



AFSL No. 416441 & ACL No. 463964
ACN 140 213 690 & ABN 32 140 213 690

HOW TO USE THIS DOCUMENT

The purpose of this document is to provide guidance on completing a Target Market Determination (TMD) to meet the requirements of the *Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Bill*.

In using this document consider the nature of the product, including any product variations, and the distribution approach when creating TMD.

Target Market Determination

For Australia Pacific Pooled Fund ARSN 674 648 581

APIR: APM8830AU

1. About this document

This target market determination (TMD) seeks to offer consumers, distributors and staff with an understanding of the class of consumers for which this product has been designed, having regard to the objectives, financial situation and needs of the target market.

This document is not to be treated as a full summary of the product's terms and conditions and is not intended to provide financial advice. Consumer must refer to the Product Disclosure Statement (PDS) and any supplementary documents which outline the relevant terms and conditions under the product when making a decision about this product.

Australia Pacific Mortgage Fund Pty Ltd, AFSL No. 416441, ACL 463964, ACN 140 213 690 is the responsible entity of the Australia Pacific Pooled Fund.

The Australia Pacific Pooled Fund (APPF) Product Disclosure Statement is to which this target market determination applies.

This TMD applies to the APPF referred to in the following :

- APPF - Product Disclosure Statement

Date from which this target market determination is effective

15th February 2024

2. Class of consumers that fall within this target market

The information below summarises the overall class of consumers that fall within the target market for APPF, based on the product key attributes and the objectives, financial situation and needs that it has been designed to meet.

This product has been designed for consumers whose likely objectives, financial situation and needs (as listed below) are aligned with the product (including the key attributes).

Various other managed investment scheme funds, industry superfunds, retail investors, high net worth individuals (sophisticated investors), retail investors and self-managed superannuation funds will be targeted for investment in the Fund.

Investment in this product is for those who:

Seek to invest in a conservative managed investment scheme and receive variable income yields from mortgage security secured by the Fund's registration over real estate throughout Australia.

To provide stable income while ensuring a continuous level of capital security. The Fund pools mortgage securities to suit the Investors in the Fund. Each mortgage security pays a defined and clear variable income yield to the Fund. The mortgage is registered in the Fund's name and the Fund has legal or beneficial title to the security property.

The Fund is a pooled mortgage scheme which will invest in mortgages secured over real property.

The borrowing component of this product is for those who:

- Seek debt funding for residential and commercial property that meet its credit criteria. Anticipated timeframes for loan terms will generally range from 6 months to 2 years and interest rates will be fixed or floating. The Fund does not provide finance to related parties. Investment monies are only invested in securities in Australia and do not exceed 80% of the value of the security so as to provide for a stable investment.
- Borrowers will typically be private individuals, private companies or property syndicates. Security for the loans will primarily be income producing tenanted residential and commercial properties or owner-occupied residential and commercial premises.

Product description and key attributes

The key eligibility requirements and product attributes of APPF are:

For investors:

Both Wholesale and retail investors may invest in APPF. Minimum investment in the Fund is \$5,000. Investors join by applying for Units of the Fund. Members have rights to receive income or capital distributions in which they are an Investor in proportion to their share of contribution to the Fund.

- To maintain a stable and secure investment all monies are invested only on mortgage securities in Australia and do not exceed set LVRs. The income earned by the Fund in a Mortgage Investment will vary to reflect the risk of return, for example:
 - the type of security property;
 - the location of the security property;
 - the priority of the mortgage security;
 - the term of the investment; and
 - the likelihood of early repayment by the borrower.

For borrowers:

The Fund will not provide funding to related parties.

- Maximum loan terms will generally be of a duration of 2 years, interest repayments are monthly interest only in advance, establishment fees range from 1.00% to 1.50% + GST. Valuation, legal and quantity surveyor fees are charged at cost.
- The Responsible Entity approves and packages Mortgages for the Fund. Each Mortgage Investment pays a defined income to the Fund.

Loans secured by first mortgages over residential and commercial property located in Australia. The residential and commercial property market is either occupied by owners, or tenants generating income or rental returns to the owners.

Owner occupied residential properties will rarely be taken as supporting security for loans and the Fund will occasionally provide loans for residential zoned vacant land or residential zoned broad acre land or subdivision whereby the Investment Committee see a secure low risk opportunity.

Examples of principal property types include:

- Residential houses, townhouses and apartments;
- Residential zoned vacant land with town planning approval;
- Residential zoned broad acre vacant land with town planning approval;
- Retail/sub-regional shopping centres with a major anchor tenant and supporting specialty shops
- Single or a series of “strip” shops in major locations;
- Office buildings in CBD or other major residential and commercial areas; and
- Industrial-small industrial complexes generally located in transport corridors.
- Small to medium density majority residential developments.

Objectives, financial situation, and needs

This product has been designed for individuals who:

For investors:

To invest in a conservative pooled managed investment scheme and receive variable income yields from mortgage securities secured by the Fund’s registration over real estate throughout Australia.

To provide stable income while ensuring a continuous level of capital security. The Fund packages mortgage securities to suit the Investors in the Fund. Each mortgage security pays a defined and clear variable income yield to the Fund. The mortgage is registered in the Fund’s name and the Fund has legal or beneficial title to the security property.

For borrowers:

Require debt funding for residential, construction/development, vacant land and commercial property.

Excluded class of consumers [optional section]

This product has not been designed for individual borrowers who are deemed covered by:

- NCCP / coded loans.

Consistency between target market and the product

For investors:

Given that this is a pooled fund investing in short term loans there will generally be a wide target market of investors. That noted, the fund still seeks to attract investors who may invest significant sums to ensure that there remains sufficient pools of funds to meet borrower demand.

For borrowers:

The target industry sectors are residential, residential zoned vacant land, commercial, retail, offices and industrial properties and aimed at business purpose lending only, no owner-occupied home loans. This is based on an analysis of the key terms, features and attributes of the product and a finding that these are consistent with the identified class of consumers.

3. How this product is to be distributed

Distribution channels

This product is designed to be distributed through the following means:

- Online marketing, authorised representatives and word of mouth for both investors and borrowers.

Distribution conditions

This product should only be distributed under the following circumstances:

- To individuals and/or companies that meet the eligibility requirements; individuals that have the appropriate capacity and in accordance with lending guidelines; by third party distributors authorised by us to distribute the products.

Adequacy of distribution conditions and restrictions

Distribution is based on an assessment of the distribution conditions and restrictions and that they are appropriate and will assist distribution in being directed towards the target market for whom the product has been designed.

It is noted that all borrowers will need to meet APPF's Standard Credit Criteria before any loan is approved.

Loan applications with exceptions to the Fund's Standard Credit Criteria must be approved unanimously by the Investment Committee.

4. Reviewing this target market determination

We will review this target market determination in accordance with the below:

Initial review	Annually from the effective date.
Periodic reviews	Annually from the initial review.
Review triggers or events	Any event or circumstances arise that would suggest the TMD is no longer appropriate. This may include (but not limited): <ul style="list-style-type: none"> • a material change to the design or distribution of the product, including related documentation; • the occurrence of a significant dealing; • distribution conditions found to be inadequate; • external events such as adverse media coverage or regulatory attention; and • Significant regulatory changes negatively impacting the capability of the responsible entity to adequately and efficiently maintain the product or target market • Inability to obtain sufficient insurance at reasonable cost

Where a review trigger has occurred, this target market determination will be reviewed within 10 business days.

5. Reporting and monitoring this target market determination

We may collect the following information from our distributors in relation to this TMD.

Complaints	Distributors will report all complaints in relation to the product(s) covered by this TMD as required. This will include written details of the complaints.
Significant dealings	Distributors will report if they become aware of a significant dealing in relation to this TMD within 10 business days.
Other information required	N/a