

- professional adviser costs (legal, accounting, valuation, investment banking or otherwise) that are related to the proposed transaction;
- the cost of investing in certain derivatives attributable to derivatives used for hedging purposes; and

Transaction costs do not include borrowing costs, property operating costs and do not generally include implicit transaction costs or market impact costs such as the difference between the bid and ask price of assets traded by the Fund.

These costs are reflected in F2's unit price. As these costs are factored into the Net Asset Value of F2 and reflected in the unit price, they are an additional implicit cost to the investor and are not a fee paid to the Responsible Entity or the Investment Manager. These costs are an additional cost to members. Such costs may reduce the earnings from F2's investments, and are not directly charged to investors.

For the year (annualised) ending 30 June 2023, we estimate total transaction costs for F2 of 0% of the NAV of F2. The dollar value of these costs based on an average account balance of \$50,000, would be \$0 in that financial year. Actual transaction costs may vary from year to year without notice to investors. The transaction costs are shown net of any amount recovered by the Buy-Sell Spread (see below). As no Buy Spread or Sell Spread is charged at the date of this PDS, the gross transaction costs are also estimated to be 0%.

Buy-Sell Spread

The current Buy-Sell Spread is 0%. However the Responsible Entity retains a discretion to apply a Sell Spread of up to 5% of redemption monies. The Sell Spread is left in the Fund as part of a redemption and not paid to the Responsible Entity or the Investment Manager. The Buy/Sell Spread is a reasonable estimate of transaction costs that the Fund will incur when buying or selling assets of the Fund. These costs are an additional cost to the investor but are incorporated as an adjustment to the unit price and arise when funding withdrawals from the Fund and are not separately charged to the investor. The Buy-Sell Spread can be altered by the Responsible Entity at any time. The amount is paid so as to mitigate any unfairness from an application or redemption affecting other investors.

Payment of Taxes

Where a fee is disclosed as inclusive of the net effect of GST (that is, inclusive of GST, net of input tax credits and RITCs), the amount has been calculated on the basis that a RITC of the GST component is available. Whilst this entitlement is dependent on the individual circumstances, as a general proposition, it is anticipated that the Fund may be able to recover at least 55% of the GST component of fees paid for

services, whether under the reduced credit acquisition provisions of the GST Act or otherwise. There are circumstances where the GST recovery rate could vary from that outlined above.

Taxation of F2

Information about taxation applicable to F2 and investors is set out in the 'Taxation' section.

Co-investment Properties

Where F2 holds certain assets via a Co-Investment Entity in parallel with alternative vehicles managed by the Investment Manager, any transaction expenses attributable to any investment made by F2 with the investor in these vehicles will be shared, pro rata, across F2 and those investors or vehicles.

Changes to Fees

All fees can change. Reasons might include changing economic conditions and changes in regulation. The Constitutions provide for the Responsible Entity to charge fees additional to the fees described in this Fees and Costs section, including: application fee of up to 6% of the application money; redemption fee of up to 6% of the redemption price for processing the redemption request; management fee of up to 2% per annum of GAV. However, the Responsible Entity will give you 30 days' prior written notice of any undisclosed increase to fees.

Fees payable to the Investment Manager under the Investment Management Deed may not be increased unless approved by an Ordinary Resolution of Unitholders.

Other costs, charges and expenses of F2 (including indirect costs) will vary from time to time.

All fees and costs in this section 5 are based on information available as at the date of this PDS.

Please refer to the Fund's website:

<https://www.federationam.com> from time to time for any updates which are not materially adverse to the members.

Differential Fees

The Responsible Entity or Investment Manager may from time to time negotiate a different Management Fee and performance fee arrangements (by way of a rebate or waiver of fees) with certain investors who are Wholesale Clients or New Zealand Wholesale Investors.

Please contact the Investment Manager for more information. Contact details for the Investment Manager can be found in the Corporate Directory of this PDS.

Termination Fee

Under the Investment Management Deed, the Investment Manager may be terminated as manager

in several circumstances . In the case of a No Fault Removal of the Investment Manager (see 'Summary of Material Contracts' section of this PDS), the Investment Manager is entitled to a termination fee payable out of the assets of F2 (in addition to any accrued and unpaid fees) equal to the Management Fee amount due to the Investment Manager that would have been payable, calculated for a ten (10) year reference period and based on the most recent aggregate Portfolio Value as at the termination date.

By way of illustration, if the Investment Manager is entitled to a termination fee, an investor with an investment of \$50,000 in F2 will incur a termination fee of \$8,500, representing 1.70% of \$50,000, multiplied by 10. This is payable out of the assets of the Fund and not an additional payment by the investor.

Other Fees

The Investment manager or its affiliates may also be entitled to transaction, advisory or director fees from certain investee entities. Such fees will be set at arm's length rates.

Adviser remuneration

We do not pay any commissions to your financial adviser or advisory firms.

The Investment Manager may make product access payments (generally, flat dollar amounts) to the service operators of master trusts and wrap accounts (see below) who distribute the Fund on their investment menu.

The Responsible Entity may also provide certain non-monetary benefits to dealer groups and other financial services licensees to the extent it is permitted under law.

All payments and non-monetary benefits referred to herein are funded by the Investment Manager out of its own resources, and are not an additional cost to investors.

Advice Fees

Investors may incur a fee for advice provided to the investor by their authorised adviser, if agreed between the investor and their adviser.

Applicants should consult with their advisers to understand fees and costs in relation to this Offer and any fees received by the relevant adviser. Advisers are generally required to comply with the Code of Ethics published by Financial Adviser Standards and Ethics Authority Limited.

The Investment Manager or associated entity may in its discretion pay a fee to certain brokers or other intermediaries for referring individual Wholesale Client investors into the Fund. If applicable, your intermediary is required to provide you with further information in relation to any benefit received in connection with your investment in the Fund.

6 Taxation

The following is a general summary of the Australian income tax, stamp duty and goods and services tax (“GST”) implications for Investors in F2. It does not constitute tax advice and should not be relied upon as such. The rules summarised in this section are complex. Different tax and stamp duty implications may apply to different Investors depending on their particular circumstances. For example, stamp duty may apply depending on (among other things) the percentage interest being acquired and whether F2 is a deemed “landholder” (under relevant stamp duty legislation) at the time of subscription, transfer or redemption. Accordingly, Investors should obtain independent professional advice concerning the potential tax and stamp duty implications of investing in F2.

The following comments assume that Investors hold their investment in F2 on capital account and are not exempt from taxation. Investors who do not hold their investment in F2 on capital account should obtain their own advice. The tax information included in this PDS is based on the taxation legislation and administrative practice as at the issue date of this PDS.

6.1 Taxation of Australian Resident Investors

Distributions

It is intended that F2 is operated such that it will be treated as a “flow through” entity for Australian income tax purposes such that the Responsible Entity of F2 will not be subject to income tax. However, it is possible that F2 may be taxed like a company if it is a “public trading trust”. The Responsible Entity engages service providers to monitor the status of the F2 to determine the appropriate treatment. In particular, F2 seeks ongoing advice regarding trading trust matters.

It is currently not expected that F2 is a public trading trust and accordingly, the following comments assume that F2 will be taxed as a flow-through entity.

Should F2 be treated like a company for income tax purposes, any distributions from F2 will generally be treated as a franked or unfranked dividend for tax purposes. Broadly, where an Investor receives a franked distribution, the Investor will be taxed on the full amount of the profit represented by the distribution and the attached franking credits, but the franking credits may also be available as a tax offset, subject to the relevant conditions being met. If the Investor’s offsets from franking credits exceed the tax liability after other tax offsets have been applied, the Investor

may be entitled to a tax credit or a tax refund in respect of the excess.

AMIT Regime

The Responsible Entity may elect for F2 to be classified as an Attribution Managed Investment Trust (“AMIT”). Broadly, under the AMIT regime, Investors will be subject to tax on the net income and net capital gains of F2 that are allocated to them on a fair and reasonable basis by the Responsible Entity of F2.

An Investor may be taxable on their share of F2’s taxable income before receiving distributions from F2. Where an amount distributed to an Investor is less than (or more than) the taxable income attributed to the Investor, the cost base of the Investor’s units may be adjusted upwards (or downwards).

F2 may make an irrevocable election to apply deemed capital account treatment for gains and losses on disposal of certain eligible investments (including equities and units in other trusts but excluding derivatives, debt securities and foreign exchange contracts). Where the election is made, F2 is taken to hold its eligible investments on capital account and gains (or losses) from the disposal of eligible investments are treated as capital gains (or losses). Capital gains arising on the disposal of eligible investments held for at least 12 months may be eligible to be treated as discount capital gains if the relevant requirements are met. Where the election is not made, F2 will hold its eligible investments on revenue account and gains (or losses) from the disposal of eligible investments should be treated as revenue gains (or losses).

Tax losses incurred by F2 cannot be distributed to Investors. Instead, they can be carried forward and offset against future taxable income of F2, subject to satisfying the relevant loss recoupment rules.

Investors will receive an annual tax statement known as the AMIT Member Annual (“AMMA”) Statement detailing the amount and components of the taxable income of F2 that Investors will be assessed on, as well as the net annual cost base adjustment.

If eligible to do so, the Responsible Entity intends to elect into the AMIT regime. Other taxation implications will apply if the F2 does not elect into the AMIT regime.

Disposal or Redemption of Units in F2

The disposal or redemption of units in F2 by an Investor may be subject to CGT. The Investor should derive a capital gain to the extent that the capital proceeds from the disposal or redemption exceed the

cost base of the relevant units. Conversely, Investors will incur a capital loss if the capital proceeds are less than the reduced cost base of the relevant units.

Certain Investors (i.e. individuals, trustees or complying superannuation entities) who have held the relevant units for at least 12 months may be eligible for a CGT discount. Corporate investors are not eligible for the CGT discount. An Investor's capital proceeds, cost base and reduced cost base will differ based on the Investor's individual circumstances at the time of disposal or redemption.

6.2 Taxation of Non-Resident Investors

The following comments in respect of non-Australian tax resident Investors do not cover:

- non-residents who hold their units at or through a permanent establishment in Australia or via an interposed Australian entity;
- feeder funds;
- sovereign entities or tax exempt foreign pension funds (such entities may be eligible for exemptions and concessions available under statutory provisions of the Australian income tax law, but will need to obtain advice on their specific circumstances); or
- the effect of any applicable double taxation agreement.

Investors who may be affected by the above should obtain their own advice.

Distributions

Where a distribution to non-resident Investors includes Australian-sourced interest, dividends or royalties, these components may be subject to a final withholding tax at the following rates:

- Interest: 10%
- Unfranked dividends: 30%
- Royalties: 30%

The above rates may be reduced under an applicable double taxation agreement with Australia. There is no withholding tax on fully franked dividends.

Where the distribution includes other types of Australian-sourced income (e.g. gains on the disposal of assets or net rental income), the taxation implications will depend on whether F2 is a Withholding Managed Investment Trust ("Withholding MIT"). The Responsible Entity will monitor at the time of relevant distributions whether F2 will qualify as a Withholding MIT.

Where F2 is not a Withholding MIT

Where F2 does not qualify as a Withholding MIT, the Responsible Entity will withhold tax on other types of Australian-sourced income at rates of up to 45%. This withholding is not a final tax and an Investor may file an Australian tax return and may be entitled to claim a credit for the amounts withheld.

Where F2 is a Withholding MIT

Where F2 is a Withholding MIT, distributions comprising income other than dividends, interest and royalties should in general be subject to MIT withholding tax. F2 will withhold tax from such distributions to the extent they represent Australian-sourced taxable income of F2 or capital gains on the disposal of assets that are "taxable Australian property" (which includes direct and indirect interests in land situated in Australia, broadly defined).

Generally, the MIT withholding tax rate for Investors who are residents of countries with which Australia has an effective tax information exchange agreement and which have been specified in the legislation for these purposes is 15%. The MIT withholding rate is 30% for Investors who are residents of other countries. A 30% rate may apply if relevant income is designated as non-concessional MIT income pursuant to tax integrity rules that, broadly, apply to income sourced in trading income.

Disposal or Redemption of Units in F2

Where units are held by non-Australian tax resident Investors on capital account, CGT may apply to gains or losses if the relevant asset being disposed of or redeemed is "taxable Australian property".

Units in F2 should not be considered "taxable Australian property" unless:

- the value of F2 relates primarily to real property in Australia; and
- the Investor and its associates hold 10% or more of F2 at the time of the disposal or redemption or within a 12 month period during the previous two years.

Where non-resident Investors are subject to CGT, the CGT liability is calculated in a similar way to Australian resident Investors (see above), although no CGT discount is available for non-resident Investors.

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

6.3 Taxation of New Zealand Resident Investors

If you are a New Zealand resident wishing to invest in Australia, we strongly recommend that you obtain independent professional tax advice. Broadly, New Zealand resident Investors will be taxed in New Zealand on their Units under the foreign investment fund rules or ordinary tax rules, depending on their circumstances.

6.4 Other Tax Matters

Goods and Services Tax (“GST”)

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

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

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

Collection of an Investor’s TFN is authorised and its use and disclosure strictly regulated by the tax laws and the Privacy Act. An Investor may quote a TFN or claim a TFN exemption in relation to their investment in the Fund when completing an Application Form. An Investor may quote an ABN instead of a TFN if it is making the investment in the course of a relevant enterprise carried out by the Investor.

If an Australian resident Investor chooses not to quote a TFN or ABN, or claim a TFN exemption, the Responsible Entity will be required to deduct tax at the prescribed rate from that Investor’s income distributions. At the date of this PDS, this was the highest marginal tax rate (45%) plus the Medicare Levy (2%).

Foreign Account Tax Compliance Act (“FATCA”)

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

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

Common Reporting Standard

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

Stamp Duty

Stamp duty should not be payable on your investment(s) in the Fund.

Taxation Reforms

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

7 Summary of Material Contracts

The Responsible Entity considers that the material contracts described below are those which an investor would reasonably regard as material and which investors and their professional advisers would reasonably expect to find described in this PDS for the purpose of making an informed assessment of an investment in F2 under the Offer.

This section contains a summary of the material contracts and their substantive terms. As this section is only a summary of the material agreements, it does not set out all rights and obligations under each material contract and these agreement will only be fully understood by reading the documents in full.

7.1 Investment Management Deed

Equity Trustees as Responsible Entity entered into a management deed (“**Investment Management Deed**”) with the Investment Manager. A summary of the material terms is as follows:

Duties of the Investment Manager

Under the Investment Management Deed, the Investment Manager is authorised to invest and manage the assets and liabilities of F2 for and on behalf of the Responsible Entity.

Retirement of Responsible Entity

The Investment Management Deed provides that on receipt of notice from the Investment Manager that the Investment Manager wishes the Responsible Entity to cease acting as responsible entity of F2, subject to the Corporations Act, the Constitution, the obligations of the Responsible Entity as responsible entity of the relevant trust, and subject to no outstanding issues where the Responsible Entity needs to act in the best interests of unitholders, the Responsible Entity:

- (a) shall take all steps necessary to achieve its retirement, and the appointment in its place as responsible entity of such person as the Investment Manager may nominate as soon as practicable; and
- (b) will exercise all due care and skill to complete the transition within 90 Business Days of receipt of the Investment Manager’s notice.

Under the Investment Management Deed, if Equity Trustees is removed as trustee or responsible entity, it will be entitled to be paid the greater of 0.10% of the aggregate Portfolio Value (calculated as at the time of its removal) or the annual minimum fee applicable under the Investment Management Deed. This fee is payable out of the assets of F2.

Expenses

F2 must pay all taxes, costs, charges and expenses properly incurred in connection with the investment and management of the portfolio of F2 (excluding in-house administration costs of the Investment Manager in the nature of rent for the Investment Manager’s premises, computer charges, salaries and research costs) or in acting under the Investment Management Deed and the Investment Manager may cause them to be deducted from the portfolio of F2.

Exclusivity

The Responsible Entity has appointed the Investment Manager on an exclusive basis to be the manager of F2. The Investment Manager may from time-to-time perform similar investment and management services for itself and other persons to the services performed for the Responsible Entity under the Investment Management Deed. To protect the confidentiality of information relating to F2, the Investment Management Deed prohibits the Investment Manager from using F2’s information for any purpose other than to perform its role as F2’s manager.

Responsible Entity Indemnity

Under the terms of the Investment Management Deed, the Responsible Entity must indemnify the Investment Manager out of the assets of F2 against any losses or liabilities reasonably incurred by the Investment Manager arising out of, or in connection with, the Investment Management Deed, and any costs, charges and expenses incurred in connection with the Investment Manager or any of its officers or agents acting under the Investment Management Deed or on account of any bona fide investment decision made by the Investment Manager or its officers or agents except insofar as any loss, liability, cost, charge or expense is caused by the negligence, fraud or dishonesty of the Investment Manager or its officers or supervised agents. This obligation continues after the termination of the Investment Management Deed.

The Investment Manager may enforce its rights under the Investment Management Deed against the Responsible Entity only to the extent of the Responsible Entity’s right of indemnity out of the assets of F2 and the Responsible Entity cannot be held liable in its personal capacity except to the extent that any liability arises from the fraud, negligence or a breach of trust by the Responsible Entity as responsible entity of F2.

Investment Manager Indemnity

The Investment Manager must indemnify the Responsible Entity against any losses or liabilities reasonably incurred by the Responsible Entity arising out of, or in connection with, and any costs, charges and expenses incurred in connection with, any negligence, fraud or dishonesty of the Investment Manager.

Fees

The Investment Manager is entitled to fees as summarised in the 'Fees and other costs' section of this PDS.

Term

The Investment Management Deed remains in force until terminated in accordance with that deed.

Termination by Investment Manager

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

- (a) the Responsible Entity materially breaches any provision of the Investment Management Deed, or materially fails to observe or perform any representation, warranty or undertaking given by Responsible Entity under the Investment Management Deed and the Responsible Entity fails to rectify such breach or failure within 10 Business Days of receiving notice in writing from the Investment Manager specifying such breach or failure; or
- (b) if a person (alone or together with the person's associates) other than the Investment Manager or an associated entity of the Investment Manager acquires a relevant interest in Units where because of the acquisition, that person's or someone else's voting power in F2 exceeds 50%.

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

Termination by Equity Trustees

The Investment Management Deed gives the Responsible Entity the right to terminate the Investment Management Deed and remove the Investment Manager by written notice on the occurrence of any one of the following events:

- (a) an insolvency event occurs with respect to the Investment Manager (although the legal right of the Responsible Entity to terminate solely for this reason is limited);

- (b) the Investment Manager ceases to carry on business in relation to its activities as an investment manager;
- (c) the Investment Manager breaches any provisions of the Investment Management Deed, or fails to observe or perform any representation, warranty or undertaking given by Investment Manager under the Investment Management Deed and the Investment Manager fails to rectify such breach or failure within 10 Business Days of receiving notice in writing from the Responsible Entity specifying such breach or failure;
- (d) the Investment Manager engages in conduct that a court or arbitral tribunal (whichever determines earlier) determines constitutes fraud, gross negligence or wilful misconduct of its duties under the deed;
- (e) the Investment Manager ceases to be controlled by Federation Asset Management Holdings Pty Ltd (ACN 627 359 504);
- (f) the Investment Manager sells or transfers or makes any agreement for the sale or transfer of the main business and undertaking of the Investment Manager or of a beneficial interest therein, other than to a related body corporate for purposes of corporate reconstruction on terms previously approved in writing by the Responsible Entity or any other entity of good financial standing and as approved by the Responsible Entity (whose approval may not be unreasonably withheld); or
- (g) relevant law requires the Investment Management Deed to terminate.

The Investment Management Deed may also be terminated by the Responsible Entity with effect 6 months after an Extraordinary Resolution of the Unitholders is passed (**No Fault Removal**), provided that such Extraordinary Resolution is obtained not earlier than the 3rd anniversary of the date of the Investment Management Deed, and is accompanied by an Extraordinary Resolution approving the appointment of a replacement manager, subject only to such replacement manager satisfying the reasonable requirements of the Responsible Entity to their appointment as manager.

Assets of F2 following Termination

If the Investment Management Deed is terminated, the Investment Manager will have 30 Business Days to deal with the assets of F2 for the purposes of vesting control of F2 in the Responsible Entity or as the Responsible Entity otherwise directs.

Accordingly, the Investment Manager:

- subject to the consent of the Responsible Entity, may enter transactions to settle or otherwise extinguish or offset obligations incurred by or on

behalf of the Responsible Entity or the Investment Manager in relation to the portfolio before that date;

- with respect to obligations not capable of settlement before transfer of the portfolio, must create provision for such contingent liability as will arise, notify the Responsible Entity of that provision, and the Responsible Entity must use reasonable endeavours to procure that the custodian holds sufficient assets of the portfolio to satisfy that liability;
- may instruct the custodian (directly or if an administrator has been appointed, indirectly through the administrator) to deduct from the portfolio costs, charges and expenses due to the date on which the transfer of the portfolio is effected if, after giving 10 Business Days' notice to the Responsible Entity of its intention to so direct the custodian, the Responsible Entity has not objected, and all charges and expenses incurred in the actions envisaged by this clause;
- must deliver to the Responsible Entity (or as the Responsible Entity reasonably directs) all records which may reasonably be required by the Responsible Entity in respect of the portfolio; and
- may deal with the portfolio in accordance with instructions from a new manager appointed by the Responsible Entity.

The Responsible Entity must take all necessary steps to facilitate the transfer of the Portfolio from the Investment Manager and is required to change the name of F2 to remove any reference to any derivative of the name of the Investment Manager, unless otherwise approved by the Investment Manager.

Management of Potential Conflicts

The Investment Manager may invest in or deal with the Investment Manager's related bodies corporate or other divisions of the Investment Manager engaged in separate business activities. The Investment Manager has policies and procedures in place to manage any potential conflicts of interest. Any fees, brokerage and commissions may only be charged by the Investment Manager's related bodies corporate if they are engaged in the ordinary course of business and on arm's length terms.

The Investment Manager intends the Fund to invest in other funds managed by the Investment Manager.

The Investment Manager may have significant interactions with investee companies and certain of the Investment Manager's officers and executives may serve on the board of the investee companies from time to time in return for market standard remuneration. These fees may be partially offset (50%) against the Management Fee.

Amendment

The Investment Management Deed may only be altered by the agreement of the parties. However, the Responsible Entity must only make material changes to the Investment Management Deed if the Responsible Entity has obtained Unitholder approval by Ordinary Resolution to these material changes.

7.2 Administration Agreement

Equity Trustees has appointed Apex Fund Services Ltd ("**Apex**") as the administrator of F2 under the Administration Agreement. Under this agreement, Apex will provide various services as administrator for the Fund (and its subsidiaries), including the following services:

- Calculating the Net Asset Value of the Fund in accordance with the Fund's valuation policies;
- Keeping proper records and books of account in relation to the Fund;
- Maintaining registers;
- Liaising with the Fund's auditors with respect to audit of the financial statements for each of the Fund's financial year to enable the auditors to complete the annual audit of the Fund for the purposes of inclusion in the Fund's annual reports;
- Supplying such information or reports to Equity Trustees as may from time to time be agreed by the parties; and
- Performing relevant anti-money laundering obligations.

The Administration Agreement is automatically renewed for each subsequent one year period, after the initial one year period from the date of the document. The Administration Agreement may be terminated by either Equity Trustees or Apex giving the other written notice, or pursuant to the exercise of a right of termination because of a breach of law, material breach of the Administration Agreement, or an insolvency event of a party.

Under the terms of the Administration Agreement, Apex must exercise reasonable care in the performance of its duties as administrator for the Fund. Equity Trustees indemnifies Apex from any loss of any nature whatsoever suffered by the Fund in connection with the performance by Apex of its obligations under the Administration Agreement, except for losses resulting directly from negligence, gross negligence, wilful misconduct or fraud or material breach of the agreement on the part of Apex. Apex shall not be liable for any indirect, special or consequential loss howsoever arising.

The Administrator are entitled to be indemnified by F2 against all liabilities, obligations, losses,

damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (other than those resulting from the fraud, gross negligence or wilful default on the part of the Administrator) which may be imposed on, incurred by or asserted against the Administrator in performing its obligations or duties.

The Administrator and its affiliates are a service provider to F2 and have no responsibility or authority to make investment decisions, or render investment advice, with respect to the assets of F2. The Administrator is not responsible for and accepts no responsibility or liability for any losses suffered by F2 as a result of any investment decision. None of the Administrator, any of its affiliates or any of its related bodies corporate, guarantees in any way the performance of F2, repayment of capital from F2, any particular return from, or any increase in, the value of F2. The Administrator and its affiliates are

not responsible for any failure by F2 or the Investment Manager to adhere to the investment objective, policy, investment restrictions, borrowing restrictions or operating guidelines.

The Administrator has delegated certain functions and duties to its affiliates in Australia – Apex Fund Services (Australia) Pty Ltd and may use other affiliates in other countries to perform obligations in connection with F2 in the future. However, the principal register will be maintained by Apex Fund Services (Australia) Pty Ltd.

The Investment Manager may at any time, in consultation with the Responsible Entity, select any other administrator to serve as Administrator to F2.

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

8 Other Important Information

8.1 Structure

F2 is an Australian trust which invests directly or indirectly via subsidiary vehicles managed by the Investment Manager or any Associate of the Investment Manager.

8.2 Valuation Policy

The Net Asset Value for a Unit is the total value of Fund assets less Fund liabilities (calculated in accordance with the Constitution), divided by the number of Units on issue.

In undertaking a valuation, the Investment Manager may rely upon the valuations or prices supplied by third parties and/or industry standard pricing models for which we will not or are not able to verify the accuracy. The Investment Manager will establish separate class accounts for each class of Units in F2. Amounts which are referable to a class (as determined by the Investment Manager in accordance with the Constitution) will be allocated to the relevant class. The Net Asset Value will be calculated on the basis of each class. Each class of Units will be invested in the same portfolio of underlying assets.

Units will typically be priced on the last Business Day of each calendar month except where the calculation of the Net Asset Value of the Fund is suspended.

Valuations are intended to be undertaken at fair value in accordance with internationally accepted accounting standards.

The Investment Manager may appoint an independent valuation expert to review the carrying value of an Underlying Asset as deemed necessary by the Investment Manager.

The valuation policy may be obtained free of charge by contacting the Responsible Entity.

An annual review of the Portfolio will be carried out by the Fund auditor following 30 June of each year.

8.3 Unit Pricing Discretions Policy

Equity Trustees has developed a formal written policy in relation to the guidelines and relevant factors taken into account when exercising any discretion in calculating unit prices (including determining the value of assets and liabilities). A copy of the policy and, where applicable and to the extent required, any other relevant documents in relation to the policy (such as records of any discretions which are outside the scope of, or inconsistent with, the unit pricing policy) will be made available to investors free of charge on request.

8.4 Borrowing Policy

The Investment Manager will have the right to borrow at the Fund (or subsidiary) level, and is entitled to enter into financing arrangements (which may include the granting of security interests over the assets of the relevant trust but not in relation to Units in the Fund), for the purposes of:

- satisfying withdrawal requests;
- providing interim financing to balance disparities between commitments to investees and returns on existing investments; and
- paying fees of the Responsible Entity or Manager.

Borrowings can be raised on a combination of fixed and variable interest rates.

Borrowings will be on a non-recourse basis to Unitholders (meaning the lenders' recourse is limited to F2's (or the particular subsidiary's)) assets. Securities, such as mortgages, may be granted over the particular subsidiary's assets in favour of lenders (but with no recourse to Unitholders or Units held in the Fund by Unitholders).

8.5 Interest Rate Hedging and Use of Derivatives

The Investment Manager may enter into derivatives, in the following circumstances:

- for the dominant purpose of managing foreign exchange or interest rate risk;
- for the dominant purpose of more efficiently gaining an economic exposure, through the use of exchange-traded derivatives, to the underlying reference assets of those derivatives, but only on a temporary basis (i.e. less than 28 days, which cannot be extended by rolling over or replacing the derivative); or
- exchange-traded derivatives, provided the notional derivatives exposure of the Fund does not exceed 10% of its net asset value (unless the exposure is attributable to circumstances that were not reasonably foreseeable by the responsible entity, such as unforeseen market movements or large redemption requests, and the exposure is for a period of no more than three consecutive Business Days).

Investing in or entering into hedging transactions in connection with the acquisition, holding or disposition of investments and are intended to hedge F2's exposure against movements in interest rate or currency relating to one or more investments and the Investment Manager will have the right to enter into derivatives at any subsidiary level, and which may include the granting of security interests in and liens on and otherwise encumber the assets of the relevant trust for these purposes.

8.6 Termination of F2

The Responsible Entity may resolve at any time to terminate, liquidate and wind up F2 (if it provides Unitholders with notice) in accordance with the Constitution and the Corporations Act. F2 may otherwise terminate if required by law. A notice will be provided to Unitholders advising of F2's termination. Upon termination and after conversion of Fund assets into cash and payment of, or provision for, all costs and liabilities (actual and anticipated), the net proceeds will in broad terms be distributed pro-rata amongst all Unitholders according to the value of the Units each of them hold in F2.

8.7 Our Legal Relationship with You

You will receive Units when you invest in F2. Subject to the rights, obligations and liabilities set out in the Constitution and under the Corporations Act, each Unit represents an equal proportionate beneficial interest in the assets of F2 as a whole subject to liabilities, but does not give you an interest in any particular assets or property of F2.

The Responsible Entity's responsibilities and obligations, as the responsible entity of F2, are governed by the Constitution of F2 and the Corporations Act, as well as general trust law. The Constitution contains a number of provisions relating to the rights, terms, conditions and obligations imposed on both the Responsible Entity, and Unitholders. Some of the provisions of the Constitution are discussed elsewhere in this PDS. Other provisions relate to a Unitholder's rights under the Constitution, and include:

- a Unitholder's right to share in any Fund income, and how it is calculated;
- what you are entitled to receive if F2 is wound up;
- the nature of the Units;
- a Unitholder's rights to attend and vote at meetings; and
- the quorum requirement for meetings – at least 2 Unitholders present in person or by proxy holding at least the relevant percentage of Units (being 25% in the usual case or 50% where a meeting is

convened to consider removal of the Investment Manager).

There are also provisions governing the Responsible Entity's powers and duties, including:

- how Unit prices are calculated, the maximum amount of fees that can be charged;
- when the Constitution can be amended – generally the Constitution can only be amended where the Responsible Entity reasonably believes that the changes will not adversely affect Unitholders' rights or if the amendments are approved at a meeting of Unitholders;
- when Equity Trustees can retire as the responsible entity of F2 – when permitted by law;
- when Equity Trustees can be removed as the responsible entity of F2 – which is when required by law. The Investment Management Deed contains provisions dealing with the termination of the Investment Manager in certain cases involving default by the Investment Manager (unless the Investment Management Deed is required by law to be terminated, the Investment Manager may only be removed in these circumstances if its removal and the appointment of its replacement has been approved by an Extraordinary Resolution of Unitholders);
- broad powers to invest, borrow money and generally manage F2; and
- that the Constitution may be amended from time to time in accordance with the provisions in the Constitution and the Corporations Act.

The Constitution and the Corporations Act also deal with the Responsible Entity's liabilities in relation to F2 and when it can be reimbursed out of F2's assets, for example:

- the Responsible Entity is not liable for acting in reliance and good faith on professional advice;
- the Responsible Entity is not liable for any loss unless it fails to act in good faith or acts negligently; and
- the Responsible Entity can be reimbursed for any liability it incurs in connection with the proper performance of its powers and duties in respect of F2.

A copy of the Constitution is available, free of charge, on request from the Responsible Entity. A summary of some of the provisions of the Constitution is set out below under 'Rights and Obligations Attaching to the Units'.

8.8 Indemnity

Equity Trustees, as the responsible entity of F2, is indemnified out of Fund assets against all liabilities incurred by it in properly performing its duties in relation to the relevant trust. To the extent permitted by law, this indemnity includes any liability incurred as a result of any act or omission of a delegate or agent appointed by the Responsible Entity. The Responsible Entity may retain and pay out from the assets of the Fund any sums necessary to affect such an indemnity.

8.9 Related Party Transactions

There are a number of related party transactions described in this PDS in relation to F2, including fees payable to related parties. Each of the Responsible Entity and the Investment Manager may also seek professional services for F2 from qualified service providers, including from related parties.

The fees for these services will be charged at arm's length commercial rates to F2.

Examples of areas in which related parties may provide services to F2 are:

- property and project management;
- accounting, taxation and compliance;
- debt arrangement;
- providing financing or loans;
- financial structuring and underwriting;
- product distribution; and
- corporate advice.

Each of the Responsible Entity and Investment Manager, and their respective associates, are entitled to enter into or be interested on their own account in any transactions entered into on behalf of F2 or with any company or body in which F2 is invested or who provides services to F2. Any such transactions will be on arm's length commercial terms. Each of the Responsible Entity and Investment Manager, and their respective associates, are also permitted to hold Units in any capacity. Additional information relating to related party transactions is set out below.

Responsible Entity's related party transactions policy

The Responsible Entity maintains and complies with a written policy on related party transactions, including the assessment and approval process for such transactions and arrangements to manage conflicts of interest. All transactions in which the Responsible Entity may have, or may be perceived to have, a conflict of interest will be conducted in

accordance with the Responsible Entity's related party transactions policy.

Under this policy, the Responsible Entity may be required to disclose conflicts of interests to Investors and to ensure that its disclosure is timely, prominent, specific and meaningful, and contains enough detail to understand and assess the potential impact on the service provided by the Responsible Entity. These conflict situations will be monitored, assessed and evaluated by the compliance manager for the Responsible Entity. If the compliance manager considers it necessary, the matter will be referred to the Responsible Entity's Board and steps taken to ensure that the conflict is managed in an appropriate manner.

Investment Manager's related party transactions

The Investment Manager maintains and complies with a policy on related party transactions. The Investment Manager and its associates are also entitled to enter into or be interested on their own account in any transactions entered into on behalf of F2 or with any company or body in which F2 is invested or who provides services to F2. For example, F2 may invest (whether by equity or debt securities) in the Investment Manager (or any related body corporate of the Investment Manager) (provided that, in such a case, the aggregate value of such investments is less than 5% of the Net Asset Value of F2 at the time of investment or higher amount approved by the Responsible Entity).

The Investment Manager has the right to dispose of some or all of the Investment to an associate or related body corporate.

Any such transactions will be on arm's length commercial terms.

The Investment Manager (and its affiliates) may from time to time manage a number of funds. Once the Investment Manager (or affiliate) has sourced a particular asset, it follows formal procedures to ensure that the asset is offered to the most appropriate fund based on the relevant fund mandates. This means that assets sourced may not be exclusively offered to F2. The Investment Manager may also act as manager of an alternative vehicle and allocate a part interest in the asset for investment by the alternative vehicle alongside F2. Different fees and expenses may apply in relation to investors in the alternative vehicle.

8.10 Non-listing of units

The units in the Fund are not listed on any stock exchange and it is not currently intended that an application will be made to list the units of the Fund on any stock exchange.

8.11 Compliance Plan

The Responsible Entity has prepared and lodged a Compliance Plan for F2 with ASIC. The Compliance Plan describes the structures, systems and processes used by the Responsible Entity to comply with the Corporations Act and the Constitution. The matters covered in the Compliance Plan include: promotion of F2, and respective disclosures, information technology, the Constitution, AFS Licence requirements, corporate governance and compliance, agents and external service providers, education, training and recruitment, complaints handling, record keeping, custody, investment management, F2's trust fees and performance, investment risks, valuation of F2's assets, and applications, redemptions and distributions.

An audit of the compliance plan is carried out on an annual basis by F2's Compliance Plan Auditor, PwC. An audit report is prepared and lodged with ASIC providing an opinion as to whether the Responsible Entity has complied with the Compliance Plan throughout the year and if the Compliance Plan continues to comply with the requirements of the Corporations Act and other relevant laws. A copy of the Compliance Plan is available from the Responsible Entity.

8.12 Rights and Obligations Attaching to the Units

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

If you invest in F2, you agree to be bound by the terms of the PDS and the Constitution. Copies of the Constitution are available, free of charge, on request from the Responsible Entity. Please consider the Constitution before investing in F2.

Unit pricing

The net asset value for a Unit is the total value of all assets of F2 less F2's liabilities (calculated in accordance with F2's Constitution), divided by the number of Units on issue.

The key aspects of the valuation policy applied in valuing F2's assets are set out in section 8.2. The Responsible Entity may rely on the valuations or prices supplied by third parties and/or industry standard pricing models for which we will not or are not able to verify the accuracy. The Responsible Entity has appointed the Administrator to calculate the net asset valuations of F2. The Responsible Entity has established separate class accounts for

each Class of Units in F2. Amounts which are referable to a Class (as determined by the Responsible Entity in accordance with the Constitution) will be allocated to the relevant Class. The net asset value will be calculated on the basis of each Class. Each Class of Units will be invested in the same portfolio of investments. Units will typically be priced on the last Business Day of each calendar month except where the calculation of the net asset value of F2 is suspended (see section 4.2 for further details).

Unit prices (with respect to the unit price as at the last Business Day of the prior calendar month) will be displayed at www.federationam.com. Alternatively you can contact the Responsible Entity on +61 3 8623 5000 for current Unit prices.

The Responsible Entity has documented how it intends to exercise unit pricing discretions- see section 9.19 for further information.

Entitlements

Subject to the rights, obligations and restrictions of a Class of units, each unit represents an equal undivided fractional beneficial interest in the assets of F2 attributable to that Class as a whole subject to liabilities attributable to that Class, but does not give unitholders an interest in any particular asset of F2.

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

Winding Up

On a winding up of F2, holders of a particular Class of units are entitled to a pro rata proportion of the realised pool of assets relating to that particular Class of units (after taking account of liabilities of F2).

Meetings of Unitholders and Voting

Meetings are to be held in accordance with the Corporations Act.

The Responsible Entity may convene and arrange to hold a general meeting of F2 whenever it thinks fit and must do so if required under the Corporations Act.

Voting at a general meeting is by a show of hands unless a poll is validly demanded. On a show of hands each Unitholder (and each proxy, attorney or representative) has one vote, and on a poll, each Unitholder (and each proxy, attorney or representative) has one vote for each dollar value of units held.

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

Amendment of Constitution and Variation of Class Rights

The Constitution may be amended by either a special resolution of Unitholders or by deed executed by the Responsible Entity where it reasonably believes the change will not adversely affect Unitholders' rights.

Other Classes of Units

Pursuant to the Constitution, the Responsible Entity may also issue any other Class of units.

Unitholder's Liability

The Constitution for F2 provides that unless there is a separate agreement with a Unitholder, no Unitholder can be called on to contribute to the assets of F2 or to its creditors if F2 is liquidated or becomes insolvent. Therefore it is expected that Unitholders will not be under any obligation if a deficiency in the assets of the relevant trust was to occur. However, this view has not been fully tested and so it is not possible to give an absolute assurance that a Unitholder's liability will be limited in all circumstances.

In general, the liability of a Unitholder is limited to the amount (if any) which remains unpaid in relation to their subscription for Units and certain amounts in respect of tax.

The Responsible Entity is entitled to be reimbursed from Fund assets for expenses incurred in the proper performance of its duties in relation to each trust.

Powers and Duties of the Responsible Entity

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

Management of F2

Subject to the Corporations Act, the Responsible Entity has broad powers to invest, borrow and generally manage F2, and power to issue units and financial instruments, borrow money and register (including being able to decline to register) transfers of units. The Responsible Entity has the power to buy and sell assets of F2 and can enter into contracts. The Responsible Entity can also delegate its powers and duties.

In accordance with the Constitution of F2, the Corporations Act and general trust law, the Responsible Entity must:

- act in the best interest of Unitholders and, if there is a conflict between Unitholders' interests and its own, give priority to Unitholders;
- ensure the property of F2 is clearly identified, held separately from other funds and the Responsible Entity's assets, and is valued regularly;
- ensure payments from F2's property are made in accordance with the Constitution and the Corporations Act; and
- report to ASIC any significant breach of the Corporations Act in relation to F2.

Replacement and Removal of Responsible Entity

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

The Responsible Entity must retire when required by law, for example, by way of resolution of Unitholders under section 601FM of the Corporations Act.

8.13 Consents

The Corporations Act imposes a liability regime on the Responsible Entity (as the offeror of the Units), the Directors of the Responsible Entity, persons named in this PDS with their consent as having made a statement in this PDS and persons involved in a contravention in relation to this PDS with regard to misleading or deceptive statements made in the PDS. Although the Responsible Entity bears primary responsibility for this PDS, other parties involved in the preparation of this PDS can also be responsible for certain statements made in it.

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

Investment Manager Consent

The Investment Manager has given, and at the date of this PDS has not withdrawn, its written consent:

- to be named in this PDS as the Investment Manager of F2; and
- to the inclusion of the statements made about it, F2 and to the information attributed to it in the

form and context in which this information appears.

The Investment Manager has not otherwise been involved in the preparation of this PDS, nor has it caused or otherwise authorised the issue of this PDS.

Neither the Investment Manager, nor any of its employees, officers or associated companies accept any responsibility arising in any way for errors or omissions from this PDS, other than in relation to the statements for which they have provided consent.

Administrator Consent

Apex Fund Services Ltd has given, and at the date of this PDS has not withdrawn, its written consent:

- to be named in this PDS as the Administrator of F2; and
- to the inclusion of the statements made about it and F2 in the form and context in which this information appears.

Apex Fund Services Ltd has not otherwise been involved in the preparation of this PDS, nor have they caused or otherwise authorised the issue of this PDS. Neither Apex Fund Services Ltd nor their employees or officers accept any responsibility arising in any way for errors or omissions from this PDS, other than in relation to the statements for which they have provided consent.

Auditor Consent

Ernst & Young has consented to being named in this PDS, but it does not make any statement in this PDS, nor is any statement in this PDS based on any other statement by Ernst & Young.

8.14 Indemnification of the Investment Manager

Under the terms of the Investment Management Deed, Equity Trustees (in its capacity as responsible entity of F2) indemnifies and agrees to hold harmless the Investment Manager against any loss or liabilities reasonably incurred by the Investment Manager, and any direct costs, charges and expenses incurred by the Investment Manager by reason of the Investment Manager performing its duties and obligations under the Investment Management Deed. The Investment Manager will not be entitled to be indemnified out of the assets of the Fund in relation to any such loss, liability, cost, charge or expense to the extent to which it is caused by the Investment Manager's gross negligence, fraud or dishonesty.

8.15 Privacy Statement

The Privacy Act 1988 (Privacy Act) and the Australian Privacy Principles regulate the way

organisations collect, use, disclose, keep, secure and give people access to their personal information. Equity Trustees are committed to respecting the privacy of your personal information throughout the information lifecycle and our Privacy Policy details how we do this.

Equity Trustees may collect personal information about you and individuals associated with you in order to provide products and services to you, and to ensure compliance with legal and regulatory obligations (including under the Corporations Act, the AML/CTF Act and tax related legislation). You must ensure that all personal information which you provide to Equity Trustees is true and correct in every detail, and should those personal details change it is your responsibility to ensure that you promptly advise Equity Trustees of the changes in writing. If you do not provide the information requested, we may not be able to process your application, administer, manage, invest, pay or transfer your investment(s). We may also obtain or confirm information about you from publicly available sources in order to meet regulatory obligations.

Equity Trustees may disclose your information to other members of our corporate group or to third parties, where it is necessary, in order to provide you with the products or services. Those third parties may be situated in Australia or offshore, and we take reasonable steps to ensure that all third parties with whom we have a contractual relationship or other influence comply with the Australian Privacy Principles.

The third parties that we may disclose your information to include, but are not limited to:

- stockbrokers, financial advisers or adviser dealer groups, their service providers and/or any joint holder of an investment;
- those providing services for administering or managing F2, including the Investment Manager, any Fund custodian and Administrator, auditors, or those that provide mailing or printing services;
- those where you have consented to the disclosure and as required by law; and
- regulatory bodies such as ASIC, ATO, APRA and AUSTRAC.

The Responsible Entity or the Investment Manager may from time to time provide you with direct marketing and/or educational material about products and services they believe may be of interest to you. You have the right to "opt out" by contacting the Responsible Entity. Equity Trustees' Privacy Policy contains information about how you can access information held about you, seek a correction if necessary, make a complaint if you think there has been a breach of your privacy and

about how Equity Trustees will deal with your complaint. Full details of Equity Trustees' Privacy Policy is available at www.eqt.com.au. You can contact Equity Trustees' Privacy Officer on +61 3 8623 5000, or email to privacy@eqt.com.au to request a copy.

8.16 Information on Investments

Information regarding the investments of F2 will be provided to a Unitholder in F2 on request, to the extent the Responsible Entity is satisfied that such information is required to enable the Unitholder to comply with its statutory reporting obligations. This information will be supplied within a reasonable timeframe having regard to these obligations.

8.17 Foreign Account Tax Compliance Act ("FATCA")

The Australian Government is signatory to an intergovernmental agreement ("**IGA**") with the United States of America, which requires all Australian financial institutions to comply with the FATCA Act enacted by the U.S. in 2010.

Under FATCA, Australian financial institutions are required to collect and review their information to identify U.S. residents that invest in assets through non-U.S. entities. This information is reported to the Australian Taxation Office ("**ATO**"). The ATO may then pass that information onto the U.S. Internal Revenue Service.

In order to comply with the FATCA obligations, the Investment Manager or the Responsible Entity may request certain information from you. Failure to comply with FATCA obligations may result in F2, to the extent relevant, being subject to a 30% withholding tax on payment of U.S. income or gross proceeds from the sale of certain U.S. investments. If F2 suffers any amount of FATCA withholding and is unable to obtain a refund for the amounts withheld, Unitholders may not be compensated for any such withholding and the effect of the amounts withheld will be reflected in the returns of F2.

8.18 Common Reporting Standard ("CRS")

The CRS is a standardised set of rules developed by the Organisation of Economic Co-operation and

Development that requires certain financial institutions resident in a participating jurisdiction to document and identify reportable accounts and implement due diligence procedures. These financial institutions will also be required to report certain information on reportable accounts to their relevant local tax authorities.

Australia signed the CRS Multilateral Competent Authority Agreement and has enacted provisions within the domestic tax legislation to implement CRS in Australia. Australian financial institutions must document and identify reportable accounts, implement due diligence procedures and report certain information with respect to reportable accounts to the ATO. The ATO may then exchange this information with foreign tax authorities in the relevant signatory countries.

In order to comply with the CRS obligations, the Investment Manager or Responsible Entity may request certain information from you. Unlike FATCA, there is no withholding tax that is applicable under CRS. However, penalties may apply for failing to comply with the CRS obligations.

8.19 Anti-Money Laundering and Counter Terrorism Financing ("AML/CTF")

Australia's AML/CTF laws require Equity Trustees to adopt and maintain an AML/CTF Program. A fundamental part of the AML/CTF Program is that Equity Trustees knows certain information about investors in F2. To meet this legal requirement, we need to collect certain identification information and documentation ("**KYC Documents**") from new investors. Existing investors may also be asked to provide KYC Documents as part of a re-identification process to comply with AML/CTF laws. Processing of applications will be delayed or refused if investors do not provide the applicable KYC Documents when requested. Under the AML/CTF laws, Equity Trustees is required to submit regulatory reports to AUSTRAC. This may include the disclosure of your personal information. Equity Trustees may not be able to tell you when this occurs.

The Responsible Entity shall not be liable for any loss you may suffer because of compliance with the AML/CTF laws.

9 Glossary of Important Terms

Administrator – the administrator of the Fund, initially Apex Fund Services Ltd.

AFCA – Australian Financial Complaints Authority.

AFSL – Australian financial services licence.

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

ASIC – Australian Securities and Investments Commission.

ASX – ASX Limited or the market operated by it, as the context requires.

ATO - Australian Taxation Office.

AUSTRAC – Australian Transaction Reports and Analysis Centre

Business Day means a day other than a Saturday or a Sunday on which banks are open for general banking business in Melbourne and Sydney or if the administrator of F2 primarily performs its administrative functions in respect of F2 in a city other than Melbourne or Sydney, the city in which the administrator performs such functions.

CGT means Capital Gains Tax.

Class – a class of units in F2, with such terms as described in the Constitution and summarised in this PDS.

Co-Investment Entity means any special purpose vehicle through which F2 (or an underlying investment vehicle) and Co-investors jointly own certain assets.

Co-investor means any person who is co-investing in particular investments, alongside F2.

Constitution – the trust deed or constitution of the Fund which set out the rights, responsibilities and beneficial interest of both the Unitholders and the Responsible Entity in relation to F2.

Corporations Act – the *Corporations Act 2001* (Cth) and *Corporations Regulations 2001* (Cth), as amended from time to time.

Distribution – the amount that is paid to Unitholders after the end of a distribution period. This generally includes any income and realised capital gains.

Distribution Period – has the meaning given in under ‘Distributions’ in the ‘Investing and Withdrawing’ section.

Equity Trustees means Equity Trustees Limited (ABN 46 004 031 298, AFSL 240975) in its capacity as trustee and responsible entity of F2.

Extraordinary Resolution means a resolution passed by at least 50% of the total votes that may be cast by Unitholders entitled to vote on the resolution (including Unitholders who are not present in person or by proxy).

F2 means the Fund.

FATCA - Foreign Account Tax Compliance Act.

Federation or **Investment Manager** means Federation Asset Management Pty Ltd (ABN 39 628 789 220 AFSL No 516560).

Fund – Federation Alternative Investments II.

Gross Asset Value (GAV) – the gross asset value of the Portfolio, and any other assets, of F2. For the avoidance of doubt, the amount used for this purpose is not reduced on account of any borrowings.

GST – Goods and Services Tax.

IDPS - Investor directed portfolio service. An IDPS is generally the vehicle through which an investor purchases a range of investment options from numerous investment managers, with the IDPS Operator providing the investor with consolidated and streamlined transaction statements and other reporting.

IDPS Guide - The terms and conditions of an IDPS issued by the IDPS Operator.

IDPS Operator - An entity that operates and offers an IDPS.

Investment Management Deed means the investment management deed entered into between (among others) the Responsible Entity and the Investment Manager relating to (among others) management services provided by the Investment Manager for the benefit of F2.

Investor or **Unitholder** means the holder of a Unit.

IPEV means the International Private Equity and Venture Capital Association.

IRR means internal rate of return, calculated on an annual basis. An IRR is a measure typically used to estimate the profitability of an investment, and is used to calculate the applicable Performance Share.

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

Net Asset Value (NAV) – the value of assets of F2 less the value of the liabilities of F2, as the context requires.

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

Ordinary Resolution means a resolution passed by at least a majority of the votes cast (whether in person or by proxy) by Unitholders entitled to vote on the resolution.

PDS – this Product Disclosure Statement.

Portfolio – the portfolio of assets of F2 (including of any subsidiary trusts of F2).

Portfolio Value – the value of the Portfolio.

Responsible Entity – Equity Trustees Limited (ABN 46 004 031 298, AFSL 240975) in its capacity as responsible entity of the Federation Alternative Investments II.

RITC – Reduced Input Tax Credit. Equity Trustees may apply for reduced input tax credits on behalf of F2, where applicable, to reduce the GST cost to F2.

Sell Spread – Difference between NAV per unit and the withdrawal price of a Unit.

SME – Small-to-medium enterprise

Unit - each ordinary unit in F2.

Target Investments – the target investments described in the 'About F2' section.

Underlying Asset – an underlying investment in a company or trust that is a Target Investment and is acquired and held by F2 or an underlying investment entity or subsidiary vehicle managed by the Investment Manager or any Associate of the Investment Manager.

Valid Application means an application to acquire or redeem Units in F2, complete in all respects including with respect to all supporting documentation and in a form which is accepted by the Responsible Entity.

Wholesale Client – a person or entity defined as such under section 761G of the Corporations Act.

Wholesale Investor - in the case of a New Zealand investor, means a Wholesale Client who also meets the definition of wholesale investor under clause 3(2) of Schedule 1 of the Financial Markets Conduct Act 2013 (New Zealand).

10 Corporate Directory

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