage during the construction period. ASL will at all times hold sufficient funds (set by the valuer or quantity surveyor) to complete the construction or development.

Investment Policy Changes

The Funds constitution permits a wide range of investments and gives ASL broad investment powers. ASL may vary the investment objectives, strategies and processes set out in this PDS, provided that ASL gives members in a specific Sub-scheme written notice of any material variation we believe they would not have reasonably expected.

How to Invest or Withdraw

“An investor may invest directly into the fund or indirectly via a financial adviser”.

Investing in the Australian Securities Income Fund

Minimum investment amount \$ 50,000

INVESTMENT OPTIONS*

| | |
|-----------------------|-------------|
| Nominee Investor | \$ 50,000 |
| Contributory Investor | \$ 500,000 |
| Direct Investor | \$1,000,000 |

Minimum additional investment \$ 50,000

Minimum withdrawal \$ 50,000

Mortgage Security Description [MSD]

A summary of the mortgage security for investment in a sub-scheme is contained in the MSD for approval by the investor and contains information on –

- Location, description [with photograph];
- Market, insurance and rental value;
- Total loan amount, investor contribution, details of any T2 investment and LVR;
- Loan term, mortgage rate, interest rate paid to investor [if not mortgage rate], special conditions (e.g. repayment options);
- Credit Code or Business Investment;
- Credit score for the borrower;
- Additional information relevant to the security for example, interest paid in advance or unusual nature of the security.

The investors contribution is not allocated to the sub-scheme until –

(a) the investor signs and returns the MSD authority approving the mortgage security;

(b) the investor does not reject the rollover notice (in writing) not less than 30 days before the rollover date.

An MSD or Rollover Notice can be sent by email or mail to the Investor.

Investment process

Initial investment in ASIF is \$50,000 and can be made by completing the Application form on page 30. The Application guide on page 28 will assist you in completing the Application. Further assistance can be obtained by telephone to one of our Investment Relations Team 1300 275 275.

Existing investors can make additional investments of \$10,000 or more to their account. The application for additional investments must state the investor’s existing account number at Section 1 page 30 on the Application Form.

Investment amounts can be paid by | Direct Credit Authority or Electronic Funds Transfer to - Australian Securities Income Fund.

Applications will be processed in strict order of receipt and monies received after 12:00pm on any business day will be deemed to have been received the next business day.

ASL reserves the right to establish higher minimum investment amounts on some or all mortgage subschemes, or decline part or all of any application.

Investors should keep a copy of the current PDS and any information they receive from ASL for future reference. Copies of this document are available from ASIF or on our website. [only while it is current] <https://australiansecurities.com.au/investment-resources/>

Withdrawals

Withdrawals from ASIF may be made-

(a) When ASL has not allocated the Application Money to a sub-scheme and the Investor has given 48 hours written notice requesting redemption;

(b) When the investor gives ASL 30 days written notice to withdraw part or all of their investment before the mortgage matures.

ASL is under no obligation to process a withdrawal during the agreed term of any mortgage security. ASL will endeavor to assist where special circumstances exist if another member is willing to take an assignment of an investment at the expense of the withdrawing member.

Expenses may include but are not limited to interest adjustments, fees and expenses set by ASL to process the request that could reduce the capital value of the investment.

Withdrawal payments will only be made payable to the Investor or directed to a bank account nominated in the Application Form.

Accessing ASIF Income

Income distributions

ASL collects interest monthly in arrears by electronic debit from the borrower’s nominated bank account on the date identified in the MSD. Investors should allow approximately ten days for funds to be cleared, interest advance facility payments drawn where required, and an electronic file uploaded into the banking system to pay interest to the investors nominated bank account.

T2 Mortgages[®]

“Existing Members can increase income with an investment in a T2 Mortgage[®]”.

Features of T2 Mortgages[®]

An ASL Mortgage security can be separated into two investment tiers held in separate sub schemes (e.g. Sub-scheme T1 and Sub-scheme T2) members contributing to each sub-scheme.

Sub-Scheme T1 has first ranking priority with a conservative loan to valuation ratio not exceeding 60% LVR. T1 Members would receive a lower interest rate assured by the ASL Interest Advance facility and always have first right to capital contribution and accrued interest.

Sub-Scheme T2 has second ranking priority with a less conservative loan to valuation ratio not exceeding 66% LVR. T2 Members receive the T2 higher interest rate on their contribution to reflect their higher risk. They have no assurance funding for unpaid interest but are entitled to an even higher interest rate when recovered.

ASIF collects the blended TT interest from the borrower, then distributes the interest to both Schemes and then to their respective members.

Blending Tiers earns a higher rate

A Member may invest a portion of their funds in both T1 and T2 sub schemes to earn a higher blended rate.

The higher risk of a T2 investment is partly offset by the significant T1 investment but does not eliminate the other risks associated with a T2 investment.

T2 Mortgages offer higher return for risk exposure

T2 Mortgage[®] investments are suitable for investors wishing to assume some additional risk in return for a significantly higher premium.

T2 Mortgages[®] are not conservative investments and are recommended only for investors who clearly understand the risk to their capital investment. The maximum loan to valuation ratio is capped at 66% leaving a 34% risk buffer from the equity of the borrowing entity for that risk.

Entry Eligibility

A Member may invest no more than 10% of all their (including related parties) funds invested in ASIF, ASPF and ASTF in a T2 mortgage[®].

Eligibility will be extended to a higher investment sum for Members who satisfy the wholesale or sophisticated investor requirements.

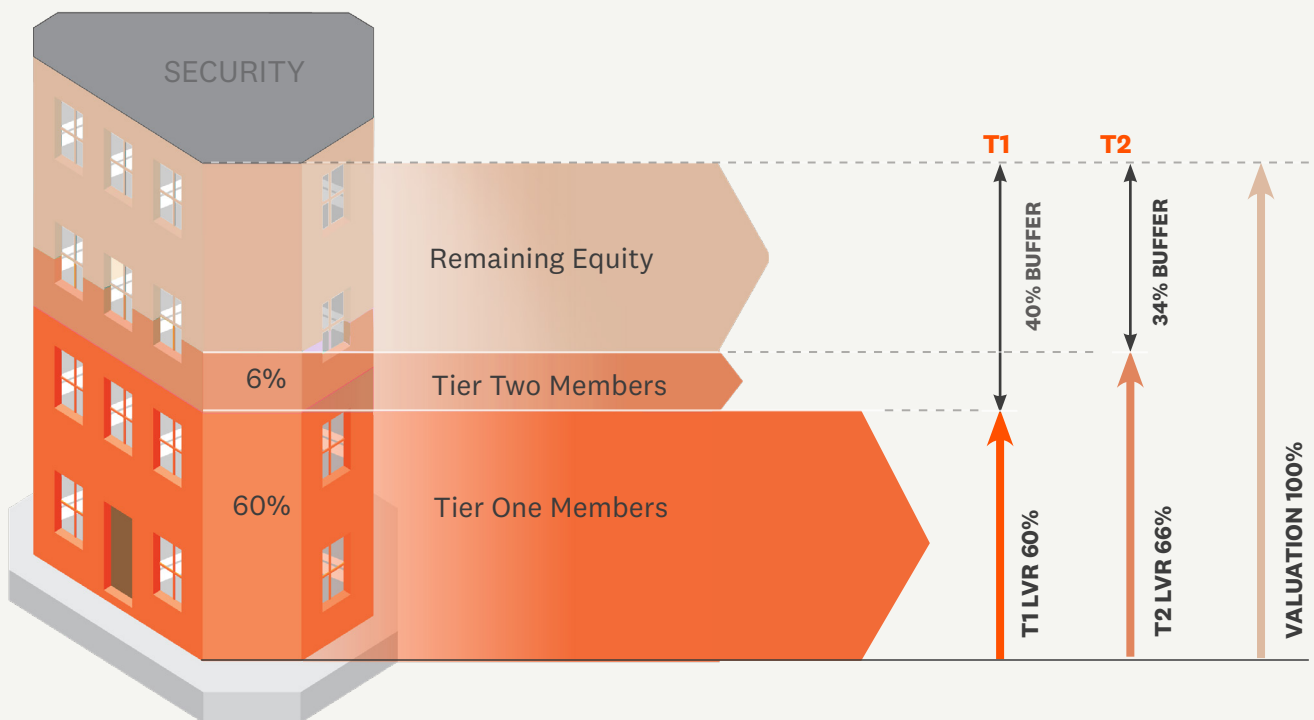
Investment Warning

Investors wishing to hold first priority should not invest in a sub-scheme holding a T2 Mortgage.

A T2 Mortgage[®] may not be a suitable investment for persons seeking a conservative investment equivalent to a first mortgage or Tier One Mortgage. ASL recommends investors seek advice from their investment adviser before making any investment in a T2 Mortgage[®].

Diagram – T2 Mortgage® Investors
as Two Tier Investors

[Explanatory note:
This diagram is intended for illustration
purposes only. The LVR spread proportioned
between Tier One and Tier Two investors
may vary from investment to investment as
appears in the relevant MSD].



³ LVR is the Loan to Valuation Ratio or the amount of the loan expressed as a percentage of the market value of the security.

Authorised Representatives

“The Member can appoint another person or entity [including their financial adviser] as their authorised personal representative”.

Authorised Representative

The Member may appoint another person or entity (including their financial adviser) with legal capacity to contract as their authorised representative to operate investments by completing the relevant section of the Application Form.⁶

This may be particularly useful for Members who will be overseas.

The authorised representative can do everything the Member can do with the investment, including:

- Apply to make additional contributions to a mortgage security in any sub-scheme;
- Request that an investment is rolled over;
- Approve or reject a sub-scheme for investment, receive reports and statements, renew an investment request payment on maturity or attend meetings and make complaints;
- Approve an increase or decrease in the amount advanced in a mortgage security;
- Request withdrawal of part or all of the investment and specify how much and to whom the withdrawal amount is to be paid;
- Enquire about an investment and request copies of any reports or documentation provided by ASL in relation to the investment;
- Change the Member(s) bank account details.

The authorised representative does not have the power to appoint other authorised representatives. Only the Member has this power. The exercise of any of the powers by the Member’s authorised representative will be treated as if the Member had personally exercised those powers.

Cancellation

The investor may cancel the appointment by written notice to ASL and the authorised representative. ASL may cancel this facility or vary these conditions, but only after giving the Member 14 days notice.

Conditions

The Member releases, discharges and indemnifies ASL from and against any liabilities arising out of the use of this Authorised Representative facility.

The Member, has no claim against ASIF or ASL in respect of any payment from ASIF (or a sub-scheme in the Fund) on the instructions of their authorised representative.

If the Member appoints an authorised representative, the Member cannot later claim the authorised representative, or any person(s) appointed by the Member acting on behalf of their authorised representative, was not acting on their behalf.

For example, if the Member is a company and it appoints an employee to be its authorised representative, that person will still be able to operate the account even if they leave the company unless the company notifies ASL in writing that the person no longer is its authorised representative.

⁶Section 5 page 35



Fees

“No management fees are charged on investor funds held by the fund until invested in a sub scheme”.

Fees and other costs

Consumer Advisory Warning Statement

The warning below is required by law. The fees and other costs associated with investing in the Fund are described in this section.

Did you know?

Small differences in both investment performance, fees and costs can have a substantial impact on your long term returns. For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

To find out more

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

The fees and other costs that you may be charged are set out in the fee and cost table. These fees and costs may be deducted from your money or your interest income.

Management fees

Because ASL investors invest directly in sub schemes holding underlying assets of the Fund they do not incur any additional fees or costs apart from management fee. The maximum management fee ASL charges is 0.95%.

Management costs comprise additional fees or costs that an investor incurs by investing in the fund rather than by directly into the relevant asset. The Management fee is paid to ASL as the responsible entity for the fund. The fee covers administration for investors, human resources, insurance, audit and compliance requirements, regulatory fees, computer equipment and systems, disclosure documents, bank charges, independent directors fees, etc.

Fees can change following changes in regulation or economic conditions. ASL will give an investor 30 days notice of any proposed increase. Management fees are not negotiable.

No management fees are charged on investor funds held by the fund until invested in a sub-scheme.

Management costs not deducted directly from investor account

Custodian fees

No custodian fees are charged to the investor at this time. While ASL is entitled under the Constitution to be indemnified for transaction costs and expenses incurred out of fund assets it has made no claim for reimbursement.

Compliance fees

All borrowers pay the Fund a compliance fee of no more than 0.65% per annum of the loan amount for the term of the loan. Compliance fees are due on commencement of the loan but are paid with interest monthly in arrears or on repayment. These fees cover computer systems and hardware, administration for borrowers, custodian expenses, monitoring loans for performance, insurance, audit, compliance, rollovers, human resources, training activities and processes to service borrowers, rollovers etc.

Commissions

ASL does not pay commissions.

ASL at the request of the borrower may facilitate payment of introducer fees from settlement funds or periodic payments. Any periodic arrangement between introducer and borrower is disclosed in the MSD as an amount collected in excess of the compliance fee. Due to the low management fees ASL does not pay commissions to introducers.

Other fees

ASL may be paid by the borrower additional fees to rollover a loan, increase a loan or make a partial repayment. The amounts of these fees cannot be ascertained and are reliant on a future uncertain event occurring.

Pre Sub-scheme fees

ASL receives independently of ASIF other fees which are created before the sub scheme is created. These fees are not a liability or expense of ASIF or the sub-scheme. These fees include commitment fees paid by a borrower to process a loan application and establishment fees to package and source a loan for ASIF potential.

Management Fee Ratio | MFR |

The MFR is a measure of the total ongoing fees and expenses payable from the Fund expressed as a percentage of the average net asset value of the Fund over the period. It shows the costs to investors of investing in a managed investment scheme as opposed to investing directly in the same investments.

The Funds MFR remains constant at 0.95% (0.86% excluding GST) as the investor funds are invested directly in the relevant assets of each sub scheme.

Fees and Costs Summary

| AUSTRALIAN SECURITIES INCOME FUND | | |
|---|--|--|
| Type of fee or cost | Amount | How and when paid |
| Ongoing annual fees and costs | | |
| Management fees and costs Fees and costs for managing your investment in a sub scheme | 0.95% p.a (max) e.g.- \$100,000 investment \$100,000 x 0.95% = \$950 inc GST p.a. \$950 net of \$86.36 GST = \$863.64 | The management fee is due on approval of the Mortgage Security Description [MSD] by the investor or on rollover but is paid in arrears by deduction from interest collected or on early repayment of the loan amount |
| Performance fee Amounts deducted from your investment in relation to the performance of the product | Nil | Not applicable |
| Transaction costs The costs incurred by the scheme when buying or selling assets | Nil | |
| Member activity related fees and costs (fees for services or when your money moves in or out of the product)¹ | | |
| Establishment fee The fee to open your investment | Nil | Not applicable |
| Contribution fee The fee for the initial and any subsequent investment you make to the Fund | Nil | Not applicable |
| Withdrawal fee This is the fee on each amount you take out of your investment | Nil | Not applicable |
| Exit Fee The fee to close your investment | Nil | Not applicable |
| Switching fee The fee for changing investment options | Nil | Not applicable |

¹Inclusive of GST.

Legal Relationships

“The Legal Relationship of the Investor with ASIF is centred on the PDS and MSD. These documents must also comply with the ASIF Constitution, Compliance Plan and the law”.

ASIF Constitution

The ASIF Constitution sets out ASL’s legal relationship with investors and provides the framework for the operation of the Fund to comply with laws [such as the Corporations Act] governing managed investments.

The ASIF Constitution deals with amongst other things the following matters –

- How the fund will be administered
- Powers of Investment
- Valuation
- Rights, Liabilities and Indemnities of the Responsible Entity
- Remuneration of the Responsible Entity and reimbursement of expenses
- Investor’s Rights and Liabilities
- Redemption, Transfer and Withdrawal
- Complaints Handling
- Modification
- Life and Winding Up of Fund

Anti Money Laundering and Counter Terrorism Financing Act

Australian Securities is required to comply with the regulations of AUSTRAC, which include identification of investors and borrowers and adopting certain risk protocols to prevent AML/CTF activities affecting the fund and its members. The performance of that requirement is reviewed annually by the compliance auditor.

Investor rights

The rights of the investor are set out in the Constitution, the Corporations Act 2001, this PDS and other relevant laws. Each investor has a beneficial interest in the mortgage security identified by the specific investment for their MSD. However the investor does not have any entitlement to any other mortgage security or asset of the Fund. The rights of the investor can be varied by changes to the Constitution, the Corporations Act 2001 and any related laws.

Indemnity

An investor by investing in ASIF agrees to indemnify ASL against any losses they may suffer from their investment in ASIF.

Investor Liability

The Constitution provides that the Responsible Entity may claim indemnity from the Fund. The Responsible Entity is not entitled to be indemnified by the Fund unless it acts in good faith and without fraud or negligence. The extent of the indemnity is limited to the value of the fund assets.

Compliance Plan

There is a Compliance Plan that sets out how the Responsible Entity will ensure compliance with both the Constitution, the Corporations Act and the Anti Money Laundering and the Counter Terrorism Financing Act [AML/CTF Act].

The Compliance Plan has been lodged with ASIC and a compliance officer has been appointed to monitor compliance with the Compliance Plan.

In addition the Compliance Officer must regularly assess the adequacy of the Compliance Plan and report any breaches of the Financial Services Licence conditions, Corporations Act 2001, AML/CTF Act, Compliance Plan or the Constitution to the ASL Board and/or Compliance Auditor. If the ASL Board does not take appropriate action to deal with the breach then the Compliance Officer must report the breach to ASIC and the Compliance Auditor.

Documents Incorporated by Reference

The Constitution, Compliance Plan and any Mortgage Security Description | MSD | issued to an investor are incorporated by reference in this PDS. Upon request ASL will make copies available for inspection.

Interest advance facility

ASL uses an Interest Advance Facility™ to assure investors their interest will be paid automatically without delay when payment is due.

Under this facility the investor assigns their entitlement to all benefits including higher interest charges due under the mortgage to ASL in return for prompt payment of the interest by ASL to the borrower's loan account.

The facility does not guarantee borrower performance to pay interest. The facility has first priority for reimbursement of the interest advanced and any penalties arising from the use of the facility. ASL reviews the facility quarterly for capital adequacy requirements.

ASL will suspend payment on a sub-scheme if it considers the payment could erode investor capital.

ASIC

Benchmarks

“ASIC has developed benchmarks for unlisted mortgage schemes for retail investors to better understand and assess the risks, rewards and suitability of this form of investment”.

ASIC benchmarks for improved disclosure to retail investors

ASIC has developed 8 benchmarks for unlisted mortgage schemes for retail investors to better understand and assess the risks, rewards and suitability of this form of investment.

Australian Securities explains how our Fund ASIF deals with each benchmark in the ASIC Benchmark Overview (see opposite page).

References to the Product Disclosure Statement | PDS | provide more information on each benchmark.

Investment Ratings

Investment ratings are an opinion by a ratings agency about the likely performance of an investment or its relative performance compared to other similar investments.

Neither Australian Securities nor Australian Securities Income Fund can be rated by a ratings agency as it is impractical and commercially unviable to rate each sub scheme in the short time frame that ASL receives, processes and allocates investors to each mortgage security.

Australian Securities is a member of the Financial Services Council | FSC | which is a non profit organisation and its members comply with the FSC Standards and Guidance Notes to ensure the promotion of industry best practice.

Need to know more about ASIC benchmarks?

Download from the ASIC website RG45 Investing in Mortgage Funds – Independent guide for investors about unlisted mortgage funds.

www.asic.gov.au Investment Warning – ASL recommends you obtain independent financial advice before any investment.

ASIC Benchmark Overview

| # | Benchmark | Overview | ASIF | Product Disclosure Statement Reference |
|---|---|--|---|---|
| 1 | Liquidity [pooled mortgage schemes only] | Addresses the schemes ability to satisfy withdrawal requests and other operational commitments | This benchmark does not apply, as Australian Securities Income Fund (ASIF) is not a pooled mortgage scheme. | Page 22 Individual sub-schemes – no pooling of investment |
| 2 | Scheme Borrowing | Addresses the Scheme’s policy on borrowing | This benchmark does not apply, as borrowing is prohibited by the Australian Securities Income Fund (ASIF) Constitution | Page 19 Interest Advance Facility |
| 3 | Portfolio Diversification [pooled mortgage scheme only] | Addresses the scheme’s lending practices and portfolio risk | This benchmark does not apply, as Australian Securities Income Fund (ASIF) is not a pooled mortgage scheme. | Page 22 Individual Sub Schemes – No Pooling of Investments |
| 4 | Related Party Transactions | Addresses the risks associated with related party lending, investments and transaction | ASIF does comply with this benchmark. ASIF constitution prohibits related party borrowings. Related parties may contribute as an investor to any mortgage sub scheme in accordance with the ASIF Constitution and PDS. | Page 5 Related Information |
| 5 | Valuation Policy | Addresses the scheme’s property related valuation practices | ASIF does comply with this benchmark. Licensed valuers value each property in accordance with valuation standards. Properties are valued “as is”. Properties to be developed include “cost to complete” and “completed value”. Valuations must be less than 3 months old before funds are advanced. Independent valuations are obtained when a loan is renewed after 3 years or within two months of a likelihood that the security property valuation decrease may have caused a material breach of a loan covenant, unless exempted by the investors in the sub-scheme. Valuer certifies their valuation complies with current valuation standards. | Page 23 Valuation Risk |
| 6 | Lending Principles (loan to valuation ratios) | Addresses the scheme’s property related lending practices | ASIF does comply with this benchmark Loan to valuation ratios are limited to a maximum of 66.66% “as is” value. Property Development Loans: ASIF always holds the “cost to complete” and progressively pays for completed building works certified by valuer or quantity surveyor. Lower Loan to Valuation ratios may apply to reflect higher risk for a specific security. | Page 24 Capital Risk |
| 7 | Distribution Practices | Addresses the transparency of the schemes distribution practices | ASIF does comply with this benchmark Failure by the borrower to pay interest on time is a risk to the income of investors in a sub-scheme. ASL does not guarantee interest payments. The Interest Advance Facility assures investors of regular income. Fixed income or variable income [tied to the cash target rate set by the RBA] and paid monthly to investors for the specific mortgage security. Failure of delay by the borrower to repay the capital advance on the repayment date. ASL does not guarantee the repayment to an investor of their monetary contribution invested in a mortgage security. Capital investment is repaid to the investor when the mortgage is repaid or an investor funds are replaced by an incoming investor. ASL management fees as set out in the PDS are deducted from the monthly interest payment. | Page 16 Fees Page 24 Income Risk Capital Risk |
| 8 | Withdrawal arrangements | Addresses the transparency of the responsible entity’s approach to withdrawals of investments | ASIF does comply with this benchmark ASIF is not a pooled fund. Investors hold their interest in the mortgage security independent of any other mortgage sub scheme. ASIF Constitution prohibits early redemption or withdrawal of funds. ASIF Constitution permits redemption if special circumstances exist and another investor is willing to assume the investment and outgoing investor pays early redemption costs for any loss sustained by ASL and interest shortfall to incoming investor. Investments are rolled over with details of any changes in the investment disclosed in the Rollover Notice to the investor Supplementary PDS will disclose if the borrower has the right to repay part or all of the loan at any time before the repayment date. | Page 9 Rollovers Page 11 Withdrawals |

Risk Management

Risk Management Generally

Like any other investment ASIF [while conservative] has an element of risk.

Before making an investment in the Fund the investor should consider their

- specific risk assessment by investing in ASIF;
- other investments compared with the risks in ASIF;
- personal risk tolerance;
- personal investment objectives and expected return and outcome from this investment.

Risks and safeguards

ASIC Benchmarks are a helpful resource and appear on Page 21. It is also important to note that not all risk can be foreseen; therefore it is not possible for ASL to protect the value of an investment from all risks.

Security based lending ratio

ASL does however apply a security based lending approach to mortgage securities as an investment. ASIF assumes in a worst case scenario the property used as security must be realised to repay the debt with interest. For this reason no mortgage security managed by ASL can lend above two third security value. Risk generally increases as the loan to valuation ratio rises. The ratio is lowered to reflect any perceived higher risk [for example - risk of adverse market conditions] following a review of the valuation report, credit and property ownership history.

Individual Sub – Scheme Immunity and Protection

ASIF is not a pooled fund. In a pooled fund the manager selects a range of securities and sets the loan to valuation ratio for each security without any input from an investor. A loss arising from any mortgage security is shared by all investors. ASIF mortgage securities stand alone, specifically approved by the investor for their investment criteria and operate independently and separately from any other mortgage security. There is no pooling of mortgage securities permitted between investors. If an investor sustains loss on one mortgage security they cannot seek indemnity or offset their loss from any other mortgage security held by other investors. ASIF investors may manage their exposure risk by a spread of investment sub schemes [subject to minimum investment criteria] with different security categories and risk exposure.

Mortgage security

ASL finance managers combine experience, skill and lending qualifications to apply the ASL lending policy, approval process and checklist to all loan applications. All borrowers are required to have a credit assessment completed prior to the loan being formally approved to ensure the borrower can service the debt without experiencing any financial hardship. The details in the credit assessment are cross checked against the property security and credit history and financial information of the borrower. The security is independently valued for suitability and market value. At least one executive director must approve the mortgage security. Legal documents are prepared and reviewed by a dedicated legal team experienced in mortgage finance, verification and validation requirements. A lawyer independent of ASL must identify the borrower and validate legal documents.

The security is also reviewed by an ASL Investment Manager, combining experience, skill and investment qualifications when reviewing the MSD before submission to an investor. The investor then approves the security before their funds can be allocated to the security. ASL discloses to the investor in the MSD any additional information that it believes the investor would reasonably consider to be relevant to their investment decision.

No property security nor mortgagor is alike. ASL subjectively considers each mortgage security for risk of default and may impose conditions to reflect risks peculiar to the security to reduce risk of default or loss. Typical conditions may include a lower loan to valuation ratio by decreasing the loan advance or requiring additional security.

Every mortgage security is electronically tracked from initial enquiry to settlement and release of Mortgage Summary Information to investors.

Valuation risk

An ASL panel valuer with 5 years minimum experience, is a member of the Property Institute [or equivalent] and has professional indemnity insurance, values the specific security. Valuers are retained for updating valuations for extensions, increases, building progress payments and realisations. The market valuation is required to be conservative and valuers are required to comply with the Property Institute Valuation Standards and specific guidelines from ASL relating to valuation and independence. Valuations will generally provide two or three valuation methods - 1. Comparative Sales. 2. Summation separately valuing land from improvements. 3. Insurance replacement value, 4. Rental value are also included. 5. Englobo Capitalisation. Construction loan valuations also include the Completed value. 6. "as is" value. 7. Cost to complete [by external builder]. For significant building developments a quantity surveyor will be engaged to certify payments and update costs to complete as the project proceeds to a set time frame.

Operational risk

ASL has a financial services, investment and accounting team who use the ASL mortgage management system to monitor all mortgage securities, electronically process collections and distributions of interest payments between borrowers and investors bank accounts, monitor the securities for insurance compliance, review security values and automate rollover notices to borrowers and investors for their investments in each sub scheme. The system is computerised and backed up each day and upgraded with new features to improve processes.

Insurance

The borrower is required to keep the property security insured at all times with the interest of the fund recorded on the policy. ASL takes out Mortgage Protection Insurance for investors in a sub scheme when the borrower fails to provide insurance.

ASL does not require Lenders Mortgage Insurance on its loans as the loan to valuation ratio never exceeds two third value.

Non performing loans

Any form of lending has an element of risk to the lender that either interest or principal may not be repaid on the due date. Common causes for non-payment of interest include unemployment, excessive use of credit, domestic discord, ill health, adverse litigation, gambling/speculations and liabilities or guarantees. Responsible lending practices, close management and fast response times and low lending ratios has contributed to a long history of performing mortgage securities.

ASL notifies sub-scheme members if a default event arises.

ASL Quarterly and Annual reports to members provide updates on any non-performing mortgage security. The Credit Risk Committee meets monthly to review mortgage securities at risk and implement a management strategy to achieve reinstatement or elimination of the risk.

ASIF discloses the current default rate in both Quarterly Performance and quarterly reports to investors. ASL has a case manager and a credit risk committee that assesses non performing loans on a monthly basis. The committee devises strategies to best respond to the situation. The Credit Risk committee comprises representatives from Finance, Investment and Operations divisions.

The committee reports monthly to the CEO and Compliance Officer. ASL borrowers with significant equity in their security are expected to speedily resolve default. In worst case scenarios ASL has access to an experienced legal and real estate team to realise the property security. An investor is notified if an interest default exists longer than 60 days. Borrowers with default histories are usually not invited to rollover their loan for a further term.

Borrower mischevious conduct, the Australian Financial Complaints Authority and the Courts can delay realization to resolve disputes within a reasonable time, eroding borrower equity and increase the risk of shortfall on interest and/or capital by prolonged litigation.

ASL has insurance for fidelity and fraud.

Risk

Management Cont.

Market risk

The Fund invests in mortgage securities over real estate so risk is confined to factors that affect the property market.

Market risk is the risk that the whole property market declines in line with various trends in the Australian or overseas markets due to various internal factors e.g. over supply of real estate on the market for sale, or external factors such as economic conditions or market sentiment.

Property risk for values on property assets will be affected by the supply and demand for the relevant property used as security, vacancy levels, insurance (and any exclusions like terrorism) competing developments, interest rates, inflation, rental levels, property outgoings, economic cycles, investor demand levels, business confidence, government and central bank policies and general market conditions.

Inflation risk (or purchasing power risk) is the danger that the inflation rate is higher than the return received on investments.

Investment selection risk is the risk that the specific mortgage securities selected by the investor will not perform as well as others e.g. mortgage is repaid prematurely.

Capital risk

Capital risk is the failure or delay by the borrower to repay the capital advance on the repayment date. ASL does not guarantee the repayment to an investor of their monetary contribution invested in a mortgage security. This risk is managed by setting a conservative loan to valuation ratio on the security, further inquiry of the borrower, due diligence, legal

enquiries, credit checks and evaluation of the real estate used as security.

The property market is subject to rise and fall in value depending on economic factors and other circumstances beyond the control of ASL. ASIF Mortgages contain a 'loan to valuation ratio' clause requiring the borrower to reduce their debt when the LVR rises due to a falling property market. Failure by a borrower to complete works is managed by ASL deciding to sell the security on its "as is value" or completing the building works with the current builder and using the retention funds to complete. The decision to sell would depend on the status of the building works. An investor seeking to withdraw from a sub scheme [during the term of an investment] where the interest rate is fixed for the term of the loan, risks a fall in capital value if market interest rates rise after commencement.

Income risk

Failure by the borrower to pay interest on time is a risk to the income of investors in a sub-scheme. ASL does not guarantee interest payments. The Interest Advance Facility™ assures Tier 1 members of a regular income. The risk management program, which includes electronic collections and interest payment monitoring, is designed to reduce this risk. Interest rates may rise and fall in the financial markets between the commencement of an investment and the repayment date. These fluctuations and variations are beyond the control of the Fund and reflect free market movement. Generally long-term loans attract higher interest rates to reflect market expectation of future interest movements and a smoothing in the market over the term of the loan. The borrower pays interest at the higher rate for late payments. ASL investors

can spread the maturity dates for their investments [subject to minimum investment requirements] to average out interest rate movements over the term of their investments .

Environmental risk

All securities may be effected by environmental risks for example termite infestation, land fill or subsidence, chemical residue below the surface or asbestos in the premises, etc.. ASL valuers are required to identify these risks. An environmental risk impact study is obtained and cost to reinstate the security obtained and taken into account in any valuation of the security.

Regulatory Risk

Changes to government policies, regulations and taxation laws may negatively impact on the operations of ASIF. ASL cannot predict future policy changes but monitors updates from ASIC, External Complaints Provider (AFCA) participates in industry forums to anticipate and keep ahead of changes in the horizon.

Additional Information

Income tax

ASIF does not pay income tax as it distributes all taxable income to the members each year. You will normally be taxed on your interest/income distribution in the year in which your distribution relates, even if it is reinvested or received in the next financial year. You should quote your Tax File Number [TFN] or claim an exemption from doing so by completing the TFN section in the application form. ASIF will collect withholding tax [WHT] for international investors.

Without a TFN Australian residents are taxed at the higher marginal rate. Non resident investors have a lower tax rate. WHT is the rate set by the ATO. The laws of the country of your domicile are relevant and you should consult a taxation adviser before investing.

Goods and Services Tax | GST|

- GST applies to fees and charges only;
- GST, which is applicable, will be deducted from the interest collected. The amount of any GST deduction is set out in the investor's periodic income statement which may be treated as a tax invoice.

Reporting

If investing through a Financial Adviser please refer directly to them for your reporting needs. ASL provides regular reports to Financial Advisers.

Direct investors with ASL will receive:

- Confirmation for every investment and withdrawal processed;
- An annual income report after the end of a financial year to help with their tax return;
- ASIF Quarterly Performance Reports;

- ASIF Annual Accounts (at the end of Financial Year) which includes financial information, management and performance reports. An electronic copy of the current Annual Report can be downloaded from the ASL Website or by request to one of our investment managers 1300 275 275.

Complaints

Financial Adviser investors should contact their Financial Adviser with initial queries, feedback or complaints. All complaints received by ASL relating to ASIF are governed by a procedure which is consistent with Australian Standard ISO10002-2006. Staff receiving your complaint will attempt to settle it immediately to your satisfaction. This may involve another staff member who can resolve your complaint. Complaints which cannot be resolved in a timely manner, will be referred to the Complaints Officer. The Complaints Officer is responsible for the effective operation of the complaints handling process.

If your complaint remains unresolved [for example where no remedy is offered, instigated or accepted] ASL will refer you to its external complaints scheme, the Australian Financial Complaints Authority [AFCA] an external complaints handling body approved by ASIC.

Where ASL or you refer a complaint to AFCA, the Complaints Officer shall comply with procedures set out in the AFCA terms of reference. Following referral and expiry of time to settle the complaint, AFCA will work with you and ASL to seek a mutually acceptable resolution of your complaint. AFCA can be contacted by telephone 1800 931 678 (free call) or In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne VIC 3001 or on their website www.afca.org.au

Additional Information Cont.

Privacy Statement

Privacy Statement

ASL is committed [without reservation] to respect and protect the privacy of the personal information of individuals with whom it deals.

Information Collection

ASL collects limited personal information [required by law] of Financial Adviser Investors in connection with their business in ASIF.

Whenever it is reasonable and practicable to do so, ASL only collects information about investors directly from them.

Information Purpose

This personal information is collected to –

- Provide suitable securities that meet the investor's criteria;
- Consider applications and approaches made by the investor to ASL;
- Maintain investor contact details;
- Comply with the law [for example Anti Money Laundering & Terrorism Legislation].

Holding Information

ASL holds personal information relating to:

- The products and services it provides or has provided to an investor;
- Contact details for the investor.

No sensitive information is retained about the investor unless required by applicable laws or rules which is usually no longer than 7 years after the last transaction by the investor.

Use and Disclosure of Information

ASL will only use and disclose personal information about an investor for the purpose for which it was disclosed to ASL or related purposes which would reasonably be expected without investor permission.

ASL may disclose personal information to service providers who provide services in connection with its products and services or to their nominated financial adviser [with their permission].

Maintaining accurate information

ASL takes all reasonable steps to ensure that all information held is as accurate as possible. An investor can contact ASL at any time and ask for its correction if the investor feels the information held by ASL is inaccurate or incomplete.

Protecting Information

ASL protects the investor information it holds. Access is limited to prevent misuse or unlawful disclosure of the information. Information no longer required is deleted or permanently de-identified.

Information Access

An investor can access all information unless a legal or administrative reason requires ASL to deny access. If access is denied, ASL will provide the investor with the reason why.

Glossary

Applicant - A person who has applied to become an investor in ASIF by completing the Application form accompanying this PDS

Application Form - An application by the Applicant for an interest in ASIF in the form attached to this PDS

ASL - Australian Securities Limited [ABN 69 005 428 231] Australian Financial Services and Credit Licence No 260499

ASIC - Australian Securities and Investments Commission

ASIF - Australian Securities Income Fund Registered Scheme Number 092 514 488

Board - The Board of Australian Securities Limited

Borrower - Mortgagor identified in the mortgage security for any sub-scheme

Compliance Officer - Person appointed by the Board to ensure compliance with the Constitution, Compliance Plan, the Corporations Law Act and the AML/CTF Act

Compliance Plan - Compliance plan for the Fund, summarised in the "Legal Relationships" section of this PDS

Constitution - Constitution dated 16 May 2000 which established the Fund, summarised in the "Legal Relationship" section of this PDS

Contribution - Interest of an Investor in proportion to their monetary contribution towards a mortgage security in a sub-scheme in the Fund

Contributor - Person or legal entity accepted as a member in the Fund and is entered on the Member Register maintained by ASL

Contributory Mortgage - Two or more members registered as mortgagee on a mortgage in a sub-scheme for their respective contributions

Corporations Act 2001 - Corporations Act 2001 Cwth as amended from time to time

Custodian - Australian Securities Limited or any other person authorised

under the Constitution to hold the Scheme Assets

Direct Mortgage - Mortgage security in a sub-scheme under the Fund registered in the sole name of one member as lender

Directors - Directors of ASL

Fund - Australian Securities Income Fund [ARSN 092 514 488]

Fund Assets - The funds, investments, assets and any other property derived from the money contributed by Members, but excluding any assets or other property vested directly in the Members

Fund Property - Fund Assets

Investor - Any person wishing to become a member for the purpose of investing in a sub scheme in the Fund

Law or the Law - Corporations Act 2001 unless otherwise apparent from the context

Lender - Mortgagee named in the mortgage

LVR - Loan to Valuation Ratio being the amount of the loan expressed as a percentage of the market valuation of the security

Market value - Price paid by a purchaser at auction (or earlier by private treaty) for real estate advertised in the market place on terms 10% deposit and balance sixty days from the auction or sale date

Member - Person who has signed the Application and made a monetary contribution for a current or future mortgage security in the Fund

Month - Calendar month

Mortgage - Mortgage security

Mortgage Investment Summary - Booklet containing a summary of the mortgage terms, copy valuation, copy title, copy mortgage, copy Trust Declaration (for Nominee Mortgages)

Mortgage Security - Mortgage secured over an interest in land registered in the

name of the member or held on trust for a member in any sub-scheme in the Fund

MSD - Mortgage Security Description Form provided to a Member

Nominee Mortgage - Mortgage security in a sub-scheme under the Fund with ASL identified as mortgagee and holds as trustee for one or more members identified in a Trust Declaration for specific sub-scheme

Nominee or Trustee - Australian Securities Limited

PDS - This document containing the Product Disclosure Statement and Application form

Power of Attorney - The power of attorney given by the Member to Australian Securities Limited under the terms of the PDS authorised by their signature on the Application

Property Security - Real estate mortgaged as security for repayment of money due to investors in a sub scheme

Rollover - The extension of an existing investment in a sub-scheme holding a mortgage security for a further term based on the terms contained in a Roll Over Notice issued by ASL to the Member. The Member is given notice that the borrower seeks to extend the loan for a further term in the form of a Roll Over Notice

Responsible Entity - ASL who manages the fund

Short term investment - An investment held for a period of less than one year

Sub-Scheme - One of many similar schemes coming under the same umbrella type mortgage investment scheme in which individual members have their interests recorded against the sub-scheme property in proportion to their monetary contribution has to the sub-scheme

Trust Declaration - A deed by ASL stating it holds a Nominee Mortgage security on trust for one or more Members identified in a specified sub-scheme

Investor Guide to completing the Application Form

Investor Details

Applicants may be one or more individuals, a company, incorporated association, partnership or an unincorporated association.

Persons signing for:

Corporations and Incorporated Associations

Acknowledge:

- You are the officers of the corporation or incorporated association;
- You have the authority to bind the corporation or incorporated association;
- The Certificate of Incorporation attached to the application is a true and current copy;
- Company applicants may sign under seal, although seal is not required.

Joint Investors

Agree to hold the interests as joint tenants:

- Acknowledge that unless otherwise stated, both signatures are required for written withdrawal requests and additional applications;
- Acknowledge all liability shall be both joint and several.

Partnerships

- Acknowledge that you are a partner in the partnership and are investing on behalf of the partnership;
- Acknowledge that you have the authority to bind the partnership;
- Agree all liability shall be both joint and several.

Trustees

- If you are joint trustees and you elect in the relevant section of the application that either trustee can sign authorities for future transactions you acknowledge the relevant trust deed authorises you to do this;
- Acknowledge that holding units is an authorised investment of the trust into the investment.

Unincorporated Associations

- Acknowledge you:
- Have authority to bind the unincorporated association;
- Invest for and on behalf of the unincorporated association.

Authorise Representative

Accept ASL and the Authorised person named in the Application may exchange personal investment details and relevant account information.

Communication

All communications from ASL will be sent to the address shown on the Application. For joint applicants only one address is required. Please include telephone, e-mail details should ASL need to contact you urgently.

Payment Details

- Complete the payment details in the Application. Your contribution will be held by Australian Securities Limited in a trust account for you until a suitable mortgage security is identified and approved by you for investment under the MSD.
- Payment can be collected by ASL for the amount you nominate to invest in the Application by debiting any bank account you nominate for that purpose in the Application.
- Investment amounts due to be repaid to you from a sub-scheme on maturity can be credited by electronic funds transfer to any bank account you nominate for that purpose in the Application.

Income Payments

Your interest income from the mortgage security will be credited to the bank account you nominate in the Application form.

You understand and acknowledge that:

1. Your nominated financial institution may in its absolute discretion decide the order of priority of payment by it of any monies pursuant to this request or any authority or mandate.
2. ASL may, in its absolute discretion, at any time by notice in writing to you, terminate this request as to future debits.
3. You can modify, defer, stop or cancel the DDR at any time by giving ASL 14 days notice in writing.
4. If at any time you feel that a direct debit against your nominated account is inappropriate or incorrect it is your responsibility to notify ASL as soon as possible.
5. It is your responsibility to ensure that there are sufficient cleared funds in your nominated account to honour the DDR. ASL will charge the cost of dishonoured direct debits against your account.

Signature Declarations

The Applicant must sign each Application personally. A person signing under a Power of Attorney must provide a certified copy of the original Power of Attorney with the Application. Joint applicants must each sign the Application. An application by a company may be under seal and must be executed in accordance with its Constitution. A copy of its Constitution need not be provided. The Application should also be dated.

By completing and signing the Application Form the investor gives ASL their Power of Attorney as set out in this PDS and the investor agrees to be bound by all the provisions in this PDS, the Constitution and any MSD approved in compliance with this PDS.

A completed Application selecting the Direct Debit Authority box and completing the bank account information at Section 4 of the Application can be mailed to -

Australian Securities Limited
Level 34, 140 William Street Melbourne
Melbourne VIC 3000 or by email to:
mail@asltd.com.au.com.au

Fund Application Form

This is an Australian Securities Limited, Fund Application Form. To be completed if you are investing in any or all of the Funds listed below

Australian Securities Fund Application.

This form accompanies the Product Disclosure Statement for each of the following funds

Please tick chosen fund application boxes:

- Australian Securities Income Fund
 Australian Securities Property Fund
 Australian Securities Term Fund
 All of the above

When you complete this form please print in clear BLOCK LETTERS and use crosses in boxes.

Adviser's stamp:

ASL use only:

- Step One** Identify the applicant type for your investment account by ticking the appropriate box
- Step Two** Complete the mandatory sections identified against the Applicant type you ticked
- Step Three** Complete section 5 only if you appoint a third party or representative to act for you.
- Step Four** Sign the Application at Section 6 [initial any amendments or white outs]
- Step Five** Return the signed Application to Australian Securities Limited along with a copy of the following:
- Photo ID (eg Drivers licence, Passport)
 - Recent utilities bill (eg Gas, electricity, water)
 - Certified copy of a Power of Attorney (if account is opened under a Power of Attorney)
- [Authorised Representative or Third Party appointments also require Photo Identification]

Applicant type (please tick box)

Mandatory Sections to complete

- | | |
|--|---------------------|
| <input type="checkbox"/> Individual or Joint Individuals..... | 1, 2A, 2B, 3, 4, 6A |
| <input type="checkbox"/> Company..... | 1, 2A, 2C, 3, 4, 6B |
| <input type="checkbox"/> Trust - Trustees are individuals..... | 1, 2A, 2B, 3, 4, 6A |
| <input type="checkbox"/> Trust - Trustee is a company..... | 1, 2A, 2C, 3, 4, 6B |
| <input type="checkbox"/> Superannuation Fund - Trustees are individuals..... | 1, 2A, 2B, 3, 4, 6A |
| <input type="checkbox"/> Superannuation Fund - Trustee is a corporation..... | 1, 2A, 2C, 3, 4, 6B |
| <input type="checkbox"/> Partnership - partners are individuals..... | 1, 2A, 2B, 3, 4, 6A |
| <input type="checkbox"/> Partnership - partners are companies..... | 1, 2A, 2C, 3, 4, 6B |
| <input type="checkbox"/> Deceased Estates..... | 1, 2A, 2B, 3, 4, 6A |
| <input type="checkbox"/> Trust (no trust deed) - individual..... | 1, 2A, 2B, 3, 4, 6A |
| <input type="checkbox"/> Trust (no trust deed) - Company..... | 1, 2A, 2C, 3, 4, 6B |
| <input type="checkbox"/> Unincorporated body - office bearers..... | 1, 2A, 2C, 3, 4, 6B |

Australian Securities Limited Fund Application Form

1. Investor Name: _____

Your investment is/or will be recorded in this name

2. Do you have an existing investment in this name? Yes ASL INVESTOR NUMBER: _____

If YES and you do not wish to use this form to update our records, proceed to Signing Clause at Section 6 and return this Application with your preferred method of payment. If NO, continue to complete this Application Form.

3. Initial Investment Method⁹ (Minimum requirements apply) **If this is an A Term Fund Application only, please proceed to number 11.**

\$ _____ (Cash is not accepted) Direct Credit Direct Debit

Only Direct Only Contributory Only Nominee All Types

4. Investment Options¹⁰ **Applies to Income Fund (ASIF)**

5. T1 First T2¹¹ All Types Mortgage Security Priority Type **Applies to Income Fund (ASIF)**

6. Preferred Term **Applies to Income Fund (ASIF)**

One Year Two Year Three Year Four Year Five Year Any term up to 5 Years

7. Security Category¹² **Applies to Income Fund (ASIF)**

Industrial Residential Regional Coast Development & Construction All Types Regional/Rural

8. Interest Rate **Applies to Income Fund (ASIF)**

Fixed Variable Both Fixed and Variable

9. Interest Advance Facility^{TM13} **Applies to Income Fund (ASIF)**

If you do not require this facility for direct investments tick this box Hold – I do not require the interest Advance Facility

10. Investment Summary¹⁴ **Applies to Property Fund (ASPF) & Income Fund (ASIF)**

Investment summaries are issued electronically. Tick box to opt out of receiving summary

11. Annual Accounts and Reports **Applies to Property Fund (ASPF) & Income Fund (ASIF)**

The Annual Report for all Australian Securities Limited Funds are available on the ASL website. You can "opt in" to receive a paper version by post. Tick this box if you wish to receive the Australian Securities Limited, Funds Annual Accounts & Report by post.

12. GST

Yes No ABN No. _____

13. Privacy Notice

Your personal information is collected to enable us to provide you with information about existing or new investments, investment opportunities and Fund performance. Please cross the box if you do not wish to receive this marketing information.

No marketing information

⁹ Initial Investment (Page 12 ASTF PDS) ¹⁰ Investment options (Page 9 ASIF PDS) ¹¹ T2 Investments (Page 12 ASIF PDS) ¹² Security Categories (Page 10 ASIF PDS)

¹³ Interest Advance Facility (Page 19 ASIF PDS) ¹⁴ Mortgage Security Summary (Page 6 ASIF PDS) / Property Description Certificate [PDC] (Page 9 ASPF PDS).

Australian Securities Limited Fund Application Form

A INFORMATION TYPE

 New Investor Information

 Updated Investor Information

B INDIVIDUALS (COMPLETE ALSO IF TRUSTEE IS INDIVIDUAL(S))

1. Individual Investor A or Trustee

 Title (Mr/Mrs/Miss/Ms/Other) _____ This person is an Individual Trustee for this Investment

Given Names: _____

Last Name: _____ Date of Birth ____ / ____ / ____

Tax File Number: _____

2. Individual Investor B or Trustee

 Title (Mr/Mrs/Miss/Ms/Other) _____ This person is an Individual Trustee for this Investment

Given Names: _____

Last Name: _____ Date of Birth ____ / ____ / ____

Tax File Number: _____

3. Relationship Investor A & B. If contact details for each investor the same, please state "AS ABOVE" for Investor B

 Joint

 Tenants in
Common

 Partnership

 Trustee

4. Account signing authorities for future transactions

 For two
investors only

 A&B

 Either A or B

 Only A

 Only B

C NON INDIVIDUAL

5. Name: _____

If the Trustee is an Individual, complete Question 1 and Mark the BOX as Trustee.

6. Tax File Number: _____

Australian Registered Business Number or Exemption Reason: _____

ARBN Non-resident OR Exemption Reason: _____

D TARGET MARKET DETERMINATION QUESTIONNAIRE

Please complete the following questionnaire by putting a tick in the relevant box. Further information on the below can be found in the TMD document.

1. What is your investment objective? Tick the most important.

- Capital Growth
- Capital Preservation
- Capital Guaranteed
- Income Distribution

2. How many of your investable Assets are you intending to invest with ASL and their funds?

- Solution/Standalone (75-100%)
- Core Component (25-75%)
- Satellite/small allocation (<25%)

3. What investment time frames are you seeking before you require your capital returned?

- Short (< 2 years)
- Medium (> 2 years)
- Long (> 8 years)

4. What is your risk appetite to bear loss?

- Low
- Medium
- High
- Very High

5. How regularly do you envisage needing to withdraw capital from your investment/s with ASL?

- Daily
- Weekly
- Monthly
- Quarterly
- Annual or Longer

Australian Securities Limited Fund Application Form

Contact Information

1. Contact Name: _____

2. Contact Details

Address: _____ Suburb: _____

State: _____ Postcode: _____ Country of Residence (If other than Australian): _____

Telephone (Home): + 61 () _____ (Work): + 61 () _____ (Mobile): _____

Fax: + 61 () _____ E-mail address: _____

3. Alternative Contacts: _____ Phone (Day time) + 61 () _____

4. Relationship: _____

ADVISERS DETAILS (if applicable)

5. Lawyers Details

Contact Name: _____ Phone No: + 61 () _____

Business No: _____ Address: _____

Suburb: _____ State: _____ Postcode: _____

6. Accountant Details

Contact Name: _____ Phone No: + 61 () _____

Business No: _____ Address: _____

Suburb: _____ State: _____ Postcode: _____

7. Financial Advisor Details

Contact Name: _____ Phone No: + 61 () _____

Business No: _____ Address: _____

Suburb: _____ State: _____ Postcode: _____

7. Attorney or Administrator Details

Contact Name: _____ Phone No: + 61 () _____

Business No: _____ Address: _____

Suburb: _____ State: _____ Postcode: _____

Power of Attorney Appointment as administrator _____ / _____ / _____ Date of Appointment

Attach Certified copy of EPA or Order of Appointment as Administrator

8. Next of Kin (Emergency Only)

Contact Name: _____ Phone No: + 61 () _____

Business No: _____ Address: _____

Suburb: _____ State: _____ Postcode: _____

Australian Securities Limited Fund Application Form

Capital & income payments electronic banking

1. DEFT INVESTMENT ACCOUNTS - AUTHORITY

Direct Credit Authority Direct Debit Authority

2. Bank Account Details (ASL User ID 161318, 484021 & 476158)

The following nominated bank account will be:

- (a) Credited for payment of income distributions and withdrawals if applicable, and
 (b) Debited for your initial and additional investments (if paying by direct debit).

(i) Primary Bank Account (incorporating Direct Debit request)

Name of Institution: _____

Address: _____

City: _____ State: _____ Postcode: _____

Account Name: _____ BSB Number: _____ Account Number: _____

Direct Debit Authority!/We acknowledge this Direct Debit arrangement is governed by the Direct Debit Facility in this Product Disclosure Statement to Australian Securities Ltd (ASL User ID 161318, 484021 & 476158)

BANK SIGNATORIES All signatories for account to be debited must sign

Signature: _____

Signature: _____

3. ALTERNATE BANK ACCOUNT FOR INCOME DISTRIBUTION ONLY

Please complete if you wish to nominate an alternative bank account for payment of the following:

Income distribution payments

(ii) Optional Alternative Bank Account (for direct credit payments only)

Name of Institution: _____

Address: _____

City: _____ State: _____ Postcode: _____

Account Name: _____ BSB Number: _____ Account Number: _____

4. INSTRUCTIONS FOR ALL CAPITAL REPAYMENTS FROM INCOME FUND INVESTMENTS*:

Please complete the following.

Return capital to the nominated primary bank account

OR

Return Capital to the Australian Securities Term Fund (ASTF) account. Note this Capital will then be subject to the 90 day minimum investment term as defined by the ASTF PDS; the 14 day cooling-off period will not apply.

Signature: _____ Date: _____ / _____ / _____

* Note that these instructions can be changed by providing written notice to ASL 10 business days prior to the next capital repayment

Australian Securities Limited Fund Application Form

Authorised Representative

Authorised Representative

You may appoint another person or entity with legal capacity to contract as your authorised representative to operate investments on your behalf by completing this section. Complete company name & ASL reference if authorised representative is known.

Company Name: _____

Title (Mr/Mrs/Miss/Ms/Other): _____ ASL INVESTOR NUMBER: _____

Given Names: _____ Last Name: _____

CONTACT DETAILS

Address 1: _____

Address 2: _____

City: _____ State: _____ Postcode: _____

Telephone (Home): + 61 () _____ (Work): + 61 () _____ (Mobile): _____

Fax: + 61 () _____ E-mail address: _____

I/We agree to the conditions relating to the appointment of an authorised representative as shown in the declarations, conditions and acknowledgments. All investors must countersign the authorised representative's signature

Authorised Representative: All signatories for account to be debited must sign Enduring Power of Attorney held?

Signature: _____ Date: ____ / ____ / ____

SIGNATORIES APPOINTED AUTHORISED REPRESENTATIVES

Given Names: _____ Last Name: _____ Date: ____ / ____ / ____
Investor A (Print Name and Date)

Given Names: _____ Last Name: _____ Date: ____ / ____ / ____
Investor B (Print Name and Date)

Signature: _____ Signature: _____

You must indicate your company title

Director or Secretary Sole Director and Sole Secretary

You must indicate your company title

Director Secretary

COMPANY SEAL

Australian Securities Limited Fund Application Form

Investor Authorisation

SIGNATURE(S)

All investors must sign and date the Application.

In signing this Application I/We acknowledge that I/We have read and understood the Product Disclosure Statement to which this Application relates AND agree, consent and acknowledge the declarations, conditions and acknowledgments provided in the Prospectus AND declare that all the details given in this Application are true and correct.

NOTE: If signing under a Power of Attorney, you are verifying that at the time of signing you have not received notice of revocation of that Power. Please provide a certified copy of the Power of Attorney including appointed signature

A INDIVIDUALS & INDIVIDUALS ACTING AS TRUSTEES

Investor A (Print Name and Date)

Given Names: _____ Last Name: _____

SIGNING CLAUSE: _____ Date: _____ / _____ / _____

Investor B (Print Name and Date)

Given Names: _____ Last Name: _____

SIGNING CLAUSE: _____ Date: _____ / _____ / _____

B CORPORATE INVESTORS

COMPANY SEAL

Company Name: _____

ACN: _____



CORPORATE DIRECTORS SIGNING CLAUSE Director (Print Name and Date)

Two directors or a director and a company secretary MUST sign (unless Sole Director and Sole Secretary)

1. Given Names: _____ Last Name: _____

Signature: _____ Date: _____ / _____ / _____

You must indicate your company title Director or Secretary Sole Director and Sole Secretary Other

2. Given Names: _____ Last Name: _____

Signature: _____ Date: _____ / _____ / _____

You must indicate your company title Director or Secretary Sole Director and Sole Secretary Other

3. Given Names: _____ Last Name: _____

Signature: _____ Date: _____ / _____ / _____

You must indicate your company title Director or Secretary Sole Director and Sole Secretary Other

4. Given Names: _____ Last Name: _____

Signature: _____ Date: _____ / _____ / _____

You must indicate your company title Director or Secretary Sole Director and Sole Secretary Other

Australian Securities Income Fund

Important Notices

This Product Disclosure Statement | PDS | is for the Australian Securities Income Fund | ASIF |, an umbrella managed mortgage investment scheme. The Fund comprising numerous individual sub-schemes are each identified specifically in a Mortgage Security Description | MSD | document which is a Supplementary Product Disclosure Statement. This PDS should be read before and in conjunction with the MSD. This is not a pooled fund.

Product Disclosure Statement

This Product Disclosure Statement is dated 1 September 2023. This PDS can be downloaded from the ASL website at – <https://australiansecurities.com.au/investment-resources/> ASL can provide a paper copy of this PDS free on request. The PDS can be used by investors within Australia. Fees and expenses are current and inclusive of GST unless otherwise stated or notified. Information relating to ASIF is subject to change.

Responsibility

The Australian Securities and Investments Commission |ASIC| has been notified that this PDS is “in use” in accordance with section 1015D(2) of the Corporation Act 2001. ASIC takes no responsibility for the contents of the PDS or any subsequent PDS

Statement

ASL administers the ASIF with care, diligence and skill. The fund is designed to suit investors seeking medium to long term investment providing a fixed income generally higher than achieved elsewhere. The performance of the fund, the security or the investment is not guaranteed. ASL and their related bodies Corporate together with their officers and directors are permitted to invest in ASIF from time to time.

Australian Credit Licence

Mortgage securities taken over residential property by individuals usually are subject to Australian credit regulations.

ASL holds an Australian Credit Licence to be a credit provider and complies with regulations administered by ASIC.

Australian Financial Services Licence

Managed investments are registered with and regulated by the Australian Securities and Investments Commission | ASIC |and by a Public company with minimum net tangible assets and skilled employees and systems under licence as a Responsible Entity as Manager and a Custodian to hold the Scheme Assets and a Compliance Officer to ensure the Scheme Operates in accordance with the Compliance Plan, this PDS, Scheme Constitution and the Law. Other requirements include insurance, membership of an external complaints service provider and a majority of independent directors on the ASL Board.

ASL employs financial and compliance auditors to provide half yearly to the ASL Board and ASIC on ASL performance and compliance.

ASIC issues /updates Regulatory Guides that impact the financial services industry.

ASL manages three Australian managed investment schemes -

Australian Securities Income Fund (2000)

Australian Securities Property Fund (2009)

Australian Securities Term Fund (2015)

These funds (subject to minimum contribution amounts) offer different investment products to retail, wholesale and sophisticated investors.

Investment Advice

Investors are encouraged to seek financial advice on the suitability and merits of investing in mortgage securities from their own independent financial advisers.

ASL does not provide investment or financial advice to investors or the general public. We do not know the extent of your personal needs. You should only invest in the Fund after giving careful consideration to your personal needs, the risks of this form of investment and your personal investment strategy. Before making any investment you may wish to seek advice from an independent financial adviser. Non independent financial advisers unfortunately can only provide advice on the products for which they have a licence to market only and may not be qualified to advise on this product. If investing directly, additional information can be obtained by calling the Investment Services team between 9AM and 5PM Melbourne time weekdays on 1300 275 275.

The fund has a legal obligation to make necessary disclosures and provide regular reports. Copies of the latest ASIF Annual report can be downloaded from the ASL website by going to www.australiansecurities.com.au or by request to our Investment Services team.

AFCA

ASL is a member of the Australian Financial Complaints Authority | AFCA |. AFCA member companies comply with standards intended to inform and assist investors.



Australian Securities Limited

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1300 275 275

**Responsible Entity and
Fund Custodian**

Australian Securities Limited
ABN 69 005 428 231
Financial Services &
Credit Licence
Licence No. 260499

Managed Investment Fund

Australian Securities Income Fund
ARSN 092 514 488
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