



TARGET MARKET DETERMINATION

Issue Date: 1 November 2023

This Target Market Determination (**TMD**) is made in accordance with Gippsreal's Design and Distribution obligations under section 994B of the Corporations Act 2001. It sets out the class of investors that comprise the defined Target Market for Gippsreal's first mortgage investment product (**Product**), matters relevant to the Product's distribution, review and any reporting obligations.

This document is **not** a Product Disclosure Statement (**PDS**) and is **not** a summary of the features, terms or conditions of the Product. The information contained in this TMD is not intended to constitute financial, general, or personal advice and does not consider any person's individual objectives, financial situation or needs.

Investors interested in acquiring the Product should carefully read Gippsreal's PDS for the Gippsreal Mortgage Investment Scheme (**Scheme**) before deciding whether to invest in the Scheme. A copy of Gippsreal's PDS can be found on its website: www.gippsreal.com.au.

If, after reading the PDS, an investor is unsure whether the Product is suitable for their individual objectives, financial situation or needs, they should seek independent financial advice.

All capitalised terms have the same meaning given to them in the Product's PDS unless otherwise stated.

Product Description

Product Summary

A person investing in the Scheme invests in a first mortgage loan that has been approved by Gippsreal. The loan is secured by a first registered mortgage over Australian freehold and leasehold property.

Scheme Name

Gippsreal Mortgage Investment Scheme

Scheme ARSN

091 849 482

Responsible Entity & Product Issuer

Gippsreal Limited ACN 005 443 292 (**Gippsreal**)

AFSL

219612

TMD Version

3

Target Market

Investor Type

This Product is suitable for the following investor types:

- Individuals;
- Companies;
- Trusts;
- Partnerships;
- Self-managed super funds; and
- Associations & not for profit organisations.

Likely Objectives and Needs

This Product is suitable for investors seeking:

- monthly interest income;
- low volatility of returns;
- capital preservation;
- ability to invest a minimum of \$5,000; and
- a 6 to 36 month investment timeframe.

Risk Profile

This Product is suitable for investors who are able to bear the following kinds of risks:

- No guaranteed return of capital or payment of interest;
- Variable rates of return;


- Investments in which returns depend on the performance of the underlying assets and counterparties;
- Investments in which consumers may lose some or all of their invested capital; and
- Investments in which investors may not be able to access their capital at maturity.

Investor's Intended Product Use

| |
|---|
| Solution/Standalone (75% - 100%) Stable monthly income stream |
| Core Component (25-75%) |
| Satellite/Small Allocation (<25%) |

In target market = 

Possibly in target market = 

Not in target market = 

Solution/Standalone (75-100%)

The investor intends to hold the Product as either a part or the majority (up to 100%) of their portfolio. The investor typically prefers exposure to a product with at least a High Portfolio Diversification.

Core Component (25-75%)

The investor intends to hold the Product as a major component, up to 75%, of their total portfolio. The investor typically prefers exposure to a product with at least Medium Portfolio Diversification.

Satellite/Small Allocation (<25%)

The investor intends to hold the Product as a smaller part of their total portfolio, as an indication it would be suitable for up to 25% of their portfolio. The investor is likely to be comfortable with exposure to a product with Low Portfolio Diversification.

Investors should follow a prudent investment diversification strategy and should seek their own independent financial advice, especially if they are considering allocating a greater proportion of their portfolio towards the Product.

Likely Financial Situation

This Product is suitable for investors whose financial situation enables an investment with:

- Returns that may vary monthly;
- A time horizon subject to the term of the specific investment selected by the investor; and
- No capital, income or liquidity guarantee requirement.

Excluded Target Market

This Product is not suitable for investors who:

- Seek a capital growth product;
- Wish to access capital and/or returns prior to product maturity;
- Desire a capital or income guaranteed product;
- Have a low risk tolerance; and
- Have a low ability to bear capital loss.

Risk Level

Risk Level – 3 (Low to Medium). The Product is considered to be of Low to Medium level of risk and the Product is likely to experience between 1 to less than 2 years of negative annual returns.

Gippsreal has adopted the Standard Risk Measure (SRM) as detailed in the Joint FSC/AFSA's **Standard Risk Measures Guidance Paper for Trustees** to calculate the likely number of negative annual returns over any 20-year period (see table below). Note that the Risk Level is an indicator only and is not a complete assessment of risk.

| Risk Band | Risk Label | Estimated number of negative annual returns over any 20-year period |
|-----------|----------------|---|
| 1 | Very Low | Less than 0.5 |
| 2 | Low | 0.5 to less than 1 |
| 3 | Low to Medium | 1 to less than 2 |
| 4 | Medium | 2 to less than 3 |
| 5 | Medium to High | 3 to less than 4 |
| 6 | High | 4 to less than 6 |
| 7 | Very High | 6 or greater |

Appropriateness of Target Market

Based on an analysis of the key terms, features and attributes of its Product, Gippsreal has concluded that its Product is consistent with the likely objectives, financial situation and needs of the class of investors identified in its Target Market. As part of its analysis, Gippsreal does not assume that investors will hold its Product as part of a diversified portfolio.

The table below sets out the key attributes of the Product, along with a corresponding explanation of why the Product is consistent with the likely objectives, financial situation and needs of investors in the Target Market (as summarised above).

We do not encourage investors to invest in this Scheme if the above key attributes do not align with their objectives, requirements and personal circumstances.

| Key attributes of the Product | Consistency with likely Objectives, Financial Situation & Needs of the Target Market | |
|-------------------------------|---|--|
| Monthly income | The Product pays monthly distributions, which can be taken as income or reinvested as per the terms of an investor's Offer to Invest. | Accordingly, Gippsreal's Product is suitable for investors looking for a monthly return. |
| Choice | Individual mortgage investments are approved by investors to suit the investor's own risk appetite. Each loan is subject to Gippsreal's strict credit assessments and property valuation policy. Loan terms generally range from 6-36 months. | Accordingly, Gippsreal's Product is suitable for investors looking to select their investments to align with their own investment appetite and timeframes. |
| Diversification | Investors are able to achieve diversification within Gippsreal's contributory mortgage Scheme by investing in a number of individual loans to different borrowers secured against a variety of properties. | Accordingly, Gippsreal's Product is suitable for investors looking to diversify across various mortgage investments. |
| Mortgage Security | Gippsreal's Product allows investment into first mortgage loans. | Accordingly, Gippsreal's Product is suitable for investors looking for access to investments in individual loans secured by registered first mortgages. |
| Low income volatility | Gippsreal's Product aims to provide investors with income over a fixed period on a monthly basis. Distribution of interest is subject to the borrowers paying interest when due. | Accordingly, Gippsreal's Product is suitable for investors looking for investments with low volatility of returns. |

Low liquidity

Investors do not have a right of early withdrawal prior to maturity of the particular mortgage investment loan or their investment term specified in the Offer to Invest, whichever is the later. Redemption of investment funds is also subject to the borrower repaying the loan at maturity.

Accordingly, Gippsreal's Product is suitable for investors looking for the ability to select investments which suit their own preferred liquidity profile and who are able to bear the risk that they will only be entitled to withdraw from a particular mortgage investment once the loan has been repaid in full by the borrower or alternatively subject to Gippsreal arranging substitute investor funds.

Distribution Conditions

The Product is distributed directly by Gippsreal to investors who apply to invest in the Scheme directly via post, email or in person. From time to time, third party introducers (**Referrers**) may refer potential investors to Gippsreal following which the Product is distributed directly by Gippsreal to those investors. Referrers are not engaged to recommend or market Gippsreal's Product, and this arrangement is made clear in writing by Gippsreal to Referrers. Otherwise, Gippsreal does not engage any authorised representatives or financial advisers to sell or distribute its Product.

Investors in the Product may be from various segments of the overall investor market in light of the broad suitability of the Product as outlined above. For the reasons set out in this section, Gippsreal considers that there are no distribution conditions and restrictions necessary other than those required at law, and that these distribution conditions and restrictions are appropriate to investors who purchase the Product are in the Target Market.

Reviews

Gippsreal will review this TMD within 12 months of its Issue Date. Thereafter, it will conduct ongoing annual reviews within 12 months of completion of the initial/previous review.

Gippsreal will also review this TMD if any one of the following triggers occurs:

- A material change to the features, terms, investment objectives, conditions or key attributes of the Product;
- Where and when the Product is not being distributed and purchased as envisaged by this TMD;
- Significant market, economic or legal events transpiring which may impact on the Scheme;
- Gippsreal considers an ASIC reportable 'Significant Dealing' has occurred;
- 10 or more complaints made in a 3-month period from investors within the Scheme about the suitability or distribution of the Product;
- A high number of investors in the Scheme are identified as falling outside the TMD;
- The Product fees are unreasonably high compared to similar mortgage investment schemes;
- Descriptions or attributes contained in this TMD are found to include materially incorrect or misleading information;
- Inquiry or action by ASIC or another regulator as to the design or distribution of the Product;
- Changes to legislation have come into effect which materially impacts upon the design or distribution of the Product; and/or
- Any other event or circumstance which reasonably suggests that the TMD is no longer appropriate.

If any of the above triggers occur, Gippsreal will review this TMD within 10 business days.

Definitions

Gippsreal

Gippsreal Limited ACN 005 443 292 (Australian Financial Services License No. 219612)

Portfolio Diversification

| | |
|----------------------------------|--|
| Low Portfolio Diversification | Single asset class, single country, low or moderate holdings of securities - e.g. high conviction Aussie equities. |
| Medium Portfolio Diversification | 1-2 asset classes, single country, broad exposure within asset class, e.g. Aussie equities "All Ords" |
| High Portfolio Diversification | Highly diversified across either asset classes, countries or investment managers, e.g. Australian multimanager balanced fund or global multi-asset products (or global equities) |

Product

Contributory first mortgage investment

Referrers

Third parties that from time to time may introduce the Product to investors.

Scheme

Gippsreal Mortgage Investment Scheme ARSN 091 849 482

Gippsreal is required to report to ASIC if it becomes aware of a Significant Dealing that is not consistent with this TMD. 'Significant dealing' is not defined by the Corporations Act nor ASIC and discretion is given to Gippsreal to determine if a dealing is 'significant' by applying its ordinary meaning and in the circumstances of each case.

Significant Dealing

In determining if a Significant Dealing has occurred, Gippsreal will have regard to, but not limited to, the following criteria:

1. Of investors who acquire the Product, the proportion of investors who are not in the target market, including the proportion of investors who are part of a class that has been excluded from the target market acquiring the Product;
2. The actual or potential harm to investors, including the amount of any financial loss, resulting from investors who are not in the target market acquiring the Product;
3. The nature and extent of the inconsistency of distribution with the TMD.

This TMD is available to download from Gippsreal's website (see below). Alternatively, you can phone our investment team on 03 5662 2529 to request a hard or electronic copy which will be sent to you free of charge.

T: 03 5662 2529 ◦ E: info@gippsreal.net.au ◦ M 41 McCartin Street, Leongatha VIC 3953 ◦ W: www.gippsreal.net.au