



**REGAL**  
FUNDS MANAGEMENT

## REGAL EMERGING COMPANIES FUND III

**INFORMATION MEMORANDUM –  
AN OFFERING TO WHOLESALE CLIENTS  
6 JUNE 2019**



ISSUED BY REGAL FUNDS MANAGEMENT PTY LIMITED, LEVEL 47 GATEWAY, 1 MACQUARIE PLACE, SYDNEY NSW 2000 ABN 30 107 576 821 AFSL 277737



Regal Funds Management Pty Limited ACN 107 576 821 ('we' 'Regal', 'Investment Manager' or 'Trustee') is the investment manager and trustee of the Regal Emerging Companies Fund III ('Fund'). Regal is the issuer of this information memorandum ('Information Memorandum') dated 6 June 2019, relating to the offer of units in the Fund ('Offer'). Terms are defined throughout this Information Memorandum and in the Glossary.

The Fund is governed by the Trust Deed and Application Form (Investment Documents) which regulate, among other things, the rights and obligations of the Trustee, Investment Manager and the investor. A copy of the Trust Deed is available free of charge by contacting Regal. The information in this Information Memorandum is subject to (i) change and (ii) the Investment Documents. To the extent of any inconsistency between this Information Memorandum and the Investment Documents, the Investment Documents prevail.

Note – the return of capital and the performance of the Fund are not guaranteed by any person or organisation, including Regal Funds Management Pty Limited, the Administrator or the Prime Brokers or the Custodians.

This Information Memorandum is intended solely for the use of the person to whom it has been delivered ('Recipient' or 'you') on the conditions set out below for the purpose of evaluation of a possible investment by the recipient in the units described in it. By accepting and reading this Information Memorandum you accept these conditions. The information contained in this Information Memorandum is provided on a confidential basis and is not to be reproduced or distributed to any other persons (other than professional advisers of the prospective investor receiving this Information Memorandum).

All information provided in this Information Memorandum is correct as at the issue date of this Information Memorandum, being 6 June 2019 and statements in the Information Memorandum are only made at that date. Its delivery at any time after that date does not imply that the information contained in it is accurate, timely or complete at any time subsequent to that date. Regal may in its absolute discretion without notice, but without being under any obligation to do so, update or supplement this Information Memorandum. Any further information shall be provided subject to these conditions.

Information contained in this Information Memorandum is general information only and does not take into account your individual objectives, financial situation, taxation position or needs and should not be relied on for the purposes of making an investment decision. This Information Memorandum has not been, and is not required to be, lodged with the Australian Securities and Investments Commission under the Corporations Act 2001 (Cth) ('Corporations Act'). The Fund is not required to be and is not registered as a managed investment scheme under the Corporations Act. Accordingly, an invitation to subscribe for units in the Fund will be an offer that does not need disclosure for the purposes of the Corporations Act and this Information Memorandum is not required to, and does not, contain all of the information which would be required to be set out in a product disclosure statement or a prospectus.

This offer to subscribe for units in the Fund is only made to wholesale clients (as defined under the Corporations Act). In addition, this Information Memorandum may only be distributed in New Zealand to NZ Eligible Investors (as defined in the Glossary). This Information Memorandum is not a product disclosure statement for the purposes of the Financial Markets Conduct Act 2013 (NZ) and does not contain all the information typically included in such offering documentation. This offer to subscribe for units in the Fund does not constitute a "regulated offer" for the purposes of the Financial Markets Conduct Act 2013 and, accordingly, there is neither a product disclosure statement nor a register entry in respect of the offer.

Unless otherwise indicated, all fees quoted in this Information Memorandum are exclusive of the effect of GST and any input tax credit, and all dollar amounts refer to Australian dollars.

This offer is only principally available to eligible wholesale investors who receive this Information Memorandum in Australia or NZ Eligible Investors who receive this Information Memorandum in New Zealand. Applications from outside Australia and New Zealand will generally not be accepted. This Offer does not constitute an offer in any jurisdiction in which, or to any person to whom it would be unlawful to make such an offer.

There is no cooling off period or cooling off rights in relation to an investment in the Fund as cooling off rights which are provided under the Corporations Act are not available to wholesale clients. Investments in this Fund are subject to risk and market fluctuations. Investors should ensure that they understand the risks and where necessary seek independent professional advice before investing in this product. Investors should be aware that the risks may result in possible loss of income and principal and may involve delays with repayment.

To the maximum extent permitted by law, the Fund and Regal:

- do not warrant or represent the origin, validity, accuracy, completeness or reliability of the information contained in this Information Memorandum (or any accompanying or subsequent information), and do not accept any responsibility for errors or omissions in this Information Memorandum (or any accompanying or subsequent information); and
- disclaim and exclude all liability for all losses, claims, damages, costs and expenses of any nature arising out of or in connection with this Information Memorandum.

There may be no secondary public market for units in the Fund and no market is expected to develop in the future. An investment in the Fund may not be transferred, resold, exchanged or otherwise disposed of except in accordance with the terms of this Information Memorandum and the Trust Deed.

By accepting this Information Memorandum you are:

- representing that you are a wholesale client or NZ Eligible Investor; and
- agreeing to keep the Information Memorandum and its content confidential and not to provide it to other persons other than your advisers provided they also maintain such confidentiality.



**WARNING FOR NZ ELIGIBLE INVESTORS RELYING ON THE MINIMUM SUBSCRIPTION PRICE EXCLUSION**

**WARNING**

**NEW ZEALAND LAW NORMALLY REQUIRES PEOPLE WHO OFFER FINANCIAL PRODUCTS TO GIVE INFORMATION TO INVESTORS BEFORE THEY INVEST. THIS REQUIRES THOSE OFFERING FINANCIAL PRODUCTS TO HAVE DISCLOSED INFORMATION THAT IS IMPORTANT FOR INVESTORS TO MAKE AN INFORMED DECISION.**

**THE USUAL RULES DO NOT APPLY TO THIS OFFER BECAUSE THERE IS AN EXCLUSION FOR OFFERS WHERE THE AMOUNT INVESTED UPFRONT BY THE INVESTOR (PLUS ANY OTHER INVESTMENTS THE INVESTOR HAS ALREADY MADE IN THE FINANCIAL PRODUCTS) IS NZ\$750,000 OR MORE. AS A RESULT OF THIS EXCLUSION, YOU MAY NOT RECEIVE A COMPLETE AND BALANCED SET OF INFORMATION. YOU WILL ALSO HAVE FEWER OTHER LEGAL PROTECTIONS FOR THIS INVESTMENT.**

**INVESTMENTS OF THIS KIND ARE NOT SUITABLE FOR RETAIL INVESTORS.**

**ASK QUESTIONS, READ ALL DOCUMENTS CAREFULLY, AND SEEK INDEPENDENT FINANCIAL ADVICE BEFORE COMMITTING YOURSELF.**

Dear Investor,

I am pleased to offer you the opportunity to invest in the Regal Emerging Companies Fund III (the "Fund").

The Fund provides exposure to an actively managed portfolio of pre-IPO, IPO, unlisted and listed micro-cap investments.

The Fund seeks to take advantage of a gap in the Australian market for the funding of emerging companies that do not fit the mandates or criteria of traditional investment firms. The Fund will leverage Regal's in-house expertise and strong market relationships to gain exposure to these high growth opportunities, with Fund performance being highly dependent on Regal's skill and experience in researching and identifying companies which will provide attractive returns.

The investment opportunities entered into by the Fund will generally be illiquid and need to be held for an extended period of time to realise full value. Given these characteristics, the Fund is subject to a lock-up and is suitable only for investors who have a long-term investment horizon and who do not need to access their invested capital for five years or more.

Regal's team members have, on average, over ten years' experience in listed and unlisted micro-cap investing, both in Australia and overseas. We have a very broad knowledge base upon which to draw. Key staff have experience in private equity, fundamental investing, long-side/hedge fund investing as well as investment banking and capital markets.

We have invested heavily to develop excellent IT infrastructure, operational procedures and risk management systems that meet the expectations of domestic and international institutional investors. These investors demand robust systems and practices and Regal has always fulfilled their requirements.

I look forward to welcoming investors and encourage you to read this Information Memorandum thoroughly to make sure the Regal Emerging Companies Fund III is suitable for your requirements.

Sincerely,



Brendan O'Connor  
Chief Executive Officer  
Regal Funds Management

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# OVERVIEW

<b>Investment Vehicle</b>	Regal Emerging Companies Fund III ('Fund'), an unregistered unit trust domiciled in Australia
<b>Investment Manager and Trustee</b>	Regal Funds Management Pty Limited ABN 30 107 576 821, Australian Financial Services licence 277737 is the Trustee and Investment Manager of the Fund
<b>Administrator</b>	Apex Fund Services Ltd, a company incorporated in Bermuda, having its registered office at 20 Reid Street, Williams House, 3rd Floor, Hamilton HM11, Bermuda. The Administrator has appointed Apex Fund Services (Australia) Pty Ltd as its administrator's delegate in Australia in relation to certain of its duties, including the keeping of the unit register
<b>Investment Policy</b>	<p>The Fund has been established to focus on investments in Pre-IPO, IPO, Unlisted Expansion Capital (companies which are currently unlisted and have a preference to remain private for the foreseeable future) and listed Microcap Companies</p> <p>Microcap Companies are companies with a market capitalisation of generally less than AU\$200 million at the time of the initial investment, however the Fund may continue to invest in these companies as they grow in market capitalisation</p> <p>The Fund may gain exposure to investments via a variety of instruments (including derivatives and debt instruments) when pursuing the investment objective</p> <p>The Fund may use leverage to enhance returns and may engage in short selling</p>
<b>Applications</b>	Subscriptions for units in the Fund may be accepted by Regal up until the Initial Closing Date provided that Regal has the discretion, on a case by case basis, to open additional offer periods to accept further subscriptions for units in the Fund (which may be via the issue of a new class or series of units) during the first 18 calendar months following the Initial Closing Date.
<b>Initial Closing Date</b>	The initial closing date for the initial offer period will be 31 July 2019 or such other date as determined by Regal in its sole discretion
<b>Investment Period</b>	<p>For Pre-IPO and Unlisted Expansion Capital Investments, the Investment Period will be 3 years from the Initial Closing Date unless extended for a further year with approval by Special Resolution</p> <p>Regal intends to reinvest proceeds from realised investments. At the end of the Investment Period the Fund is only able to make further investments in Pre-IPO and Unlisted Expansion Capital Investments in limited circumstances such as follow-on investments (increasing the exposure to an existing position), investments related to cash management or investments of this nature which the Fund has a pre-existing actual or contingent obligation to make</p> <p>Regal may continue to invest all or a portion of the Fund in IPO and listed Microcap Companies until the end of the Term</p>
<b>Term</b>	<p>5 years from the Initial Closing Date unless terminated earlier by:</p> <p>(i) Regal; or</p> <p>(ii) Special Resolution, in accordance with the Trust Deed</p>

<b>Redemptions</b>	<p>The Fund is subject to a lockup. All unitholder redemptions under the Fund are at the sole discretion of Regal, who does not intend to permit Unitholder redemption requests</p> <p>It is Regal's intention to realise all investments before the end of the Term</p> <p>If the Fund still holds investments at that time, Regal will seek to manage investments during a wind-up period, to maximise Unitholder value</p>
<b>Investment Objective</b>	The Fund aims to outperform the Hurdle, after all fees and Fund expenses over the Term. The Fund may not be successful in meeting this investment objective
<b>Investor Eligibility</b>	Wholesale Clients and NZ Eligible Investors
<b>Minimum Investment</b>	\$100,000. Regal reserves the right to accept lower amounts from Wholesale Clients and NZ Eligible Investors in its sole discretion
<b>Transfers</b>	Units of the Fund may not be transferred or otherwise assigned without the prior written consent of Regal
<b>Management Fee</b>	<p>1.5% pa of the Net Asset Value of the Fund (plus GST and calculated before accrued fees)</p> <p>The Management Fees will be accrued monthly and due and payable in arrears on the last Business Day of each month</p>
<b>Performance Fee</b>	<p>A Performance Fee is payable by the Fund to Regal equal to 20% of the Unit Return above the Hurdle</p> <p>The Performance Fee will be calculated and accrued monthly and, if applicable, payable to Regal from the Fund each 30 June</p> <p>At the end of the Term, the time a unit is redeemed or the time the final distributions are being made from the Fund, Regal will calculate the total Unit Returns less the total Hurdles (for each Calculation Period)</p> <p>If this calculation generates a Performance Fee payable which is less than the total Performance Fees paid to date, Regal will refund to the Fund the excess Performance Fees it has received. Such refund will be applied to the relevant unit class or series to which it relates</p> <p>Refer to page 16 for more specific details in relation to the calculation of the Performance Fee</p>
<b>Hurdle</b>	<p>The returns on a unit which would be necessary to generate a 5% per annum return (compounded annually) on the paid in Issue Price of the unit, adjusted for distributions of income and capital</p> <p>Refer to page 16 for more specific details in relation to the calculation of the Hurdle</p>
<b>Valuations</b>	Monthly on the last Business Day or on such other days as determined by Regal and in accordance with the Trust Deed
<b>Distributions</b>	Regal may elect to pay distributions at its discretion.



# REGAL EMERGING COMPANIES FUND III

## FUND STRUCTURE

The Fund is an unregistered wholesale Australian resident unit trust. Regal is the investment manager and trustee of the Fund. The governing rules of the Fund are detailed in the Trust Deed. A copy of the Trust Deed is available from Regal.

## INVESTMENT MANAGER

The Investment Manager for the Fund is Regal Funds Management Pty Limited. Regal's investment team of analysts and portfolio managers have significant experience in managing Australian and international investment portfolios.

## INVESTMENT OBJECTIVE

The Fund aims to outperform the Hurdle, after all fees and expenses, over the Term. There is no guarantee that the Fund will meet this objective.

In pursuing the investment objective, the Fund will seek to focus on investments in Pre-IPO, IPO, Unlisted Expansion Capital and listed Microcap Companies, predominantly in Australia but also covering OECD and developed countries.

The Fund plans to invest into companies through a variety of securities, including but not limited to debt and equity securities (including convertible notes). The Fund will be investing in unlisted and listed microcap securities to implement the investment objective, but may also hold cash or liquid investments.

The Fund may use leverage to enhance returns. The Fund may also engage in short selling, which may be done both for the purposes of generating positive returns and to reduce risks to the portfolio.

The Fund is subject to a lockup and is suitable only for investors with an investment horizon of five years or more.

## INVESTMENT STRATEGY

In this fund, Regal will invest using a fundamental, research driven investment strategy. Regal has been applying this investment strategy since 2004 across its existing funds. Regal undertakes fundamental research in selecting investments that it believes are undervalued and are expected to rise in value and it is this same tried and tested investment research strategy that it intends to apply to the Fund.

This investment strategy is described by a four-step stock selection process, which emphasises the bottom-up valuation of companies.

Figure 1 shows the key factors that are considered when selecting investments. It is important to note that the 'starting point' for all investments by the Fund is almost always bottom-up stock selection.

As a result, the Regal investment management team spends considerable time meeting with management of companies and may talk to their suppliers, customers and competitors. However, meeting management is not a prerequisite for investing.

Regal then seeks to identify macro factors and trends which are currently affecting, or have the potential to impact the company.

Regal also seeks to identify a catalyst that will change the market's perception of value. With regard to unlisted investments, the catalyst is often a successful listing on a public exchange or takeover.

And finally we ask ourselves 'What is our insight in this trade?'. We admit we are fallible and identifying our insight in a trade helps us to minimise mistakes. For unlisted investments this may include the company's ability to complete a public listing and how the listed market will ultimately value the business.

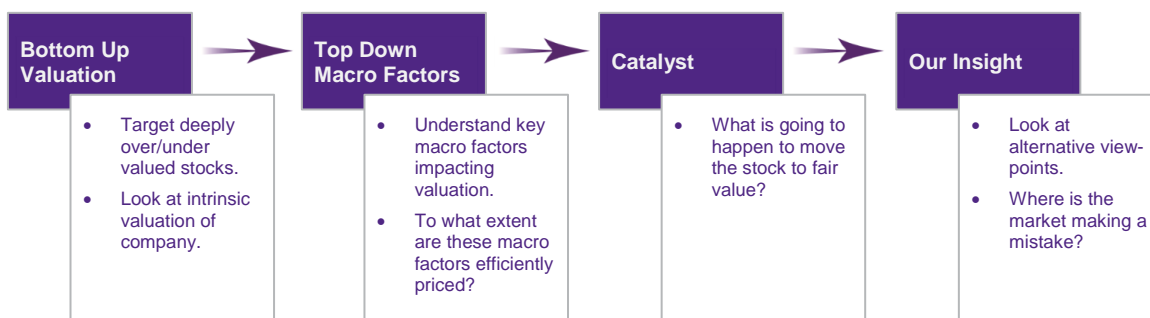


Figure 1 Four Step Stock Selection Process

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## INVESTMENT STRUCTURE

The Fund will be managed within an Investment Period of three years and a total Term of five years, both calculated from the Initial Closing Date. At the end of the Investment Period, the focus of the Fund will be to manage the wind down of the Pre-IPO and Unlisted Expansion Capital portions of the portfolio in a way which seeks to maximise Fund value and return investment proceeds to investors.

Regal may continue to invest all or a portion of the Fund in IPO and listed Microcap Companies until the end of the Term. After the Term ends, any remaining investments of the Fund will be realised as considered appropriate.

### How Does the Strategy Work?

1. During the Investment Period, Regal will focus on investing Fund Capital in Pre-IPO, IPO, Unlisted Expansion Capital and listed Microcap Companies on behalf of the Fund.
2. Unitholders may receive annual distributions of the taxable income of the Fund, at Regal's discretion. If an investment of the Fund is realised before the end of the Investment Period, Regal has the right to reinvest the proceeds in new investments.
3. At the end of the Investment Period, the Fund is only able to make further investments in Pre-IPO and Unlisted Expansion Capital Investments in limited circumstances such as Follow-On Investments, investments related to cash management and investments in which the Fund has a pre-existing actual or contingent obligation to make.
4. From the end of the Investment Period Regal will seek to maximise the value of the investments in the Fund before the end of the Term and will continue to invest all or a portion of the Fund in IPO's and listed Microcap Companies.
5. It is Regal's intention to realise all Fund investments and return investment proceeds to Unitholders before the end of the Term. If the Fund still holds investments at the end of the Term, Regal will seek to manage investments to maximise Unitholder value and may:
  - allow Unitholders to redeem some or all of their units in the Fund in return for an in-specie distribution of their pro-rata share of an asset (if possible); and/or
  - continue as the trustee and Investment Manager under the Trust Deed during the wind-up period, until all investments held by the Fund have been fully realised and the proceeds distributed to Unitholders.

## INVESTMENT GUIDELINES

### Single Position Limit

During the Investment Period, Regal will aim to limit the Fund's exposure to any one investment to 20% of the Net Asset Value of the Fund at the time of making the investment. For the avoidance of doubt, there is no requirement for the Fund to reduce its exposure to a specific investment if its value becomes greater than 20% of the Net Asset Value of the Fund during the Term.

### Gearing

To fulfil the Fund's investment objective the Fund can use gearing to enhance returns. Gross gearing is measured as the total portfolio positions (long plus short positions) divided by net assets. It is expected that this ratio will not exceed 1.3 times the Net Asset Value of the Fund.

Net gearing is measured as total long positions, less total short positions, divided by net assets. It is expected net gearing when fully invested will be in the range of 0.9 to 1.2 times the Net Asset Value of the Fund.

Gearing can have the effect of magnifying potential returns but it can also magnify potential losses. Investors should be aware that it adds extra risk to the Fund and may not suit all investors.

The Fund can also engage in short selling, which may be done both for the purposes of generating positive returns and to reduce risks to the portfolio.

# BENEFITS OF INVESTING IN THE FUND

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## ACCESS TO INVESTMENTS

Investing in the Fund gives investors access to:

- Emerging companies providing opportunities that would ordinarily be difficult for individual investors to invest in directly;
- Investing via securities other than ordinary shares (e.g. convertible notes) which can provide greater asset protection when compared to ordinary shares;
- Additional listed micro-cap investment strategies enabling access to areas of the market that can provide attractive opportunities;
- A strategy with an investment team with a proven track record.

Regal will source investment opportunities through its network of investment banks and brokers, as well as internal referrals. It will identify attractive investment ideas primarily by employing a fundamental, bottom-up analysis of companies.

## REGAL FUNDS MANAGEMENT

Regal is made up of experienced investment management professionals who together:

- Have extensive experience in managing equities for wholesale investors since 2004;
- Have a strong team of investment analysts with diverse capital markets and private equity experience; and
- Possess a robust risk management and compliance framework.

Regal and its affiliates and associates will also invest in the Fund.

Regal is also complemented by well-resourced service providers.

## SEED INVESTMENTS

The Fund may hold seed investments at the time of the Initial Closing. These investments may be funded through investor subscriptions into the Fund which may be sourced either from entities associated with Regal or from external investors. A list of seed investments can be obtained from Regal by investors, upon request.

# RISKS

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Unitholders should be aware that there is no guarantee that the implementation of the investment strategy or process will not result in losses to Unitholders. The return of capital and the performance of the Fund are not guaranteed by any person or organisation, including Regal, the Prime Brokers (if any) or the Custodian. Therefore, each investor should carefully consider the risks of investing and, where necessary, seek professional advice as to the suitability of investing in the Fund. Some risks of investing in the Fund include, but are not limited to:

## GENERAL INVESTMENT RISK

Like any investment, the investment returns of an investment in the Fund will be subject to economic variables (including interest rates, unemployment, inflation and economic growth), market conditions, factors impacting particular investee companies and government policy. Some investee companies will have certain levels of debt to carry out and expand their operations. The level of interest rates payable on that debt, and the availability of debt financing (including to refinance existing borrowings) can have a significant effect on the returns of those entities.

## MANAGER RISK

The Fund relies heavily on the ability of Regal to identify investment opportunities that will generate a return commensurate with the underlying risk. If Regal makes the wrong decisions, the Fund can have negative returns.

Unfavourable circumstances may affect Regal's ability to make investments at acceptable prices. Regal may not be successful in implementing its investment strategy.

Further, the Fund's performance is largely dependent on the continuation of the services and skills of Regal's officers and employees. There is a risk that key personnel may depart or Regal may be removed as trustee and Investment Manager of the Fund.

## LIQUIDITY

Unlisted investments made by the Fund are illiquid, as there is no established secondary market for their securities. Investments in listed micro-cap stocks also suffer from a lack of liquidity. Where the liquidity of a particular market or security is restricted, it can affect the performance of the Fund. Lack of liquidity or market depth can affect the valuation of the Fund's assets as it looks to realise securities at quoted prices and the ability of the Fund to exit a position in a timely manner including after the end of the Term.

## LIMITED DIVERSIFICATION

Regal intends to seek to diversify the Fund's investments as it deems appropriate and consistent with the Fund's investment objective. If the Fund's investment portfolio is concentrated in a small number of investments, the portfolio will be subject to a greater level of volatility. Also, the use of a single investment manager applying generally similar trading methodologies could mean lack of diversification and, consequentially, higher risk.

## SPECULATIVE NATURE OF CERTAIN INVESTMENTS

Certain investments by the Fund may be regarded as speculative in nature and involve increased levels of investment risk. An inherent part of a strategy may be to identify securities which are undervalued by the marketplace. The success of such a strategy necessarily depends upon the market eventually recognising such value in the price of the security, which may not necessarily occur. Unlisted positions, as well as IPOs, may involve highly speculative securities.

## SHORT SELLING

The Fund can also engage in short selling, which may be done both for the purposes of generating positive returns and to hedge risks to the portfolio. A short sale often involves the sale of a security that the Fund does not own in the expectation of purchasing the same security (or a security exchangeable therefore) at a later date at a lower price. To make delivery to the buyer, the Fund must borrow the security, and the Fund is obligated to return the security to the lender, which is accomplished by a later purchase of the security by the Fund. In some cases, the lender may rescind the loan of securities, and cause the borrower to repurchase shares at inflated prices, resulting in a loss. Taking short positions in a security involves a higher level of risk than buying a security since the loss with buying a stock is generally limited to the purchase amount, whereas the loss with short positions, is unlimited (i.e. there is no upper limit on the share price).

## LEVERAGE RISK

The Fund may leverage its capital because Regal believes that the use of leverage may enable the Fund to achieve a higher rate of return. Accordingly, the Fund may pledge its securities in order to borrow additional funds for investment purposes. The Fund may also leverage its investment return by investing in futures contracts, currency contracts, and other derivative instruments as well as short sales. Leverage can magnify both the gains and losses and investors may experience increased volatility in the value of their investments. Where the Fund uses leverage in order to magnify its returns, the Fund risks magnified losses that could exceed the Net Asset Value of the Fund. Additionally, the use of leverage may cause the Fund to be liable to pay interest.

In addition, the Fund's portfolio is likely to include companies which may have significant debt in their capital structures. Investee companies with a leveraged capital structure have increased exposure to rising interest rates, refinance risk, economic downturns and deteriorations in the financial performance of the company. Leverage may also exacerbate losses.

## DERIVATIVES RISK

Derivatives, such as options, warrants, futures and swaps, may be used by the Fund for hedging and non-hedging purposes.

The risks of using derivatives might include: the value of the derivative failing to move in line with the underlying asset, potential illiquidity of the derivative, the possibility that the derivative position is difficult or costly to reverse, the derivative not performing as expected and counterparty risk.

## MARKET RISK

Any investment made in a specific group of securities is exposed to the universal risks of the securities market. There can be no guarantee that losses equivalent to or greater than the overall market will not be incurred as a result of investing in such securities.

## COUNTERPARTY RISK

Counterparty risk is the risk of loss caused by another party defaulting on its financial obligations either because they become insolvent or cannot otherwise meet their obligations to the Fund. For example, a company in which the Fund holds a convertible note could default on its obligation to repay the face value of the note plus interest. A party defaulting on its obligations could subject the Fund to substantial losses. Derivatives held by the Fund which are not exchange listed but instead entered into as bilateral contracts between the Fund and the counterparty, such as an investment bank, are subject to the risk of the derivative counterparty defaulting on its financial obligations. In addition, the Fund's investments may be borrowed, lent or

otherwise used by the Prime Broker for its own purposes. These assets become the property of the Prime Broker and the Fund has a right against the Prime Broker for the return of equivalent assets. The Fund ranks as an unsecured creditor for the equivalent assets and there is a risk that the Prime Broker does not return equivalent assets or value to the Fund (for example, because of insolvency).

A party defaulting on its obligations could subject the Fund to substantial losses because the Fund will still be required to fulfil its obligations on any transactions which were to have substantially offset other contracts.

## CONFLICTS OF INTEREST

Conflicts of interest exist in the structure and operation of the Fund's investments: Regal serves as the investment manager or investment advisor to other client accounts, and Regal's compensation for managing the other client accounts may be more than its compensation for managing the Fund, thus providing an incentive to focus its efforts on such other client accounts. Such other clients may have investment objectives or may implement investment strategies similar to those of the Fund. Regal may also give advice or take action with respect to the other clients that differs from the advice given with respect to the Fund. To the extent a particular investment is suitable for both the Fund and the other clients, these other clients may compete with the Fund with respect to those investments. Where this occurs, Regal will seek to ensure that such investments will be allocated between the Fund and the other clients pro rata based on assets under management or in some other manner that is fair and equitable taking into account the surrounding circumstances, including the risk profile of the client accounts. From the standpoint of the Fund, simultaneous identical portfolio transactions for the Fund and the other clients may tend to decrease the prices received and increase the prices required to be paid by the Fund, respectively, for its portfolio sales and purchases. Where less than the maximum desired number of shares of a particular security to be purchased is available at a favourable price, the shares purchased will be allocated among the Fund and the other clients in an equitable manner.

In addition, purchase and sale transactions (including swaps) may be effected between the Fund and other clients for cash consideration at the current market price of the particular securities.

As a result of the foregoing, Regal may have conflicts of interest in allocating its time and activities between the Fund and the other clients, in allocating Investments among the Fund and the other clients, and in effecting transactions between the Fund and the other clients.

Regal has an interest in a high value being attributed to assets in the Fund to increase the amount of Management and Performance Fees able to be charged.



As Regal will be remunerated out of the Performance Fee it is possible that Regal may be incentivised to make riskier investments to achieve a higher return for the Fund.

## INVESTEES COMPANIES FAILURE

One or more investee companies acquired by the Fund could suffer financial difficulties and/or fail leading to financial difficulties for the Fund and/or a loss of capital to investors. Follow on funding may be required that may dilute the Fund's interest in an investment.

Similarly the Fund holds seed investments and there is a risk that the Fund will not receive an expected return or any return at all on these investments.

## REDEMPTION RISK

Regal does not intend to permit Unitholder redemption requests during the Term. It is Regal's intention to realise all Fund investments before the end of the Term and return capital to Unitholders. Where the Fund cannot sell its investments in a timely manner, there may be substantial delays in the return of capital to Unitholders or payment of redemption proceeds. In particular, the Fund liquidity will be adversely affected where a counterparty to the Fund's investments defaults on its payment obligations to the Fund. Insolvency of such a counterparty may inhibit the ability of the Fund to return capital to investors or pay redemption proceeds or may cause significant delays in doing so.

## FOREIGN INVESTMENT RISK

The Fund is likely, through its investments, to have exposure to foreign investment risks not usually associated with investing in Australia, including:

- political risks, such as difficulty in repatriating funds to Australia, adverse government policy (such as nationalisation of assets) and social, political and economic instability;
- difficulty enforcing rights in foreign legal jurisdictions;
- the possibility of unforeseen taxes being imposed; and
- financial reporting, general disclosure in relation to and regulation of investments of the Fund, which may be less rigorous than under Australian standards.

The Fund may have exposure to currencies and securities of foreign markets (or markets that do not have a long history of operating within a market-oriented economy) and thereby have exposure to risks not usually associated with investing in Australia. These factors may affect the level and volatility of securities prices and the liquidity of investments and may negatively affect the value and/or liquidity of the investments held by the Fund.

Regulatory controls and corporate governance of companies in some foreign countries may provide little or no protection for the Fund or Unitholders. Anti-fraud, anti-insider trading, director duties and shareholder rights legislation may be ineffective. This could have a material adverse effect on return from these investments.

## CURRENCY RISK

The Fund's portfolio may hold investments denominated in currencies other than Australian dollars. Some or all of the Fund's assets may from time to time be invested in securities and other investments. The Fund may not necessarily hedge its forex exposure therefore the value of such investments may be affected favourably or unfavourably by fluctuations in exchange currencies. In addition, prospective investors whose assets and liabilities are primarily denominated in currencies other than the currency of investment should take into account the potential risk of loss arising from fluctuations in the rate of exchange between the currency of investment and such other currency.

## PAST PERFORMANCE

The performance of other funds managed by Regal cannot be relied upon in assessing the merits of the Fund. Applicants should read the Information Memorandum in full and obtain independent advice prior to investment.

## LEGAL AND TAX RISK

The Fund is not required to be registered under the Corporations Act 2001 (Cth) and accordingly the investors do not receive the protections provided as a regulated scheme.

Legal and tax regulations that apply to Regal, the Fund and its investments may change. Changes to tax law, interpretation or practice could adversely affect the tax treatment of an investment in the Fund and the tax treatment of the Fund's investments. Investors should obtain their own tax advice in relation to an investment in the Fund.

## REGULATORY, LITIGATION AND COMPLIANCE RISKS

As a result of concerns which ASIC had arising out of a particular instance of the purchase and sale of parcels of listed securities in May 2013 by Mr Philip King (the Chief Investment Officer of Regal), both Mr King and Regal offered in December 2015 an enforceable undertaking (EU). ASIC accepted the EU. All obligations and deliverables under the EU have been met and no adverse findings have been made. There have been no other adverse regulatory findings against Regal or any member of the team.

Regal has an established regulatory compliance and governance framework. Regal monitors compliance with existing regulations, the political and regulatory environment and Regal's adherence to internal processes. From time to time, Regal becomes

subject to regulatory investigations. The inherent uncertainty of the investigative process may have an effect on Regal's operational and/or financial position, through demands on management time and increased costs. Such investigations may or may not result in administrative actions or legal proceedings against Regal. If any such action or proceeding is commenced, Regal will make appropriate disclosures. Such actions or proceedings, if successful, could attract fines and civil and criminal liability, and amendments to or cancellation of its AFSL. There is also the risk that Regal's reputation may suffer due to the profile of, and public scrutiny surrounding, any regulatory investigation, regardless of the outcome.

Regal has been made a defendant in a civil claim filed by plaintiffs in the Federal Court in March 2019. Regal is in the early stages of responding to this claim and has engaged legal advisers. The Fund is not a party to, or involved in, the civil claim. Regal will provide investors with further disclosures if it forms the view that these matters could have a material impact on the Fund.

# INVESTING IN THE FUND

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## WHO CAN INVEST?

Regal may only issue interests in the Fund to Wholesale Clients and, in the case of offers in New Zealand, to persons who are also NZ Eligible Investors.

Please contact us if you are unsure as to whether you are eligible to invest in the Fund.

Only wholesale clients (as defined under the Corporations Act 2001) and, in the case of offers in New Zealand, to persons who are also NZ Eligible Investors, are eligible to invest in the Fund.

## APPLICATIONS

### Minimum Initial Investment

The minimum initial investment is \$100,000, subject to Regal's discretion to accept a lower amount. Regal may in its discretion raise or lower the minimum investment amount provided that the status of the investor as a Wholesale Client, and in the case of offers in New Zealand, the status of the investor as a NZ Eligible Investor is not prejudiced. Certification of wholesale client status will be required as a prerequisite for investing in the Fund.

Regal has the discretion to open additional offer periods to accept additional investments on a case by case basis, for a period of 18 months following the Initial Closing Date (which may be via the issue of a new class or series of units). Following such time, additional investments will not be accepted unless approved by Special Resolution.

### Application Acceptances

In respect of each initial investment, an investor must qualify as a Wholesale Client, and in the case of offers in New Zealand, as a NZ Eligible Investor.

Applications are accepted at the absolute discretion of Regal.

The Trust Deed allows Regal to 'scale back' applications for units in the Fund should the Fund be over-subscribed. This means that if the Fund is over-subscribed Regal may determine in its sole discretion that an applicant will receive fewer units than applied for. It is the responsibility of each applicant to contact Regal to ascertain the status of their subscription and an applicant cannot assume their subscription has been successful until they receive confirmation from Regal.

Rejected, invalid, incomplete or scaled back applications will be returned to applicants as soon as possible. Interest is not payable on rejected or scaled back application monies. Subscription monies will be held in an interest bearing account until invested by

the Fund, and interest (if any) will be retained by the Fund.

### Application Process and Cut-Off Times

Applications can be made online at <http://www.regalfm.com/site/regal-emerging-companies-strategy/apply-online> or by completing the Application Form attached to this Information Memorandum and forwarding it to the Administrator - see the Application Form for the Administrator's address.

Cleared funds must be electronically transferred into the Fund's Application Account (see below for bank account details) no later than 12pm AEST on the Initial Closing Date. The completed Application Form must be received by the Administrator no later than 12pm AEST on the Initial Closing Date.

For any additional subscriptions accepted by Regal during offer periods following the Initial Closing Date, cleared funds and the completed Application Form must be received by the Administrator no later than 12pm AEST on such date prescribed by Regal. The application price will be the unit price as at the immediately preceding Valuation Day, adjusted for the buy/sell spread (see page 16).

The bank account details are as follows:

<b>BSB:</b>	013006
<b>Account Number:</b>	838125624
<b>Account Name:</b>	RECF III Applications
<b>Bank:</b>	ANZ Bank
<b>Reference:</b>	Regal Emerging Companies Fund III

Any interest earned on application money (less applicable withholding tax) paid in advance of the relevant closing date will be retained by the Fund, it will not be credited in favour of the applicant.

Application Forms can be completed online, or a copy of the original executed and completed Application Form (attached) may be faxed to the Administrator on +61 (0) 3 8648 6885 or emailed to [RECFIII@apexfunds.com.au](mailto:RECFIII@apexfunds.com.au), but no Application Form will be processed until the Administrator has received a properly completed Application Form and supporting documents, and cleared subscription monies.

Early submission of applications is recommended to ensure the deadlines are met, as applications received after these cut off times may not be accepted.

## REDEMPTIONS

### Lock Up Period

Regal does not intend to permit Unitholder redemption requests during the Term.

It is Regal's intention to realise all investments before the end of the Term. If the Fund still holds investments at the end of the Term, Regal will seek to manage investments to maximise Unitholder value, and may:

- (a) allow Unitholders to redeem some or all of their units in return for an in-specie distribution of their pro-rata share of an asset (if possible); and/or
- (b) continue as Trustee and Investment Manager under the Trust Deed during the wind-up period, until all investments held by the Fund have been fully realised and the proceeds distributed to Unitholders.

The Redemption Price per unit in the Fund being redeemed is the Net Unit Value as at the time of the redemption, less redemption transaction costs (see page 18). All unitholder redemptions under the Fund are at the sole discretion of Regal, who does not intend to permit Unitholder redemption requests.

### Suspensions

Regal may suspend for up to 120 days (or such other period that Regal considers reasonable) the calculation of unit price or Net Asset Value of the Fund. These circumstances include: where it is impracticable for the Net Asset Value to be calculated, where there have been redemption requests that involve realising a significant amount of Fund property, where Regal is unable to realise Fund property to satisfy redemption requests, or where Regal otherwise believes it is in the interests of Unitholders.

### Fax/Email Arrangements

Where Application Forms are initially sent by electronic means (fax or email but excluding online applications), the original signed document must also be sent to the Administrator. Subscriptions will not be accepted until after the Administrator's receipt of the original properly completed and signed document. None of the Administrator, Regal or their duly appointed agents will be responsible to an applicant for any loss resulting from the non-receipt or illegibility of any electronic notice or for any loss caused in respect of any action taken as a consequence of such fax believed in good faith to have originated from properly authorised persons.

It is the responsibility of the investor to seek the confirmation of receipt from Administrator. The Administrator will generally confirm the receipt of instruction within 5 Business Days.

## UNIT HOLDER COMMUNICATION

As a Unitholder in the Fund, you will normally receive the following reports:

### Monthly Email

A monthly email showing the unaudited unit price and performance of the Fund will be sent to all Unitholders. Commentary may be provided in months where there is a material change in performance.

### Tax, Distribution and Annual Statements

Unaudited taxation and distribution statements are forwarded to all Unitholders at least annually. In addition, an annual statement which contains the transaction history of a Unitholder for the year is available upon request.

### Audited Financial Statements

Audited Financial Statements of the Fund are issued annually for the year ending 30 June. They will be prepared in accordance with Accounting Standards applicable to general financial statements in Australia. The audited financial statements are available to a Unitholder on request.

# FEES

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The fees listed below are currently applicable for all investments in the Fund as at the date of this Information Memorandum. Regal will give Unitholders prior written notice of any variation of fees or charges by the Fund.

## MANAGEMENT FEE

A management fee of 1.5% per annum (plus GST net of reduced input tax credits) of the Net Asset Value of the Fund is payable by the Fund to Regal.

It is calculated monthly and due and payable in cash by the Fund to Regal on the last Business Day of each month in arrears based on the Net Asset Value of the Fund (before deduction of any accrued management fee and any accrued performance fee) and reflected in the Net Asset Value of the Fund.

## PERFORMANCE FEE

Regal is entitled to a Performance Fee of 20% of the Unit Return above the Hurdle as at the last day of each Calculation Period. The Fund will incur GST on the Performance Fee (net of reduced input tax credits).

The Performance Fee will be calculated and accrued monthly and, if applicable, payable to Regal from the Fund each 30 June.

The Unit Return, in respect of each unit in the Fund, is an amount equal to the change in the Net Unit Value (before Performance Fees but after Management Fees) plus any distributions (income and capital) paid or payable to Unitholders since the last time a Performance Fee was payable.

The Hurdle is equal to the amount that the Unitholder would need to receive since the last time a Performance Fee was payable (or for the first Performance Period, since the date the unit was issued) in order to receive (as at the last day of a Calculation Period) a 5% per annum return (compounded annually) on their Invested Capital to date.

Invested Capital for a Calculation Period means the paid in Issue Price of the unit less the amount equal to all distributions of income or capital (if any) plus all Hurdle amounts, without double counting, on that unit prior to that Calculation Period.

In calculating the Hurdle, the Invested Capital and the 5% return are calculated separately for each Calculation Period and the return takes into account the actual capital and income payment or distribution timing profile of the unit in the Fund on a time weighted basis.

A Performance Fee is only paid where the Unit Return exceeds the Hurdle, and the Performance Fee is only payable in respect of Unit Returns above the Hurdle.

If Regal ceases to be the Investment Manager of the Fund, it will be entitled to a Performance Fee calculated up to that date, as if that date was the last day of a Calculation Period. Performance Fees will also be calculated and payable in respect of a unit when it is redeemed.

At the end of the Term, the time a unit is redeemed or the time the final distributions are being made from the Fund, Regal will calculate the total Unit Returns less the total Hurdles (for each Calculation Period). If this calculation generates a Performance Fee payable which is less than the total Performance Fees paid to date, Regal will refund to the Fund the excess Performance Fees it has received. Such refund will be applied to the relevant unit class or series to which it relates.

Regal in its discretion may from time to time elect to receive less than the fees referred to in this Information Memorandum or the Trust Deed in respect of all or any units in the Fund (whether determined by reference to a minimum balance, a class or series, the inclusion of a performance hurdle criteria, or on another basis or otherwise) and may pay a Unitholder, from its own resources, any amount which it in its discretion so determines by way of offset or rebate of fees or for any other reason.

**Please see the Appendix for a worked example of the Performance Fee calculation.**

## OTHER FEES AND COSTS

### Entry Fee

The Fund does not currently charge an entry fee.

### Buy/Sell Spread

In respect of additional subscriptions which are accepted by Regal during offer periods after the Initial Closing Date, the Fund is entitled to charge a buy/sell spread. This is paid into the Fund to the benefit of all unitholders. Please see the following section, 'Unit Pricing/Valuation Process', for further details.

### Exit Fee

The Fund does not currently charge an exit fee.

While Regal does not intend to permit investor redemptions during the Term, if this were to be permitted, Regal may charge a redemption transaction cost – refer to page 18.



### **Other Fees and Expenses**

The Fund incurs other expenses, such as audit fees, legal fees, administrator fees, transaction costs, taxes, fund formation costs and other expenses allowable under the Trust Deed, including abnormal expenses (if any). An abnormal expense would, for example, be the cost of holding a Unitholder meeting. The Trust Deed allows for such expenses to be paid directly by the Fund, or paid by Regal and reimbursed to Regal from the Fund.

### **Soft Commissions**

The Investment Manager may execute transactions or arrange for the execution of transactions through brokers and other counterparties to the Fund with whom they have "soft commission" arrangements. The benefits provided under such arrangements will generally assist the Investment Manager in the provision of investment services to the Fund. Specifically, the Investment Manager may receive a benefit based on certain metrics such as the number of trades executed or leverage obtained through the respective broker or counterparty. Benefits received by the Investment Manager may take the form of research services which may be used by the Investment Manager in connection with the Fund and its other activities and clients. The Investment Manager is entitled to retain these benefits, and is not accountable in any way to the Fund nor any Unitholders.

# UNIT PRICING, DISTRIBUTIONS & TAXATION

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## UNIT PRICING/VALUATION PROCESS

When you invest in the Fund you are allocated a number of units in the Fund. Each of these units represents an equal undivided part of the market value of the portfolio of investments that the Fund holds. As a result, each unit has a dollar value or unit price. The unit price (or Net Unit Value) is calculated by dividing the Net Asset Value by the total number of units in the Fund held by Unitholders on that Valuation Day. Where more than one class of units is on issue, and the Net Asset Value referable to a particular class is being determined, reference to each of the value of the Trust liabilities and the value of the Trust property, is a reference to each in proportion to those variables that Regal has determined is properly referable to the class to which the units for which the Net Asset Value is being calculated belongs. All unit prices are calculated to four (4) decimal places. The number of units issued in the Fund is calculated and rounded to the nearest whole number.

Units are priced on the last Business Day of each month, and/or such other time or times as Regal may determine ('Valuation Day').

Regal has delegated to the Administrator the determination of the Net Asset Value of the Fund and the Net Unit Value of each class and, if applicable, series, subject to the overall supervision and direction of Regal. The assets of the Fund will be valued with reference to the last traded share price for the day (in the case of listed investments) and, in the case of unlisted investments, by Regal in accordance with the Trust Deed.

In determining the Net Asset Value of the Fund and the Net Unit Value of each class or series (as applicable), the Administrator will follow the valuation policies and procedures adopted by the Fund as set out above.

Regal intends to apply the International Private Equity and Venture Capital Valuation Guidelines and the Australian equivalent of the International Financial Reporting Standards in determining the fair value of unlisted investments.

Fair value is the amount for which an asset could be exchanged in an orderly transaction between knowledgeable, willing parties in an arms' length transaction at the measurement date.

Unlisted securities will be initially valued at the lower of cost or net realisable value. Most unlisted securities will be valued at cost for the initial 12 months unless there is indication that the net realisable value has reduced below cost.

Unlisted companies may sometimes further raise capital or existing shareholders may transact existing shares at arm's length parties. If Regal is aware of the latest transacted price and the latest transacted price meets the definition of fair value, the unlisted securities will be revalued to the latest transacted price.

If Regal believes that the latest transacted price does not reflect the fair value of the securities, Regal will select an appropriate methodology to estimate the fair value in light of the nature, facts and circumstances of the investments. Reasonable assumptions and estimates will be applied. The fair value methodology applied may include reference to earnings multiples, net assets, discounted cash flows and industry valuation benchmarks.

The Net Asset Value of the Fund includes the value of income accumulated since the previous distribution date.

In respect of additional subscriptions which are accepted by Regal during offer periods after the Initial Closing Date, Regal may charge a buy/sell spread (such spread to be notified to investors on a case by case basis). Any buy/sell spread charged will be paid into the Fund for the benefit of all unit holders.

While Regal does not intend to permit investor redemptions during the Term, if this were to be permitted, Regal may charge a redemption transaction cost. This represents Regal's estimate of the transaction costs the Fund would incur to sell the Fund property and is applied because a redemption may necessitate the purchase or sale of Fund assets, incurring transaction costs such as brokerage, government duties and taxes. This is retained in the Fund for the benefit of all Unitholders.

In calculating the Net Asset Value of the Fund, the Administrator or their affiliates shall, and shall be entitled to, rely upon, and will not be responsible for the accuracy of, financial data furnished to it by third parties including Prime Brokers appointed by the Fund, independent third party pricing services, automatic processing services, brokers, market makers or intermediaries, Regal or any administrator or valuations agent of other collective investments into which the Fund invests. The Administrator may also use and rely on industry standard financial models or other financial models approved by Regal in pricing any of the Fund's securities or other assets. If and to the extent that Regal is responsible for, or otherwise involved in the pricing of any of the Fund's assets (for example in the case of unlisted or suspended stocks), the Administrator may accept, use and rely on such prices, without verification, in determining the Net Asset Value of the Fund and shall not be liable to the Fund, any Unitholder or any other person in doing so.

## DISTRIBUTIONS

Regal may elect that an amount (capital or income) be distributed from the Fund to Unitholders. Distributions will usually be determined annually as at 30 June or more frequently at Regal's discretion. Distributions will generally be paid within 60 calendar days after the distribution date.

Distributions are generally paid out in cash. Distributions of marketable securities may be permitted when approved by Special Resolution.

Distribution statements are forwarded to all Unitholders annually.

## TAXATION

There are tax implications when investing, redeeming and receiving income from the Fund. Regal cannot give tax advice and we recommend that you consult your tax adviser. The following summary is general in nature and does not constitute tax advice. Tax laws are subject to change and you should seek independent professional advice on the tax consequences of an investment in the Fund, based on your particular circumstances, before making a decision to invest.

Generally, the Fund will not pay Australian income tax because the unit holders will be 'presently entitled' to all of the income (including net capital gains) of the Fund. Your taxable income will include your share of the net taxable income of the Fund (including net capital gains) which is allocated to you in respect of that income year, even if your distribution is reinvested or received in the following year. This may not coincide with the actual cash distribution you have received (if any) during the same period. Depending on the personal circumstances of each Unitholder, Unitholders may need to make a cash payment to the Australian Taxation Office (ATO) for tax on their share of the net taxable income of the Fund each year. The Fund cannot guarantee that annual cash distributions from the Fund will be sufficient to fund a Unitholder's tax liability for that year. If there is income of the Fund to which no unit holder is 'presently entitled', the Fund will be subject to tax at the highest marginal tax rate (plus Medicare levy).

The following summary is relevant for Australian resident Unitholders who are individuals, complying superannuation entities and companies that hold their units on capital account.

The Fund may distribute franking credits (if any) received from its investments in Australian companies. Any franking credits which are able to be attached to distributions will be shown in unit holders' annual tax statements. As at the date of this Information Memorandum, to the extent franking credits exceed tax payable by a unit holder, any excess may be refundable to individuals and complying superannuation funds.

A new tax regime for Attribution Managed Investment Trusts ("AMITs") is operative in Australia. The AMIT

regime is designed to improve the operation of the taxation law for funds by increasing certainty, allowing greater flexibility and reducing compliance costs. Trusts which meet the eligibility criteria may make an irrevocable election to become an AMIT. The Fund will monitor its ability to make the AMIT election. Where possible, Regal intends for the Fund to elect into the AMIT regime.

The following summary is relevant for Australian resident unit holders who are individuals, complying superannuation entities and companies that hold their units on capital account.

At the end of the Fund's tax year we will send to you the details of assessable income, capital gains, tax credits and any other relevant tax information to include in your tax return.

### Convertible Note Investments

The Fund may invest in Convertible Notes and other hybrid financial instruments. The character, timing and treatment of income, expenses, gains or losses under these types of financial instruments for tax purposes will depend upon the terms and conditions under which these financial instruments were issued and may be different to the tax treatment of an investment in shares.

The income or gains derived by the Fund in relation to these types of financial instruments could include interest income, dividends (franked or unfranked), other Australian sourced assessable income, foreign sourced assessable income or capital gains. It is possible that losses incurred on some investments may be treated as capital losses, which can only be offset against capital gains.

The TOFA, Division 16E or traditional security provisions may apply to the financial instruments held by the Fund when calculating its net taxable income.

### Capital Gains Tax

Your assessable income for each year may include net capital gains (i.e. after offsetting capital losses). You may derive capital gains from either:

- A component of the distribution made to you as a unit holder in the Fund; or
- Redeeming units from the Fund.

If eligible, the Fund will make the Managed Investment Trust CGT election to treat certain assets including shares held by the Fund as CGT assets.

The Fund's ability to make this election is subject to it satisfying certain criteria, which the Fund cannot guarantee. If the Fund is unable to make the Managed Investment Trust CGT election the taxation of gains and losses on disposal of assets will be based on general principles for tax purposes.

Individuals, trusts and complying superannuation entities may be eligible for a CGT discount in relation to capital gains derived upon the disposal of units where they have held the units continuously for at

least twelve (12) months. Certain capital gains distributed to unit holders from the Fund may also qualify as discount capital gains. The CGT discount percentage applicable at the date of this Information Memorandum is 50% for individuals and trusts and 33 1/3% for complying superannuation entities.

The distribution by the Fund of certain non-taxable amounts (if any) may give rise to capital gains tax cost base adjustments to a unit holders' units in the Fund. This may result in a larger capital gain or reduced capital loss on the subsequent disposal of the units, or may result in an immediate capital gain to the extent that any non-taxable amounts received exceed the CGT cost base of the units.

### **Goods and Services Tax (GST)**

The issue and redemption of units in the Fund and receipt of distributions will not be subject to GST. GST is payable by the Fund on Regal's fees and certain reimbursements of expenses. The Fund will generally be able to claim input tax credits and/or reduced input tax credits of either 55% or 75%.

### **Non-resident Taxation**

Australian tax will be deducted from distributions of certain Australian sourced taxable income to non-resident unit holders. The amounts will be withheld at the rates of tax applicable to non-resident unit holders and will depend on the type of income and country of residence of the unit holder. Non-resident unit holders may also be subject to tax in the country they reside in, but may be entitled to a credit for some or all of the tax deducted in Australia.

Non-residents seeking to invest in the Fund should obtain tax advice on their specific circumstances.

### **Foreign Tax Credits**

Australian residents are required to include in their assessable income their share of any foreign taxes paid by the Fund. Unit holders may be entitled to a tax offset for foreign taxes paid by the Fund, subject to certain conditions.

### **Tax File Number (TFN) and Australian Business Number (ABN) (Australian Unit Holders Only)**

It is not compulsory for unit holders to provide their TFN or ABN, and it is not an offence if they decline to provide them. However, unless exempted, if they are not provided, tax will be deducted from income distributions at the highest personal marginal rate plus the Medicare levy and any other applicable levies or taxes. The ABN, TFN or an appropriate exemption can be provided on the Application Form when making an initial investment.

### **Foreign Account Tax Compliance Act (FATCA), the Common Reporting Standard (CRS) and Other Similar Regimes.**

The Foreign Account Tax Compliance Act of 2010 (FATCA) is United States (U.S.) tax legislation which

is aimed at enabling the U.S. Internal Revenue Service (IRS) to identify and collect tax from U.S. residents that invest via non-U.S. entities, such as the Fund.

FATCA requires certain Foreign Financial Institutions (FFIs) to register with the IRS and collect and provide certain information about U.S. investors (relating to their identity, account balance and payments) to the IRS. Such U.S. investor account information is either reported to the IRS directly, or via a local regulatory or taxation authority such as the Australian Taxation Office (ATO). If you or (where you are applying on behalf of an entity) a Controlling Person of the entity (including 25% or greater owners) are a U.S. citizen or U.S. tax resident, you must contact Regal at the time of applying for units in the Fund. Non-compliance with FATCA may result in a flat rate of 30% withholding tax on payments of certain U.S. source income.

The Common Reporting Standard (CRS) is a standardised set of information sharing rules which have been developed by the OECD with the aim of preventing tax evasion. Australia has enacted legislation to implement the CRS. Unlike FATCA, there is no withholding applicable under CRS.

Under FATCA and the CRS, Regal and the Fund will be required to implement due diligence procedures to document and identify unit holders that are non-residents or entities that are controlled by non-residents and report certain information about those unit holders to the ATO. The ATO may exchange this information with the relevant foreign tax authorities.

Regal and the Fund, as registered FFI's under FATCA and reporting entities under CRS, intend to comply with their FATCA and CRS obligations (and any other obligations which may arise under similar regimes to be implemented in the future).

Regal will request that you provide certain information about yourself and your tax status.

Any unit holder who does not provide information requested by Regal for FATCA or CRS purposes, or for the purposes of any similar regime in another country, is subject to a compulsory redemption of their units. In addition, if you do not provide us with the required information for FATCA or CRS compliance, Regal may be required to report your account details to the appropriate local tax authority such as the ATO.

In certain instances the Fund may not be able to escape the imposition of withholding tax or other taxes under FATCA or any similar regime. While the Fund will seek to apportion any such tax burden on unit holders whose actions or inactions have caused the Fund to be subject to tax, there can be no assurance that it will be able to do so, and if the Fund cannot, any such tax will reduce the amount of cash available to pay all unit holders, including those unit holders who have provided all requested information.

# ADDITIONAL INFORMATION

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## FUND TRUST DEED

The Fund commenced on 2 April 2019 pursuant to the Trust Deed of that date (as amended from time to time). The Trust Deed in respect of the Fund provides an operational framework for the ongoing management of the Fund. Regal and the Unitholders are bound by the terms of the Trust Deed. It sets out the rights, duties and obligations of the Trustee in respect of the Fund. In the event of any inconsistency between this Information Memorandum and the Trust Deed, the Trust Deed will prevail.

The life of the Fund is 80 years less one day, unless terminated earlier by the Trustee pursuant to the Trust Deed.

The main operative provisions outlined in the Trust Deed include:

- Applications, redemptions, reinvestments and suspension of units in the Fund;
- Rights of Unitholders;
- Classes and series of units in the Fund;
- Valuation of assets;
- Partly Paid units and calls;
- Defaults and consequences of Default;
- Fees and expenses;
- Meetings of Unitholders;
- Consequences of default;
- Transfers of units in the Fund
- Trustee's power and indemnity;
- Trustee's removal;
- Unitholder liability; and
- Termination of the Fund.

The Fund may issue units in a new series or different classes of units with different terms from time to time.

All units in the Fund are fully paid and unitholders will be called up front and must pay application monies in full unless otherwise specified by Regal.

Under the Trust Deed, Regal has the discretion to issue partly paid units in the Fund, where the issue price is payable in one or more instalments.

If partly paid units in the Fund are issued, Regal has the discretion to make calls on unitholders to different levels and at different times, and need not to have regard to the individual unitholders when doing so. No calls may be made after the end of the Term other than in respect of fees or Fund expenses. Unitholders are liable to pay all calls by the due date and Regal may give a Default Notice to a unitholder if:

- (a) a unitholder fails to pay a call in respect of its units on the day when it is due for payment together with any interest which may have accrued;
- (b) Regal reasonably believes that the units are held in circumstances which have or will result in a violation of an applicable law or regulation by Regal, the Fund or a unitholder, or which has subjected or will subject the Fund to taxation or otherwise adversely affect the Trustee, Fund or the unitholder;
- (c) a unitholder becomes bankrupt or enters into liquidation;
- (d) in the reasonable opinion of Regal, the unitholder made a material misrepresentation in acquiring its units; or
- (e) in the reasonable opinion of Regal, the unitholder is in breach of the Trust Deed, an application or disclosure document which has a materially adverse effect on the Fund, the Trustee or any unitholder.

The Default Notice must specify the breach or event and any amounts that may be payable; and state that failure to remedy the breach or event within the period specified (being not earlier than 5 Business Days after the date of the notice), will result in their units in respect of which the call was made being forfeited, redeemed or sold.

Upon the issue of a Default Notice to a unitholder, all of that person's rights in relation to their units are suspended, including but not limited to the right to vote, receive reports, redeem units or receive distributions.

A unitholder who fails to comply with a Default Notice will forfeit their units which were the subject of the Default Notice.

On forfeiture the unit becomes the property of the Fund and the forfeited unit must be sold or disposed of on terms determined by Regal, redeemed or cancelled. Units which are forfeited as a result of a Default Notice for failure to pay a call are not eligible to be redeemed.



The Trust Deed also allows Regal to compulsorily redeem all or any portion of units in the Fund in its absolute discretion upon a minimum of 3 Business Days' notice to a unitholder.

Regal has absolute discretion in performing its obligations as Trustee and may accept or reject a written direction from a Unitholder.

Holding units in the Fund does not give a Unitholder the right to participate in the management or operation of the Fund.

The Trustee may enter into agreements with Unitholders to fetter its discretions under the Trust Deed and agree matters in relation to the operation of the Fund or a class of units in the Fund.

The Trustee may enter into co-investment arrangements with Unitholders and other persons (including affiliates and associates of Regal) for which the Trustee may receive fees.

Regal is not liable to Unitholders in contract, tort or otherwise for any loss suffered in relation to the Fund except to the extent to which the loss is caused by Regal's fraud, gross negligence or breach of trust involving a failure to show the degree of care and diligence required of it. As trustee of the Fund, Regal is entitled to be indemnified from the assets of the Fund against all expenses, losses and liabilities that are incurred by it in the proper performance of its duties. The Trust Deed for the Fund is available by contacting Regal (refer to the contact details on page 29).

The liability of each Unitholder is limited to the amount subscribed, or agreed to be subscribed by the Unitholder, for units in the Fund.

The Trustee may retire as trustee of the Fund by giving notice to Unitholders and must retire when directed to retire by Special Resolution or when required by the law.

The Trust Deed may be modified, repealed or replaced in accordance with the provisions as set out in the Trust Deed. For example, the Trust Deed may be amended by the Trustee in order to comply with changes in the law.

Regal may amend or withdraw this Information Memorandum at any time and may reissue a new or amended Information Memorandum from time to time.

## TRANSFER OF UNITS

Please contact Regal if you would like to transfer units. Transferring units in the Fund is restricted under the Trust Deed and may have tax implications and you should consult your taxation adviser before you arrange any transfer of units. Regal may in its discretion refuse to register any transfer of units in the Fund and is not required to give any reasons. Regal may void any transfer of units in the Fund that has been made without Regal's express written approval, and has the discretion to void the units in

the Fund which are the subject of an unauthorised transfer.

## REGISTER OF UNIT HOLDERS

The register of unit holders is maintained by the Administrator or its affiliates.

## COMPLAINTS

If you have any queries or complaints, please contact Regal in writing. Please refer to page 29 for full address and contact details. We will acknowledge your query or complaint in writing within ten (10) Business Days. We will then give proper consideration to the complaint and advise you of the outcome as soon as practicable.

## APPOINTING AN AUTHORISED REPRESENTATIVE

If you wish to appoint someone else to operate your investment on your behalf, the following conditions apply:

- (a) Your authorised representative can do everything you can do with your investment except appoint another authorised representative;
- (b) To cancel your authorised representative you must give Regal seven (7) Business Days written notice; and
- (c) You release and indemnify Regal (including for the purposes of this section each of its respective affiliates, directors and other officers, shareholders, employees, agents, permitted delegates and sub-delegates) from and against all liability which may be suffered by you or by Regal or brought against Regal in respect of any acts or omission of your authorised representative, whether authorised by you or not.

To appoint an authorised representative complete the relevant sections in the Application Form which is attached to this Information Memorandum.

## ANTI-MONEY LAUNDERING

The *Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth)* ('**AML Act**') and the AML Requirements regulate financial services and transactions in a way that is designed to detect and prevent money laundering and terrorism financing. The AML Act is enforced by the Australian Transaction Reports and Analysis Centre ('**AUSTRAC**').

In order to comply with the AML Requirements, Regal or the Administrator is required to, amongst other things:

- (a) Verify your identity and source of your application monies before providing services to you, and to re-identify you if they consider it necessary to do so; and
- (b) Where you supply documentation relating to the verification of your identity, keep a record of this documentation for 7 years.

Regal, the Administrator and their respective subsidiaries, affiliates, directors, officers, shareholders, employees, agents, permitted delegates and sub-delegates (collectively 'the entities'), reserve the right to request such information as is necessary to verify the identity of an applicant and the source of the payment before applications can be processed. In the event of delay or failure by the investor to produce this information, the entities may refuse to accept an application and the application monies relating to such application or may suspend the payment of redemption proceeds if necessary to comply with AML Requirements applicable to them. The entities and their delegates shall not be liable to the applicant for any loss suffered by the applicant as a result of the rejection or delay of any subscription or payment of redemption proceeds.

The entities have implemented a number of measures and controls to ensure they comply with their obligations under the AML Requirements, including carefully identifying and monitoring Unitholders. As a result of the implementation of these measures and controls:

- (a) Transactions may be delayed, blocked, frozen or refused where an entity has reasonable grounds to believe that the transaction breaches the law or sanctions of Australia or any other country, including the AML Requirements;
- (b) Where transactions are delayed, blocked, frozen or refused the entities are not liable for any loss you suffer (including consequential loss) caused by reason of any action taken or not taken by them as contemplated above, or as a result of their compliance with the AML Requirements as they apply to the Fund; and
- (c) Any of the entities may from time to time require additional information from you to assist them in this process. The entities have certain reporting obligations under the AML Requirements and are prevented from informing you that any such reporting has taken place. Where required by law, an entity may disclose the information gathered to regulatory or law enforcement agencies, including AUSTRAC.

Please contact Regal for more information. By signing the Application Form, you also acknowledge that Regal may decide to delay or refuse any request or transaction, including by suspending your investment or delaying payment of realisation proceeds, if it is concerned that the request or transaction may breach any obligation of, or cause us to commit or participate in an offence under AML Act or the AML Requirements, and neither the Fund nor Regal will incur any liability to you if it does so.

## PRIVACY

The *Privacy Act 1988* (Cth) and the *Privacy Amendment (Enhancing Privacy Protection) Act 2012* (Cth) (together, the Privacy Laws) regulate, among other matters, the way organisations collect, use, keep secure and give people access to their personal information.

We respect your privacy. Any personal information provided to Regal and the Administrator when you invest, or at any other time in relation to your investment, will be used to administer and report on your investment, and for purposes related to that. For example, your personal information may be used to establish your initial investment, process ongoing transactions, respond to any queries you may have, provide you with transaction, distribution, tax and annual statements and to provide you with information on the performance of your investment, change in product features, fund commentary and other topical information. This collection of your personal information may be required under the AML Act, taxation laws and the *Corporations Act 2001* (Cth).

As well as using your personal information within Regal, we may disclose your personal information to other persons and may be required to transfer your personal information to entities located outside Australia, to enable us to provide services to you. Such people include:

- (a) Third parties we appoint as advisers, agents or service providers such as auditors, custodians, administrators or legal advisers or any of their affiliates in other countries;
- (b) Third parties you authorise to act on your behalf in relation to your investment, such as your investment consultant, financial adviser, broker or solicitor or any of their affiliates; and
- (c) Government entities and regulators as required by law.

If you provide incomplete or inaccurate information, Regal may not be able to process your application. We may also disclose your personal information to other persons and entities as permitted under the Privacy Laws.

We aim to keep your personal information as up-to-date and accurate as possible. Regal's privacy policy contains information about how you are able to access and correct any of your personal information held by Regal or the Administrator that is incorrect or has changed, by writing to us. The privacy policy also addresses how complaints may be made and how they will be dealt with by Regal. A copy of Regal's Privacy Policy can be found at [www.regalfm.com](http://www.regalfm.com)

Each investor will be required to consent in its Application Form that the Fund, the Administrator and/or Regal may disclose personal information to each other, to affiliated entities, to any other service provider or to any regulatory body in Australia or other overseas countries in which they operate. Personal information disclosed to these overseas recipients might not receive the level of protection afforded under Australian law. Any such disclosure shall not be treated as a breach of any restriction upon the disclosure of information imposed on such person by the Privacy Laws or otherwise. If you wish to find out what personal information we hold with respect to you, please contact us.

Regal may also use personal information collected about you to notify you of other products. By completing and returning the Application Form, you consent, for the purposes of the *Spam Act 2003* (Cth) to receiving commercial electronic messages from Regal.

## SERVICE PROVIDERS

As at the date of this Information Memorandum, Regal has appointed the service providers (listed on page 29), to provide services to the Fund. The service providers may be changed and added to at any time without notice to Unitholders.

## ADMINISTRATOR

Apex Fund Services Ltd (also referred to as 'Administrator' in this Information Memorandum) has been appointed as the administrator of the Fund. The Administrator has not been involved in the preparation of this Information Memorandum and takes no responsibility for its contents.

The Administrator and its affiliates are responsible for the general administration of the Fund that includes keeping the register of Unitholders, arranging for the issue and redemption of units and calculation of asset valuations and fees.

The Administrator and its affiliates are entitled to be indemnified by the Fund against all liabilities, damages, costs, claims, regulatory fines and expenses (other than those resulting from negligence, wilful misconduct, fraud or material breach of the Administrator) which may be incurred by the Administrator in performing its obligations or duties.

The Administrator and its affiliates are a service provider to the Fund and have no responsibility or authority to make investment decisions, or render investment advice, with respect to the assets of the Fund. The Administrator is not responsible for, and accepts no responsibility or liability for any losses suffered by the Fund 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 the Fund, repayment of

capital from the Fund, any particular return from, or any increase in, the value of the Fund.

The Administrator and its affiliates are not responsible for any failure by the Fund or the Investment Manager to adhere to the investment objective, policy, investment restrictions, borrowing restrictions or operating guidelines. The Administrator will not participate in transactions or activities or make any payments denominated in U.S. dollars, which, if carried out by a U.S. person, would be subject to OFAC sanctions.

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 the Fund in the future. However, the principal register will be maintained by Apex Fund Services (Australia) Pty Ltd in Australia.

## **CUSTODIAN**

The Fund intends to appoint the Custodian to hold the assets of the Fund. The Fund reserves the right to change custody arrangements for the Fund and to appoint additional or separate custodians to hold assets of the Fund, without notice to Unitholders.

## **PRIME BROKERS**

Regal reserves the right to appoint one or more prime brokers to the Fund by written agreement, without notice to unit holders.

Prime broking is the term given to bundled service packages offered by brokerage firms (the 'Prime Brokers') to funds which require cash or securities

lending facilities - prime brokerage services may include the provision to the Fund of margin financing, clearing, settlement, stock borrowing and foreign exchange facilities and may also involve their broker and dealer networks for the purposes of executing transactions. Fees for prime brokerage services will be payable by the Fund and are therefore included in the returns you receive.

To enter into margin financing and stock borrowing arrangements, assets of the Fund are generally placed with the Prime Brokers (or their custodians) to form collateral under a custodial arrangement. The Prime Brokers are (within certain limits) usually entitled to sell, lend, or otherwise use this collateral for their own purposes, subject to an obligation to return equivalent securities or cash value.

Within a prime brokerage agreement, the Fund's investments are likely to be borrowed, lent or otherwise used by the Prime Brokers for their own purposes. These assets become the property of the Prime Broker and the Fund will have a right against the Prime Broker for the return of equivalent assets. The Fund will rank as an unsecured creditor for the equivalent assets, and if the Prime Broker becomes insolvent the Fund may not be able to recover the equivalent assets in full.

Prime Brokers will have no decision making discretion relating to the investment of the assets of the Fund and will make no representation in respect of the Fund or the investment of the assets.

Any Prime Brokers appointed will be service providers to the Fund and are not responsible for the activities of the Fund and therefore will accept no responsibility for any information contained in this document and will not participate in the investment decision-making process for the Fund.

# GLOSSARY

Capitalised terms used in this Information Memorandum and the Fund forms have the following defined meanings unless the context provides otherwise.

Term	Definition
<b>Accounting Standards</b>	The Australian equivalents to International Financial Reporting Standards
<b>Administrator</b>	Apex Fund Services Ltd, a company incorporated in Bermuda, having its registered office at 20 Reid Street, Williams House, 3rd Floor, Hamilton HM11, Bermuda
<b>AML Requirements</b>	The AML Act and other applicable anti-money laundering and counter terrorism laws, regulations, rules and policies which apply to Regal in respect of the Fund
<b>Application Form</b>	The document with that title either completed online at <a href="http://www.regalfm.com/site/regal-emerging-companies-strategy/apply-online">http://www.regalfm.com/site/regal-emerging-companies-strategy/apply-online</a> or attached at the end of this Information Memorandum
<b>Business Day</b>	Any day other than Saturday, Sunday or day which trading banks are open for general banking business in Sydney
<b>Calculation Period</b>	In respect of a unit means, for the first Calculation Period, the period commencing on the initial issue date and ending as of the close of business on the next to occur of (1) or (2) below, and thereafter, is each period commencing as of the day following the last day of the preceding Calculation Period and ending as of the close of business on the next to occur of (1) the last Business Day of the last Financial Year when a Performance Fee is payable; or (2) the date the unit is redeemed
<b>Custodian</b>	Regal intends to appoint Bank of America, National Association, London Branch, 2 King Edward Street, London EC1A 1HQ, United Kingdom as custodian to hold assets of the Fund
<b>Financial Year</b>	Means each 12 month period ending on 30 June and the shorter periods ending on the first 30 June after the commencement of the Fund or commencing on a 1 July and ending on the date of termination of the Trust
<b>Follow-On Investment</b>	Means an investment in an entity, scheme or arrangement in which the Fund has an existing investment or entity which is or was an associate (as defined in the Corporations Act 2001 (Cth)) of that investment
<b>Fund</b>	Regal Emerging Companies Fund III, an Australian unregistered unit trust
<b>GST</b>	Goods and services tax as defined in the A New Tax System (Goods and Services Tax) Act 1999 (Cth)
<b>Hurdle</b>	<p>The Hurdle is equal to the amount that the Unitholder would need to receive since the last time a Performance Fee was payable (or for the first Performance Period, since the date the unit was issued) in order to receive (as at the last day of a Calculation Period) a 5% per annum return (compounded annually) on their Invested Capital to date</p> <p>In calculating the Hurdle, the Invested Capital and the 5% return are calculated separately for each Calculation Period and the return takes into account the actual capital and income payment or distribution timing profile of the Fund on a time weighted basis</p>
<b>Initial Closing Date</b>	31 July 2019 or such other date as determined by Regal in its sole discretion.



Term	Definition
<b>Invested Capital</b>	Invested Capital for a Calculation Period means the paid in Issue Price of the unit less the amount equal to all distributions of income or capital (if any) plus all Hurdle amounts, without double counting, on that unit prior to that Calculation Period
<b>Investment Manager, Trustee, Regal or 'we'</b>	Regal Funds Management Pty Limited ABN 30 107 576 821, AFSL 277737
<b>Investment Period</b>	3 years from the Initial Closing Date
<b>IPO</b>	An initial public offering of a Microcap Company
<b>Issue Price</b>	Means the issue price of a unit in the Fund.
<b>Microcap Companies</b>	Companies which have a market capitalisation of generally less than AU\$200 million at the time of the initial investment. The Fund may continue to invest in these companies as they grow in market capitalisation.
<b>Minimum Subscription Price Exclusion</b>	Means the exclusion referred to at paragraphs (e) and/or (f) of the definition of "NZ Eligible Investors"
<b>Net Asset Value, or NAV</b>	Means the value of all the Fund's assets less all its liabilities
<b>Net Unit Value</b>	Means the Net Asset Value divided by the number of units referable to a class or series of units (as applicable).
<b>NZ Eligible Investors</b>	Means: <ul style="list-style-type: none"> <li>a. an entity whose principal business consists of investing in financial products, acting as an underwriter, providing a financial adviser service or a broking service in relation to financial products, or trading in financial products on behalf of other persons, or any other person that is an 'investment business' for the purposes of clause 37 of schedule 1 of the Financial Markets Conduct Act 2013 ('FMCA');</li> <li>b. a person that owns, or at any time during the 2-year period before the application is accepted has owned, a portfolio of 'specified financial products' (as defined in clause 38 of schedule 1 of the FMCA) of a value of at least NZ\$1 million, or a person that otherwise meets the investment activity criteria specified in clause 38 of schedule 1 of the FMCA;</li> <li>c. a person whose net assets exceeded NZ\$5 million as at the last day of each of the 2 most recently completed financial years before the application is accepted, or whose total consolidated turnover exceeded NZ\$5 million in each of those 2 financial years, or any other person that is 'large' for the purposes of clause 39 of schedule 1 of the FMCA;</li> <li>d. a person who is a 'government agency' for the purposes of clause 40 of schedule 1 of the FMCA;</li> <li>e. a person who pays a minimum subscription price of at least NZ\$750,000 for units in the Fund on acceptance of the application in accordance with clause 3(3)(b)(i) of schedule 1 of the FMCA; or</li> <li>f. a person whose subscription price for units under the application, together with the subscription price previously paid by the person for units in the Fund, add up to at least NZ\$750,000 in accordance with clause 3(3)(b)(ii) of the FMCA.</li> </ul>
<b>Pre IPO</b>	Companies which are currently unlisted but plan to list on a traded market

Term	Definition
<b>Special Resolution</b>	Means a resolution approved by Unitholders holding together at least 75% of the Net Asset Value and who are entitled to vote on the resolution
<b>Term</b>	5 years from the Initial Closing Date unless terminated earlier by: (i) Regal; or (ii) Special Resolution, in accordance with the Trust Deed
<b>Trust Deed</b>	The deed declaring the Fund dated 2 April 2019 as amended by supplementary deed from time to time
<b>Unitholder</b>	A person indicated in the unitholder register as a holder of a unit and where required by the Corporations Act, a person determined under the Corporations Act for the time being as a member of the Fund
<b>Unit Return</b>	In respect of each unit in the Fund, means an amount equal to the change in the Net Unit Value per unit (before Performance Fees but after Management Fees) plus any distributions (income and capital) paid or payable to Unitholders since the last time a Performance Fee was payable.
<b>Unlisted Expansion Capital</b>	Companies which are currently unlisted and have a preference to remain private for the foreseeable future
<b>Valuation Day</b>	The last Business Day of each month, and/or such other time or times as Regal may determine
<b>Wholesale Clients</b>	As defined in the Corporations Act 2001 (Cth)

# SERVICE PROVIDERS

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## **Investment Manager/Trustee**

Regal Funds Management Pty Limited

ABN 30 107 576 821

AFSL 277737

Level 47, Gateway

1 Macquarie Place

Sydney NSW 2000

Phone: +61 2 8197 4333

Fax: +61 2 8197 4334

E-mail: [info@regalfm.com](mailto:info@regalfm.com)

## **Administrator**

Apex Fund Services Ltd

C/- Apex Fund Services (Australia) Pty Ltd

Level 13, 459 Little Collins Street

Melbourne VIC 3000

Phone: +61 3 9020 3000

Fax: +61 3 8648 6885

Email: [RECFIII@apexfunds.com.au](mailto:RECFIII@apexfunds.com.au)

## **Auditor**

Ernst & Young

200 George Street

Sydney NSW 2000

Phone: +61 2 9248 5555

Fax: +61 2 9248 5959

## **Legal Advisers**

Minter Ellison

Level 40

Governor Macquarie Tower

1 Farrer Place

Sydney NSW 2000

Phone: +61 2 9921 8888

Fax: +61 2 9921 8123

# APPENDIX

## PERFORMANCE FEE EXAMPLES

These examples show the dollar effect for a hypothetical investor, who has total Invested Capital of \$100,000 invested in the Fund at a price of \$1.00 per unit.

Scenario	Performance Fee
<b>Scenario 1</b> <ul style="list-style-type: none"> <li>Fund's Unit Return during a Calculation Period is \$0.05</li> <li>Hurdle for the Calculation Period is \$0.05</li> <li>The Fund return in excess of the Hurdle is \$0.00</li> </ul>	No performance fee is charged
<b>Scenario 2</b> <ul style="list-style-type: none"> <li>Fund's Unit Return during a Calculation Period is \$0.10</li> <li>Hurdle for the Calculation Period is \$0.05</li> <li>The Fund return in excess of the Hurdle is \$0.05</li> </ul>	A performance fee of \$1,000 is charged $(\$100,000 \times \$0.05 \times 20\% = \$1,000)$
<b>Scenario 3</b> <ul style="list-style-type: none"> <li>The Fund is at the end of the Term and the NAV per unit is \$0.35</li> <li>The Unitholder has received total distributions<sup>1</sup> of \$0.95 on their Unit during the Term</li> <li>The sum of the Unit Returns at the end of the Term is \$0.30 <math>(\\$0.95 + \\$0.35 - \\$1.00)</math></li> <li>The sum of the Hurdles at the end of the Term is \$0.19<sup>2</sup></li> <li>The net Performance Fee which should be due at the end of the Term on a \$100,000 investment is \$2,200 <math>(\\$0.30 - \\$0.19) \times 20\% \times \\$100,000</math></li> </ul>	<p>The total performance fees due at the end of the Term equals \$2,200  <math>(\\$100,000 \times \\$0.11 \times 20\% = \\$2,200)</math></p>
<ul style="list-style-type: none"> <li>Total Performance Fees of \$4,000 have previously been paid on the investment of \$100,000</li> <li>As the Fund underperformed in the last Calculation Period, a refund of \$1,800 is therefore payable by Regal to the Fund, for the excess Performance Fees it received during the term</li> </ul>	At the end of the Term a refund of \$1,800 is paid to the Fund by Regal $(\$4,000 - \$2,200 = \$1,800)$

*\* These examples are provided for illustrative purposes only and do not represent any actual or prospective performance of the Fund. It is not possible to estimate the actual performance fee payable for any given period as we cannot accurately forecast the Fund's performance. We do not provide any assurance that the Fund will achieve the performance used in the example and you should not rely on this in determining whether to invest in the Fund. Due to rounding, numbers presented in these examples may not calculate precisely.*

<sup>1</sup> – Includes pre-tax distributions, returns of capital and any non-cash distributions.

<sup>2</sup> – The Hurdle for each Calculation Period adjusts in order to generate a 5% per annum return (compounded annually) on Invested Capital at the beginning of each Calculation Period.

# REGAL EMERGING COMPANIES FUND III

## APPLICATION FORM



# APPLICATION FORM

## REGAL EMERGING COMPANIES FUND III

This Application Form relates to an Information Memorandum dated 6 June 2019 ('IM') issued by Regal Funds Management Pty Limited ABN 30 107 576 821 AFSL 277737 for the offer of units in the Regal Emerging Companies Fund III ('Fund'). Terms defined in the IM have the same meaning in this Application Form. The IM contains important information about investing in the Fund, and you are advised to read the IM before completing this Application Form.

Please note that cut-off times apply as indicated in the IM. Application Forms received after the closing date may not be accepted. The initial closing date for the initial offer period will be 31 July 2019 or such other date as determined by Regal in its sole discretion.

### Note

A signed and completed Application Form must be received by the Administrator no later than 12pm AEST on the closing date. Cleared subscription funds must be available as cleared funds in the Application Account no later than 12pm AEST on the closing date. You will be notified if your agreement is accepted by Regal.

### What do I need to provide?

Please provide each of the following:

- ☐ A signed Application Form (please complete the sections of this Application Form shown in the table below);
- ☐ The Identification Forms relevant to you, as shown in the table below. The Identification Forms form part of this Application Form and can be downloaded at: [www.regalfm.com](http://www.regalfm.com);
- ☐ Certified copies of the identification information requested on the Identification Forms;
- ☐ An accountant certificate or other suitable evidence to certify your status as a Wholesale Client; and
- ☐ Cleared funds in the Application Account no later than 12pm AEST on the closing date.

Investor Type		Complete Sections	Please complete the required Identification Form and provide certified copies of the identification requested on the Identification Form
<input type="checkbox"/> Individual and Joint investors	A natural person or persons.	1,3,4,6,8 & 9	Form A – Individuals.
<input type="checkbox"/> Regulated Trusts (including Self - Managed Superfunds)	Types of trusts include Self-Managed Super Funds, registered managed investment schemes, unregistered managed investment schemes and government superannuation funds.	2,3,4,6,8 & 9	For the Trust complete Form D
<input type="checkbox"/> Unregulated Trusts	Types of trusts include other trusts (such as family trusts and charitable trusts) and foreign trusts.	2,3,4,6,8 & 9	For the Trust complete Form E; and For an Individual Trustee complete Form A; or For a Company Trustee complete Form B or C; and All Beneficial Owners and Foreign Controlling Persons named on Forms B, C or E must complete Form A.

Investor Type		Complete Sections	Please complete the required Identification Form and provide certified copies of the identification requested on the Identification Form
<input type="checkbox"/> Companies	A company registered as an Australian public company or an Australian proprietary company, or a foreign company.	2,3,4,6,8 & 9	For a Company complete the relevant form based on company type either Forms B or C. All Beneficial Owners named on Form B or C must complete Form A.
<input type="checkbox"/> Partnership	A partnership created under a partnership agreement.	2,3,4,6,8 & 9	For the Partnership please complete Form F All Beneficial Owners named on Form F must complete Form A.
<input type="checkbox"/> Associations	Incorporated associations are associations registered under State or Territory based incorporated association statutes. Unincorporated associations are those of persons who are not registered under an incorporated associations statute and thus do not have the legal capacity to enter into agreements.	2,3,4,6,8 & 9	For the Association please complete Form G. All Beneficial Owners named on Form G must complete Form A.
<input type="checkbox"/> Sole trader	A natural person operating a business under their own name with a registered business name.	2,3,4,6,8 & 9	Form A – Individuals.
<input type="checkbox"/> Registered co-operative	An autonomous association of persons united voluntarily to meet common economic, social and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise registered under a registry system maintained by a State or Territory. This investor type can include agricultural businesses such as a dairy co-operative.	2,3,4,6,8 & 9	For the Registered co-operative please complete Form H. All Beneficial Owners named on Form H must complete Form A.
<input type="checkbox"/> Government body	The government of a country, an agency or authority of the government of a country, the government of part of a country or an agency or authority of the government of part of a country.	2,3,4,6,8 & 9	For a Government body please complete Form I. All Beneficial Owners named on Form I must complete Form A.

## 1. INDIVIDUALS AND JOINT ACCOUNT HOLDERS - APPLICANT DETAILS

	Applicant 1	Applicant 2 (if applicable)
Investor Type:	<input type="checkbox"/> Individual	<input type="checkbox"/> Individual
Title		
Given Name:		
Surname:		
Occupation:		
Residential Address:		
Street Address 1:		
Street Address 2:		
Suburb:		
State:		
Postcode:		
Country:		
Postal Address if different to Residential Address:		
Street Address 1:		
Street Address 2:		
Suburb:		
State:		
Postcode:		
Country:		
Phone Number (business hours):		
Phone Number (non-business hours):		
Mobile Number:		
Email Address:		

Applicant 1		Applicant 2 (if applicable)
<b>Australian Tax File Number:</b>		
<b>or</b>		
<b>If no tax number is provided<sup>1</sup>:</b>	<input type="checkbox"/> The applicant does not wish to quote a tax file number; or <input type="checkbox"/> The applicant is exempt from quoting a Tax File Number by virtue of (please provide details supporting your claim for exemption from quoting your TFN): _____	<input type="checkbox"/> The applicant does not wish to quote a tax file number; or <input type="checkbox"/> The applicant is exempt from quoting a Tax File Number by virtue of (please provide details supporting your claim for exemption from quoting your TFN): _____

## 2. ALL OTHER ACCOUNT HOLDERS - APPLICANT DETAILS

<b>Investor Type:</b>	<input type="checkbox"/> Trust <input type="checkbox"/> Company <input type="checkbox"/> Partnership <input type="checkbox"/> Association <input type="checkbox"/> Self-Managed Super Fund	<input type="checkbox"/> Sole Trader <input type="checkbox"/> Co-operative <input type="checkbox"/> Government Body <input type="checkbox"/> Other
<b>Full Name of Company/ Business if Sole Trader/ Trust /SMSF (including Trustee details) Partnership / Association / Cooperative / Government Body:</b>		
<b>Tax File Number or ABN:</b>		
<b>Nature of Business:</b>		
<b>Address:</b>		
<b>Street Address 1:</b>		
<b>Street Address 2:</b>		
<b>Suburb:</b>		
<b>State:</b>		
<b>Postcode:</b>		
<b>Phone Number (business hours):</b>		
<b>Mobile Number:</b>		
<b>Fax Number:</b>		
<b>Email Address:</b>		

<sup>1</sup> Collection of Tax File Numbers is authorised by law for taxation purposes. It is not an offence if you do not quote your Tax File Number or exemption information, but if you do not provide us with that information then we are required to deduct tax from any income distribution at the highest marginal tax rate plus the Medicare levy and any other applicable levies or taxes.

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### 3. POWERS OF ATTORNEY & AUTHORISED REPRESENTATIVE DETAILS

Complete this section if you wish to appoint a person to act in a legal capacity as your authorised representative and to operate your investment in the Fund on your behalf. In general, an authorised representative can do everything you can do with your investment, except appoint another authorised representative.

We may act on the sole instructions of the authorised representative until you advise us in writing that the appointment of your authorised representative has terminated. If signed under power of attorney, the attorney declares that he or she has not received notice of revocation of that power. The applicant is to provide proof of the power of attorney in a form that is satisfactory to Regal or the Administrator.

If an authorised representative is a partnership or a company, any one of the partners or any Director of the company is individually deemed to have the powers of the authorised representative.

Please attach a certified copy of your Power of Attorney. For information on how to certify your document please refer to the notes in Section 10.

<b>Given Name:</b>	
<b>Surname:</b>	
<b>Signature of Authorised Representative:</b>	
<b>Date:</b>	

### 4. INVESTMENT DETAILS

The applicant hereby applies for units in the Fund pursuant to the Trust Deed of the Fund.

<b>Value of units applied for (in AU\$)</b>	
<b>Source of funds (please tell us the main source of the funds you are using for the investment)</b>	
<b>Details of Bank Account for Payment of income and capital Distributions and Redemption Proceeds*</b>	
<b>Name of Bank:</b>	
<b>Name of Branch:</b>	
<b>Branch Address:</b>	
<b>Account Name:</b>	
<b>BSB:</b>	
<b>Account Number:</b>	

\* The bank account must be the same account from which your subscription funds derived.



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## 5. ACKNOWLEDGEMENTS AND DECLARATIONS

By signing this Application Form, the applicant makes the following representations, warranties and declarations to Regal.

- (a) The applicant will be bound by the Trust Deed of the Fund, this completed Application Form and the IM, as amended from time to time ('Constituent Documents'). The applicant has received and read a copy of the IM for the Fund.
- (b) The applicant has the power and authority to execute, deliver and perform its obligations under the Constituent Documents and to subscribe for units in the Fund ('Units').
- (c) If this is a joint application, each applicant agrees, unless otherwise indicated in this Application Form, the investment is held as joint tenants and either applicant may operate the account and bind the other.
- (d) The execution and delivery of the Constituent Documents will not conflict with, or result in any default under, any provision of any agreement or instrument to which the applicant is bound.
- (e) The Constituent Documents are the applicant's legal, valid and binding obligations, enforceable against the applicant in accordance with their respective terms.
- (f) The applicant confirms that it has the financial capacity to hold the Units for the Term of the Fund.
- (g) The applicant understands the risks associated with an application and holding units in the Fund including the risks outlined in the IM.
- (h) The applicant is a Wholesale Client as defined the Corporations Act 2001 (Cth). Where the applicant is a Wholesale Client (requiring an accountant certificate to be provided to Regal), the applicant certifies that the units in the Fund are not being acquired for use in connection with a business.
- (i) Where this Application Form relates to an offer made in New Zealand, the applicant is also a NZ Eligible Investor (as defined in the IM) and each applicant confirms and understands that:
  - the usual legal rules that require information to be given to investors for offers of financial products do not apply if the amount invested upfront by me (plus any other investments I have already made in those financial products) is NZ\$750,000 or more; and
  - I may not receive a complete and balanced set of information about this investment; and
  - I have fewer legal protections for this investment; and
  - this investment is not suitable for retail investors; and
  - I have been advised to ask questions, read all documents carefully, and seek independent financial advice.
- (j) The applicant acknowledges and agrees that Regal reserves the right in its absolute discretion to issue Units, or to reject any application, or to scale back an Application and allocate to any applicant a lesser number or total issue price of units than that applied for, or to cancel the offer of Units. Should the applicant fail to provide any information or documentation requested of them, the application may be refused.
- (k) The applicant agrees that Regal or the Administrator may deliver and make reports, statements and other communications available in electronic form, such as e-mail or by posting on a website instead of physical delivery.
- (l) The applicant authorises Regal to apply the TFN or ABN provided in this form and authorise it to be applied to all future applications and redemptions for units, including reinvestments, unless the applicant otherwise advises Regal.
- (m) Distributions and other amounts payable to unitholders will be paid into the same account from which application monies were received unless otherwise notified in writing to the Administrator.
- (n) Regal may disclose to any service provider or to any regulatory body in any applicable jurisdiction copies of the applicant's Application Form and any information concerning the applicant provided by the applicant to Regal or the Administrator and any such disclosure shall not be treated as a breach of any restriction upon the disclosure of information imposed on such person by law or otherwise.
- (o) The Fund, the Administrator and/or Regal may disclose personal information overseas to each other, to affiliated entities or to any other service provider or to any regulatory body. The Administrator's Statement attached to this Application Form provides, amongst other things, details in relation to the disclosure of personal information overseas by the Administrator. The applicant consents to the disclosure of personal information to all such overseas organizations and related entities or affiliates of Regal and/or the

Administrator. The applicant acknowledges that Regal will not be accountable under the Privacy Act 1988 (Cth) for such disclosure and that the applicant will not be able to seek redress pursuant to the Privacy Act 1988 (Cth). The applicant further agrees to the terms set out in the Administrator's Statement, as amended from time to time.

- (p) The applicant agrees to be bound by the Privacy Act 1988 (Cth) and the Spam Act 2003 (Cth), disclaimers, notices and consents contained in the IM.
- (q) The applicant agrees to the collection, use and disclosure of its personal details as set out in the IM.
- (r) Unless the applicant has contacted Regal and indicated a U.S. tax status in the Identification Form which forms part of this Application Form, each applicant certifies it is not a U.S. citizen or U.S. tax resident, will not be receiving units in the Fund in the United States and is not acquiring units in the Fund for the account of a United States person. In addition, where the applicant is an entity, the applicant certifies that it and each of its Controlling Persons is not a U.S. citizen or U.S. tax resident. Notwithstanding the foregoing, if any applicant's investment becomes a reportable account for the purposes of FATCA or CRS or a reportable account for the purposes of any other relevant Intergovernmental Agreement (as reasonably determined by Regal or otherwise), the applicant will promptly notify Regal and provide Regal on request with any information which is necessary or desirable for Regal to comply with its obligations. Where the applicant is a trust which has made a choice in relation to limited disclosure of discretionary beneficiaries for FATCA or CRS purposes, the applicant undertakes to inform Regal that the trust has made or will make a distribution to a foreign resident beneficiary, on a timely basis. As regards the settlor of a trust, unless the applicant has identified a foreign settlor as a Controlling Person, the applicant certifies that after reasonable enquiry the trustee has no reason to believe that the settlor is a foreign resident.
- (s) Regal, the Administrator, the Prime Brokers, and the Custodians or their respective subsidiaries, affiliates, directors, officers, shareholders, employees, agents, permitted delegates and sub-delegates may need to obtain certain information to enable compliance with the AML Requirements and current or future regulations aimed at the prevention of money laundering, FATCA, CRS (or similar regimes which may be implemented in other countries) or any other applicable regulatory or tax requirements, and the applicant undertakes to provide such additional information or documentation as requested of it from time to time to ensure Regal's compliance with such requirements. The entities may also be required to report this information to tax, regulatory or law enforcement agencies, including AUSTRAC.
- (t) The applicant consents to access the information about its investment in the Fund through Apex Funds 24/7 (the Online Portal) provided by the Administrator. The applicant agrees to use the Online Portal in good faith and in accordance with the terms and conditions provided thereof. The applicant agrees to receive contract notes, the Net Asset Value (NAV) statements and any other investment related information through the Online Portal.
- (u) None of Regal, the Administrator or any other person is liable for any loss or damage incurred in connection with the Application Form being rejected or not being processed for whatever reason. Applications are accepted at the absolute discretion of Regal. It is the responsibility of each applicant to contact Regal to ascertain the status of their subscription and an applicant cannot assume their subscription has been successful until they receive confirmation from Regal. Rejected, invalid or incomplete applications will be returned to applicants as soon as possible. Interest is not payable on rejected application monies. Subscription monies will be held in an interest bearing account until invested by the Fund, and interest (if any) will be retained by the Fund.
- (v) None of Regal, the Administrator, the Prime Brokers and the Custodians or any of their related bodies corporate, guarantee in any way the performance of the Fund, repayment of capital from the Fund, any particular return from, or any increase in, the value of the Fund.
- (w) The applicant is not aware of any liquidation or bankruptcy proceedings that have been commenced or are intended to be commenced by any person against it or which are intended or anticipated by it.
- (x) None of Regal, the Administrator, the Prime Brokers, the Custodians or any of their related bodies corporate, principals, officers, employees or agents make any recommendation as to the suitability of the Fund or any application for units by the applicant and the IM does not contain personal investment or taxation advice. The applicant has not relied on any statement or representation from Regal, except as set out in the IM. The applicant has to the extent that it considers necessary sought its own financial, investment and taxation advice before applying to invest in the Fund and make an application.
- (y) Applications and investment in the Fund are not deposits with or other liabilities of Regal, the Administrator or any other person and are subject to investment risk, including possible delays in repayment and loss of income and capital invested.
- (z) The applicant declares that Regal and/or its related entities will not be liable to the applicant or other persons for any loss suffered (including consequential loss in circumstances where transactions are delayed, blocked, frozen or where Regal refuses to process a transaction).
- (aa) All information provided by the applicant as part of this Application Form is true and correct.

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## 6. SIGNATURES

Joint applicants must both sign. For Individual Trustee Trust/Superannuation Funds each individual Trustee must sign. For Corporate Trustee Trust/Superannuation Funds 2 Directors, a Director and Secretary or Sole Director must sign.

### Applicant 1

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Signature

Full Name

Date

Tick capacity (mandatory for companies):

☐

Sole Director and Company Secretary

☐

Non-corporate trustee

☐

Director

☐

Partner

☐

Secretary

### Applicant 2

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Signature

Full Name

Date

Tick capacity (mandatory for companies):

☐

Director

☐

Non-corporate trustee

☐

Secretary

☐

Partner

Affix company seal (if applicable). Companies to sign in accordance with their constitution and the law.

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## 7. HOW TO INVEST

Complete the Application Form and make payment in cash by bank wire transfer crediting into the following account:

**BSB:** 013006  
**Account Number:** 838125624  
**Account Name:** RECF III Applications  
**Bank:** ANZ Bank  
**Reference:** Regal Emerging Companies Fund III

The remitter should provide payment advice to Apex Funds Services (Australia) Pty Ltd advising details of remittance, including the name of the applicant(s), for ease of identification. All application monies must originate from an account held in the name of the applicant. No third party payments will be permitted.

Please send the original completed Application Form, the relevant Identification Forms and certified copies of the required documents\* to:

**Apex Fund Services Ltd.**

**c/o Apex Fund Services (Australia) Pty Ltd**

**Level 13, 459 Little Collins Street, Melbourne VIC 3000**

**PO Box 189 Flinders Lane VIC 8009**

Phone: +61 3 9020 3000

Fax: +61 3 8648 6885

E-mail: RECFIII@apexfunds.com.au

\* Please note that applications may be refused or not processed if the required documents are not provided. \* The required documents are as set out in the relevant Identification Forms (able to be downloaded at [www.regalfm.com](http://www.regalfm.com)). Please note that applications may be refused or not processed if the required documents are not provided.

## 8. DELIVERY OF COMMUNICATIONS

The Administrator will provide you with important notices and communications in relation to your investment such as confirmations of instructions, an annual transaction statement and taxation and distribution statements. The Administrator may be able to deliver some or all of these communications to you by email. Please indicate below how you prefer to receive these communications:

☐ Hard Copy (postal address supplied on this Application Form will be used); OR

☐ Email. Please provide current email address. Multiple recipients can be accommodated if required.

Contact name

Email

Contact name

Email

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## 9. CERTIFYING YOUR DOCUMENTS

The Identification Form contains instructions on the identification documents which you need to provide to us to verify your identity. You are also required to provide a copy of any Power of Attorney to operate your account. Please follow these instructions when providing these documents:

- All documents must be provided in certified copy format – this means a copy of the original document which has been certified by an eligible certifier. A 'certified extract' means an extract that has been certified as a true copy of some of the information contained in a complete original document by one of the persons described below.
- Where documents are not in English, a notarised translation from an accredited translator is required.
- The certifier should sign the copy document (print his/her name clearly underneath) and clearly indicate his/her position or capacity, together with a full contact address and telephone number. The certificate must indicate that the document is a true copy of the original and that the photo is a true likeness of the individual.
- Please note that we require the copy which was actually signed by the certifier (i.e. the original penned signature of the certifier).
- The certified documents form part of your application and must be sent to the Administrator before the cut-off time.

### **People who can certify documents or extracts are:**

- A lawyer, being a person who is enrolled on the roll of the Supreme Court of a State or Territory, or the High Court of Australia, as a legal practitioner (however described).
  - A magistrate, a chief executive officer of a Commonwealth court or a judge, registrar or deputy registrar of a court.
  - A Justice of the Peace or a notary public (for the purposes of the Statutory Declaration Regulations 1993).
  - An agent of the Australian Postal Corporation (APC) who is in charge of, or a permanent employee of the APC with 2 or more years of continuous service who is employed in or an office supplying postal services to the public.
  - A police officer or an Australian consular officer or an Australian diplomatic officer (under the Consular Fees Act 1955).
  - An officer with 2 or more continuous years of service with one or more financial institutions (under the Statutory Declaration Regulations 1993).
  - A finance company officer with 2 or more continuous years of service with one or more financial companies (under the Statutory Declaration Regulations 1993).
  - An officer with, or authorised representative of, a holder of an Australian financial services licence, having 2 or more continuous years of service with one or more licensees.
  - A member of the Institute of Chartered Accountants in Australia, CPA Australia or the National Institute of Accountants with 2 or more years of continuous membership.
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