Continuous Disclosure Guide
Finexim Mortgage Investment Fund

ARSN 606 834 011

Important Notice and Disclaimer

As responsible entity of the Finexim Mortgage Investment Fund ARSN 606 834 011 (Fund), Finexim Limited ACN 165 917 813 (Finexim) is the issuer of this update disclosure guide (Guide) which should be read in conjunction with the product disclosure statement dated 27th October 2015 and supplementary product disclosure statements issued 09 May 2016 for the Class loan SF001(No.1) and 27 December 2017 for the Class Loan BL3 (No.2) collectively referred to as the product disclosure statement (PDS). The Fund issued 310,000 units for the Class loan No.1 and 419,022 for the Class loan No.2. The Fund has a maximum term of 36 months for the Class Loan No.1 and 12 months for the Class loan No.2 commencing on the date Units were issued during which investors have no right to withdraw.

Information in this Guide is general information only and does not take into account your objectives, financial situation or needs. Therefore, in deciding whether to acquire or continue to hold an investment you should consider the PDS and Guides to it carefully and assess, with or without your financial or taxation adviser, whether the product meets your objectives, financial situation or needs.

Scope of this Disclosure Guide for Unlisted Property Schemes

The Australian Securities and Investments Commission (ASIC) issues regulatory guides (RGs) to assist regulated entities, of which Finexim is one, by publishing practical guidance on ASIC's explanation on how they apply the law together with describing the principles under which ASIC approach to interpretation of the Corporations Act (2001) provisions and regulations. RG 45 was issued in May 2012. RG 45 sets out particular disclosure principles and benchmarks designed to provide improved disclosure to retail investors to help them compare risks and returns across investments in the unlisted mortgage scheme sector.

Set out below are tables which lists each benchmark and disclosure principles and whether relevant information is included in this Guide and the Product Disclosure Statement (PDS).

Benchmark & Disclosure Principles

Benchmark	Statement	Explanation	Reference
Benchmark & Disclosure Principle 1 Liquidity	The Fund is a contributory mortgage scheme and therefore this benchmark is not applicable	N/A	Section 3.3 of the PDS P1
For a pooled mortgage scheme, the responsible entity should have cash flow estimates for the scheme that:			
(a) Demonstrate the scheme's capacity to meet its expenses, liabilities and other cash flow needs for the next 12 months;			
(b) Are updated at least every three months and reflect any material changes; and			
(c) Are approved by the directors of the responsible entity at least every three months			
Benchmark & Disclosure Principle 2: Scheme Borrowing			
The Responsible Entity should not have current borrowings and should not intend to borrow on behalf of the scheme	This benchmark is met	The Fund does not have any borrowings and we do not intend to enter into any borrowing arrangements on behalf of the Fund	Section 5 of PDS 1
Benchmark & Disclosure Principle 3: Loan Portfolio & Diversification	The Fund is a contributory mortgage scheme and therefore this benchmark is not applicable	Investors in the Fund have a beneficial interest in the Loan Investments they elect to invest in and not in the Fund's entire portfolio of assets	Section 5 of PDS P 1
For a pooled mortgage scheme:			
(a) The scheme should hold a portfolio of assets diversified by size, borrower, class of borrower			

activity and geographic region;			
(b) The scheme should have no single asset in the same portfolio that exceeds 5% of the total scheme assets;			
(c) The scheme should have no single borrower that exceeds 5% of the scheme assets; and			
(d) All loans made by the scheme should be secured by first mortgages over real property (including registered leasehold title).			
Benchmark & Disclosure Principle 4: Related Party Transactions	This benchmark is not met	The Fund may make loans to our related parties. Any loans to related parties will be on the same commercial basis as loans to unrelated parties in accordance with our Lending Policy. Subsequent to advancing Class Loan No.2, the Director of the borrower has since become an interim Director of the Responsible Entity.	Section 5 of PDS P1
The Responsible entity should not lend to related parties of the responsible entity or to the scheme's investment manager			
Benchmark & Disclosure Principle 5: Valuation policy	This benchmark is met	The fund meets the benchmark for Loans secured by a registered mortgage over real property, as well as obtaining valuations of real property Security as required in accordance with our Lending Policy, which is consistent with this benchmark.	Section 5 of PDS P1
In relation to valuations of the scheme's mortgage assets and their security property, the Board of the responsible entity should require:			

(a) The valuer to be a member of an appropriate official body in the jurisdiction in which the relevant property is located;			
(b) The valuer to be independent;			
(c) Procedures to be followed for dealing with any conflict of interest;			
(d) Rotation and diversity of valuers;			
(e) In relation to security property for a loan, an independent valuation to be obtained: (1) before the issue of a loan and on renewal, for development property, on both an "as is" and "as if complete" basis and, for all other property, on an "as is basis"; and (2) within two months after the directors form a view that there is a likelihood that a decrease in the value of security property may have caused a material breach of a loan covenant.			
Benchmark & Disclosure Principle 6: Lending Principles – Loan to valuation ratios	This benchmark is met	Our Lending Policy is consistent with this benchmark for Loans secured by a registered mortgage over real property. No loan exceed 80% of the 'as is valuation"	Section 5 of PDS 1
If the scheme directly holds mortgage assets:			
(a) Whether loan relates to property development – funds should be provided to the borrower in stages based on independent evidence of the progress of the development;			
(b) Whether loan relates to property development – the scheme should not lend more than 70% on the basis			

of the latest "as if complete" valuation of property over which security is provided; and			
(c) In all other cases scheme should not lend more than 80% on the basis of the latest market valuation of property over which security is provided –			
Benchmark & Disclosure Principle 7: Distribution Practices	This benchmark is met	Distributions will be secured from interest payments made by borrowers and not from Fund borrowings (as the fund will not borrow).	Section 5 of PDS 1
The Responsible entity should not pay current distributions from scheme borrowings.			
Benchmark & Disclosure Principle 8: Withdrawal Arrangements	The benchmark is not met .The Fund is a contributory mortgage scheme and therefore this benchmark is not applicable.	Investors will only be entitled to withdraw the investment on maturity date of the relevant Loan investment, which will be subject to the borrower having repaid the underlying Loan	section 5 of PDS 1
For liquid schemes:			
(a) the maximum period allowed for in the Constitution for the payment of all requests should be 90 days or less;			
(b) the responsible entity should pay withdrawal requests within the period allowed for in the Constitution; and			
(c) the responsible entity should only permit members to withdraw at any time on request if at least 80% (by value) of the scheme property is money in an account or on deposit with the bank and is available for withdrawal immediately (or otherwise on expiry of a fixed term not exceeding 90 days), during normal business hours of the bank; or assets that the responsible entity can reasonably			

expect to realise for market value within 10 business days.			
For non-liquid schemes, the responsible entity should make withdrawal offers to investors at least quarterly.			