

**ABORIGINAL AND  
TORRES STRAIT ISLANDER  
BUSINESS ADVANCEMENT FUND  
(ABAF) or (the Fund)**  
(A wholesale fund for investment into Aboriginal and  
Torres Strait Islander businesses)

# **Information Memorandum**

**29 September 2015  
Amended 5 October 2015**

TO RAISE \$25,000,000 BY THE ISSUE OF 25,000  
UNITS IN THE FUND

TRUSTEE AND MANAGER



AUTHORISED REPRESENTATIVE  
AND SUB-MANAGER



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## Key Dates for Investors

Offer Opens: 29 September 2015  
Offer Expected to Close: 30 June 2016

Primary Securities Ltd has the right to vary the dates of the Offer, without prior notice.

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## Offer Statistics

Number of Units to be Issued: 25,000  
Issue Price: \$1,000

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## Important Notice

This Information Memorandum is not a product disclosure statement or prospectus and should not be read and construed as a disclosure document under the Corporations Act. A copy has not been lodged with ASIC.

This Information Memorandum contains certain forward-looking statements, including statements regarding the returns that may be received. These forward-looking statements are based upon a number of assumptions and estimates which are considered reasonable by Primary and the Sub-Manager. Investors should bear in mind that any forward-looking statements are inherently speculative and subject to business, economic, and competitive uncertainties and contingencies, many of which are beyond their control. It can be anticipated that some or all of the assumptions underlying the projections and forward-looking statements included herein will not materialise or will vary significantly from actual results. Accordingly, it can be expected that actual results will vary from the forward-looking statements.

It is the responsibility of overseas Applicants to ensure compliance with all laws of any country relevant to their Application.

A number of terms and abbreviations used in this Information Memorandum have defined meanings, which are explained in the Glossary.

# CHAIRMAN'S LETTER

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Dear Investor

There is a need in Australia for a trust fund dedicated to Aboriginal and Torres Strait Islander (**Indigenous**) businesses for the following reasons:

- There are opportunities for Indigenous organisations to exploit areas where they are generally engaged commercially and/or where Indigenous culture and knowledge is required. For example, companies involved in Indigenous tourism, art, science and food, and servicing the Indigenous community or in relation to health and medical services and supplies and in emerging economies such as technology, digital media and communications.
- A number of corporations and funds hold money for Indigenous people and are looking for opportunities to channel those monies to Indigenous businesses in a professional and well-organised manner.
- Other funds are looking for an ethical investment of a different nature.

Primary Securities Ltd (**Primary**) and GCM Advisory Pty Ltd (**GCM Advisory**) therefore propose an Aboriginal & Torres Strait Islander Advancement Fund (**ABAF**) as a trust fund which will have as its purpose the generation of positive returns to Investors in ABAF and the advancement of Indigenous businesses.

The USA has made determined efforts to maximise the opportunities for Native American businesses for over 15 years and these efforts have led to substantial growth for such businesses.

It is timely to form such a trust fund because of the new Commonwealth procurement policy designed to advance Indigenous businesses.

Primary is now seeking \$25m to form the Fund. It is hoped that the Fund will eventually grow to in excess of \$100m.

Primary is ideally suited for such a role as members of its board are familiar with private equity and investments in medium sized enterprises.

Investing with Indigenous businesses is a very specialised business and could not be done without the assistance of companies such as GCM Advisory.

Ian Murchison  
Chairman  
Primary Securities Ltd

# 1. INVESTMENT HIGHLIGHTS

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<b>SEEKING</b>	\$25 million with a right to take oversubscriptions. Minimum subscription \$5m.
<b>NAME</b>	Aboriginal and Torres Strait Islander Business Advancement Fund (ABAF)
<b>STRUCTURE</b>	Wholesale Unit Trust
<b>TARGET RETURN</b>	Target returns of 5% p.a. fully franked (not including capital gains)
<b>MINIMUM INVESTMENT</b>	\$250,000 or 2500 Units
<b>OBJECTIVE</b>	To invest with the purpose of advancing growing businesses in Australia, controlled by Aboriginal or Torres Strait Islander people.
<b>MANAGERS</b>	Primary Securities Ltd with certain roles sub-managed by GCM Advisory Pty Ltd.
<b>FEES</b>	Commissions 0.5% Account set up fee of \$500 per Investor account IM and other initial costs \$75,000 Management Fee per annum – 1.5% of funds under management Performance Fee per annum – 20% of return on investment that exceeds 10.0%. This fee is only payable if the Hurdle is exceeded (see section 11.1).

## **2. DETAILS OF THE OFFER**

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### **2.1 Purpose of the Offer**

This Information Memorandum invites initial subscriptions for up to 25,000 units (**Units**) in the Aboriginal and Torres Strait Islander Business Advancement Fund (**ABAF** or the **Fund**) to be issued at \$1,000 each, raising a total of \$25,000,000.

The funds being raised pursuant to this Information Memorandum will be used for investment in or loans to:

- selected Indigenous companies, trusts, partnerships, joint ventures or other appropriate entities;
- additional follow on investment if returns on initial investments are appropriate.

### **2.2 Offer**

Investors are offered 25,000 units.

### **2.3 Issue Price**

Each initial Unit is offered at \$1,000.

### **2.4 Who can invest**

A potential Investor in the Fund who is an Australian resident must fall within the definition of "wholesale client" in the Corporations Act. Annexure 1 to this Information Memorandum outlines in detail the meaning of "wholesale client" in the Corporations Act, however, essentially the potential Investor needs to:

- make an investment of \$500,000 or more; or
- if you are investing less than \$500,000, provide a certificate from a qualified accountant, obtained within the prior 2 years, that he or she has net assets of at least \$2.5m or has had a gross income for each of the last financial years of at least \$250,000; or
- be a "professional investor" or a "sophisticated investor" (as those terms are defined in the Corporations Act).

### **2.5 Minimum Application Amount**

The minimum number of Units that can be applied for is 250 Units for \$250,000. Thereafter multiples of 50 Units (for \$50,000 each) may be applied for.

### **2.6 Minimum Subscription**

The minimum subscription level is \$5m so that the Fund can make its first exemplar investments.

### **2.7 Over-Subscriptions**

Primary may accept over-subscriptions under this offer.

### **2.8 Risk Factors**

Investment in the Fund is subject to the risks set out in Section 8.

## **2.9 Allotment**

Primary will proceed to issue the Units as soon as minimum subscription is reached. Primary reserves the right to reject any application or to allocate any applicant a lesser number of Units than applied for.

## **2.10 No underwriter**

The issue of Units pursuant to this Information Memorandum is not underwritten.

## **2.11 Brokers' Commission**

Commissions of 0.5% of any funds raised by investment advisers, brokers and other parties may be paid to those licensed parties for sourcing capital and/or advising investors on the merits of the offer. These commissions will be paid by Primary out of the proceeds of this offer.

## **2.12 Negotiability**

The Units issued pursuant to this Information Memorandum will be fully transferable.

## **2.13 Buyback**

Following a "Lockup Period" of 5 years, Investors may request Primary to buy back their Units at the Buyback Price within one month of the publication of the annual next financial statements.

## **2.14 Liquidity**

Otherwise, Units are not listed for trade on any stock exchange. No action has been taken to register or qualify the Units or the offer, or otherwise to permit a public listing of the Units, in any jurisdiction within Australia or outside Australia. This means there will not necessarily be a liquid market for the disposal of Units in the Fund. Primary will help to facilitate the sale of Units should any Unit holder wish to sell.

## **2.15 Open Trust with ten year term**

The Fund is an open trust and further subscriptions for Units may be sought at an appropriate Unit price after a full valuation of the investments of the Fund. The Fund is expected to continue for a period of 10 years.

## **2.16 Application Form**

Applications for Units under this Information Memorandum must be made on the Application Form that accompanies this Information Memorandum. Completed Application Forms must be lodged on or before the expiry date by delivery or by post to:

Primary Securities Ltd  
PO Box 732  
FREMANTLE WA 6959

Application money can either be sent by a cheque payable in Australian dollars, crossed "Not Negotiable" and made payable to "Primary Securities Ltd ABAF Offer" or by EFT to the following bank account:

Bank	Westpac
BSB	036-306
A/c No	48-7418

## **2.17 Costs of the Issue (if \$25,000,000 raised)**

The following represents an estimate of the cost of the issue (plus GST):

Commissions (or brokerage)	\$125,000	
Primary Securities Ltd's setting up costs	\$75,000	
TOTAL	\$200,000	<0.1% of funds raised

## **2.18 Enquiries**

Enquiries should be directed to David Butterfield of Primary or Tony Connors from GCM Advisory:

Telephone or e-mail:

David Butterfield  
+61 434 699 458  
[david@primarysecurities.com.au](mailto:david@primarysecurities.com.au)

Tony Connors  
+61 400 900 014  
[tony@gcmadvisory.com](mailto:tony@gcmadvisory.com)

## **3. A FUND TO ADVANCE ABORIGINAL AND TORRES STRAIT ISLANDER BUSINESSES**

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### **3.1 Objectives of the Fund**

The objectives of the Fund are to make positive investments to advance selected Aboriginal and Torres Strait Islander businesses by providing capital or loans for growth and increased profitability.

### **3.2 What is an Aboriginal or Torres Strait Islander business?**

Primary and GCM Advisory has, for the purposes of the Fund, developed the following criteria for an investee business to be identified as being an Indigenous business:

- at least 25% of the board of the investee (if a corporation) are of Aboriginal or Torres Strait Islander descent; or
- at least 25% of the ownership of the investee is held by a person or persons of Aboriginal or Torres Strait Islander descent and at least 25% of the net financial benefit will be directed to those persons; or
- at least 25% of the ownership of the members of the investee (if a partnership or joint venture) must be held by a person or persons of Aboriginal or Torres Strait Islander descent and the remaining entities in the partnership or joint venture have in place a RAP that has been endorsed, or is in the process of being reviewed, by Reconciliation Australia; or
- the investee is a corporation incorporated under the Corporations (Aboriginal and Torres Strait Islander) Act 2006.

### **3.3 What defines an Aboriginal or Torres Strait Islander person?**

Primary and GCM Advisory use the Australian Bureau of Statistics definition adopted from Australian legislation. An Aboriginal or Torres Strait Islander person, for the purposes of the Fund is:

- a person of Aboriginal or Torres Strait Islander descent;
- who identifies as being of Aboriginal or Torres Strait Islander origin; and
- who is accepted as such by the community with which the person associates.

### **3.4 Can Joint-Ventures be funded between Indigenous and non-Indigenous Businesses?**

ABAF can be used to fund incorporated or unincorporated joint ventures between predominantly Indigenous owned businesses and non-Indigenous businesses.

### **3.5 Existing Aboriginal and Torres Strait Islander Businesses**

Currently, there are a significant number of Aboriginal owned and operated businesses that are positioned for future growth. Refer to the companies listed in the Supply Nation website: <http://www.supplynation.org.au>. Many are in the expanding tourism, marketing, digital and construction sectors, while some are in contracting sectors such as mining and infrastructure.

## **4. NEW INCENTIVES FOR ABORIGINAL AND TORRES STRAIT ISLANDER BUSINESSES**

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### **4.1 Past Incentives for Aboriginal and Torres Strait Islander Businesses**

For some time now, mining and resource companies have offered a range of supportive initiatives for Aboriginal businesses operating in their sector, frequently as a condition under land rights agreements. These range from price point concessions, specific packages of work only for Aboriginal businesses and resource support, among others. With varying degrees of success, these initiatives have resulted in expanding success of Aboriginal businesses in Australia. Many large Aboriginal companies have won very significant packages of work, often contracts worth 100s of millions of dollars, due to Joint Venture partnerships with non-Aboriginal businesses.

### **4.2 Previous models**

Unfortunately, such Joint Ventures have not always achieved a key purpose of developing the capacity and capability of Aboriginal businesses. As such, the number of viable, independent Aboriginal companies emanating from this Joint Venture model has been limited.

### **4.3 New Commonwealth Initiatives**

In March 2015, the Federal Minister for Finance, Mathias Cormann, announced a target for the Commonwealth to have 3 per cent of its procurement contracts with Indigenous suppliers by 2020.

“This equates to about 1,500 contracts each year by 2020. In dollar terms, this will be around \$135 million each year, based on an average contract value of \$90,000,” Minister Cormann said.

“This is a massive increase from the Commonwealth’s current Indigenous procurement spend.”

“There are many Indigenous-owned companies capable of supplying services to the Commonwealth and winning a much greater share of Commonwealth work.”

The Commonwealth Indigenous Procurement Policy was published on 1 July 2015. The policy provides for a gradual increase in domestic contracts to Indigenous enterprises each financial year, culminating in up to 3% in 2019-20 as previously announced.

An Indigenous enterprise is defined as a business that is 50% or more owned by Indigenous Australians. This is narrower than the 25% ownership to qualify for investment by the Fund. Preference will be given to companies which are likely to benefit from the Commonwealth Indigenous Procurement Policy.

### **4.4 Procurement Targets**

The following targets will apply under the Commonwealth Indigenous Procurement Policy:

Financial Year	Target (by number)
2015-16	0.5 per cent of domestic contracts
2016-17	1.5 per cent of domestic contracts
2017-18	2 per cent of domestic contracts
2018-19	2.5 per cent of domestic contracts
2019-20	3 per cent of domestic contracts

The target for the 2015-16 financial year will be calculated based on the average number of domestic contracts entered into over the previous three financial years that data is available for.

The Commonwealth target will be allocated across portfolios to strengthen accountability. Each Commonwealth portfolio will be required to meet its allocated target each year.

The portfolio target allocations for 2015-16 and (by extrapolation) for 2019-2020 are as follows:

<b>Federal Government Portfolio</b>	<b>Average number of domestic contracts entered into over previous 3 years by the portfolio</b>	<b>2015-16 Target for Indigenous contracts</b>	<b>2019-20 Target For Indigenous Contracts (extrapolation)</b>
Defence	14,005	70	420
Attorney-General's	3,817	19	114
Treasury	3,806	19	114
Immigration and Border Protection	3,715	19	114
Human Services	3,521	18	108
Industry and Science	2,987	15	90
Environment	2,804	14	84
Foreign Affairs and Trade	2,595	13	78
Health	2,440	12	72
Finance	1,616	8	48
Infrastructure and Regional Development	1,597	8	48
Employment	1,474	7	42
Social Services	1,281	6	36
PM&C	1,255	6	36
Agriculture	1,037	5	30
Communications	933	5	30
Parliamentary Departments	843	4	24
Veteran's Affairs	827	4	24
Education	711	4	24
<b>Total</b>	51,264	<b>256</b>	<b>1,536</b>

In other words, a large number and wide range of Indigenous businesses is likely to be affected by these targets. This provides opportunities for growth for well-managed Indigenous businesses of all kinds.

## 5. IDEAL MANAGEMENT TEAM

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### 5.1 Combination of experience required

The ideal manager for a fund to advance Aboriginal and Torres Strait Islander businesses is a team which has a combination of funds management experience (particularly in private equity investment) and Aboriginal businesses.

This is offered by having:

- Primary as the fund manager making investment decisions; and
- GCM Advisory as the interface with Indigenous businesses, getting the businesses “investment ready” and assisting them after investment.

### 5.2 Directors of Primary

Investment decisions will be made by the Board of Primary which comprises the following persons:

Ian Murchison (Chairman)  
Robert Garton Smith (Managing Director)  
David Butterfield



**IAN MURCHISON**, *B Com, FCA, Dip Naut Sc*  
*Chairman*

Ian Murchison is a founding shareholder of Perth based private equity fund manager, Foundation Capital. Foundation Capital was established in 1994 and has invested institutional funds of over \$125M primarily in Western Australia. Ian is a Fellow of the Institute of Chartered Accountants and was a founding partner of Sothertons Chartered Accountants.

Ian has a wide experience across a diversity of industries that encompass operations throughout SE Asia including pearling, sandalwood plantations, minerals exploration, information technology and industrial manufacturing and distribution. Ian has served as a non-executive director on ASX and Nasdaq listed companies for over 25 years. He has been a consultant to the Western Australian government on private public partnerships and several corporations on acquisitions, strategies, capital raisings and listings.



**ROBERT GARTON SMITH**, *LLB, B Com, GDipFinPlanning (Sec Inst), F Fin*  
*Managing Director*

Robert Garton Smith is the Managing Director and owner of Primary Securities Ltd and has been its responsible manager in relation to managed investments since inception. He has degrees in law, commerce and financial planning and is a legal practitioner as well as being a Fellow of the Financial Services Institute of Australia.

He is a member of the Law Society of Western Australia and the Australian Compliance Institute. Robert has worked in the area of managed investments since preparing Australia's first feature film prospectus in 1981. He has prepared and overseen dozens of managed investment

schemes relating to film, forestry, viticulture, horticulture, manufacturing, mortgages, equities and real estate, and also prepared share, debenture stock and unsecured notes issues.

Robert has practiced law since 1970 and is admitted as a practitioner in Australia, England and Wales. He remains the principal of the corporate and commercial law practice Garton Smith & Co, which now has a small practice advising in relation to managed investments, corporate, real estate and intellectual property.



**DAVID BUTTERFIELD, ACA, CTA**

***Director***

David Butterfield is a Chartered Accountant, Chartered Tax Advisor and Management Consultant with significant professional experience. His professional career commenced in 1969 when he worked for Touché Ross & Co and then Price Waterhouse & Co. He commenced his own accounting practice in 1977.

Since then David has been involved in pooled investments. Around 50% of his clients were film and/or television producers. David structured and helped fund numerous Australian productions over a thirty-year period. He has also been instrumental in structuring and funding live productions. Since 2003 he has been the Managing Director of two funds management businesses in property, securities and derivatives, CFO and COO of an institutional funds management business investing in securities and derivatives and also acts as a Responsible Manager on other AFSL's mainly with a property focus. His specialties include AFSL advice, strategic advice, project and transaction management, business valuations, taxation and general business advice.

### **5.3 Track Record of Primary**

Primary's board is suited to the task of investment selection and management.

All three directors have experience as managers of investments.

Ian Murchison, in particular, has a long track record of involvement in private equity investments. Rob Garton Smith has experience as a solicitor advising in relation to private equity investments. David Butterfield has many years' experience as a corporate advisor and manager of funds.

In 2012, Primary took over an investment fund and two private equity funds that had been poorly managed and remedial work is now substantially completed.

### **5.4 GCM Advisory**

GCM Advisory will be the Sub-Manager of the Fund.

GCM Advisory is a unique, boutique, strategic advisory firm that focuses on delivering meaningful results, locally and internationally, for a select group of corporate, government, not-for-profit and SME/start-up clients and partners.

GCM Advisory's approach is to select only those projects where it has the expertise to add strategic value and the ability to deliver positive results. Its select list of clients is from the corporate, government, not-for-profit and SME/start-up sectors.

## 5.5 Agreement with GCM Advisory

Primary has entered into a Cooperation Agreement with GCM Advisory, the key elements of which are:

- GCM Advisory will use its skills, resources and networks to identify possible investment opportunities and conduct due diligence in relation to those investment opportunities;
- where appropriate, GCM Advisory will make these investment opportunities “investment ready”;
- GCM Advisory will then present possible investment opportunities to Primary for its consideration;
- Primary will select what it believes are the highest quality investment opportunities and propose terms of agreement for those investment opportunities;
- if an investee agrees to those terms, Primary will arrange for the investment to be documented and made;
- Primary and GCM Advisory will monitor each investee along certain guidelines and if required, GCM Advisory will provide management and guidance for investee companies;
- Primary will, when appropriate identify the opportunities to exit any investment.

## 5.6 Directors of GCM Advisory

While the full board can be viewed at [www.gcmadvisory.com](http://www.gcmadvisory.com), the relevant Board members of GCM Advisory comprise:



**SIMON HAIGH** *BA (Hons) Law, MBA, FAIM, GAICD*  
*Managing Director*

Simon has nearly 25 years of senior corporate executive experience internationally, including with Dell, BHP Billiton, Xilinx and NANA Australia and is a former international lawyer. He is also Co-Founder of Haigh & Hastings, co-owner of Kalice Pty Ltd (Investments) and non-executive director of Ucello Marketing Pty Ltd.

Having led the development of numerous successful mining and resources initiatives, as well as being the CEO of an international Indigenous organisation at start-up, Simon’s experience and network are essential in the identification, assessment and ongoing management of potential investments.



**TONY CONNORS** *BSc*  
*Director*

Tony, has had former roles including CEO of CPD Construction Group, National Operations Manager for NANA Australia and General Manager of multiple Indigenous businesses. He has considerable strategic planning, contract and operational management, construction and mining expertise.

Tony will lead the identification and operational review phase of the investment process and will also lead the ongoing management team for the businesses the Fund invests in. His experience in managing Aboriginal businesses and his awareness of the issues faced internally and with external stakeholders is a key plank in the Fund strategy.

## **5.7 Track Record of GCM Advisory**

Some of GCM Advisory relevant work in the Aboriginal commercial environment includes:

- General Indigenous business advisory, including to traditional owner groups, Indigenous companies, corporations and trusts, mining, Government and not-for-profit.
- Developing a partnership with Australian based company Performance Workwear to forge a pathway that aims to develop significant national and international opportunities for Indigenous customers, partners and investment in, and through, a digital workwear platform.
- Assisting United Pilbara Environmental Services ([www.upes.com.au](http://www.upes.com.au)), total waste management company, a collaboration between Queensland based BCS Global ([www.bcsglobal.com.au](http://www.bcsglobal.com.au)) and two respected Traditional Land Owners from the Pilbara from the Karlka Nyiyaparli and Njamal Groups.
- Assisting Sealanes, national and international shipping firm, to source a number of Indigenous food suppliers.
- Partnering with Indigenous owned business Yawuru IT on an exciting project to design, construct and deliver modular IT communication hubs, specially designed and equipped for remote locations in Australia and the Pacific Islands.
- Engaged by Ashburton Aboriginal Corporation to help them commercialise their 'Money Rules' board game, which they have developed to build financial and literacy skills within Aboriginal communities.
- Actively assisting Australian Indigenous businesses including Kirrikin and Indigiearth to export their unique products through an innovative new Chinese online sales platform.
- Providing consulting CEO services to Western Australian Indigenous Tourism Operators Council (WAITOC) - is a not-for-profit organization, whose mission is to accelerate the growth of Aboriginal tourism in Western Australia- [www.waitoc.com](http://www.waitoc.com)
- Engaged by leading Indigenous e-learning company Education Dreaming to assist with identifying, developing and strengthening their business strategic planning and global business development opportunities.
- GCM Advisory's relevant work in the Aboriginal commercial environment are set out on their website [www.gcmadvisory.com](http://www.gcmadvisory.com).

## **6. OVERVIEW OF POSSIBLE INVESTEEES**

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A short snapshot of potential investee entity categories:

### **6.1 Corporate primary health care services**

There are over 150 Aboriginal community controlled health services throughout Australia. There is potential for these services to develop, or partner, and run new corporate primary medical services providing services also to Australians other than Aboriginal and Torres Strait Islander people.

### **6.2 Mining, energy, exploration, construction, civil and infrastructure businesses**

There are a number of Australian Aboriginal owned mining and mining infrastructure businesses, amongst Australia's leading mining and mining infrastructure civil contractors.

### **6.3 Tourism businesses**

There are a number of national Tourism Australia/IBA incubated export ready businesses, all of whom require ongoing capacity and capability development.

### **6.4 Transport, logistics and warehousing companies**

There are a number of medium sized Aboriginal owned transport companies.

### **6.5 Technology, Digital Media and Communications**

A number of Aboriginal owned companies are working in IT, digital media, communications and other technology areas.

## **7. SELECTION PROCEDURE**

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### **7.1 Presentation of potential investees**

GCM Advisory will identify and present possible investees to Primary.

### **7.2 Investment Decisions**

Investment decisions will be made by the full Board of Primary.

### **7.3 Investment Method**

The Fund will invest in established and well-managed companies with growth potential by subscribing for or buying shares, acquiring non-transferable options to buy shares, or lending money to selected investee companies or other entities that meet the selection criteria, who have completed the Primary “investment ready” process and passed a stringent due diligence review.

### **7.4 Investment Criteria**

The Fund is expected to invest principally in established companies or entities that need growth capital.

In addition, the investee business must be identified as being an Indigenous business according to the following criteria:

- at least 25% of the board of the investee (if a corporation) are of Aboriginal or Torres Strait Islander descent; or
- at least 25% of the ownership of the investee is held by a person or persons of Aboriginal or Torres Strait Islander descent and at least 25% of the net financial benefit will be directed to those persons; or
- at least 25% of the ownership of the members of the investee (if a partnership or joint venture) must be held by a person or persons of Aboriginal or Torres Strait Islander descent and the remaining entities in the partnership or joint venture have in place a RAP that has been endorsed, or is in the process of being reviewed, by Reconciliation Australia; or
- the investee is a corporation incorporated under the Corporations (Aboriginal and Torres Strait Islander) Act 2006.

An Aboriginal or Torres Strait Islander person, for the purposes of the Fund is:

- a person of Aboriginal or Torres Strait Islander descent;
- who identifies as being of Aboriginal or Torres Strait Islander origin; and
- who is accepted as such by the community with which the person associates.

### **7.5 Risk Management**

The Fund will manage investment risks by:

- spreading its investments across a number of businesses and across a range of industry sectors.
- investing in tranches triggered by the achievement of milestones.
- providing access to later stages of funding.
- comprehensive legal agreements with investee companies.

- Primary representation on investee companies.

The Fund will seek a well-balanced portfolio of investments in terms of market sector and stage of development. Primary and GCM Advisory believe that approximately 20 investments could be made using the funds raised. The amounts to be invested are expected to range from \$250,000 to \$3 million and these investments will be made over time against contracted milestones to be achieved by the investee companies. In most instances the Fund is expected to retain the right to place more than one round of investment in a company.

It will be a requirement that investments of the Fund must be at least 10% of the total paid up equity in the investee companies, however no investments will result in majority holdings.

As a "hands-on" investor, Primary will place conditions on the operations of the companies to ensure that investor interests are safeguarded.

The mentoring process provided by Primary and GCM Advisory will help to ensure targets are closely monitored and met.

## **7.6 Board Representation**

One of the main functions of GCM Advisory will be to assist investees in relation to management of the companies invested in. GCM Advisory has significant experience in the management of Aboriginal enterprises and in engaging with Aboriginal communities and Trust companies. The Fund will utilise this experience to enhance the management capabilities within the investee entities.

When a decision is made by the Board of Primary to invest in a business and a deal for such is agreed and implemented, GCM Advisory will take up a position on the entity's Board or Executive Management team. This will ensure an increase in management capability within the business, whilst also providing guidance and direction on an ongoing basis to aid with the growth of the investee entity.

The main areas of capability enhancement will revolve around corporate governance, business development, strategic planning, structural organisational analysis, change management and marketing and sales development.

In addition GCM Advisory's presence in the senior level of the business will aid both the business and the investors by ensuring an understanding of, and a compliance with, the conditions and requirements of ABAF whilst also adding significantly to risk management of the business.

## **7.7 Distributions**

The Fund will make annual distributions of net profits and realised capital gains.

## **7.8 Ongoing Monitoring**

Primary and GCM Advisory will monitor each investee.

## **7.9 Exit Strategies**

The intention is for the Fund to invest on a long-term basis as the purpose of the Fund is to advance the investees businesses on an ongoing basis. However, where appropriate, full or partial exits will be executed.

## **7.10 Buyback**

Following a "Lockup Period" of 5 years, Investors may request Primary to buyback their Units at the Buy Back Price within one month of the publication of the next annual financial statements.

## **8. RISK FACTORS**

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### **8.1 Ongoing Monitoring and Guidance**

Each investee's business activities will be subject to risk factors both specific to its business activities and that of a general nature. If any of these risks materialised, the investee's business, results of operations, financial condition and prospects could be materially and adversely affected. The principal risk factors are described below. While some of these risks can be mitigated by the use of appropriate safeguards and systems, many are outside the control of the Fund and its investee companies and cannot be mitigated.

In addition, potential investors should be aware that the value of the Fund Units might rise and fall depending on a range of factors that affect the price. These include local, regional, and global economic conditions and sentiment towards equity markets in general. The Units issued under this Information Memorandum carry no guarantee with respect to the profitability, the payment of distributions, return of capital or the price at which the Units may be sold or redeemed.

Primary and GCM Advisory will seek to reduce this risk in the ways set out in section 7.5.

### **8.2 Management of Growth**

Implementation of investees' growth strategies is likely to require additional staffing, management, operations and systems resources. There is also the risk that the investees may not be able to deploy suitable resources (including staff) to take advantage of the growth opportunities to the extent expected within expected time frames. There can be no assurance that individual investees will be successful in implementing and managing its growth strategy.

### **8.3 Specific Risks**

- The Fund is dependent upon the Directors of Primary, GCM Advisory and key consultants. There is a risk to the Fund should these individuals change.
- Each investment is subject to its own unique risk profile and each has factors that may impact on that investment business' ability to continue operating.
- The ultimate success of the Fund will significantly depend on the performance of investees.
- The level of distributions is dependent on the profitability of investees and on successful exits and realisations from the Fund portfolio. There is a risk that these may not occur as planned. Further, distributions are likely to be of irregular frequency and the specific timing of such distributions cannot be predicted at this time.
- An investment in the Fund is an illiquid investment for the Lockup Period.
- Strategies, plans, policies, intentions and expectations outlined in this Information Memorandum may change.

### **8.4 Other Business Risks**

The Directors of Primary have attempted to address relevant risks. However, there are other factors, which are not specific to the Fund, which may impact on the Fund including:

- Government policies including but not limited to economic and taxation policies;
- foreign exchange rates;
- interest rate changes;
- inflation rate changes;

- business confidence and consumer sentiment;
- the state of the world stock markets;
- the state of the Australian economy and global economies;
- the labour market in Australia;
- the levels of protection against imports; and
- the inability of investee companies to achieve their goals regardless of the factors outlined above.

## **9. INVESTING IN THE FUND**

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### **9.1 Payment of Application Money**

The Application Money must be paid at about the same time as the Application is given to Primary and in any event before the Expiry Date.

### **9.2 What happens to the Application Money**

All Application Money is paid into a Special Trust Account established by Primary and kept solely for the purpose of depositing Application Money.

The Special Trust Account is called "Primary Securities Ltd ABAF Offer"

Payments may be made by cheque payable to "Primary Securities Ltd ABAF Offer" or by EFT:

Bank            Westpac

BSB             036-306

A/c No         48-7418

### **9.3 Bare Trust**

All Application Money is held by Primary, as a bare trustee until Minimum Subscription is achieved.

### **9.4 Application Money pooled**

All Application Money received by Primary is pooled with the Application Money received from other Investors in the Special Trust Account.

### **9.5 Refusal of Applications**

Primary may refuse any Applicant in relation to some part or all of the Applicant's Application. If this happens Primary will notify you in writing.

If Primary refuses your Application the Application Money must be returned to you. If the whole Application is refused then you cease to be an Applicant under the Trust Deed and have no rights or obligations in relation to the Trust Deed.

Any interest earned while the Application Money is held in the Special Trust Account is retained by Primary.

### **9.6 Becoming an Investor**

If Minimum Subscription is achieved and Primary accepts your Application, then upon Allotment you will become the holder of Units representing the number of Units you applied for and your details will be entered into the Register of Investors maintained by Primary.

### **9.7 Unit Certificate**

Primary will, within 2 months after the issue of any Unit, issue to you a Unit Certificate.

### **9.8 Lost Certificates**

If any Unit Certificate issued to you is worn out, or defaced, then such Unit Certificate will be cancelled upon its production to Primary. If any Unit Certificate is lost or destroyed then the provisions of section 1070D of the Corporations Act apply. An entry as to the issue of the new Unit Certificate and the furnishing of a bond (if any) shall be made in the Register.

### **9.9 Change of Name or Address**

Any change of your name or your address must be notified to Primary by you in writing.

### **9.10 Inspection and Copying**

You are entitled at all times when the registered office of Primary is open for business to the public, and without charge, to inspect and copy the Register.

### **9.11 Transfers**

You may transfer Units by completing a transfer form as prescribed by Primary, paying the relevant fee of \$100 (plus GST), and duty (if applicable) and delivering the executed form with the relevant Unit Certificates to Primary. Otherwise, you are not entitled to transfer any Units.

Any instrument of transfer will be in writing signed by both you and the transferee (and by Primary by way of acknowledgment and confirmation) and shall state that the transferee agrees to be bound by the Trust Deed. You will be deemed to remain the holder of any Units until the name of the transferee is entered in the Register in respect of such Unit(s).

### **9.12 Instrument of Transfer to be Retained by Trustee**

Every instrument of transfer shall be retained by the Trustee.

### **9.13 Transferee to be Bound**

A transferee of a Unit shall be bound by the provisions of the Trust Deed.

## **10. BUYBACK**

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### **10.1 Buyback**

If you hold your Units for longer than the Lockup Period you may give to Primary a request to Buyback some or all of your Units (a **Buyback Notice**):

- within 1 month of the publication of the annual financial statements of the Fund; or
- within 1 month (or such other period as Primary may specify) of Primary inviting you to request to Buyback.

The Lockup Period is 5 years.

### **10.2 Amount to be Paid on Buyback**

On a Buyback Primary will pay or cause to be paid to you the Buyback Price per Unit as at the date of delivery of the Buyback Notice multiplied by the number of Units to be bought back less any Taxes which may be payable on or in respect of the Buyback Notice.

### **10.3 Buyback Leaving Investor with Less than the minimum number**

If the Buyback Notice will leave you with less than the minimum amount which may be lodged as Application Money fixed by Primary under the most recent Disclosure Document, Primary may require you to elect to either Buyback:

- only that number of Units which would ensure that the aggregate value of the remaining Units held by you is not less than the minimum amount which may be lodged as Application Money under the relevant Disclosure Document; or
- all of the Units held by you.

If you do not make this election Primary will do so on your behalf.

### **10.4 Suspension of Buybacks**

Primary may suspend Buybacks:

- on termination of the Fund;
- on Primary serving a notice on Investors of intention to terminate the Fund; or
- upon a meeting of investors being convened to terminate the Fund; or
- upon Primary at any time determining that it is desirable for the protection of the Fund or it is in the best interest of investors as a whole to suspend Buybacks; or
- in any particular case to comply with Anti-Money Laundering and Counter-Terrorism Financing Act, 2006 or any other legal or administrative requirements.

### **10.5 Apportionment of Buyback Price**

Primary will determine what portion of the Buyback Price to be paid to you represents a share of the Distributable Income and of realised capital gains of the Fund for the Accounting Period during which the Unit is bought back. Primary will notify you of the composition of the Buyback Price as soon as reasonably practicable and in any event, within 90 days of the end of each Financial Year.

# 11. FEES AND OTHER COSTS

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## 11.1 Summary of Primary's Fees

Primary is entitled to:

- an establishment fee of \$500 (plus GST) to set up an investor's account in the Fund charged at the time the account is set up. This fee may be charged with respect to each account held by the Investor.
- a management fee of 1.5% per annum (plus GST) of the Fund Value for the time being, calculated at the end of each month, accrued daily and payable in monthly instalments and in arrears.
- a performance fee of 20% (plus GST) if the return on investment of the first investor in the Fund exceeds 20% per annum, calculated and payable at the end of each financial year, or as otherwise approved by ordinary resolution at a meeting of investors. If the calculation of the performance fee results in a negative figure, no performance fee will be paid.
- The performance fee will only be payable if the Unit price at the end of the financial year is greater than the Unit price the last time a performance fee was payable (the Hurdle).

## 11.2 Primary's allowed reimbursements

Primary may pay or reimburse itself from money of the Fund for:

- the preparation of any Information Memorandum (including the costs of obtaining any Consultant's opinions relevant to the Information Memorandum, and the costs of designing and printing the Information Memorandum);
- undertaking due diligence in relation to proposed investments;
- negotiating with ASIC, the Australian Taxation Office or any other regulatory authority in relation to the Fund;
- dealing with claims or demands of any other person in relation to the Fund or any Asset of the Fund;
- preparation and variation of the Sub-Management Agreement;
- advertising or otherwise marketing and promoting the Information Memorandum;
- dealing with any professional indemnity insurance claims or other insurance claims;
- travel and accommodation costs incurred for the purpose of marketing and establishing the Fund (even if incurred prior to the Commencement Date);
- preparation of the Trust Deed;
- making any alterations, modifications, additions to or cancellations of any provisions of the Trust Deed;
- expenses incurred in connection with the restructure of the Fund for any reason;
- expenses relating to the retirement or removal of Primary and the appointment of a new trustee if requested by investors;
- any court proceedings, arbitration, dispute or dispute resolution proceedings concerning the Fund including proceedings against the Trustee (except to the extent that the Trustee is in breach of trust, fraudulent or negligent) and any negotiations in relation to the court proceedings, arbitration, dispute or dispute resolution proceedings;

- outgoings which are a reasonable and necessary incident of investing in the Assets including any direct or indirect costs of investigation and due diligence, acquisition, custody, management, transfer, financing and disposal of any Asset or any proposed Asset (including outgoings incurred prior to there being any Investors in the Fund);
- processing fees or commissions payable in respect of the receipt of Application Money or Receipts via credit card, bank card or any other merchant facilities;
- travel and accommodation expenses in connection with the Fund;
- dealing with Investors and the Investment Advisory Committee;
- printing, telephone, facsimile, courier and stationery costs directly relating to the Fund;
- the Accounting Costs;
- expenses incurred in connection with the inspection and monitoring of the Assets;
- costs of making electronic payment of any moneys;
- fees and expenses of a Custodian and any other agent or delegate of Primary;
- costs and disbursements charged by or payable to any Consultant;
- valuation fees;
- the Auditor's reasonable fees and expenses;
- disbursements in connection with the acquisition or disposal of any Assets including but not limited to agent commissions, brokerage, legal costs and duty;
- disbursements in connection with the issue or transfer of any Units pursuant to any Information Memorandum including legal costs and duty;
- Taxes (but not taxes on Primary payable on its own account);
- costs and expenses (legal or otherwise) incurred as a result of any claim under any insurance policy or other claim for compensation;
- costs of convening and holding any meetings of investors;
- costs and expenses of listing on any Stock Market;
- costs and expenses of lodging returns or providing information required under any Law and by ASIC or the Australian Taxation Office, or any other Authority;
- any other costs, charges and expenses reasonably incurred in connection with the administration of the Fund which are unusual and unexpected.

### **11.3 Sub-Manager not entitled to any fees from the Fund.**

The Sub-Manager is not entitled to any fees from the Fund. The fees of the Sub-Manager are paid by Primary from the fees received by Primary from the Fund.

### **11.4 Other Manager Fees, Costs and Indemnities**

Primary is entitled to any interest earned on Application Money prior to allotment of Units.

The Trustee will be indemnified from the Fund for any expense or liability that may be incurred by the Trustee in legal proceedings, except to the extent that any such expense or liability is attributable to any breach by the Trustee of its fiduciary duties.

If for any reason the Fund is assessed as being liable to pay taxation pursuant to the Tax Act, the Trustee may indemnify itself out of the Fund for any such tax.

The Trustee may indemnify itself out of the Fund from and against any expense or liability that may be incurred by the Trustee in prosecuting or defending any action or suit arising in respect of the Trust (including the costs of obtaining Consultant's opinions) except to the extent that any such expense or liability is attributable to any breach by the Trustee of its fiduciary duties.

## 12. COMPLAINTS PROCEDURE

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### 12.1 Complaints Officer

Primary has appointed Ms Anna Catelli, B.Juris, LLB, Dip. Ed., as its Complaints Officer and complaints should be made to the Complaints Officer.

### 12.2 Dealing with Complaints

The Complaints Officer is instructed to receive and deal with any expression of dissatisfaction with the service offered or provided by Primary whether internal or external, by an Investor or otherwise ('**Complaint**') as follows:

- the Complaints Officer or other person who received the Complaint acknowledges the Complaint promptly within 7 days of its receipt;
- the Complaints Officer notes the Complainant's details, including contact details, and the specifics of the Complaint and files that information in a Complaints file;
- the Complaints Officer explains the Complaint handling procedures to the Complainant;
- in the case of Complaints that do not require investigation, the Complaints Officer deals with or otherwise resolves the Complaint immediately or expeditiously, and enters details of the resolution into the Complaints file; and
- where appropriate, the Complaints Officer communicates with the Complainant to ensure that the Complainant remains satisfied.

### 12.3 Complaints requiring investigation

If the Complaint requires investigation or for some other reason is unable to be so resolved by the Complaints Officer immediately or expeditiously:

- (a) within 14 days of receipt of any Complaint, the Complaints Officer is to:
  - provide written confirmation to the Complainant that the Complaint is being investigated in detail;
  - invite the Complainant to provide any further documentation, information or other materials or details the Complainant may have regarding the Complaint;
  - inform the Complainant that the Complainant will receive a response to its Complaint within 28 days of the date of the Complaint.
- (b) within 21 days of receipt of any Complaint, the Complaints Officer is to conduct a thorough investigation of the Complaint, to properly consider the Complaint and to prepare a report detailing:
  - the nature of the Complaint;
  - the services or business practices about which the Complaint is made;
  - the basis for the Complaint;
  - the results of the investigation; and
  - a recommendation for action;
- (c) the Complaints Officer shall then deliver that report to the Managing Director.

- (d) within 28 days of the Complaint being made, the Managing Director is to review the report provided by the Complaints Officer and decide as to an appropriate course of action.
- (e) once the Managing Director has reached a decision in relation to the Complaint that decision is to be provided to the Complainant together with the reasons for the decision within 28 days of the Complaint initially being lodged and a copy of the decision is to be added to information regarding the Complaint on the Complaints file.

In the event that the Complainant continues to be unsatisfied, the Complaints Officer is:

- within 14 days, to prepare a report for the Board and make arrangements for a meeting of the Board to be called within a further 21 days to consider the Complaint;
- within 7 days of the meeting of the Board to provide to the Investor a decision of the Board.

#### **12.4 Complainant not satisfied**

In the event that the Complainant continues to be unsatisfied 14 days after a meeting of the Board of Primary to consider the Complaint, the Complaints Officer shall provide the Complainant with information as to appropriate avenues by which the Complainant can pursue the Complaint including:

- to invite the Complainant to arbitrate; or
- (If your investment is less than \$150,000) to have the Complaint resolved by the Financial Ombudsman Service. The Financial Ombudsman Service is an independent body set up for the purpose of dealing with complaints with respect to financial planning services.

The Financial Ombudsman Service may be contacted:

- By phone on 1300 78 08 08
- By fax on (03) 9621 2291
- By email to [fos@fos.org.au](mailto:fos@fos.org.au); or
- By writing to GPO Box 3, Melbourne VIC 3001.

The Financial Ombudsman Service will first invoke a conciliation process. Each Complaint is handled in confidence and without affecting any legal rights of the Complainant should they remain dissatisfied. ASIC has a Freecall Infoline 1300 300 630 which the Complainant may use to make a complaint and obtain information.

Any issues arising from complaints that have material ramifications for other Investors shall be reported by the Complaints Officer to the Board.

## 13. MATERIAL AGREEMENTS

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Primary considers that certain agreements are significant or material to the Fund or are of such a nature that an investor may wish to have particulars of them when making an assessment of whether to apply for Units (**Material Agreements**).

Some of the main provisions of the Material Agreements are summarised below. Other provisions are set out elsewhere in this IM. As this Section only contains a summary, the provisions of each Material Agreement are not fully described. To understand fully all rights and obligations pertaining to the Material Agreements, it will be necessary to read them in full.

### 13.1 Trust Deed for ABAF

The Fund was established by the Trust Deed for the Aboriginal and Torres Strait Islander Business Advancement Fund dated 29 September 2015 (**Trust Deed**) made between Primary as Trustee and each several investor.

Under the Trust Deed each several investor appoints Primary the trustee of the Fund and each several investor is bound by the terms of the Trust Deed.

Primary's responsibilities and obligations as the Trustee of the Fund are governed by the Trust Deed as well as general trust law. The Trust Deed contains a number of provisions relating to the rights, terms, conditions and obligations imposed on both Primary and investors. A number of these are outlined elsewhere in this Information Memorandum.

The Trust Deed will be available for inspection at the office of Primary in Perth or Melbourne on request of any proposed investor.

### 13.2 Powers of Trustee

Primary can only select Investments for inclusion in the Fund which correspond to the Criteria.

Primary does not have power to Borrow on behalf of the Fund or to use the Fund as a security.

Primary's powers include power:

- to purchase, sell and otherwise deal in any Authorised Investments for money or other consideration and whether upon terms or otherwise;
- to receive Receipts;
- to appoint any Consultant to advise the Trustee in relation to the exercise of the Trustee's duties in relation to the Fund;
- to keep Financial Records relating to all financial transactions in relation to the Fund;
- arrange for the audit of the Accounts and to pay for the costs and expenses of any audit from money in the Fund;
- to insure Investments;
- to make any insurance claims on behalf of the Fund and to receive the proceeds from such claims on behalf of the Fund;
- to institute, prosecute, compromise and defend legal, arbitration or dispute resolution proceedings or any of them;
- to receive, collect and pay, settle and compromise any payments, debts, obligations, judgments or settlements in relation to the Fund;

- to register, to make elections, to complete any form required and to make payment in connection with the payment of GST by the Fund and to keep records relating to all financial transactions and prepare any necessary income tax, GST and other returns;
- to operate any Bank accounts;
- to pay all outgoings connected with the Fund.

### **13.3 Other Provisions**

The Trust Deed includes provisions which relate to the:

- Trustee's duties and obligations;
- rights and obligations of Investors, including that each Investor has a beneficial interest in the Fund's assets as a whole and not in any particular asset;
- issue Units (further described in Section 9) and Buyback of Units (further described in Section 10);
- transfer (further described in Section 9.11) and transmission of Units;
- valuation of the Fund assets;
- Trustee's right to be paid fees and to reimbursement for expenses incurred in operating the Fund (further described in Section 11);
- Trustee's ability to engage advisers and agents in connection with the performance of its duties including GC Advisory, as Sub-Manager;
- Complaints provisions (further described in Section 12)
- Trustee's right to be indemnified by the Fund for expenses, losses and liabilities arising in its capacity as trustee providing it has properly performed its duties;
- winding up of the Fund;
- convening and holding of meetings of Investors; and

### **13.4 Modification**

The Trust Deed may be modified, or repealed and replaced as if the Trust Deed was a constitution of a registered managed investment scheme.

This means the Trust Deed may be modified:

- by a resolution passed by at least 75% of the votes cast by Investors entitled to vote on the resolution; or
- by Primary if Primary reasonably considers the change will not adversely affect Investors' rights.

### **13.5 Retirement of Trustee**

Primary may retire at such time as it thinks fit and may appoint another company to be the new trustee.

Primary must retire if it:

- ceases to carry on business;
- is placed in liquidation;
- has a receiver, receiver and manager, controller or administrator appointed to it or any of its assets for a continuous period of 30 days;
- ceases to hold an Australian Financial Services Licence or otherwise ceases to have power to act as trustee under this Trust Deed;
- is required to do so by a Special Resolution of Investors.

At any time a meeting of investors may by Special Resolution resolve that the Fund be terminated, whereupon the Trustee shall wind up the Fund.

### **13.6 Investor Rights & Obligations**

No Investor may interfere with or question the exercise or non-exercise by the Trustee of any of the powers, authorities or discretions conferred on it by the Trust Deed or in respect of any Assets.

An Investor shall not be entitled to exercise any rights, powers or privileges in respect of any Assets.

No Investor shall be under any obligations personally to indemnify the Trustee, in the event of there being any deficiency in relation to the Fund except from any Units held by the Investor including any Assets or other money held in the Fund.

Except as provided by any express indemnity given by any Investor to the Trustee, the entire liability of each Investor will be limited to the payment of the unpaid portion of the Application Money in respect of each of such Investor's Units, and, upon any Unit becoming a Fully Paid Unit, no Investor will have any liability to make any further contribution to the Fund or payment to the Trustee in respect of the Fully Paid Unit.

### **13.7 Cooperation Agreement**

Primary and GCM Advisory have entered into a Cooperation Agreement "Aboriginal and Torres Strait Islander Business Advancement Fund" dated 21 July 2015 (**Cooperation Agreement**).

Pursuant to the Cooperation Agreement Primary appointed GCM Advisory to provide the GCM Services.

### **13.8 GCM Services**

Prior to any investee being funded, GCM Advisory will carry out the GCM Services for Primary in its capacity as trustee for ABAF:

- use its skills, resources and networks to identify appropriate Investee run by Indigenous Persons that are investment opportunities;
- be the interface for such investee;
- as and when requested by Primary, assist Primary to conduct due diligence in relation to proposed investee;
- assist Primary as requested in relation to the selection and manner of investment to be made in proposed investee;

and if requested by the relevant proposed investee, on standard business terms:

- assist any proposed investee to prepare a business plan;

- assist any proposed investee to prepare investment proposals for ABAF;
- otherwise assist any proposed investee to become investment ready; and
- assist any proposed investee to respond to any requests for information by Primary in anticipation of possible investment.

If any proposed investee receives investment from ABAF and becomes an investee, GCM Advisory may carry out the following services for Primary in its capacity as responsible entity for ABAF:

- assist investees to comply with the terms of any investment agreements with Primary including the provision of accounting and other reports;
- serve on the board of any investee.

### **13.9 Termination**

The Cooperation Agreement will automatically terminate on the winding up of the Fund and can only be terminated earlier in specified circumstances which include:

- by either party, if the other party goes into liquidation; a receiver or similar is appointed to the assets of that party or the other party is unable to pay its debts;
- by Primary, if GCM Advisory is in material breach of the provisions of the agreement and fails to remedy the breach within 30 days of receiving a written notice to do so, or GCM Advisory or any of its Directors is guilty of “grave misconduct”;
- by GCM Advisory, if Primary is in material breach of the provisions of the agreement and fails to remedy the breach within 30 days of receiving a written notice to do so; and
- if the investors of ABAF pass a Special Resolution at a General Meeting requiring GCM Advisory to retire.

## **14. ADDITIONAL INFORMATION**

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### **14.1 No conflict of interest**

No Director or proposed Director of Primary or GCM Advisory and no firm in which a Director of Primary or GCM Advisory is or was at the relevant time a partner has, or has had in the 2 years before issue of this Information Memorandum, any interest in the promotion of, or in any proposed investee.

### **14.2 Documents Available for Inspection**

The following documents will be available for inspection at the office of Primary in Perth or Melbourne on request of any proposed investor:

- the Fund's Trust Deed;
- the Cooperation Agreement.

## 15. GLOSSARY

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<b>ABAF</b>	Abbreviation for the name of the Fund.
<b>Aboriginal or Torres Strait Islander</b>	is defined in section 3.4.
<b>Accounting Costs</b>	the costs and disbursements incurred by Primary in conducting the accounting services.
<b>Applicant</b>	a person who makes an application for Units under this Information Memorandum.
<b>Application</b>	(or Application Form) is the application form attached to this Information Memorandum.
<b>Application Money</b>	the amount payable for the number of Units being applied for by the Applicant. The minimum number of Initial Units that can be applied for is 250 Units for \$250,000. Thereafter multiples of 50 Units may be applied for.
<b>ASIC</b>	the Australian Securities and Investments Commission.
<b>Asset</b>	investments of the Fund.
<b>Board</b>	the board of directors of Primary Securities Ltd.
<b>Buy Back</b>	the repurchase of Units by Primary for the purpose of cancelling the Units.
<b>Buy Back Price</b>	is the amount equal to the Net Trust Value less Transaction Costs (if any) each on the day prior to the issue of Units divided by the number of Units on Issue.
<b>Commencement Date</b>	29 September 2015.
<b>Consultant</b>	includes any valuer, solicitor, barrister, accountant, tax consultant, auditor or other person appointed by the Trustee to give advice in relation to the Fund.
<b>Custodian</b>	such person who for the time being has been appointed by Primary to hold the Assets as agent or bare trustee for Primary.
<b>Expiry Date</b>	30 June 2016 or as varied at the Trustee's discretion.
<b>Fund</b>	Aboriginal and Torres Strait Islander Business Advancement Fund.
<b>Fund Value</b>	at any time is the Gross Asset Value of Trust as calculated by Primary.
<b>Hurdle</b>	is defined in section 11.1.
<b>IBA</b>	Indigenous Business Australia. IBA is a government funded, commercially focused organisation that promotes and encourages self-management, self-sufficiency and economic independence for Aboriginal and Torres Strait Islander peoples. IBA does this by building partnerships with Indigenous Australians, government agencies, private sector business and industry to facilitate home ownership, business ownership and wealth creating investments.
<b>Indigenous</b>	Aboriginal or Torres Strait Islander.
<b>Investee</b>	any business carried on or proposed to be carried on by any company, partnership, sole trader, joint venture arrangement, managed investment scheme, trust or unincorporated association by an Indigenous Person or Persons and in which ABAF has invested.

<b>Liabilities</b>	at any time means: <ul style="list-style-type: none"> <li>all liabilities of the Fund or, where appropriate, a proper provision in accordance with Accounting Standards; plus</li> <li>each other amount that Primary determines should be taken into account in determining the liabilities of the Fund.</li> </ul>
<b>Lockup Period</b>	five years from the date upon which the Units were issued.
<b>Minimum Subscription</b>	the minimum subscription level is \$5,000,000.
<b>Offer</b>	the offer of Units in ABAF under this Information Memorandum.
<b>Net Trust Value</b>	the Fund Value less Liabilities at that time.
<b>RAP</b>	Reconciliation Action Plan – a plan which outlines practical actions that an organisation will take to build strong relationships and enhanced respect between Aboriginal and Torres Strait Islander peoples and other Australians.
<b>Receipts</b>	includes all or any of the following moneys: <ul style="list-style-type: none"> <li>the net sale proceeds from the sale of any Investment;</li> <li>any interest and other income received from moneys of the Fund and from Authorised Investments;</li> <li>proceeds from any insurance claims to which the Fund is entitled;</li> <li>proceeds of any other action, suit or proceeding or settlement thereof relating to the Fund; and</li> <li>any other receipts to which the Fund is entitled.</li> </ul>
<b>Reconciliation Australia</b>	is an independent, national not-for-profit organisation promoting reconciliation by building relationships, respect and trust between the wider Australian community and Aboriginal and Torres Strait Islander peoples.
<b>Register</b>	is the register of investors maintained by Primary in accordance with the Trust Deed.
<b>ROI</b>	return on investment.
<b>SME</b>	small, medium enterprises.
<b>Special Trust Account</b>	as defined in section 9.2.
<b>Sub-Manager</b>	the Sub-Manager for the Fund for the time being but in the first instance is GCM Advisory.
<b>Taxes</b>	includes any present or future tax, stamp duty, goods and services tax, or other tax, charge or levy, imposed, collected, withheld or assessed on Primary or Investors.
<b>Transaction Costs</b>	means: <ul style="list-style-type: none"> <li>when calculating the Issue Price of a Unit, the amount that Primary reasonably estimates as reflecting any costs and expenses including any Taxes which would be incurred if all the Assets were to be acquired at the relevant time; and</li> </ul>

- when calculating the Buyback Price of a Unit, the amount that Primary reasonably estimates as reflecting the total costs and expenses including commissions and Taxes which would be incurred if all the Assets were to be sold at the relevant time;

in each case excluding the cost of the Assets, but Primary may at any time in connection with a particular application treat these costs to be a lesser sum or zero;

<b>Trust Deed</b>	Trust Deed for the Fund dated 29 September 2015.
<b>Trustee</b>	the trustee of the Fund for the time being but in the first instance is Primary.
<b>Value</b>	is either the purchase price of the Investment (where the purchase has taken place 6 months prior to valuation of the Investment or the valuation of the Investment obtained by Primary in July each year.
<b>Unit</b>	Units in ABAF.
<b>Units on Issue</b>	all Units issued in the Fund and not cancelled.

## 16. CORPORATE DIRECTORY

<b>TRUSTEE AND MANAGER</b>	<b>DIRECTORS OF PRIMARY SECURITIES LTD</b>
Primary Securities Ltd ABN 96 089 812 635 AFSL 224107 PO Box 732 3 Shuffrey Street Fremantle WA, Australia 6160	Ian Murchison (Chair) Robert Garton Smith (Managing Director) David Butterfield (Executive Director)
<b>PRIMARY SECURITIES LTD'S WEBSITE</b>	<b>COMPANY SECRETARY</b>
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# ANNEXURE 1

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## WHOLESALE CLIENTS

The Corporations Act 2001 (Cth) draws a distinction between "retail clients" and "wholesale clients" for the purposes of the financial services licensing and disclosure provisions in Chapter 7 of the Corporations Act. Section 761G(4) of the Corporations Act states that a financial product or a financial service is provided to, or acquired by, a person as a wholesale client if it is not provided to, or acquired by, the person as a retail client.

Section 761G (1) of the Corporations Act states that a financial product or service is provided to a person as a retail client unless sections 761G (5), (6), (7) or section 761GA provide otherwise.

In summary, an entity is a wholesale client if:

- The price for the provision of the financial product, or the value of the financial product to which the financial service relates, equals or exceeds \$500,000; or
- The financial product, or financial service, is provided for use in connection with a business that is not a "small business"; or
- The financial product or service is not provided for use in connection with a business and the person acquiring the financial product or service provides a certificate from a qualified accountant, obtained within the prior 2 years<sup>1</sup>, that he or she:
  - Has net assets of at least \$2.5 million<sup>2</sup>; or
  - Has a gross income for each of the past 2 financial years of at least \$250,000; or
- The investor is a "professional investor" or a "sophisticated investor"<sup>3</sup>.
- The investor is an "experienced investor"<sup>4</sup>. An Experienced Investor is a person or organisation that has had significant dealing and exposure to investment particularly related to unlisted property trusts. A prospective Experienced Investor is required to complete a certificate detailing occupation / profession, qualifications and investment experience.

Companies or trusts will be wholesale clients if they are controlled by persons who are wholesale clients<sup>5</sup>.

For the purposes of the test in the second bullet point above, a "small business" is a business which has less than 20, or, if it is a manufacturing business, has less than 100, employees<sup>6</sup>.

For the purposes of the test in the sixth bullet point above, an investor will be a "professional investor" if that person falls into one of the following categories:

- Financial services licensees;
- Bodies that are regulated by APRA (other than a trustee of certain superannuation funds and schemes). This category generally includes banks, general insurance companies, life companies, credit unions and friendly societies;
- Bodies registered under the Financial Corporations Act 1974 (Cth);

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<sup>1</sup> Section 761G (7) (c) of the Corporations Act, as amended by regulation 7.6.02AF of the Corporations Regulations 2001 (the **Regulations**).

<sup>2</sup> The net assets of a company or trust controlled by such a person may be included – section 761G (7) (c) (i) of the Corporations Act, as amended by regulation 7.6.02AC of the Regulations.

<sup>3</sup> Sections 761G (7) and 761GA of the Corporations Act.

<sup>4</sup> Section 708(10) of the Corporation Act.

<sup>5</sup> Section 761G (7) (ca) of the Corporations Act, inserted by regulation 7.6.02AB of the Regulations.

<sup>6</sup> Section 761G (12) of the Corporations Act.

- Trustees of certain superannuation trusts or schemes within the meaning of the Superannuation Industry (Supervision) Act 1993 that have net assets of at least \$10 million;
- Persons who have or control gross assets of at least \$10 million (including any assets held by an associate or under a trust that the person manages)<sup>7</sup>;
- A listed entity, or a related body corporate of a listed entity;
- An exempt public authority;
- An investment company, being a body corporate or unincorporated body which carry on the business of investing in financial products, interests in land or other investments, and which invest funds received directly or indirectly following offers or invitations to the public, the terms of which provided for the funds subscribed to invested accordingly; or
- A foreign entity that, if established or incorporated in Australia, would be covered by one of the above paragraphs<sup>8</sup>.

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<sup>7</sup> Paragraph (e) of the definition of professional investor in section 9 of the Corporations Act, as modified by regulation 7.6.02AE of the Regulations.

<sup>8</sup> Section 9 of the Corporations Act.