



ASIC
Australian Securities &
Investments Commission

Committee	Senate Economics References Committee
Inquiry	Inquiry into Sterling Income Trust
Reference	Written – 24 November 2021
Committee member	Senator Paul Scarr

Question

1. Can ASIC please provide the following documents?
 - a. The original PDS documents for the Sterling Income Trust that were the subject of the 15 page statement of concerns (for the purpose of clear identification and linking of the statement of concerns with the relevant PDS the subject of the statement)
 - b. The 15 page statement of concerns
 - c. The revised PDS that was issued on 27 October 2017
2. Can ASIC advise what actions it took following the issuing of the statement of concerns to inform existing investors of these concerns?

Answer

1(a) The Sterling Income Trust PDSs subject to the 2017 stop order are:

- PDS for Development Units dated 20 May 2016,
- PDS for Income Units and Growth Units dated 31 January 2017, and
- PDS for Management Company Units dated 20 May 2016.

These PDSs are attached (annexures A, B and C)

(b) The Statement of Concerns sent to Theta Asset Management in relation to the Sterling Income Trust PDSs dated 9 August 2017 is attached (Annexure D).

(c) The October 2017 Sterling Income Trust replacement PDS, covering Income and Growth Units, is attached (Annexure E).

2. ASIC published a media release on 18 September 2017 to publicise the stop orders in relation to the Sterling Income Trust PDSs (see [MR 17-316](#)).



STERLING
INCOME TRUST

DEVELOPMENT UNITS

Product Disclosure Statement

Theta Asset Management Limited

ABN 37 071 807 684 AFSL 230920

As responsible entity of the

Sterling Income Trust ARSN 158 828 105



STERLING
CORPORATE
SERVICES

This product disclosure statement is dated 20 May 2016

Important Notice and Disclaimer

Product disclosure statement

This product disclosure statement is dated 20 May 2016 ("PDS") and relates to the offer of Development Units in the Sterling Income Trust ARSN 158 828 105 ("SIT") (the "Offer"). Theta Asset Management Ltd (ABN 37 071 807 684, AFSL 230920) ("Theta", "Responsible Entity", "we" or "us") is the responsible entity of the SIT and issuer of the Units forming part of the Offer. Theta takes full responsibility for the whole of this PDS. Theta has appointed Sterling Corporate Services Pty Ltd ("SCS" or "Investment Manager") to assist in preparing this PDS. SCS is a Corporate Authorised Representative (number 444776) of Theta.

Not investment advice

The information provided in this PDS is not financial product advice. It is general information only, and has been prepared without taking into account investment objectives, financial circumstances or particular needs. You should consider whether the information in this PDS is appropriate for you in light of your objectives, financial situation and needs. In particular, you should consider the risk factors (see pages 9, 19 and 20) that could affect the financial performance of the SIT before deciding what course you should follow. You should consider these factors in light of your personal circumstances. To obtain advice or more information about the information described in this PDS, you should speak to an appropriately licensed financial planner or licensed advisor.

Please carefully read the instructions on the accompanying Application Form in connection with the Offer.

No cooling-off rights

Cooling-off rights do not apply to an investment in Units pursuant to the Offer. This means that you cannot withdraw your Application once it has been accepted.

Electronic PDS

This PDS may be viewed online on Theta's website at www.thetaasset.com.au or on the SIT website www.sitfund.com.au. It is not available to persons in the United States. If you access the electronic version of this PDS you should ensure that you download and read the entire PDS.

A paper copy of this PDS can be obtained, free of charge by calling the SIT Offer Information Line: 08 9523 5800 at any time from 9.00am to 5.00pm (Perth time) Monday to Friday or Theta on +61(0)2 8012 0638 at any time from 9.00am to 5.00pm (Sydney time) Monday to Friday.

You will only be entitled to accept the Offer by completing an Application Form attached to or which accompanies this PDS (refer to the "How to apply" section for further information).

Updated information

Information about the SIT may need to be updated by Theta. Any updated information about the SIT which is not materially adverse to Unitholders will be made available on Theta's website at www.thetaasset.com.au and the SIT website www.sitfund.com.au. Theta will provide a copy of the updated information free of charge to any person who requests a copy by calling the SIT Information Line: 1300 665 890 at any time from 9.00am to 5.00pm (Perth time) Monday to Friday, or Theta on +61(0)2 8012 0638 at any time from 9.00am to 5.00pm (Sydney time) Monday to Friday.

Foreign jurisdictions

This PDS does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register the Units or otherwise permit an offering of Units in any jurisdiction outside of Australia.

The distribution of this PDS (whether electronically or otherwise) outside Australia may be restricted by law. If you come into possession of this PDS (electronically or otherwise), you should observe any such restrictions and should seek your own advice on such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws.

Disclaimer

No person is authorised to give any information or make any representation in connection with the information described in this PDS, which is not contained in this PDS. Any information or

representation not contained in this PDS may not be relied on as having been authorised by the SIT or Theta in connection with the SIT.

This PDS may contain forecast financial information along with forward looking statements which are identified by words such as "may", "could", "believes", "estimates", "expects", "intends", and other similar words that involve risks and uncertainties. These forecasts and forward looking statements are subject to various risk factors that could cause the SIT's actual results to differ materially from the results expressed or anticipated in these forecasts or statements. These risk factors are set out on pages 8, 18 and 19. These and other factors could cause actual results to differ materially from those expressed in any forecast or forward looking statement made by, or on behalf of, the SIT or Theta.

As part of operating the SIT, Theta must ensure compliance with applicable occupational, health and safety standards and statutory environmental requirements. Except as indicated above, Theta does not take account of labour standards, environmental, social or ethical considerations in selecting, retaining or realising investments for the SIT.

Neither Theta nor the SIT promises that you will earn any return on your investment or that your investment will gain or retain its value. No company other than Theta makes any statement or representation in this PDS. It is impossible in a document of this type to take into account the investment objectives, financial situation and particular needs of each reader. Accordingly, nothing in this PDS should be construed as a recommendation by Theta, or any associate of Theta, or any other person concerning an investment in the SIT.

Readers should not rely on this PDS as the sole basis of a decision to invest in the SIT. Readers should seek their own financial, legal and taxation advice as appropriate before making a decision to invest in the SIT.

Financial amounts

Money as expressed in this PDS is in Australian dollars unless otherwise indicated.

Definitions and abbreviations

Defined terms and abbreviations used in this PDS are explained in the Glossary at the end of this PDS.

Photographs

The photographs appearing in this PDS are for illustration purposes only and unless otherwise stated do not represent assets of the SIT.

ASIC

A copy of this PDS has not been, and is not required to be, lodged with ASIC. ASIC takes no responsibility for any part of this PDS.

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HIGHLIGHTS

• Established Fund

- Various investment options, including Income Units, First Mortgage Units, Development Units and Management Company Units
- Established in 2012
- Total units on Issue 14,980,858

• Development Units

- Target distributions of 20% pa*
- Distributions paid monthly
- Secured by first or subordinated mortgage and general security agreement
- Provides property acquisition and construction funding to build residential homes for Sterling New Life
- Unprecedented demand has facilitated the need for this funding

** Unitholders should note that any reference in this PDS to past performance is not a reliable guide to future performance. Any reference to target distribution rates are based on the interest rates payable under the Master Facility Agreements for loans to be advanced by the SIT, the estimated operating costs of the SIT and its investments and the historical performance of the underlying investments. Refer to page 6 for further details. No distribution rate is guaranteed. Returns may be more or less than historical returns and the target returns stated.*

Please note, that with higher returns come higher risk, please read the Key Risks section on page 8 and Section 4 "Risks" on pages 18 and 19 carefully.

Introduction

OFFER AT A GLANCE

Current Unit Price	\$1.00 per unit , for May 2016 - refer to www.sitfund.com.au for the Current Unit Price The issue price is determined with reference to the net asset value of the relevant class of units and the number of Units in that class on issue. The Current Unit Price is determined at 5.00pm (WST) at the end of each month and published on www.sitfund.com.au . Refer to page 20 for further details.
Asset Type	Residential land acquisition and housing construction funding
Current Development Units on Issue	3,322,801
Distributions	Monthly - Distributions will be paid not later than 15 days following the end of each month. The next distribution will be for the month ending 30 April 2016 and be paid no later than 15 May 2016. Income on Daily Balance - for investment during a month, distribution entitlement calculated based on days invested during that month.
Historical Annual Distributions*	For the quarter ended 30 September 2015, 5c per unit, 20% annualised yield, 0% tax deferred For the quarter ended 31 December 2015, 5c per unit, 20% annualised yield, 0% tax deferred For the quarter ended 31 March 2016, 5c per unit, 20% annualised yield, 0% tax deferred
Target Distributions*	20% pa
Tax	0% Tax Deferred
Net Tangible Assets	\$3,322,801
Security	Mortgage - First or subordinated ranking to a maximum LCR of 100% General Security Agreement
Minimum Investment	\$2,000 with additional investments to be made in \$500 increments.
Redemption	The SIT is not listed on any securities exchange, and is considered an illiquid investment. There is no guaranteed redemption of Units, however Unitholders may be able to redeem their Units via a Conditional Redemption Offer, which will be made to Unitholders in a particular class at the discretion of the SIT. The intention is to make Conditional Redemption Offers available to Unitholders in a class who have held their Units for at least 12 months and for those offers to be made quarterly. Unitholders can choose to redeem for cash, or for another class of unit or a combination of both. Redemption payments will be made on 30 April, 31 July, 31 October and 31 January. A Unitholder who has held their units for at least 12 months can indicate their desire to redeem their units by completing the Redemption Application Form attached.
Use of Funds	Funds raised through the issue of Development Units will be utilised to advance loans to various Sterling Residential Development Trusts pursuant to the Master Facility Agreement, or to third party borrowers on the same, or similar terms to the Master Facility Agreement. All loans are secured by either a first mortgage or a subordinated mortgage and/or a general security agreement.

2 Unitholders should note that any reference in this PDS to past performance is not a reliable guide to future performance. Any reference to target distribution rates are based on the interest rates payable under the Master Facility Agreements for loans to be advanced by the SIT, the estimated operating costs of the SIT and its investments and the historical performance of the underlying investments. Refer to page 6 for further details. No distribution rate is guaranteed. Returns may be more or less than historical returns and the target returns stated.

Please note, that with higher returns come higher risk, please read the Key Risks section on page 8 and Section 4 "Risks" on pages 18 and 19 carefully.

Introduction

STERLING INCOME TRUST

The Sterling Income Trust ("SIT" or "Trust") was established in 2013 as the Rental Management Investment Trust ("RMIT") to acquire the RMA Holding Trust which was established in February 2012 to hold Rental Management Income Rights.

The Sit has since expanded to have the following:

- **Development Units (of which this PDS relates)** - invests in the Property Development Trust which holds mortgage secured loans. As at the date of this PDS there were 2,322,801 Development Units on issue, and four distributions have been made to Unitholders averaging 20% pa*;
- **Income Units** - invests in the RMA Holding Trust which holds residential rental management agreements. As at the date of this PDS there were 11,007,229 Income Units on issue and 14 quarterly distributions have been made to Unitholders averaging 9.25% pa*;
- **First Mortgage Units** - invests in the First Mortgage Trust which holds mortgage secured loans. As at the date of this PDS there were 435,000 First Mortgage Units on issue and two distributions has been made to Unitholders averaging 7.9% pa*;
- **Management Company Units** - invests in the Management Company Share Trust which holds shares in Sterling First (Aust) Limited ("Sterling First").

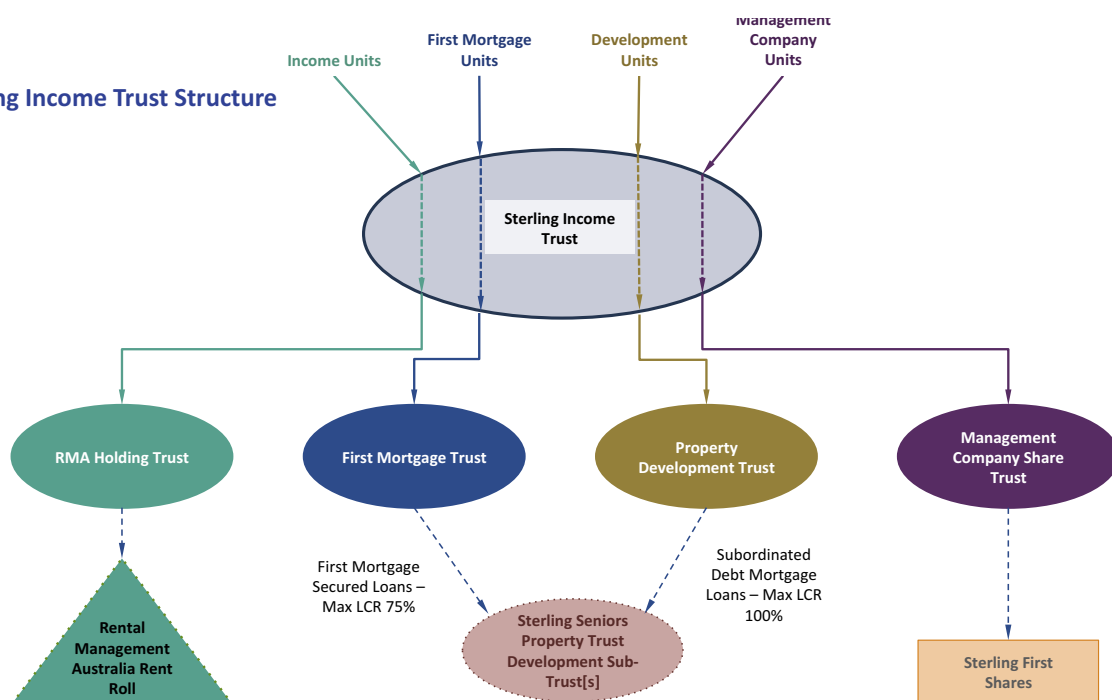
Redemption - The SIT is not listed on any securities exchange, and is considered an illiquid investment. There is no guaranteed redemption of Units, however Unitholders may be able to redeem their Units via a Conditional Redemption Offer. The intention is to make Conditional Redemption Offers available to Unitholders in a class who have held their Units for at least 12 months and for those offers to be made quarterly. Unitholders can choose to redeem for cash, or for another class of unit or a combination of both.

A Development Unitholder who has held their units for at least 12 months can indicate their desire to redeem their units by completing the Redemption Application Form.

Please note, Conditional Redemption Offers are not guaranteed.

This PDS relates only to investment in Development Units. To invest in other classes of units in the SIT, please refer to the specific product disclosure statement issued for those classes.

Sterling Income Trust Structure



* Unitholders should note that any reference in this PDS to past performance is not a reliable guide to future performance. Any reference to target distribution rates are based on the interest rates payable under the Master Facility Agreements for loans to be advanced by the SIT, the estimated operating costs of the SIT and its investments and the historical performance of the underlying investments. Refer to page 6 for further details. No distribution rate is guaranteed. Returns may be more or less than historical returns and the target returns stated.

Please note, that with higher returns come higher risk, please read the Key Risks section on page 8 and Section 4 "Risks" on pages 18 and 19 carefully.

Introduction

DEVELOPMENT UNITS OVERVIEW

Asset Type	Land Acquisition and Construction Loans Mortgage loans secured over residential property being constructed. Funds are advanced to wholly owned sub trusts of the SSPT or a third party borrower on the terms of the Master Facility Agreement or similar. All loans are secured by either a first ranking mortgage or a subordinated mortgage and/or a general security agreement. Standard loan terms are for an interest rate of 22% per annum.
General Loan Terms:	
Asset	Residential multiple unit sites and multiple key dwellings.
Interest Rate	22% per annum
Maximum LCR or LVR	100% The Property Development Trust can advance funds up to 100% of the cost of a residential development, which will generally reflect an LVR of up to 85%, and for interim funding on completed property that is available to be occupied. Interim funding is for a term of not longer than 12 months.
SSPT Borrower	Special purpose development sub trusts of the SSPT. The SSPT is a residential property trust established by Sterling First which focuses on providing affordable housing to retirees and those approaching retirement. The Development Units have been created to allow investors to participate in property development in a secure manner, and to provide funding (with the benefit of either a first mortgage or a subordinated mortgage and/or a general security agreement) to allow the SSPT to construct multi unit properties to meet its demand from retirees.
Third Party Borrower	Loans to parties other than the SSPT Borrower, must be on the same or similar terms to the Master Facility Agreement.
Distribution History	For the quarter ended 30 September 2015, 5c per unit, 20% annualised yield, 0% tax deferred For the quarter ended 31 December 2015, 5c per unit, 20% annualised yield, 0% tax deferred For the quarter ended 31 March 2016, 5c per unit, 20% annualised yield, 0% tax deferred
Target Distributions	20% per annum The Target Distribution is based on the interest rate payable under the Master Facility Agreement (being 22% per annum) less the estimated operating costs of the SIT and the sub trusts (estimated to be an amount of 2% per annum (refer to page 22)). No distribution rate is guaranteed. Returns may be more or less than historical returns and the target returns stated.
Development Units on Issue as at the date of the PDS	3,322,801
Net Tangible Assets per unit as at the date of the PDS	\$1.00

Introduction

ASIC BENCHMARKS AND DISCLOSURE PRINCIPLES

ASIC has developed eight benchmarks and disclosure principles designed to help Unitholders better understand, compare and assess mortgage funds and understand whether such an investment is suitable for them. Although the SIT is not a mortgage fund, because over time the Development Units may constitute 50% or more of the SIT's non-cash assets, the eight benchmarks and disclosure principles will apply.

Set out in the table below are each of the benchmark and disclosure principles together with a summary of how each benchmark and disclosure principle is addressed by the SIT in relation to the Development Units or a reference to the relevant pages in this PDS that provides the relevant information.

ASIC Benchmark and Disclosure Principle	Disclosure against benchmark and disclosure principle	Page Reference
	Development Units	
1. Liquidity This benchmark and disclosure principle addresses the SIT's ability to satisfy its expenses, liabilities and other cash flow needs, including the preparation of 12-month cash flow estimates that are approved by the directors.	This benchmark is met. The Responsible Entity has cash flow estimates for the SIT that: <ul style="list-style-type: none"> demonstrate the SIT's capacity to meet its expenses, liabilities and other cash flow needs for the next 12 months; are updated at least every 3 months and reflect material changes; and are approved by the directors at least every three months. However, please note the SIT is an illiquid scheme.	
2. Scheme Borrowing This benchmark and disclosure principle addresses the SIT's policy on borrowing, including the SIT's actual and intended borrowing, as well as the SIT's policy on borrowing.	This benchmark is met. Neither the SIT, nor the Property Development Trust, have or intend to have any borrowings.	Page 19
3. Loan portfolio and diversification This benchmark and disclosure principle addresses the SIT's lending practices and portfolio risk, including concentration risk.	This benchmark is not met. While the Development Units are in their start up phase, it is possible that: <ul style="list-style-type: none"> the Property Development Trust's portfolio will comprise assets that are not diversified by size, borrower, class of borrower or geographic location single assets may exceed 5% of the Property Development Trust's total assets a single borrower may exceed 5% of the Property Development Trust's assets. As at the date of the PDS the Property Development Trust's portfolio consists of several residential property development projects with a single borrower.	
4. Related party transactions This benchmark and disclosure principle addresses the risks associated with related party lending, investments and transactions, including details of any related party transactions.	This benchmark is not met. The Development Units invest in the Property Development Trust. The Property Development Trust can lend funds to a sub trust of the SSPT. The trustee of the SSPT is Theta, and the Investment Manager of the SSPT is SCS. SCS is trustee of the Property Development Trust. The trustee of the SSPT sub trust is Acquest Property Pty Ltd (a wholly owned subsidiary of SCS). All arrangements are on arm's length terms.	Pages 5, 6, 7, 18, 19 and 27
5. Valuation Policy This benchmark and disclosure principle addresses the SIT's valuation practices, including when an independent valuation is required	This benchmark is not met. The Property Development Trust will value secured properties based on costs to date in respect of properties under construction, and on an as if complete basis, based on the sales prices assessed by the selling agents for the respective properties. A copy of the SIT's valuation policy is available from www.sitfund.com.au free of charge.	
6. Lending principles - LVRs This benchmark and disclosure principle addresses the SIT's lending practices, including the LVRs	This benchmark is not met. The Property Development Trust can not lend more than 100% of the LCR which must also not exceed 85% of the LVR on an as if complete basis, and not more than 90% of the LVR for interim funding on completed property that is available to be occupied. Interim funding is for a term of not longer than 12 months.	Pages 19 and 25
7. Distribution Practices This benchmark and disclosure principle addresses the transparency of the SIT's distribution practices, including whether current distributions are paid from SIT borrowings, and disclosure of the source of distributions	This benchmark is met. Any distributions are paid monthly from interest received on loans.	Pages 4, 5, 7, 18, 19 and 20
8. Withdrawal arrangements This benchmark and disclosure principle addresses the transparency of the Responsible Entity's approach to withdrawals of investments when the SIT is liquid and when the SIT is not liquid	This benchmark is met. The SIT is an illiquid scheme. The Responsible Entity generally intends to make Conditional Withdrawal Offers to Development Unit holders on a quarterly basis.	Pages 5, 6, 10 and 20

KEY RISKS (further details can be found on pages 18 and 19)

All investments involve some degree of risk. An investment in the Development Units involves all the usual risks of business ownership as well as risks particular to this investment structure. Many risks cannot be controlled by the SIT, and may affect the future performance of the SIT.

Income Risk - The Development Unitholders will receive income by way of distributions from the Property Development Trust. The distributions are therefore reliant on the financial performance of the Property Development Trust. The ability of the Property Development Trust to pay distributions is dependent on its financial performance and is not guaranteed. A Unitholder will receive any distributions from the SIT after the costs of operating the SIT have been deducted.

Liquidity Risk - The SIT Units are not listed on any securities exchange, and are considered an illiquid investment. Whilst the SIT will make Conditional Redemption Offers, there is no guarantee of redemption of Units.

Secured Loan Risk - The Property Development Trust will be making secured loans. The financial performance of the Property Development Trust is reliant on the ability of the borrowers to meet their obligations under the loan agreements. The ability of the Property Development Trust to pay distributions to the SIT is dependent on its financial performance and is not guaranteed.

Refer to pages 18 and 19 for further details on risks associated with investment in the SIT and in Development Units in particular.

Introduction

Current Sterling First project, 8 apartments in Oneida Rd, Secret Harbour

Photo's taken 1 February 2016, project completing July 2016



Feature	Details
Minimum Subscription	There is no minimum subscription.
Maximum Subscription	There is no maximum subscription. The level of subscription will only be limited if the Investment Manager determines it cannot utilise capital raised above a certain level.
Issue of Units	Applications for Units will usually be processed on the day of receipt and applicants will receive a Holding Statement within ten business days of the allotment of Units.
Minimum Investment	\$2,000 with additional investments to be made in \$500 increments.
Application Price	\$1.00 per Unit.
Objective for the Development Units	To give Unitholders an exposure to Australian residential property through loans secured against residential property development.
Structure	The SIT is a unit trust registered as a managed investment scheme with four wholly owned sub trusts, the RMA Holding Trust, the First Mortgage Trust, the Property Development Trust and the Management Company Share Trust.
Liquidity/Redemption	<p>The Development Units are not listed on any securities exchange, and are considered an illiquid investment. There is no guaranteed redemption of Units, however Unitholders may be able to redeem their Units via Conditional Redemption Offers, which will be made to Unitholders at the discretion of the SIT.</p> <p>Conditional Redemption Offers, when made, are expected to be funded out of either new equity raised or returned loan funds. There is no guarantee however, that there will be sufficient funds available to meet the redemption requests in full or in part.</p> <p>The intention is to make Conditional Redemption Offers available to Unitholders in a class who have held their Units for at least 12 months and for those offers to be made quarterly. The Conditional Redemption Offer price will normally be the price determined by the SIT, in accordance with the Constitution, at the time a Conditional Redemption Offer is made. The price will be determined with reference to the net asset value of the Property Development Trust divided by the number of respective Development Units on issue.</p> <p>Further details will be provided to Unitholders at the time that a Conditional Redemption Offer is made. Redemption can be applied for by completing the Redemption Application Form attached to this PDS. Please note, Conditional Redemption Offers are not guaranteed.</p>
Development Unit Investment	The Development Units invest only in the Property Development Trust and some cash.
Offer Opened	18 May 2015 for the Development Units
Offer Closing Date	At the discretion of the SIT.
Term of Investment	The SIT is an open-ended investment.
Acceptance of Applications	Acceptance of an application is at the discretion of the Responsible Entity.
Use of Funds	Any funds raised pursuant to this Offer will be used to invest in the Property Development Trust (which ultimately invests in mortgage secured loans on residential property).
Cooling-Off Rights	Cooling-off rights do not apply to an investment in Units pursuant to the Offer. This means that you cannot withdraw your Application once it has been accepted.

Distributions	<p>The SIT will make distributions to Unitholders upon receiving any distributions from the Property Development Trust. Distribution payments will be made no later than 15 days after the end of each month.</p> <p>Daily Balance - For an investment allotted part way through a month, the distribution entitlement will be calculated based on the number of days from the day of allotment to the end of the month. For example, where a Unitholder's allotment is on 26 May, and a full month's distribution would have been \$100, their distribution entitlement would be calculated as follows:</p> $\text{Distribution} = \text{Full months Distribution} \times \text{Days Invested} / \text{Total days in month}$ $\text{Distribution} = 100 \times 5 / 31 = \16.12 <p>The ability of the SIT to pay a distribution is dependent on the financial performance of the SIT and the Property Development Trust and is not guaranteed.</p>
Return on Investment*	<p>Development Units receive a flow through of distributions from the Property Development Trust, less the relative share of costs of the SIT. The Property Development Trust advances funds on the basis of a 22% pa standard interest rate. Allowing for costs of operating the SIT, Unitholder distributions are targeted to be approximately 20% pa see page 6. The Income will be taxable.</p> <p>No one promises that you will earn any return on your investment or that your investment will gain or retain its value.</p> <p><i>* Unitholders should note that any reference in this PDS to past performance is not a reliable guide to future performance. Any reference to target distribution rates are based on the interest rates payable under the Master Facility Agreements for loans to be advanced by the SIT, the estimated operating costs of the SIT and its investments and the historical performance of the underlying investments. Refer to page 6 for further details. No distribution rate is guaranteed. Returns may be more or less than historical returns and the target returns stated.</i></p> <p><i>Please note, that with higher returns come higher risk, please read the Key Risks section on page 8 and Section 4 "Risks" on pages 18 and 19 carefully.</i></p>
Taxation	Distributions from the SIT may be taxable. Unitholders will receive a year-end statement advising them of the taxability of the distributions from the SIT.
Risks	There are risks associated with an investment in the SIT that should be considered prior to acquiring Units. A detailed explanation of these risks are set out on pages 18 and 19.
Fees	Fees and management costs are payable to the Responsible Entity and Custodian for the ongoing operation of the SIT as well as to the Investment Manager for managing the assets of the SIT. Details of these fees and costs are set out on pages 22 and 23.
Borrowings	Neither the SIT the Property Development Trust will borrow.
Responsible Entity	The Responsible Entity of the SIT is Theta Asset Management Limited (ABN 37 071 807 684, AFSL No. 230920). Theta is the holder of an AFSL issued by ASIC that allows it to act as the Responsible Entity of the SIT.
Custodian	The Custodian of the SIT is Australian Executor Trustees Limited (ABN 84 007 869 794, AFSL 240023) ("Custodian"). The Custodian is the holder of an AFSL issued by ASIC that allows it to act as the Custodian of the SIT.
Corporate Governance	The Responsible Entity maintains a related party transactions policy and a conflict of interest policy. Refer to pages 27 for further details on Conflicts of Interest and Related Party Transactions.

Section 2
The SIT



RESPONSIBLE ENTITY

Theta, as Responsible Entity, is responsible for all compliance and regulatory aspects of operating the SIT. Theta holds an AFSL (AFSL No. 230920), which authorises it to act as the responsible entity of the SIT. Theta is a provider of responsible entity and trustee services and the issuer of units in managed investment schemes in the Australian market.

The powers and duties of Theta are set out in the SIT's Constitution, the Corporations Act, and general trust law.

The duties of Theta under the Corporations Act include:

- acting in the best interests of Unitholders and, if there is a conflict between Unitholders' interests and Theta's interests, giving priority to Unitholders' interests;
- ensuring that SIT property is clearly identified as SIT property and held separately from property of Theta and property of any other fund, and is valued at regular intervals;
- ensuring that payments out of SIT property are made in accordance with the Corporations Act; and
- reporting to ASIC any significant breach of the Corporations Act in relation to the SIT which has had, or is likely to have, a materially adverse effect on the interests of Unitholders as well as any significant breach of Theta's general obligations as an AFSL holder.

Subject always to any liability which the Corporations Act might impose on the Responsible Entity, so long as it acts without gross negligence, fraud or breach of trust it is not liable to Unitholders for any loss suffered in any way relating to the SIT. The liability of the Responsible Entity to any person other than a Unitholder in respect of the SIT is limited to the Responsible Entity's actual indemnification from the SIT's assets for that liability.

Theta is the issuer of all Units in the SIT and is the issuer of this PDS. SCS has been contracted by Theta to carry out all investment management functions in relation to the SIT.

Refer to page 24 for a summary of the Investment Management Agreement. Subject to the requirements of the Corporations Act, the role of Theta does not include making an assessment as to whether the Property Development Trust has the capacity to pay distributions. Theta provides no assurance that distributions will be paid to, or by, the SIT. The ability of the Property Development Trust to pay distributions to the SIT will be dependent on the financial performance of the Property Development Trust and is not guaranteed.

Executive Directors of the Responsible Entity

Robert Marie, Managing Director, appointed 31 July 2009

Robert has over 20 years experience in the financial services sector. Robert has specialised in financial services marketing working with a range of leading companies, including Macquarie Bank, Australian Wealth Management and BankWest.

Since 2006 Robert has provided responsible entity and trustee services via both Theta and Valuestream Investment Management Ltd, a company of which he is also a director.

SIT CONSTITUTION

Theta's responsibilities and obligations as Responsible Entity, as well as the rights and obligations of Unitholders and the rights and liabilities attaching to the Units, are governed by the SIT's Constitution, the Corporations Act, general trust law and this PDS. Under the SIT's Constitution, Theta has all the powers of a natural person in respect of the SIT. The SIT's Constitution contains a number of provisions relating to the rights of Unitholders and the obligations of Theta, as Responsible Entity. This PDS outlines some of the more important provisions of the SIT's Constitution.

The SIT's Constitution gives the Responsible Entity the right to be paid fees and expenses from the SIT, and governs matters such as Unitholder meetings, the issue and withdrawal of Units (where permitted) and Unit pricing, as well as what happens when the SIT is terminated.

Theta will provide Unitholders with a copy of the SIT's Constitution upon request at no cost.

AMENDMENTS TO THE SIT CONSTITUTION

Theta may amend the Constitution of the SIT from time to time, subject to the provisions of the Constitution and the Corporations Act. Generally, Theta can only amend the SIT's Constitution where Theta reasonably believes that the change will not adversely affect your rights as a Unitholder. Otherwise the Constitution can only be amended if approved by special resolution at a meeting of Unitholders.

CUSTODIAN

Theta has appointed a separate custodian to hold the assets of the SIT.

The Custodian of the SIT is Australian Executor Trustees Limited ABN 84 007 869 794. Australian Executor Trustees Limited is one of Australia's largest and oldest trustee companies, having been established in 1880. Australian Executor Trustees Limited is a member of the IOOF Holdings Limited ("IOOF") Group, a leading provider of wealth management products and services in Australia. IOOF is listed on the ASX.

The Responsible Entity has appointed Australian Executor Trustees Limited under a custodian services agreement. The Custodian's role is to hold the assets in its name and act on the direction of the Responsible Entity to effect cash and investment transactions. Australian Executor Trustees Limited has no supervisory role in relation to the operation of the SIT and has no liability or responsibility to a Unitholder for any act done or omission made in accordance with the custodian agreement.

Australian Executor Trustees Limited's role as Custodian is limited to holding the assets of the Fund.

DISCLAIMER

Australian Executor Trustees Limited has not withdrawn its consent to be named in this PDS as Custodian of the SIT in the form and context in which it is named. Australian Executor Trustees Limited does not make, or purport to make, any statement that is included in this PDS and there is no statement in this PDS which is based on any statement by Australian Executor Trustees Limited.

To the maximum extent permitted by law, Australian Executor Trustees Limited expressly disclaims and takes no responsibility for any part of this PDS other than the references to its name. Australian Executor Trustees Limited does not guarantee the repayment of capital or any particular rate of capital or income return.

INVESTMENT MANAGER

Theta has appointed SCS to act as Investment Manager to manage the SIT assets and to provide all back office fund administration processes including Unitholder interface, registry, investment reporting and accounting. Theta maintains strict controls over these matters, including detailed and regular reporting processes. SCS earns management fees for the provision of this service the details of which can be found in section 6 "Fees and other Costs".

SCS will value the assets of the SIT consistent with the valuation principles set out in the Constitution of the SIT.

SCS is part of the Sterling First group and is an experienced investment manager. The Sterling First group comprises three divisions, the Funds Management Division, incorporating SCS, a Property Services Division, which manages all of the SSPT acquisitions, constructions and sales of the properties for which the First Mortgage Trust and the Property Development Trust will be making secured loans and a Property Management Division which provides the ongoing property management services the Rental Management Australia.

PROPERTY SERVICES

Sterling First Projects Pty Ltd, a Sterling First company has been appointed by the SSPT to source all properties to be acquired, secure builders, manage all construction and manage the sale and leasing of all the properties of the SSPT.

Sterling First has developed the unique Sterling New Life Leases (SNLL) which are aimed at providing affordable housing for seniors and retirees. The essence of the offer, is that through the utilisation of planning changes allowing for urban infill housing, Sterling First can construct multiple dwellings on previously single residential lots and either sell those properties on a strata title basis to a senior, or sell them an SNLL, at a discount of up to 40% of the strata sale price. If the property is sold to a SNLL tenant the property can then either be sold to an investor, or retained by Sterling First.

The key attractions to seniors of the SNLL:

- Low entry price at up to a 40% discount. So if the property price was \$350,000, their entry price is \$210,000.
- After payment of entry price there are no ongoing cash costs – ie no rates, taxes, maintenance costs, property insurance
- No exit fees
- Properties located in general urban area close to transport and amenities– not restricted to a "Village"

The SNLLs are basically designed to allow seniors/retirees to downsize and free up capital and minimise ongoing property related expenses.

The attraction for investors buying these properties is that they are:

- Secured with effectively a 40 year lease term. (Tenants can vacate at any time but must give 6 months' notice, allowing ample time to replace with a new SNLL tenant, should the owner desire).
- SNLL tenant has paid a sum equal to 60% of the purchase price into the Sterling Income Trust. This amount acts both as a bond, and the income pays all the rent, so an owner has a bond of perhaps \$210,000 (using the example above) invested in the Sterling Income Trust to cover for any property damage etc.

Since the launch of SNLL in December 2015 and having taken over 2 years of development, it has proven to be very popular with prospective tenants and investors alike.



STRUCTURE

The SIT is a unit trust, registered as a managed investment scheme. Theta is the Responsible Entity, AET is the independent Custodian and SCS is the investment manager.

The SIT has four wholly owned sub trusts, the RMA Holding Trust, the First Mortgage Trust, the Property Development Trust and the Management Company Share Trust. The trustee of the RMA Holding Trust is RMAPL and the trustee of each of the First Mortgage Trust, the Property Development Trust, and the Management Company Share Trust is SCS. RMAPL and SCS are wholly owned subsidiaries of Sterling First.

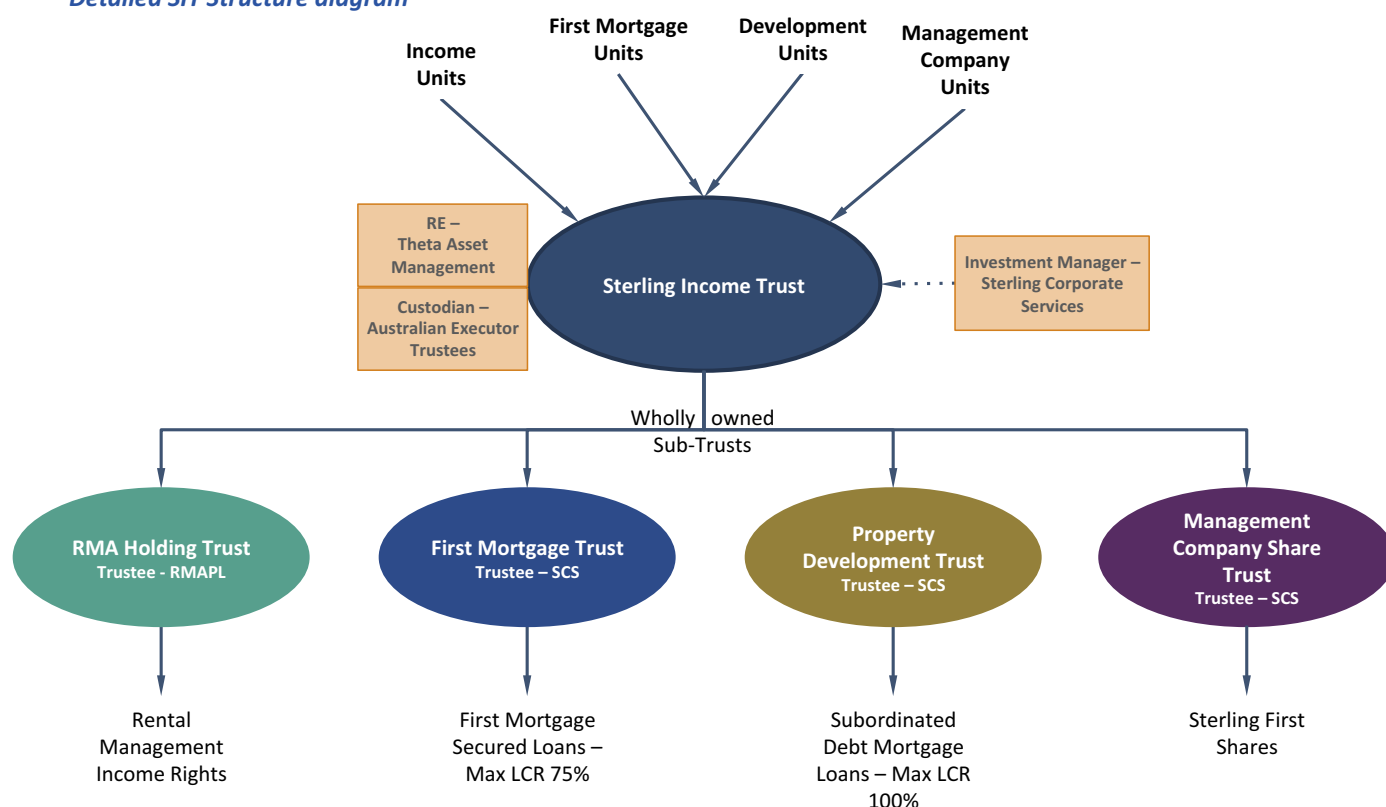
The SIT offers four classes of Units - Income Units, First Mortgage Units, Development Units and Management Company Units.

Income Units - this class invests in the RMA Holding Trust the assets of which comprise predominantly of rental management agreements.

First Mortgage Units - this class invests in the First Mortgage Trust which in turn invests in first mortgage loans.

Development Units - this class invests in the Property Development Trust which in turn invests in first and subordinated mortgage loans.

Management Company Units - this class invests in the Management Company Share Trust which in turn invests in shares in Sterling First.

Detailed SIT Structure diagram

FINANCIAL INFORMATION

The first issue of Development Units was on 1 July 2015. Since commencement it has made two distributions to Development Unit Unitholders as follows:

Quarter to 30 September 15	Quarter to 31 December 15	Quarter to 31 March 16
5 cents per Unit	5 cents per Unit	5 cents per Unit

Distributions up until the quarter ended 31 March 2016, and paid on 30 April 2016, have been paid quarterly. From April 2016, distributions will be paid monthly no later than the 15th of each month. The first monthly distribution will be paid on the 15th May 2016 for the month ended 30 April 2016.

Unitholders should note that any references in this PDS to past performance is not a reliable guide to future performance.

Annual audited accounts have been prepared for the periods ending 30 June 2013, 30 June 2014, and 30 June 2015 which can all be downloaded at www.sitfund.com.au. These accounts reflect the performance of the Income Units. A set of audit reviewed accounts for the six month period ending 31 December 2015 will be made available for download from the website soon. The next set of audited accounts will be prepared for the year ending 30 June 2016, and will be able to be downloaded from the website in due course. These accounts will reflect the performance of all classes of units, as appropriate.

DEVELOPMENT UNITS

Subscription monies for Development Units are advanced to a wholly owned sub-trust of the SIT, the Property Development Trust which is a mortgage lending trust. It can only advance funds to be used to acquire and construct residential housing.

The maximum lending limit is 100% of the total cost of buying and constructing a dwelling and for complete dwellings that are available for occupancy, an interim loan must not exceed 90% of the LVR and must not exceed a term of 12 months.

Funding of the total cost may come from a combination of sources, which will affect the level of security that the Property Development Trust has.

1. First Mortgage Trust Funding - in some cases the First Mortgage Trust will provide the senior debt facility to fund part of the total cost. In these cases the Property Development Trust will take a subordinated mortgage over the property, meaning its security will rank behind the First Mortgage Trust.
2. Senior Debt Funding - in some cases a senior debt facility from an institution such as a bank will be used to fund part of the total cost. In these cases the Property Development Trust will take a subordinated mortgage over the property, meaning its security will rank behind the senior lender.
3. Builder Funding - in some cases a builder will fund the construction costs to completion. In these cases, the Property Development Trust will take either a first ranking mortgage or a subordinated mortgage over the property, depending on the requirements of the builder.

The lending arrangements between the Property Development Trust and a borrower is governed by a facility agreement. All loans made by the Property Development Trust must be on the terms set out in the Master Facility Agreement or very similar. The various loans made by the Property Development Trust will each be accompanied by a:

- Loan or Facility Agreement
- Mortgage Document - covering each property
- General Security Agreement, giving the Property Development Trust a fixed and floating charge over the relevant borrowing entity; and
- Deed of Priority with the senior debt provider, giving the Property Development Trust its subordinated security priority.

GENERAL

Investment Policy

Development Units invest in the Property Development Trust and some cash.

Property Development Trust

The Property Development Trust makes secured loans for the acquisition and construction of residential properties.

Investments are made according to the following strategies and investment criteria:

- Loan and security documents are in place.
- LCR and LVR do not exceed the prescribed levels for the Property Development Trust - 100% and 85% respectively for development property and 90% LVR for interim holding of completed property available for occupancy and the loan term must not exceed 12 months.
- Loan terms must be in accordance with the terms set out in this PDS.

Income Distributions – Monthly

Development Units

Development Units derive their distributions from the Property Development Trust. It is intended that distributions will be made monthly.

The Property Development Trust generates income through interest on loans to sub trusts of the SSPT. Under the loan agreements, interest must be paid monthly.

A distribution from the Property Development Trust will equal the free cash flow of the Property Development Trust. The free cash flow is calculated as follows:

Gross income, less costs of managing the Property Development Trust.

A distribution to the Development Unitholders is then calculated as follows:

Distribution = Distribution received from Property Development Trust less the Relative Costs of managing the SIT, where

Relative Costs of managing the SIT = the Responsible Entity fees, Custodian fees, Investment Manager fees, accounting and tax fees and any other fees associated with running the SIT divided by the total number of SIT units on issue multiplied by the number of Development Units on issue.

Information on historical distributions paid in relation to the Income Units can be found on pages 6 and 16. For up to date information on distributions paid by the SIT please refer to www.sitfund.com.au. When reviewing historical rates of distribution, remember they are not a reliable guide to future rates of distribution. Distributions may be higher or lower or even nil.

Distributions and capital are not guaranteed.

YOUR INVESTMENT AND RISKS**About risk and return**

All investments are subject to varying risks and the value of an investment can decrease as well as increase (i.e. you can experience investment gains or investment losses). Changes in value can be significant and they can happen quickly. Different types of investments perform differently at different times and have different risk characteristics and volatility.

These are some of the reasons why you should consider investing in different types of investments (often called diversification).

The significant risks for the SIT generally, as well as the Development Units, are discussed below. Theta and SCS cannot eliminate all risks and cannot promise that the way they manage them will always be successful.

If these risks happen, Unitholders' distributions may be lower than expected or there may be none, and the value of an investment could fall.

Income Distribution Risk

The SIT receives its Development Unit income by way of distributions from the Property Development Trust.

The Property Development Trust derives its income from interest earned on secured loans made to the various borrowers. Distributions may be affected by the ability of the borrowers to meet their obligations under the loan agreements which will impact on the financial performance of the Property Development Trust.

The Development Units have a target distribution rate. The table below sets out factors which may impact on the distribution rates for the Development Units.

Distributions Risk	Change Risk	Sensitivity Analysis
Borrower Risk	A borrower fails to meet payment obligations or otherwise meet the terms of the Facility Agreement or has other financial difficulties.	This would have an immediate impact on the Development Unit returns. The ability of the borrower to meet its obligations may be effected by the ability of SNL to sell SNLL on a particular property. Whilst every effort is made by the SCS to pre vet a particular property's saleability, the speed with which a property is sold is out of the Investment Manager's control.
Funds Deployment Risk	Funds are subscribed for the Development Units faster than they can be advanced, resulting in surplus funds being under utilised for a period of time.	This would have an immediate impact on the Development Unit returns being the difference between the prevailing bank deposit rate at the time, and the lending rate on the facilities. SCS will remain in constant contact with the borrower and try and manage fund supply to fund demand.

The distributable income for the Development Units is determined as detailed on page 17. If the respective sub trust or the SIT's expenses are less than anticipated, the income distributed to Unitholders may be higher than the target distribution rates.

A Unitholder will receive any distributions from the SIT after the costs of managing the SIT have been deducted. Refer to pages 22 and 23 for information on the cost of managing the SIT.

Unitholders should note that any reference in this PDS to past performance is not a reliable guide to future performance. Any reference to target distribution rates are based on the interest rates payable under the Master Facility Agreements for loans to be advanced by the SIT, the estimated operating costs of the SIT and its investments and the historical performance of the underlying investments. No distribution rate is guaranteed. Returns may be more or less than historical returns and the target returns stated.

Market Risk

Economic, technological, political or legal conditions, changes in interest rates and even market sentiment, can (and do) change, and these all affect the value of the investments in the SIT.

Investment Manager Risk

SCS may fail to perform under the Investment Management Agreement, in which case Theta will take all necessary action to safeguard Unitholders' funds.

Key Person Risk

Only a small number of investment professionals are responsible for managing the SIT and their personal circumstances can change.

SCS aims to reduce this risk by having additional investment resources available, by increasing the size of the investment team over time and by systematising the investment decision making.

SIT Risk

Risks particular to the SIT include that it could be terminated at a date the Responsible Entity decides, the fees and expenses could change (although the Responsible Entity would always give you at least 30 days' notice if fees were to increase), Theta could be replaced as Responsible Entity and its management and staff could change. However the Responsible Entity has duties under the Corporations Act to act in the best interest of Unitholders.

Liquidity Risk

The SIT is an illiquid fund, and as such, a limited redemption facility may be offered to Unitholders and no secondary market exists. Therefore Unitholders may be unable to liquidate their investments as and when they require. However, it is expected Unitholders may be made a Conditional Redemption Offer periodically (refer to pages 5, 6, 9 and 20).

The Conditional Redemption Offers will be funded out of new equity, surplus working capital or the sale of assets of the various sub trusts. There is a risk that the SIT will not be able to access sufficient capital during this period to meet all Conditional Redemption Offers. If this occurs, Unitholders may not be able to redeem their Units.

Taxation Risks

Any change in taxation laws or rates (including any duties and imposts) in jurisdictions in which the SIT operates may impact on:

- the SIT's financial performance and cash flows; and
- the SIT's ability to pay distributions and dividends.

Any changes in the current rates of taxation, duties or imposts applying to individuals and trusts will similarly impact on Unitholder returns.

Whilst all care has been taken to determine the accounting treatment of the income and capital growth associated with this investment, each Unitholder should seek their own tax advice in relation to their Unitholding.

Multi class risk

The SIT will issue multiple classes of units. As at the date of this PDS, the SIT intends to issue four classes of units, being the Income Unit class, First Mortgage Unit class, Development Unit class and the Management Company Unit class of units. The SIT may offer more classes of units in the future.

Each class is referable to a particular pool of assets and liabilities held within the SIT. When you invest in a particular class of Units, you acquire an interest in, and therefore exposure to, the assets relevant to that class. The assets and liabilities of the SIT are attributed to the relevant classes and are administered separately so the Unit price and performance of each class is independent of each other.

However, legally the assets and liabilities of a particular

class are the assets and liabilities of the SIT as a whole. As such, if the SIT becomes insolvent, all classes of units will be affected, and if a particular class of units becomes insolvent then creditors may make a claim for all of the assets in the SIT and not just the assets of the insolvent class of units.

Stamp Duty

The SIT seeks legal advice as to the impact of stamp duty on all acquisitions. Such opinions may however be subject to challenge by the relevant state government revenue office.

Specific Risks for the Development Unit class

Secured Loan Risk

The Property Development Trust will be making secured loans. The financial performance of the Property Development Trust is reliant on the ability of the borrowers to meet their obligations under the loan agreements. Any shortfall not covered by the sale of the security property or lender's mortgage insurance (if applicable) may result in a loss of income or capital to the Property Development Trust. The ability of the underlying trust to pay distributions to the SIT is dependent on its financial performance and is not guaranteed.

Concentration Risk

This is the risk that loans are highly concentrated to particular types of activities, locations or borrowers. For example, all loans advanced are for the purposes of acquiring and constructing properties for the SSPT.

Valuation Risk

This is the risk that the valuation of the secured property obtained by the Property Development Trust is not reflective of current market property values. If the valuation is overstated, the property value at time of sale may not fully cover the amount borrowed. Valuations are fundamental to determining how much the Property Development Trust may lend.

Interest rate risk

Changes in interest rates will have a positive or negative impact directly or indirectly on investment values, returns and consequently the level of income paid to the SIT.

HOW TO INVEST

You can invest from \$2,000 and thereafter in \$500 increments. Complete a current Application Form and send it to the Investment Manager's office (the Application Form is attached to this PDS):

Registry Direct
PO Box 18366
Collins Street East, VIC 8003

Cheques should be made payable to Sterling Income Trust – Application Account.

If paying by Electronic Funds Transfer the banking details of the Application Account is as follow:

Account Name:	Theta Asset Mgt Ltd atf SIT Application Account
Bank:	NAB
BSB:	082-080
Account:	14-595-6791

Any interest earned on application monies is credited to the benefit of the SIT.

COOLING-OFF RIGHTS

Cooling-off rights do not apply to an investment in Units pursuant to the Offer. This means that you cannot withdraw your Application once it has been accepted.

APPLICATION PRICE

The Application Price for the Development Units is determined by the Responsible Entity, in accordance with the Constitution, at the time an application is processed. Up until 30 April 2016, the issue price of Units under this offer will be \$1.00 per unit. Thereafter (or at such other time as the Responsible Entity determines), the issue price ("Current Unit Price") is determined with reference to the net asset value of the relevant class of units and the number of Units in that class on issue.

The net asset value will be calculated by determining the gross assets value being the sum of:

- 1 the value of the assets of the relevant class; and
- 2 any other amounts which, in the opinion of the Responsible Entity should be included for the purpose of making a fair and reasonable determination of the value of the assets of the relevant class on an undiscounted basis, having regard to generally accepted accounting principles.

Less the following:

- 1 all amounts required to meet liabilities and to meet all costs (including the amount of any provisions, including contingent liabilities, the Responsible Entity determines, in consultation with the auditor, should be made) but excluding liabilities (if any) to Unitholders in respect of Units; and
- 2 following any distribution calculation date, the amount of any distributable amount payable but not paid to Unitholders on the day on which the net asset value is determined.

The Current Unit Price will be determined on each month end at 5.00pm (WST) and published on www.sitfund.com.au. Applications will be processed each Monday based on the previously published Current Unit Price.

The Responsible Entity has a documented policy in relation to the guidelines and relevant factors taken into account when calculating Unit prices (called the Unit Pricing Policy). The Responsible Entity keeps records of any decisions which are outside the scope of the unit pricing policy, or inconsistent with it. A copy of the unit pricing policy and records is available free on request.

REDEMPTION OF UNITS

The SIT is not listed on any securities exchange, and is considered an illiquid investment. There is no guaranteed redemption of Units, however Unitholders may be able to redeem their Units via a Conditional Redemption Offer, which will be made to Unitholders at the discretion of the SIT.

The Development Unit Redemption Offers are expected to be funded out of either, new equity raised or returned loan funds. There is no guarantee however, that there will be sufficient funds available to meet the redemption requests in full or in part.

Being an illiquid investment, the Responsible Entity must comply with the Corporations Act when making any Conditional Redemption Offer (including duties around how such offers are made, to whom, how payments are to be dealt with and how offers may be cancelled).

Further details will be provided to Unitholders at the time that a Conditional Redemption Offer is made.

Application for redemption of units can be made when a Conditional Redemption Offer is available and by completing the "Redemption Application Form" attached to this PDS.

DISTRIBUTION PAYMENT

Distributions are payable by the SIT on the Development Units if a distribution is received from the Property Development Trust.

If distributions are payable the SIT will make the distribution not later than 15 days after the end of each month. Income distributions are not guaranteed.

CHANGES OF DETAILS

If you change any of your details, including contact details, distribution instructions, bank account details or account operating instructions, please advise us by contacting Registry Direct on 1300 55 6635. Alternatively, you can update your details online at www.registrydirect.com.au/investor, or in writing. Please send all correspondence to:

Registry Direct
PO Box 18366
Collins Street East, VIC 8003

In all likelihood you will need to pay tax in relation to your investment in the SIT, generally income or capital gains tax, but you might be able to claim some tax credits or have the benefits of some concessions.

Your tax liability ultimately depends on your circumstances, for example, whether you are an Australian resident or whether you are investing via a superannuation fund. Therefore, it is important that you seek professional advice before you invest or deal with your investment.

Theta will send you the information you need each year to help you to complete your tax return.

Will I be liable to pay tax on money I receive from the SIT?

Probably yes, whether the money is actually paid to you or reinvested.

The tax impact for you depends on what makes up the distributions. Distributions could comprise:

- income (like dividends and interest);
- net taxable capital gains (from the sale of the SIT's investments); and
- tax credits (like franking credits attached to dividend income).

Do I need to give you my tax file number (TFN) or Australian business number (ABN)?

It is up to you, but we recommend it strongly.

If you choose not to provide us with your TFN or ABN and you do not have an exemption, we must deduct tax at the highest personal rate, plus the Medicare levy, before passing on any distribution to you. The law is very strict on how we can use these details. It is not compulsory to provide a TFN or ABN and it is not an offence to decline to provide them. To avoid withholding tax being applied to your account, applicants may include a TFN or ABN, as applicable, when completing the Application Form.

Does the SIT have to distribute taxable income?

The terms of the Constitution provide that the taxable income of the SIT must be distributed to Unitholders. This means the SIT should not be liable for income tax on its income. Any income distributed to Unitholders must be included in the taxable income of the Unitholder.

Does the SIT pay tax?

The SIT is not expected to be taxed as a company.

Fees and Other Costs

The following is a general disclosure required pursuant to the Corporations Act in relation to the SIT.

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30 year period.

(for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the SIT or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website (www.moneysmart.asic.gov.au) has a managed investment fee calculator to help you check out different fee options.

This document shows fees and other costs that you may be charged. These fees and costs may be deducted from your money or from the returns on your investment or from the assets of the SIT as a whole.

Taxes are set out in another part of this document.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

Sterling Income Trust		
Type of fee or cost	Amount	How and when paid
Fees when your money moves in or out of the SIT		
Establishment fee: The fee to open your investment	Nil	Not applicable
Contribution fee: The fee on each amount contributed to your investment	Nil	Not applicable
Withdrawal fee: The fee on each amount you take out of your investment	Nil	Not applicable
Exit fee: The fee to close your investment	Nil	Not applicable
Management costs The fees and costs for managing your investment		
Administration and investment costs	<p>An Investment Manager's Fee being 1% per annum of the FUM.</p> <p>A Responsible Entity fee being the greater of \$50,000 or 0.15%* per annum of the FUM.</p> <p>An annual audit management fee up to \$7,500.</p> <p><i>For a worked dollar example of the fees, see "Example of annual fees and costs" on page 23.</i></p>	<p>Payable quarterly in arrears from the SIT assets.</p> <p>Payable quarterly in arrears from the SIT assets.</p> <p>Payable annually in the December quarter from the SIT assets.</p>
Recoverable expenses	<p>SIT expenses, other than Administrative and investment cost, are estimated to be approximately \$65,000.</p> <p><i>For a worked dollar example of the fees, see "Example of annual fees and costs" on page 23.</i></p>	<p>Paid as incurred. This amount is paid from the SIT assets. Please refer to 'Additional explanation of fees and costs' on page 23 for more information.</p>
Service Fees		
Switching fee: The fee for changing investment options	Nil	Not applicable

* \$1,500 per \$1,000,000 gross value of the SIT

Fees and Other Costs

Additional explanation of fees and costs

Recoverable expenses

There is no limit on the total amount of expenses that can be recovered provided such expenses are properly incurred. The next full financial year's operations expenses are estimated to be \$300,000, made up of administrative and investment costs of approximately \$235,000, and recoverable expenses of \$65,000. These expenses include, but are not limited to audit fees, insurance, accounting fees and ASIC fees.

Can fees be different for different investors?

No, all Unitholders are subject to the same fee structure.

Can the fees change?

Yes, all fees can change. Reasons might include changing economic conditions and changes in regulation. The Constitution for the SIT sets the maximum amount Theta can charge for all fees. If Theta wished to raise fees above the amounts allowed for in the SIT Constitution, Theta would need the approval of Unitholders. Theta will give you 30 days written notice of any proposed increase to the fees (but not expenses) as stated in the PDS.

The Responsible Entity Fee and audit management fee are subject to annual review and CPI adjustment.

Government charges and taxation

Government taxes such as GST will be applied to your account as appropriate. In addition to the fees and costs

described in this section, standard government fees, duties and bank charges may also apply such as stamp duties. Some of these charges may include additional GST and will apply to your investments and withdrawals as appropriate.

These fees are included in the fees outlined in the tables. Please note the fees in the tables do take into account any reduced input tax credits which may be available so the fees may be overstated in some cases.

Buy/Sell spread

No buy/sell spread is payable on acquisition or disposal of Units.

Alternative Remuneration

The SIT does not pay commissions to financial advisers. Subject to the law, Theta may make product marketing payments out of the administration and investment costs. These are not additional amounts borne by Unitholders. They are paid entirely by us, either as a cash payment or in the form of additional Units which we purchase.

Example of annual fees and costs

This table gives an example of how the fees and costs for this managed investment product can affect your investment over a one year period. You should use this table to compare this product with other managed investment products.

EXAMPLE		Balance of \$50,000 with total contributions of \$5,000 during the year
Contribution Fees	0%	For every additional \$5,000 you put in, you will be charged \$0.
PLUS Management Costs	2.01%*	And, for every \$50,000 you have invested in the SIT you will be charged \$1,005 each year**.
EQUALS Cost of SIT	2.01%*	If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of \$1,005*** .

* Based on FUM of \$14,980,858.

**These fees are paid directly by the SIT. Any distributions paid by the SIT are paid after payment of all Management Costs.

***The Corporations Act requires that when calculating management costs in this table, Theta must not include contributions made during the year or allow for any positive performance that may occur (e.g. Theta must assume that the value of the investment remains at \$50,000 and the Unit price does not fluctuate). Please be aware that management costs actually incurred will depend on the market value of the investment and the timing of any contributions (including any reinvestment of distributions) during any 12 month period.

SUMMARY OF MATERIAL AGREEMENTS**Investment Management Agreement between Theta and SCS**

Key provisions include:

1. Parties: Theta in its capacity as Responsible Entity of SIT and SCS.
2. The agreement is for a term of 5 years commencing on 6 November 2012. If at the end of this period the agreement is not extended (or replaced by a new agreement between the parties), Theta can perform itself the functions it previously appointed SCS to perform, or engage another party to act on its behalf. Alternatively, a new responsible entity may be appointed by Unitholders pursuant to an extraordinary resolution, in accordance with the procedure outlined in paragraphs (3)(d) and (6)(d) below.
3. Theta:
 - (a) Appoints SCS to act as Investment Manager and manage the SIT's assets and prepare any PDS and promotional material for the SIT on behalf of Theta.
 - (b) Has various duties and obligations with respect to the SIT and its assets and liabilities, preparing the SIT's compliance plan, establishing the SIT's compliance committee, maintaining an AFSL and reviewing, commenting, approving and issuing any PDS or promotional material.
 - (c) May be requested by SCS to resign as responsible entity of the SIT. This will result in Theta calling a meeting of Unitholders, so the Unitholders can decide whether or not to give effect to the request. Unitholders must vote on an extraordinary resolution to choose a new responsible entity before Theta can be replaced. The notice of meeting materials provided to Unitholders will explain the reasons for the proposed change of responsible entity. The extraordinary resolution must be passed by at least 50% of the total votes that may be cast by Unitholders entitled to vote (including Unitholders who are not present in person or by proxy), in order to change the responsible entity.
 - (d) Can vary decisions of SCS (as Investment Manager) that in the opinion of Theta would contravene or be likely to contravene, or breach duties and obligations under, the law, the SIT's Constitution, Compliance Plan or PDS, or Theta's AFSL, or would not be in the best interests of Unitholders.
 - (e) Holds through the Custodian all property and rights attached to the SIT.
4. SCS (as Investment Manager, acting on behalf of Theta) has certain functions, duties and obligations with respect to managing the SIT assets and any SIT PDS and promotional material. When a distribution is paid by the Property Development Trust to the SIT, SCS will perform necessary reconciliations and liaise with the Custodian to enable distributions to be made to Unitholders. SCS will also prepare any SIT PDS or promotional material, and obtain legal sign-off, on behalf of Theta, and must also provide specified reports for Theta.
5. SCS is entitled to be reimbursed for all out of pocket expenses, and will be paid a fee per annum equal to 1% of FUM.
6. SCS is required to provide regular reports to Theta in relation to the SIT, its assets, any conflicts of interest (actual or perceived) and other compliance matters on a monthly, quarterly and annual basis.
7. Termination:
 - (a) Either party may terminate the agreement by giving three months notice.
 - (b) Either party may terminate the agreement immediately upon the occurrence of a termination event (such events being broadly in line with industry standard termination events) or if Theta ceases to be the Responsible Entity of the SIT.
- (c) If SCS terminates the agreement without giving notice where Theta is not in breach, SCS must pay Theta a fee (this fee is not payable out of SIT Assets).
- (d) Theta may terminate the agreement if it is required to do so by law.
- (e) If Theta terminates the agreement when it is not required to do so by law, or SCS terminates the agreement, then Theta will call a meeting of Unitholders to vote on a resolution to remove Theta as Responsible Entity, so the Unitholders can decide whether or not to give effect to the request. Unitholders must vote on an extraordinary resolution to choose a new responsible entity before Theta can be replaced. The notice of meeting materials provided to Unitholders will explain the reasons for the proposed change of responsible entity. The extraordinary resolution must be passed by at least 50% of the total votes that may be cast by Unitholders entitled to vote (including Unitholders who are not present in person or by proxy), in order to change the responsible entity.
- (f) If SCS does not consent to its removal as Investment Manager, a fee equivalent to 3% of FUM must be paid to SCS (this fee is not payable out of SIT Assets).
- (g) If Theta does not consent to its removal as Responsible Entity, a fee equivalent to 0.15% of FUM must be paid to Theta (this fee is not payable out of SIT Assets).
8. The Investment Management Agreement contains standard provisions including those relating to confidentiality, warranties and indemnities and insurance.

Additional Information

KEY AGREEMENTS

Master Facility Agreement between Property Development Trust and Acquest Property atf the SSPT Master Development Trust ("SMPD")

Property Development Trust agrees to lend funds to SMPD on the following terms:

- 1 Termination date - 1 July 2035 or such later date as agreed in writing, from time to time, by the parties.
- 2 Approved purpose -
 - 1 Development Property The purchase and refurbishment or construction of residential property for either sale or lease.
 - 2 Hold Property - The holding of completed residential property available for occupancy.
- 3 Interest rate - 22% pa
- 4 Interest periods - monthly
- 5 Lending Limits -
 - 1 Development Property - LCR Limit - 100%, LVR Limit - 85%
 - 2 Hold Property - LVR Limit - 90%
- 6 Security - subordinated ranking mortgage on each property acquired and a general security agreement
- 7 Repayment -
 - 1 Development Property - agreed on each advance
 - 2 Hold Property - Not more than 12 months

DISCLOSURE OF INTERESTS

Other than as stated in this Section 8 and elsewhere in this PDS:

- Theta is entitled to receive the fees set out on page 22.
- SCS is the Investment Manager of the SIT.
- RMAPL (the trustee of the RMA Holding Trust) is a wholly owned subsidiary of Sterling First, the holding company of SCS.
- Ray Jones, a director of SCS, currently holds directly and beneficially 0 Development Units.
- Brian Ruzich, a director of SCS, currently holds directly and beneficially 0 Development Units.
- Ken Pratt, a director of SCS, currently holds directly and beneficially 0 Development Units.

The top 20 Development Unitholders as at the date of this PDS are:

No.	Unitholder	Unitholding	%
1	Transeducation Pty Ltd	410,000	12.3%
2	Antonio Marchese	300,000	9.0%
3	Richard Capper	198,176	6.0%
4	Susan Butler	189,674	5.7%
5	Pat Withan	154,077	4.6%
6	Barry Morgan	153,334	4.6%
7	Rodney King	133,400	4.0%
8	KN Tran Holdings Pty Ltd	104,383	3.1%
9	Shirley Smith	100,000	3.0%
10	Wei Ming Thompson Hon	100,000	3.0%
11	BNZ Corporation Pty Ltd	100,000	3.0%
12	Jessica Emma-Lee Horton	90,000	2.7%
13	Paul Von Schomburg	80,000	2.4%
14	BC & NJ Jones SMSF Pty Ltd	80,000	2.4%
15	CP & GC Gordon Pty Ltd	80,000	2.4%
16	HRS Services Pty Ltd	75,000	2.3%
17	Reginald Hansen	75,000	2.3%
18	Sireen Alfarra	75,000	2.3%
19	Katarzyna Potoczny	60,000	1.8%
20	William Sayer	51,589	1.6%
	Others	713,168	21.5%
	Units on Issue	3,322,801	100.0%

SIT Constitution

In addition to the information set out at page 13 of this PDS, key provisions of the Constitution include:

- holding of assets on trust for Unitholders;
- application price for any securities to be issued;
- application procedures for Unitholders;
- valuation of assets;
- income and distributions payable to Unitholders;
- powers of the Responsible Entity;
- issuing of notices to Unitholders;
- meeting of Unitholders;
- rights and liabilities of the Responsible Entity;
- remuneration and expenses of the Responsible Entity;
- duration of the SIT;

- compliance committee;
- complaints procedure; and
- an ability (but not obligation) to list the SIT on the ASX.

Disclosure of Directors' Interests - Responsible Entity

Other than as stated below and elsewhere in this PDS:

- No amount has been paid or agreed to be paid and no benefit has been given or agreed to be given to a director, or proposed director of the Responsible Entity to induce them to become, or qualify as, a director;
- None of the following persons:
 - a director or proposed director of the Responsible Entity;
 - each person named in this PDS as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this PDS; or
 - a promoter of the SIT;

holds or has held at any time in the two years before issue of this PDS, an interest in the formation or promotion of the SIT, business acquired or proposed to be acquired by the SIT in connection with its formation or promotion, or was paid or given or agreed to be paid or given, any amount or benefit for services provided by such persons in connection with the formation or promotion of the SIT, except as set out elsewhere in this PDS and below.

The directors of the Responsible Entity currently receive remuneration in their capacity as directors of Theta and none of the directors are remunerated directly by the SIT.

None of the directors of the Responsible Entity currently have an interest held either directly or indirectly in Units in the SIT.

Directors may purchase Units through subsequent offers made by the SIT.

No director received or became entitled to receive any benefit because of a contract made by the SIT with a director or with a firm of which a director is a member, or with an entity in which the director has a substantial interest.

OTHER COMPLIANCE INFORMATION**The Compliance Plan and Compliance Committee**

As required by law, Theta has prepared and lodged with ASIC, a Compliance Plan for the SIT which sets out measures that Theta shall apply in operating the SIT to ensure compliance with the Corporations Act, and the SIT's Constitution.

The Compliance Plan identifies the personnel or service providers structure of Theta and the duties of Theta as a whole, as well as the duties and the procedures and systems for Theta to implement concerning various aspects of the management function, including:

- the meetings and reports of the Compliance Committee;
- the engagement of external service providers;
- the safe keeping and inspection of records;
- the maintenance and audit of books of accounts;
- the valuation of the property;
- reporting to Unitholders;
- the borrowings of the SIT;
- managing conflicts of interest; and
- handling, collecting and dealing with money received for the SIT.

The Compliance Committee has been established to monitor compliance by Theta with the Compliance Plan and Constitution and report to Theta on a regular basis regarding its adherence to the Compliance Plan, the Corporations Act and the SIT's Constitution.

The Compliance Committee is to report to ASIC if Theta does not address any issues raised in an adverse report issued to Theta. The Compliance Committee is currently comprised of 3 members, with at least two thirds of the Committee being 'external' in accordance with s601JB of the Corporations Act.

Additional Information

The Responsible Entity's Financial Capacity

There are strict financial obligations to which a Responsible Entity must adhere under its AFSL issued by ASIC. Theta must maintain a minimum level of net tangible assets ("NTA") to meet this criteria. In accordance with the Compliance Plan, Theta's financial capacity is monitored at least monthly.

Theta has engaged an external Custodian who must maintain minimum NTA of \$10 million at all times.

Professional Indemnity and Fraud Insurance

As at the date of this PDS, Theta has an insurance policy covering professional indemnity, to an amount of \$2,000,000 per claim with an aggregate cap of \$5,000,000 per annum.

Conflicts of Interest and Related Party Transactions

It is not intended that the Responsible Entity (on behalf of the SIT), will invest in, or provide any loans or guarantees to, its related parties apart from its investment in the RMA Holding Trust, First Mortgage Trust, Property Development Trust, and the Management Company Share Trust (each being wholly owned trusts of the SIT). Theta has a policy for dealing with related party transactions. This policy is designed to meet its obligations under the Corporations Act.

The Compliance Committee of Theta oversees the management of any conflicts regarding related party transactions.

A conflict of interest policy has been adopted by Theta. It seeks to address potential conflicts of interest between schemes managed by Theta and any conflicts within the SIT generally.

Theta keeps a register of all potential conflicts of interest.

Sterling First is the holding company of the shares in SCS, the Investment Manager of the SIT.

SCS is the trustee of each of the First Mortgage Trust, the Property Development Trust and the Management Company Share Trust.

SCS is the holding company of Acquest Property Pty Ltd, the trustee of the borrowing entities.

Consents and Disclaimers

Sterling Corporate Services Pty Ltd has given and not before the date of this PDS withdrawn its consent to being named in this PDS in its paper and electronic form in the form and context in which the statements referring to it appear. Sterling Corporate Services Pty Ltd has not caused the issue of or in any way authorised this PDS and takes no responsibility for the issue of this PDS.

Sterling First has given and not before the date of this PDS withdrawn its consent to being named or any of its wholly owned subsidiaries to be named in this PDS in its paper and electronic form in the form and context in which the statements referring to it appear. Sterling First has not caused the issue of or in any way authorised this PDS and takes no responsibility for the issue of this PDS.

Disclosing Entity Reporting Requirements

Whilst not all of the Unit classes of the SIT has 100 Unitholders or more, management are treating it as a "disclosing entity" for the purposes of the Corporations Act. This means the SIT will become subject to regular reporting and disclosure obligations. Copies of any documents lodged with ASIC in relation to the SIT may be obtained from, or can be inspected at, an ASIC office or on SIT's website, www.sitfund.com.au. Unitholders have a right to obtain a copy, free of charge, in respect of the SIT, of the most recent annual financial report and any half-yearly financial report lodged with ASIC after that most recent annual financial report and any continuous disclosure notices given by the Responsible Entity. Any continuous disclosure obligations the Responsible Entity has will be met by following ASIC's good practice guidance via website notices rather than lodging copies of those notices with ASIC. Accordingly if the SIT becomes a disclosing entity and the Responsible Entity becomes aware of material information that would otherwise be required to be lodged with ASIC as part of its continuous disclosure obligations, the Responsible Entity will ensure that such material information will be made available as

soon as practicable on www.sitfund.com.au.

If you would like hard copies of this information, call Theta on +61 2 8012 0638 and it will send to you free of charge.

Privacy and Personal Information

Information provided by applicants on the Application Form is collected for the primary purpose of issuing Units in the SIT.

The information will also be used to forward to you periodic information relating to your investment in the SIT and from time to time provide to you information of a generic or marketing nature relating to the SIT. Your personal information will not be made available to any third party, other than as required by law and to service providers for permitted related purposes (for example, auditors, consultants and advisers) for the purpose of administering the investment.

By executing the Application Form, you provide your consent to the SIT to disclose your information to such service providers and to use your information for the purposes referred to above. If you wish to request access to your information or if you have any complaint in relation to the manner in which the SIT has handled your information, please contact Theta.

For more information relating to the SIT privacy policy please contact Theta on +61 2 8012 0638.

AET collects your personal information for primarily purpose of providing custodial services to the SIT responsible entity and for ancillary purposes detailed in the Privacy Policy. AET may disclose your personal information, such as, your name and contact details, along with your account information to its related bodies corporate, the responsible entity, professional advisers, the land titles office and/or as otherwise instructed by the responsible entity. We are also permitted to collect and disclose your personal information when required or authorised to do so by law. AET is not likely to disclose your personal information to overseas recipients. Your personal information will be used in accordance with AET's Privacy Policy. The Privacy Policy contains information about how you may access or correct your personal information held by AET and how you may complain about a breach of the Australian Privacy Principles. You may obtain a copy of the Privacy Policy at www.aetlimited.com.au/privacy.

Complaints Handling

Theta has procedures in place to properly consider and deal with any complaints received from Unitholders. Where a Unitholder has a complaint, at first instance, you should contact the Compliance Manager at Theta on 02 8012 0638 or write to Theta at PO Box Q423 QVB Sydney NSW 1230.

The Compliance Manager will generally acknowledge receipt of the complaint within two working days and make every effort to resolve the complaint within one month.

If your complaint is not resolved to your satisfaction you can contact the following independent external complaints resolution scheme of which Theta is a member:

Financial Ombudsman Service Ltd ("FOS")

GPO Box 3, Melbourne VIC 3001

Hours: 9am to 5pm AEST weekdays

Phone: 1300 780 808 or (03) 9613 7366

Fax: (03) 9613 6399

Email: info@fos.org.au - Website: www.fos.org.au

FOS can consider claims of up to \$500,000 (or higher if Unitholders and Theta agree in writing). FOS is only able to make a determination of up to \$280,000 per managed investment claim (excluding compensation for costs and interest payments). These monetary limits and FOS terms of reference do change from time to time. Visit the FOS website for further details.

In this PDS, the following definitions apply unless the context requires otherwise.

\$	Australian dollars
AFSL	Australian Financial Services Licence
Application	The application for Units pursuant to this PDS
Application Form	The application form attached to or accompanying this PDS
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange Limited
Compliance Plan	The compliance plan of the SIT as amended from time to time
Constitution	The Constitution of the SIT as amended from time to time
Corporations Act	The <i>Corporations Act 2001</i> (Cth)
Custodian or AET	Australian Executor Trustees Limited ABN 84 007 869 794 AFSL 240023
First Mortgage Trust	Sterling Corporate Services Pty Ltd ACN 158 361 507 as trustee for the First Mortgage Trust
FUM	Funds under management
Holding Statement	Holding Statement for the SIT
Investment Manager or SCS	Sterling Corporate Services Pty Ltd ACN 158 361 507
Investment Management Agreement	The agreement between Theta and SCS appointing SCS to manage the assets of the SIT.
LCR	Loan to Cost Ratio. This is a ratio used in real estate construction to compare the amount of the loan used to finance a project to the cost to build the project. If the project cost \$1 million to complete and the borrower was asking for \$800,000, the LCR would be 80%. The costs included in the \$1 million cost figure would be land, construction materials, construction labor, professional fees, permits and so on.
LVR	Loan to Value Ratio
Management Company Share Trust	Sterling Corporate Services Pty Ltd ACN 158 361 507 as trustee for the Management Company Share Trust
Master Facility Agreement	Master Facility Agreement between Property Development Trust and Acquest Property atf the SSPT Master Development Trust ("SMPD")
Property Development Trust	Sterling Corporate Services Pty Ltd ACN 158 361 507 as trustee for the Property Development Trust
Offer	The offer of Development Units in the SIT pursuant to this PDS
PDS	product disclosure statement
Rent Roll	A collection of RMAs operated as a property management business
Responsible Entity or Theta or we or us	Theta Asset Management Limited ABN 37 071 807 684, AFSL 230920

Glossary

RMA Holding Trust	Rental Management Australia Pty Ltd ACN 160 167 108 as trustee for the RMA Holding Trust
RMAPL	Rental Management Australia Pty Ltd ACN 160 167 108
SIT	The Sterling Income Trust ARSN 158 828 105 or Theta as Responsible Entity for the Sterling Income Trust
SNLL	Sterling New Life Lease
Sterling First	Sterling First (Aust) Limited ACN 610 352 826
Sterling First group	The group of companies for which Sterling First is the holding company and includes, RMAD, RMAPL and SCS
Unit	A fully paid Unit in the SIT (e.g. a Development Unit issued pursuant to this PDS)
Unitholder	A holder of a Unit in the SIT

Application Details

Applications must be made on the Application Form attached to this PDS. An Application Form must not be handed to another person unless attached to, or accompanied by, the PDS.

Please complete all sections of the relevant Application Form. The following is a guide to completing the Application Form. If you have any questions, please phone Registry Direct on 1300 556 635 (Aust) or +61 3 9020 7935 (Int).

Instructions for Completing the Application Form

Amount Subscribed

Please insert the AMOUNT you wish to subscribe. Your application must be for a minimum of \$2,000 and thereafter in \$500 increments.

Investor Details

This must be either your own name/s or the name of a company. Trustees of a superannuation fund, trust, partnership or minor should also write their name/s in this area and put an account designation at Section C. Refer to the table entitled 'Correct Forms of Registrable Names' at page 31.

Account Designation

Registrations on behalf of a superannuation fund, trust, partnership or minor should indicate an account designation as per the examples in the table entitled 'Correct Form of Registrable Names' at page 31.

Tax File Number/s (TFN), Australian Business Number/s (ABN), Australian Company Number/s (ACN) or Exemptions

Please enter your TFN, ABN or ACN if a business account, or EXEMPTION CODE/S.

Where applicable, please enter the TFN and ABN/ACN for each joint applicant. Collection of tax file numbers is authorised by tax law and the Privacy Act 1988. It is not compulsory to provide your TFN. However, if you do not do so, tax will be deducted from your distributions at the top personal rate plus the Medicare levy. For more information about tax file numbers or available exemptions please contact your nearest the Australian Taxation Office.

Contact Details

Enter your MAILING ADDRESS for all future correspondence from the SIT in relation to your holding in the SIT. Please provide your TELEPHONE NUMBER/S, CONTACT NAME/S and EMAIL ADDRESS in case we need to contact you in relation to your Application.

Payment Details

If paying by cheque: Cheques must be crossed 'not negotiable' and made payable to "Sterling Income Trust Application Account".

Payment must be made in Australian currency. Cheques not properly drawn may be rejected. Please attach your

cheque securely to the Application Form.

If paying by Electronic Funds Transfer the banking details of the Application Account is as follow:

Account Name: Theta Asset Mgt Ltd atf SIT Application Account
Bank: NAB
BSB: 082-080
Account: 14-595-6791






Details of Bank Account to receive Income Distribution

Provide full details of the account, bank and branch in the spaces provided on the form.

Please note, distributions cannot be paid in the form of a cheque.

Note: Please read the declaration on the reverse of the Application Form before submitting.

Colour coding on Application Form

	To be read by all subscribers
	To be completed by all subscribers
	To be completed for individual and individual trustee subscribers
	To be completed by companies and company trustee subscribers
	To be completed by trust subscribers

If a trust has an **individual trustee** - both the gold and purple sections will need to be completed.

If a trust has a **corporate trustee** - both the red and purple sections will need to be completed.

Application Details

Correct Form of Registerable Names

Only legal entities are allowed to hold Units in the SIT. Applications must be in the name(s) of natural persons, companies or other entities acceptable to the SIT. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registerable name may be included by way of an account designation if requested. Use the symbols < > as shown below to indicate an account designation.

Type of Investor	Application Form Ref.	Correct Form of Application	Incorrect Form of Application
Individuals Use given names in full, do not use initials	A	Mr John David Smith	J D Smith
Companies Use company name, do not use abbreviations	B	ABC Pty Ltd	ABC P/L or ABC Co
Trusts Use trustees personal names or corporate names, do not use name of trust	A/B C	Smith Co. Pty Ltd <Joan Susan Smith Family A/C>	Joan Susan Smith Family Trust
Superannuation Funds Use trustees personal names or corporate names, do not use name of the fund	A/B A C	Mr John David Smith Mrs Joan Susan Smith <Smith Super Fund A/C>	John and Joan Superannuation Fund
Partnerships Use partners full names, do not use the partnership name	A A C	Mr John David Smith Mrs Joan Susan Smith <Smith and Co A/C>	Smith and Co.
Minors (persons under 18) Use name of parent or guardian, do not use the name of the minor	A C	Mr John David Smith <John Smith Jnr A/C>	John Smith Jnr
Clubs/Incorporated Bodies/ Business Names Use office bearer names, do not use name of club etc	A C	Mr John David Smith <ABC Investors Club A/C>	ABC Investors Club

Application Details

Anti-Money Laundering and Counter Terrorism Financing

Applications to invest in the SIT are subject to the requirements of applicable anti-money laundering and counter terrorism financing laws and Theta's requirements.

Investors must provide verification of their identity. Please refer to the table on pages 32 and 33 to determine which documents you will need to provide. Applications will not be accepted into the SIT until this has been completed. In some instances, such as the case of determining the beneficial owner of the investor, Theta may request additional information. This must also be provided to proceed with the application.

Application monies must be given by cheque or electronic funds transfer originating from an Australian bank. If applicants wish to pay for their investment with a cheque drawn on a bank in another country or to transfer funds from a foreign bank, additional documentation may be requested and the application will not be processed until satisfactory documentation has been provided to us. Theta reserves the right to reject an application.

If you apply through a financial planner or other advisor, they may assist you to obtain the necessary documentation and provide it to us. If you apply directly and need assistance with the form or understanding the documentation requirements, you should contact the Registry Direct on

1300 556 635 (Aust) or +61 3 9020 7935 (Int) or check our website www.sitfund.com.au for details on what you need to provide.

Foreign Account Tax Compliance Act (FATCA)

FATCA is a US regulatory requirement that aims to deter tax evasion by US taxpayers. The Australian Government has entered into an Inter-Governmental Agreement (IGA) with the US Government for the exchange of US tax payer information. Under the IGA, financial institutions (including managed investment schemes) must report US tax payer information via the Australian Tax Office to the US IRS.

To meet these obligations, each investor must complete the FATCA Self-certification Declaration form included in the PDS at page 41.

Neither Theta nor the Manager are able to provide you with any tax or professional advice in respect of FATCA or the IGA and we encourage you to seek the advice of a tax or professional advisor in relation to completing the form.

New Direct Investors only

If you are not investing through a dealer, IDPS or other financial adviser, then you must provide the following documentation to the SIT along with the completed Application Form. This table contains a list of acceptable identification materials.

Individual	
Please provide the documentation from either A or B:	
A.	<p>A current original or certified copy of one of the following:</p> <ul style="list-style-type: none"> • an Australian driver's licence containing a photograph of the person • an Australian passport • an identification card issued by a state or territory of Australia that contains the date of birth and a photograph of the card holder, or • a foreign government, the United Nations or a United Nations agency issued passport or similar travel document containing a photograph and signature of the person.
B.	<p>A current original or certified copy of one of the following:</p> <ul style="list-style-type: none"> • an Australian birth certificate or birth extract • an Australian citizenship certificate • a pension card issued by Centrelink • a foreign driver's licence that contains a photograph of the person* • a citizenship certificate issued by a foreign government*, or • a birth certificate issued by a foreign government, the United Nations or a United Nations agency.
<p>Plus One of the following: An original or certified copy of a notice that contains the name and residential address of the person, and is:</p> <ul style="list-style-type: none"> • issued by the Commonwealth or a state or territory of Australia within the preceding 12 months that records the provision of financial benefits to the person • issued by the Australian Taxation Office within the preceding 12 months, and records a debt payable to or by the person by or to the Commonwealth, or • issued by a local government or utilities provider in Australia within the preceding 3 months that records the provision of services to that address or to that person. <p>* This form of identification may need to be accompanied by an English translation prepared by an accredited translator.</p>	

Application Details

Individual acting in the capacity of a sole trader

Please provide the documentation for verification of individuals (listed above) and a business name search.

Company

Please provide the following:

A search of the ASIC databases showing:

- the full name of the company
- whether the company is registered as a proprietary or public company
- the ACN
- the address of the company's registered office
- the address of the company's principal place of business
- the names of each director (only provide if a proprietary company)
- the names and addresses of each beneficial owner (only provide if a proprietary company that is not licensed and is not subject to regulation).

Trust (including Self-Managed Super Funds and other Superannuation Funds)

Please provide the following:

- for a registered managed investment scheme, regulated trust or a government superannuation fund:
 - an ASIC search confirming the registration of the managed investment scheme, or
 - an extract from relevant legislation confirming registration of the government superannuation fund.
- for all other trusts (including wrap trusts/master trusts/IDPS, SMSF) please provide the original trust deed or a certified copy or certified extract of the trust deed confirming the following:
 - the full name of the trust
 - the type of trust
 - the country where the trust was established
- For trusts other than an Australian registered managed investment scheme, regulated trust (e.g. SMSF or complying superannuation fund) or government superannuation trust, please provide
 - the name of each beneficiary or details of the class of beneficiary
 - the name of the settlor of the trust (being the person(s) who settles the initial sum or assets to create the Trust

Note: if the trust is a unit trust (other than a registered managed investment scheme or regulated trust) then you will need to provide a certified extract of the trust register to confirm the name of each beneficiary.

If the trustee is an individual, please also provide documentation required for individuals (listed on page 32).

If the trustee is a company, please also provide documentation required for companies (listed above).

Partnership

Please provide the following:

- a partnership agreement, certified copy or certified extract of the partnership agreement, or
- a certified copy or certified extract of minutes of a partnership meeting showing:
 - the full name of the partnership
 - the full business name of the partnership, as registered under any state or territory of Australia business names legislation
 - the country in which the partnership was established, and
 - the full name and residential address of each partner.

Please also provide the documentation required for individuals (listed on page 32) for one partner.

Beneficial Ownership

For each beneficial owner please provide documentation required for individuals

Note: A beneficial owner is an individual who ultimately owns 25 per cent or more or controls (directly or indirectly) the company. "Control" includes exercising control through the capacity to determine decisions about financial or operating policies; or by means of trusts, agreements, arrangements, understanding & practices; voting rights of 25% or more; or power of veto. If no such person can be identified then the most senior managing official/s of the company (such as the managing director or directors who are authorised to sign on the company's behalf) must be noted and identified. In the case of a trust, a beneficial owner includes the appointor of the trust (i.e. the person who appoints or removes the trustee(s)), the settlor of the trust, and beneficiaries with at least a 25% interest in the trust.

Application Details

Lodging the Application Form

The completed Application Form, FATCA Form and supporting identification documents should be forwarded to:

Registry Direct

Level 6, 2 Russell Street, Melbourne VIC 3000
PO Box 18366, Collins Street East, VIC 8003
Email: registry@registrydirect.com.au

Enquiries

FreeCall: 1300 556 635
Telephone: +61 3 9020 7935
Facsimile: +61 3 9111 5652
Web: www.registrydirect.com.au

Certified Copy of an Original Document

Certified copy means a document that has been certified as a true copy of an original document.

Certified extract means an extract that has been certified as a true copy of some of the information contained in a complete original document by one of the persons described in the sub-paragraphs below.

People who can certify documents or extracts are:

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

The eligible certifier must include the following information:

- Their full name
- Address
- Telephone number
- The date of certifying
- Capacity in which they are eligible to certify, and
- An official stamp/seal if applicable

The certified copy must include the statement, **"I certify this is a true copy of the original document"**.

For photographic documents, the certified copy must include the statement, **"I certify this is a true copy of the original document and the photograph is a true likeness"**.

Documents that are written in a language that is not English must be accompanied by an English translation prepared by an accredited translator.

Application Form

Sterling Income Trust

(ARSN 158 828 105)

PLEASE READ CAREFULLY ALL INSTRUCTIONS ON PAGE 30

This Application Form should be read in conjunction with the product disclosure statement dated 20 May 2016 ("PDS") prior to making an Application for Units as the PDS contains important information about the Sterling Income Trust and should not be passed on separately from the PDS. A person who gives another person access to the Application Form must give that person access to the PDS (and any Supplementary or Replacement PDS documents) at the same time and by the same means. Paper copies of the PDS (and any Supplementary or Replacement PDS document) and the Application Form will be provided free on request.

The offer relates to the offer of units in the Sterling Income Trust pursuant to the PDS dated 20 May 2016 issued by Theta Asset Management Ltd ABN 37 071 807 684 AFSL 230920. Unless otherwise specified, terms defined in the PDS have the same meaning in this Application Form.

If you are a new investor, please complete PART A: Investor & Investment Details section (being the first three pages), applicable sections of PART B: Investor Identification, applicable sections of PART C: FATCA Self-declaration and sign at PART D: Declaration and Signature.

Please send your completed Application Form and Identification Documents to:

Registry Direct
PO Box 18366
Collins Street East, VIC 8003

or

Registry Direct
Level 6, 2 Russell Street
Melbourne VIC 3000

PART A: INVESTOR & INVESTMENT DETAILS

SIT Investor Number (for existing unitholders)

If you are an existing investor, have there been any significant changes in your circumstances or Identification Documents since your last application?

Significant Changes – **No** – please complete your SIT Investor Number and the amount you wish to apply for on this page and PART D only.

Significant Changes – **Yes** – please complete each section of the Application Form as applicable to changes and complete PART D.

I/We apply for- Please note the minimum initial investment amount is \$2,000 and thereafter in \$500 increments

Development Units

Full Name of Applicant / Company

Title (e.g.: Dr, Mrs) Given Name(s) and Surname or Company Name

Joint Applicant #2

Title (e.g.: Dr, Mrs) Given Name(s) and Surname or Company Name

Joint Applicant #3

Title (e.g.: Dr, Mrs) Given Name(s) and Surname or Company Name

Account Designation (e.g.: THE SMITH SUPER FUND A/C)

NEW APPLICANTS OR EXISTING UNITHOLDERS WHOSE DETAILS HAVE CHANGED, PLEASE ENTER YOUR ADDRESS DETAILS HERE:

Postal Address

Unit	Street Number	Street Name or PO Box
------	---------------	-----------------------

Suburb/Town	State	Post Code
-------------	-------	-----------

Country

Contact Name	Contact Number ()
--------------	--------------------------

Email Address

Application Form (Cont.)

PAYMENT DETAILS

Electronic Funds Transfer (EFT) to:

Bank: NAB
BSB: 082-080
Account: 14-595-6791
Account Name: Theta Asset Mgt Ltd atf SIT Application Account

All EFT payments must be accompanied by a notification email to offer@sitfund.com.au in order to ensure that the investor account is properly credited.

TAX DETAILS

You are not obliged to provide either your TFN or ABN but if you do not provide either your TFN or ABN and unless you claim a TFN exemption, you should be aware that the Responsible Entity will be required to deduct tax at the highest marginal tax rate (plus Medicare levy). By inserting the ABN and signing this Application Form, you declare that this investment is made in the course or furtherance of your enterprise. Collection of TFN information is authorised and its use and disclosure are strictly regulated by the tax laws and the Privacy Act 1988 (Cth).

Where the investment in the Fund is held jointly by 2 or more unitholders taxation details for each unitholder need to be provided. If there are more than 2 investors provide details on a separate sheet of paper and attach it to your Application Form. If you do not wish to disclose your TFN to a joint applicant, a separate form obtained from the Australian Tax Office to be used by you to provide this information to us or you may copy the section below including your investor number.

Joint Applicant #1

Are you a resident of Australia for taxation purposes? (Select one of the following options)

☐ Yes - please complete the below

☐ No – please provide country of tax residence:

Tax File Number (TFN) or Australian Business Number (ABN):

Please indicate to whom this TFN or ABN belongs:

☐ Company ☐ Trust or Superannuation Fund ☐ Individual

☐ Other – please specify:

Exemption Number (if applicable):

Joint Applicant #2

Are you a resident of Australia for taxation purposes? (Select one of the following options)

☐ No – please provide country of tax residence:

☐ Yes - please complete the below

Tax File Number (TFN) or Australian Business Number (ABN):

Please indicate to whom this TFN or ABN belongs:

☐ Company ☐ Trust or Superannuation Fund ☐ Individual

☐ Other – please specify:

Exemption Number (if applicable):

If there are more than 2 joint applicants, provide details on a separate sheet of paper and attached it to your Application Form.

Application Form (cont.)

DISTRIBUTIONS AND WITHDRAWAL PROCEEDS

Distributions and withdrawal proceeds are generally only paid to an Australian bank account and cannot be paid by cheque. By completing this section you confirm that any distributions and withdrawal proceeds sent by EFT to a designated bank account are sent at your risk insofar as the onus to provide bank account details rests solely on you.

Please pay distributions and withdrawal proceeds to the following bank account:

Bank	
Bank Branch	
BSB	Account Number
Account Name	

If you would like distributions and/or redemption proceeds to be paid into a bank account outside Australia please provide the following additional details (note that payment into such an account is entirely at the Responsible Entity's discretion):

Beneficiary Bank Address	
National Beneficiary Bank Clearing Code (if applicable)	Beneficiary Bank SWIFT Code
Intermediary Bank details (if applicable)	

NB: All payments will be remitted in AUD. You, the beneficiary will bear all currency exchange risk and any costs by overseas or intermediary banks.

PART B: INVESTOR IDENTIFICATION

If your investor type does not fall into any of the three investor categories in sections 1 - 3 below of this form, please contact SCS to enquire about what information and documentation is required for identification purposes under Anti-Money Laundering/Counter Terrorism Financing legislation.

Our verification procedure and requirements (including certified identification evidence) is included for your reference. If you are an existing investor making an additional investment, you may email your instruction to offer@sitfund.com.au. Existing investors whose details have changed must also complete the Identification Documentation section and send all documents to the SCS at the address below.

SECTION 1 - INVESTOR TYPE: INDIVIDUAL

Individual Joint Applicant 1 - Applicants name must match investors ID exactly

Full given name(s)	Surname	Date of Birth	
Residential Address (PO Box NOT acceptable)			
Unit	Street Number	Street Name	
Suburb/Town	State	Post Code	Country

Individual Joint Applicant 2 - Applicants name must match investors ID exactly

Full given name(s)	Surname	Date of Birth	
Residential Address (PO Box NOT acceptable)			
Unit	Street Number	Street Name	
Suburb/Town	State	Post Code	Country

If there are more than 2 joint individual applicants, provide details on a separate sheet of paper and attached it to your Application Form.

Application Form (Cont.)

SECTION 2 - INVESTOR TYPE: AUSTRALIAN & FOREIGN COMPANY

Please note, if you are an Australian Company acting as trustee of a fund, please also complete Section 3.

SECTION 2.1 - General Information

Full Name (as registered by ASIC or foreign registration body)

Registration Number - complete as appropriate

ACN

ARBN

Foreign body registration number

If foreign registration - Country

Name of foreign registration body

Registered Office Address (PO Box NOT acceptable)

Unit

Street Number

Street Name

Suburb/Town

State

Post Code

Country

Principal Place of Business (if any) (PO Box NOT acceptable)

Unit

Street Number

Street Name

Suburb/Town

State

Post Code

Country

SECTION 2.2 - Regulatory/Listing Details (select from the following categories which apply to the company and provide the information requested)

☐ **Regulated company** (licensed by an Australian Commonwealth, State or Territory statutory regulator, such as Australian Financial Services Licensees, Australian Credit Licensees or Registrable Superannuation Entity Licensees)

Regulator Name

Licence Number

☐ **Australian listed company or Foreign listed company as defined in the IFSA/FPA Guidelines**

Name of market/exchange

☐ **Majority-owned subsidiary of a listed company**

Listed Company Name

Name of market/exchange

SECTION 2.3 - Company Type (select only one of the following categories)

☐ **Public - Regulated/listed-** Section 2 now complete ☐ **Public - Other** - Go to Section 2.4 and 2.5 below ☐ **Proprietary/Private** - Go to Section 2.4 and 2.5 below ☐ **Other** - Go to Section 2.4 and 2.5 below

SECTION 2.4 - Directors (for public - other, proprietary/private and foreign companies only)

Please provide the full name of each director

Director 1 - Title (e.g.: Dr, Mrs) Given Name(s) and Surname

Director 2 - Title (e.g.: Dr, Mrs) Given Name(s) and Surname

Director 3 - Title (e.g.: Dr, Mrs) Given Name(s) and Surname

If there are more directors, provide details on a separate sheet of paper and attached it to your Application Form.

Application Form (Cont.)

SECTION 2.5 - Shareholders (for public - other, proprietary/private and foreign companies only)

Provide details of ALL individuals who are beneficial owners through one or more shareholdings of more than 25% of the company's issued capital.

Shareholder 1

Full given name(s)	Surname
--------------------	---------

Residential Address (PO Box NOT acceptable)

Unit	Street Number	Street Name		
Suburb/Town		State	Post Code	Country

Shareholder 2

Full given name(s)	Surname
--------------------	---------

Residential Address (PO Box NOT acceptable)

Unit	Street Number	Street Name		
Suburb/Town		State	Post Code	Country

Shareholder 3

Full given name(s)	Surname
--------------------	---------

Residential Address (PO Box NOT acceptable)

Unit	Street Number	Street Name		
Suburb/Town		State	Post Code	Country

Shareholder 4

Full given name(s)	Surname
--------------------	---------

Residential Address (PO Box NOT acceptable)

Unit	Street Number	Street Name		
Suburb/Town		State	Post Code	Country

If there are more beneficial owners, provide details on a separate sheet of paper and attached it to your Application Form. For each beneficial owner please provide documentation required for individuals.

If the company is an Australian company or Foreign **company registered with ASIC** the form is now **COMPLETE**.

If the company is a **Foreign company not registered with ASIC** please also attach certified copy of the certification of registration issued by the relevant foreign registration body. - For the definition of certified copy and list of people that can certify documents refer to page 34.

SECTION 3 - INVESTOR TYPE: ALL TRUSTS (INCLUDING SUPERANNUATION FUNDS)

SECTION 3.1 - General Information

Full Name of Trust
Trustee 1 - Title (e.g.: Dr, Mrs) Given Name(s) and Surname or Company Name
Trustee 2 - Title (e.g.: Dr, Mrs) Given Name(s) and Surname or Company Name
Country where Trust established

If there are more trustees, provide details on a separate sheet of paper and attached it to your Application Form.

Application Form (Cont.)

SECTION 3.2 - Type of Trust (select only one of the following trust types and provide the information requested)

☐ **Registered managed investment scheme**

ARSN

☐ **Regulated trust (e.g. Self Managed Superfund)**

Name of regulator (ASIC, APRA or ATO)

ABN or registration/licence details

☐ **Government superannuation fund**

Name of Legislation establishing fund

☐ **Other types of trust**

Trust description (e.g. discretionary, family, unit)

For **other types of Trust**, please also provide the following documentation:

- Certified copy (see page 34) or certified extract of the trust deed; or
- Notice of assessment or certified copy of assessment issued by the ATO in the last 12 months.

For all trust types please complete the following additional sections:

- If you are completing this form as an Individual Trustee please complete 'Section 1 - Investor Type: Individual' for at least ONE of the trustees in addition to completing applicable sections 3.1 and 3.3.
- If you are completing this form as a Corporate Trustee please complete 'Section 2 - Investor Type: Company' in addition to completing applicable sections 3.1 and 3.3.
- If you are completing this form both as Individual and Corporate Trustee please complete 'Section 1 - Investor Type: Individual' and 'Section 2 - Investor Type: Company' in addition to completing applicable sections 3.1 and 3.3.

SECTION 3.3 - Beneficiaries (only complete if "Other type of Trust" is selected in 3.2 above)

Do the terms of the trust identify the beneficiaries by reference to membership of a class?

☐ **Yes** Provide details of the membership class(es)
(e.g. unit holders, family members of named person, charitable purpose)

Membership Class(es)

☐ **No** How many beneficiaries are there

Number

Provide full name of beneficiary below

1 - Title (e.g.: Dr, Mrs) Given Name(s) and Surname and Residential Address (PO Box NOT acceptable)

2 - Title (e.g.: Dr, Mrs) Given Name(s) and Surname and Residential Address (PO Box NOT acceptable)

3 - Title (e.g.: Dr, Mrs) Given Name(s) and Surname and Residential Address (PO Box NOT acceptable)

4 - Title (e.g.: Dr, Mrs) Given Name(s) and Surname and Residential Address (PO Box NOT acceptable)

If there are more beneficiaries, provide details on a separate sheet of paper and attach it to your Application Form.

For each beneficial owner please provide documentation required for individuals.

Note that if a settlor of a trust did not settle AU\$10,000 or more on establishment of the trust (refer to the trust deed), you do not need to provide the certified documents in respect of the settlor.

Application Form (Cont.)

PART C: FATCA SELF DECLARATION

ALL investors must complete this section

The Foreign Account Tax Compliance Act (FATCA) is a United States (US) regulatory requirement that aims to deter tax evasion by US taxpayers. The Australian and US Governments (through their tax offices) have an agreement which means we must ask you, and you must answer, these questions. Information we gather is reported to the ATO and in turn to US tax authorities. For more information visit the ATO Website: <https://www.ato.gov.au/General/New-legislation/In-detail/Other-topics/International/Foreign-Account-Tax-Compliance-Act/>.

If you are unsure of any of the answers please seek professional advice. Not enough room? Write their details clearly and attach them.

SECTION 1 - Investor Type

Please tick the box indicating which type of investor you are and proceed to the next section as indicated.

- ☐ **Individual** or Joint Individual Investors one or more of which is a **US citizen** or a resident of the US for tax purposes - **Go to Section 2**
- ☐ **Individual** or Joint Individual Investors, **NONE** of which are a US citizen or a resident of the US for tax purposes - **Form Complete proceed to Part D**
- ☐ **Company** or **Trust** which is **NOT** registered in the US and **DOES NOT** have a controlling shareholder is a US citizen or a resident of the US for tax purposes - **Form Complete proceed to Part D**
- ☐ **Company** or **Trust** (or entity) which is registered in the US - **Complete to Section 3**
- ☐ **Company** or **Trust** (or entity) for which a **controlling shareholder** is a **US citizen** or a resident of the US for tax purposes - **Complete to Section 4**
- ☐ **Superannuation Fund** registered in Australia - **Form Complete proceed to Part D**
- ☐ **Financial Institution** - **Complete to Section 5**
- ☐ Australian, State and local **governments** and **local authorities** and their wholly owned agencies or instrumentalities - **Form Complete proceed to Part D**

HELP!

US citizen or resident of the US for tax purposes:

- anyone born in the US who hasn't renounced their US citizenship
- a US citizen including persons with dual or multiple citizenships
- US lawful permanent residents e.g. green card holders

US company or trust:

- a company created in the US, established under the laws of the US or which is a US taxpayer
- a trust subject to the laws of the US and controlled by one or more persons that are citizens or residents of the US

Superannuation Fund:

A complying self-managed super fund, a complying APRA regulated super fund, any government super fund and any pooled superannuation trust.

Financial Institution:

- a depository institution - you accept deposits in the ordinary course of a banking or similar business e.g. a bank
- a custodial institution - a substantial portion of your business (20 % of gross income) is held in financial assets for the account of others e.g. a custodian or broker
- an investment entity - this includes entities that trade in financial assets or that are investing, administering, managing funds, money, or certain financial assets on behalf of other persons e.g. investment companies. Note: if you are a professional trustee, custodian or investment company, you will usually fall within this category.
- certain prescribed entities - e.g. types of insurance companies that have cash value products or annuities.

SECTION 2 - Individual or Joint Individual Investors who are US Citizens

Please provide your US Taxpayer Identification Number ("TIN")

Individual Investor 1	TIN
Individual Investor 2	TIN

TIN: This is not your tax file number (or TFN). It stands for **US Taxpayer Identification Number**, one of a number of identification numbers issued by US authorities.

SECTION 3 - Company, Trust or other Entity considered a US resident for Tax purposes

Please confirm the entity's US federal tax classification

- | | |
|--|--|
| <input type="checkbox"/> Single-member LLC | <input type="checkbox"/> Trust/estate |
| <input type="checkbox"/> C Corporation | <input type="checkbox"/> Limited Liability Company - C Corporation |
| <input type="checkbox"/> S Corporation | <input type="checkbox"/> Limited Liability Company - S Corporation |
| <input type="checkbox"/> Partnership | <input type="checkbox"/> Limited Liability Company - Partnership |

☐ **Other - Please detail**

Please provide either your FATCA exemption code or you TIN

FATCA exemption code

TIN

Application Form (Cont.)

SECTION 4 - Controlling US persons

If there are more than 3 controlling US persons, please provide their details on a separate page

Name	Address	TIN
Name	Address	TIN
Name	Address	TIN

SECTION 5 - Financial Institution

HELP!

GIIN:

Global Intermediary Identification Number, a unique ID number issued by US tax authorities to non-US financial institutions when they register for FATCA

<input type="checkbox"/> Reporting IGA Financial Institution or Participating Financial Institution	GIIN
<input type="checkbox"/> Sponsored Financial Institution or Trustee Documented Trust	
Name of Sponsor	GIIN of sponsoring entity or Trustee
<input type="checkbox"/> Financial Institution that does not need to register (e.g. Non-Reporting IGA Financial Institution)	
FATCA Status	GIIN (if applicable)
<input type="checkbox"/> Non-participating Financial Institution. <i>Note that information about you will be reported to the ATO and the IRS</i>	

FATCA declaration is complete, proceed to Part D of this Application Form.

PRIVACY NOTICE

AET collects your personal information primarily for the purpose of providing custodial services to the SIT responsible entity and for ancillary purposes detailed in the Privacy Policy. AET may disclose your personal information, such as, your name and contact details, along with your account information to its related bodies corporate, the responsible entity, professional advisers, the land titles office and/or as otherwise instructed by the responsible entity. We are also permitted to collect and disclose your personal information when required or authorised to do so by law. AET is not likely to disclose your personal information to overseas recipients. Your personal information will be used in accordance with AET's Privacy Policy. The Privacy Policy contains information about how you may access or correct your personal information held by AET and how you may complain about a breach of the Australian Privacy Principles. You may obtain a copy of the Privacy Policy at www.aetlimited.com.au/privacy

Australian Executor Trustees Limited ABN 84 007 869 794 AFSL 240023

Application Form (Cont.)

PART D: DECLARATION AND SIGNATURE

I/We acknowledge declare and agree that by signing this Application Form:

- I/We have personally received (or accessed an electronic copy) and read and understood the PDS to which this Application Form applies and have agreed to be bound by the terms and conditions of the current PDS and of the Constitution of the Sterling Income Trust, as amended, reissued or replaced from time to time.
- I/We am/are at least 18 years of age.
- All details provided and statements made by me/us in this Application Form are complete and accurate.
- None of the Responsible Entity, the Investment Manager or any other person guarantees the repayment of capital invested in the Sterling Income Trust, the performance of nor any particular return from the Sterling Income Trust and I/we understand the risks involved in investing in the Sterling Income Trust.
- If investing as a trustee, on behalf of a superannuation fund or trust I/we confirm that I/we am/are acting in accordance with my/our designated powers and authority under the trust deed. In the case of a superannuation fund, I/we also confirm that it is a complying fund under the Superannuation Industry (Supervision) Act.
- An investment in the Sterling Income Trust is illiquid in nature and my/our units may not be able to be redeemed.
- I/we have had the opportunity to seek independent professional advice regarding legal, tax and financial implications of subscribing to the Sterling Income Trust, and acknowledge that the information contained in the PDS is not investment advice or a recommendation that the Units are suitable having regard to my/our investment objectives, financial situation or particular needs. No one promises me/us that I/we will earn any return on my/our investment or that my/our investment will retain its value.
- Once the Application Form has been received by Theta, it cannot be withdrawn. No cooling off rights apply.
- I/We authorise Theta to complete and execute any documentation necessary to effect the issue of Units to me/us.
- That the Responsible Entity is authorised to apply the TFN or ABN provided above to all future applications for units, including reinvestments, unless I/we notify the Responsible Entity otherwise.
- Theta reserves the right to reject any application.
- Theta may accept or reject the Application in whole or in part, and the Sterling Income Trust has the discretion to issue or transfer Units as it sees fit under the terms of the Offer.
- I/We acknowledge that returning the Application Form will constitute my/our offer to subscribe for Units in the Sterling Income Trust and that no notice of acceptance of the Application will be provided.
- I/We acknowledge that the Responsible Entity may be required to pass on information about me/us or my/our investment to the relevant regulatory authority in compliance with the AML laws (AML Act). I/We will provide such information and assistance that may be requested by the Responsible Entity to comply with its obligations under the AML Act and I/we indemnify it against any loss caused by my/our failure to provide such information or assistance.
- The monies used to fund my/our investment in the Sterling Income Trust are not derived from or related to any money laundering, terrorism financing or other illegal activities, whether prohibited under Australian law, international law or convention ('illegal activity') and the proceeds of my/our investment in the Sterling Income Trust will not be used to finance any illegal activities.
- I/We am/are not a 'politically exposed' person or organisation for the purpose of any AML law.
- I/We confirm that I/we have read and understood the privacy section contained in the PDS.
- I/We consent to details about my/our application and holdings being disclosed in accordance with the Privacy section of the PDS.
- I/We confirm that the Responsible Entity and Administrator are authorised to accept and act upon any instructions in respect of this application and the units to which it relates given by me/us by facsimile. If instructions are given by facsimile, the onus is on me/us to ensure that such instructions are received in legible form and I/we undertake to confirm them in writing. I/We indemnify the Responsible Entity and Administrator against any loss arising as a result of any of them acting on facsimile instructions. The Responsible Entity and Administrator may rely conclusively upon and shall incur no liability in respect of any action taken upon any notice, consent, request, instruction or other instrument believed, in good faith, to be genuine or to be signed by properly authorised persons.
- I/We acknowledge that Theta will send me/us a paper copy of the PDS and any Supplementary or Replacement PDS (if applicable) free of charge of I/we request so during the currency of the PDS.

Account operating instructions (if no selection is made, all individuals to sign will be assumed)

<input type="checkbox"/>	Any individual to sign
<input type="checkbox"/>	Any two individuals to sign
<input type="checkbox"/>	All individuals to sign
<input type="checkbox"/>	Other (please specify): <input type="text"/>

Authorised Signature <input type="text"/>	Name and title (block letters please) <input type="text"/>	Date <input type="text"/>
Authorised Signature <input type="text"/>	Name and title (block letters please) <input type="text"/>	Date <input type="text"/>

Development Unit Redemption Application Form

Sterling Income Trust

(ARSN 158 828 105).

Please print in BLOCK LETTERS using BLACK ink.

SIT Investor Number

Investor Name

I/We wish to redeem Units as follows:

Development
Units

Please Redeem my/our units for:

	Cash	%	
First Mortgage Units	%	Development Units	%
Management Company Units	%	Income Units	%

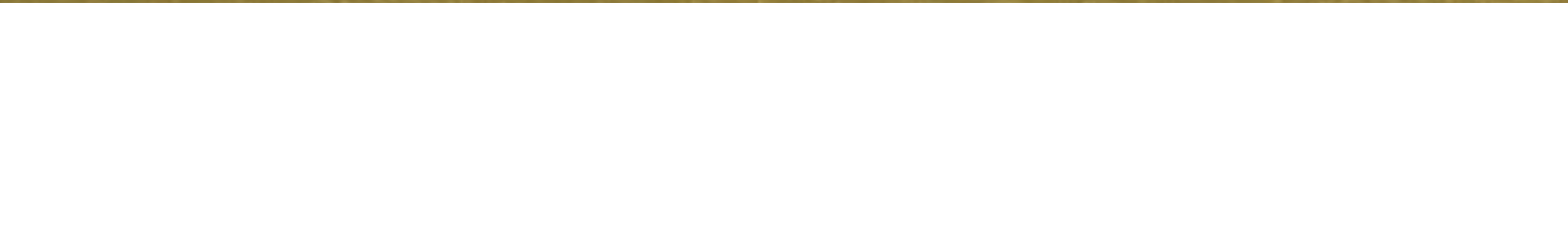
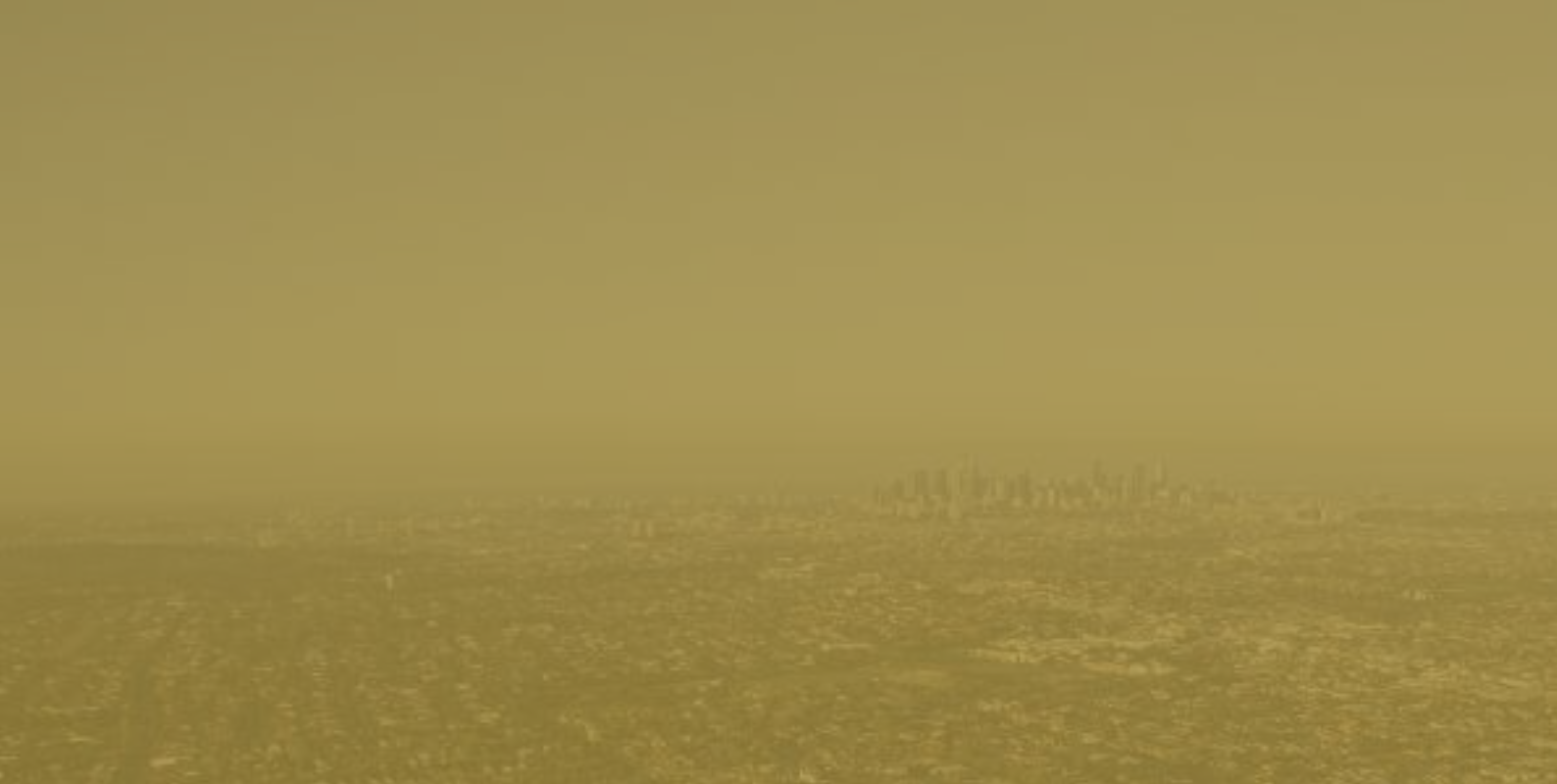
By signing this Redemption Application Form, I/we acknowledge and understand that Conditional Redemption Offers, when made, are expected to be funded out of either new equity raised or returned loan funds and are available to Unitholders who have held their Units for at least 12 months. There is no guarantee that there will be sufficient funds available to meet the redemption requests in full or in part.

Authorised Signature

Authorised Signature

Date

Sterling Income Trust:	ARSN 158 828 105
Responsible Entity:	Theta Asset Management Limited ABN 37 071 807 684 AFSL 230920 Suite 501, Level 5, 210 Clarence Street, Sydney NSW 2000 Tel: +61 2 8012 0638 Email: invest@thetaasset.com.au
Investment Manager:	Sterling Corporate Services Pty Ltd Principal office - Level 2, 1 Walker Avenue, West Perth WA 6005 Administration - Unit 23, 397 Warnbro Sound Avenue, Port Kennedy WA 6172 Tel: +61 8 9523 5800 Fax: +61 8 9523 5811 Email: investors@sterlingfirst.com.au
Custodian:	Australian Executor Trustees Limited ABN 84 007 869 794 AFSL 240023 Level 22, 207 Kent Street, Sydney NSW 2000
Unit Registry:	Registry Direct Level 6, 2 Russell Street, Melbourne VIC 3000 PO Box 18366, Collins Street East, VIC 8003 Tel: 1300 556 635 (Aust) +61 3 9020 7935 (Int) Fax: +61 3 9111 5652 Email: registry@registrydirect.com.au Web: www.registrydirect.com.au
State Branch Offices: Perth, WA Level 2, 1 Walker Avenue, West Perth WA 6005 Tel: 1300 440 166 or +61 8 9523 5800 Email: investors@sterlingfirst.com.au Melbourne, Vic Grd Floor, 150 Gladstone St, South Melbourne VIC 3205 Tel: 03 9111 1200 Email: emily.coltraine@sterlingfirst.com.au Brisbane, Qld 20 Bogong Street Riverhills, Qld 4074	Property Management and Sales Offices: Port Kennedy, WA Unit 23, 397 Warnbro Sound Avenue Port Kennedy WA 6172 Tel: 1300 440 166 or +61 8 9523 5800 Email: portkenedy@rmaproperty.com.au Victoria Park, WA Unit 2, 900 Albany Highway East Victoria Park, WA 6101 Tel: +61 8 9269 6100 Email: eastvictoriapark@rmaproperty.com.au Bunbury, WA Lighthouse Bunbury 149 Victoria Street Bunbury, WA 6230 Tel: +61 8 9792 7400 Email: lighthouse@lighthouse rentals.com.au Riverhills, Qld 20 Bogong Street Riverhills, Qld 4074 Tel: 0477 477 237 Email: mtommaney@rmaproperty.com.au





STERLING
INCOME TRUST

MANAGEMENT COMPANY UNITS

Product Disclosure Statement

Theta Asset Management Limited

ABN 37 071 807 684 AFSL 230920

As responsible entity of the

Sterling Income Trust ARSN 158 828 105



STERLING
CORPORATE
SERVICES

This product disclosure statement is dated 20 May 2016

Key contact details are as follows:

Sterling Income Trust

Level 2, 1 Walker Avenue
West Perth WA 6005

Tel: +61 8 9523 5800
Fax: +61 8 9523 5811

Mailing Address:

PO Box 7299
Secret Harbour WA 6173

Email: offer@sitfund.com.au
Web: www.sitfund.com.au

Responsible Entity

Theta Asset Management Limited
Suite 501, Level 5, 210 Clarence Street
Sydney NSW 2000

Tel: +61 2 8012 0638

Mailing Address:

PO Box Q423
QVB Sydney NSW 1230

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Important Notice and Disclaimer

Product disclosure statement

This product disclosure statement is dated 20 May 2016 ("PDS") and relates to the offer of Management Company Units in the Sterling Income Trust ARSN 158 828 105 ("SIT")(the "Offer"). Theta Asset Management Ltd (ABN 37 071 807 684, AFSL 230920) ("Theta", "Responsible Entity", "we" or "us") is the responsible entity of the SIT and issuer of the Units forming part of the Offer. Theta takes full responsibility for the whole of this PDS. Theta has appointed Sterling Corporate Services Pty Ltd ("SCS" or "Investment Manager") to assist in preparing this PDS. SCS is a Corporate Authorised Representative (number 444776) of Theta.

Not investment advice

The information provided in this PDS is not financial product advice. It is general information only, and has been prepared without taking into account investment objectives, financial circumstances or particular needs. You should consider whether the information in this PDS is appropriate for you in light of your objectives, financial situation and needs. In particular, you should consider the risk factors (see pages 7, 18 and 19) that could affect the financial performance of the SIT before deciding what course you should follow. You should consider these factors in light of your personal circumstances. To obtain advice or more information about the information described in this PDS, you should speak to an appropriately licensed financial planner or licensed advisor.

Please carefully read the instructions on the accompanying Application Form in connection with the Offer.

No cooling-off rights

Cooling-off rights do not apply to an investment in Units pursuant to the Offer. This means that you cannot withdraw your Application once it has been accepted.

Electronic PDS

This PDS may be viewed online on Theta's website at www.thetaasset.com.au or on the SIT website www.sitfund.com.au. It is not available to persons in the United States. If you access the electronic version of this PDS you should ensure that you download and read the entire PDS.

A paper copy of this PDS can be obtained, free of charge by calling the SIT Offer Information Line: 08 9523 5800 at any time from 9.00am to 5.00pm (Perth time) Monday to Friday or Theta on +61(0)2 8012 0638 at any time from 9.00am to 5.00pm (Sydney time) Monday to Friday.

You will only be entitled to accept the Offer by completing an Application Form attached to or which accompanies this PDS (refer to the "How to apply" section for further information).

Updated information

Information about the SIT may need to be updated by Theta. Any updated information about the SIT which is not materially adverse to Unitholders will be made available on Theta's website at www.thetaasset.com.au and the SIT website www.sitfund.com.au. Theta will provide a copy of the updated information free of charge to any person who requests a copy by calling the SIT Information Line: 1300 665 890 at any time from 9.00am to 5.00pm (Perth time) Monday to Friday, or Theta on +61(0)2 8012 0638 at any time from 9.00am to 5.00pm (Sydney time) Monday to Friday.

Foreign jurisdictions

This PDS does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register the Units or otherwise permit an offering of Units in any jurisdiction outside of Australia.

The distribution of this PDS (whether electronically or otherwise) outside Australia may be restricted by law. If you come into possession of this PDS (electronically or otherwise), you should observe any such restrictions and should seek your own advice on such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws.

Disclaimer

No person is authorised to give any information or make any representation in connection with the information described in this PDS, which is not contained in this PDS. Any information or

representation not contained in this PDS may not be relied on as having been authorised by the SIT or Theta in connection with the SIT.

This PDS may contain forecast financial information along with forward looking statements which are identified by words such as "may", "could", "believes", "estimates", "expects", "intends", and other similar words that involve risks and uncertainties. These forecasts and forward looking statements are subject to various risk factors that could cause the SIT's actual results to differ materially from the results expressed or anticipated in these forecasts or statements. These risk factors are set out on pages 7, 18 and 19. These and other factors could cause actual results to differ materially from those expressed in any forecast or forward looking statement made by, or on behalf of, the SIT or Theta.

As part of operating the SIT, Theta must ensure compliance with applicable occupational, health and safety standards and statutory environmental requirements. Except as indicated above, Theta does not take account of labour standards, environmental, social or ethical considerations in selecting, retaining or realising investments for the SIT.

Neither Theta nor the SIT promises that you will earn any return on your investment or that your investment will gain or retain its value. No company other than Theta makes any statement or representation in this PDS. It is impossible in a document of this type to take into account the investment objectives, financial situation and particular needs of each reader. Accordingly, nothing in this PDS should be construed as a recommendation by Theta, or any associate of Theta, or any other person concerning an investment in the SIT.

Readers should not rely on this PDS as the sole basis of a decision to invest in the SIT. Readers should seek their own financial, legal and taxation advice as appropriate before making a decision to invest in the SIT.

Financial amounts

Money as expressed in this PDS is in Australian dollars unless otherwise indicated.

Definitions and abbreviations

Defined terms and abbreviations used in this PDS are explained in the Glossary at the end of this PDS.

Photographs

The photographs appearing in this PDS are for illustration purposes only and unless otherwise stated do not represent assets of the SIT.

ASIC

A copy of this PDS has not been, and is not required to be, lodged with ASIC. ASIC takes no responsibility for any part of this PDS.

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• Established Fund

- Various investment options, including Income Units, First Mortgage Units, Development Units and Management Company Units
- Established in 2012
- Total units on Issue 14,980,858

• Management Company Units

- Provides investors with an interest in the management company sitting behind the Sterling New Life concept
- Investment funds are used to acquire ordinary shares and preference shares in Sterling First on a 1 for 3 basis (“Shares”)
- Any distributions paid quarterly
- Redemption for cash or Shares

Please read the Key Risks section on page 7 and Section 4 “Risks” on pages 18 and 19.

Introduction

OFFER AT A GLANCE

Offer Price	\$0.80 per unit , up until 31 July 2016 <i>Thereafter (or at such other time as the Responsible Entity determines), the issue price is determined with reference to the acquisition price of the Shares. Refer to pages 6 and 20 for further details.</i>
Asset Type	Ordinary shares and preference shares in Sterling First (Aust) Limited ("Sterling First") on the basis of three preference shares for each ordinary share acquired (3:1) ("Shares")
Current Management Company Units on Issue	Nil <i>(Following the issue of this PDS, the current holders of Blended Units will be issued with 53,704 Income Units, 53,704 First Mortgage Units, 53,704 Development Units and 67,130 Management Company Units, being \$53,704 at 80¢ per Management Company Unit, in exchange for redemption of their Blended Units)</i>
Quarterly Distributions*	The Shares will be acquired on the basis of three preference shares for every one ordinary share (3:1). There is no set dividend policy on the ordinary shares. The preference shares pay a preferred dividend of 8% per annum on a face value of \$0.20 per share plus a 10% share of net profit before tax with the first dividend payable on 31 July 2016 for the quarter ended 30 June 2016. When a preference dividend or ordinary dividend has been received, the income will be paid to the SIT and distributed to Unitholders within 7 days. Preference dividends are scheduled to commence being paid by Sterling First on 31 July 2016 and thereafter on each 31 October, 31 January, 30 April and 31 July.
Historical Annual Distributions*	Nil - as this is a new offering
Tax	The preference dividends will be unfranked. Dividends on the ordinary shares may be fully or partly franked.
Net Tangible Assets	NIL <i>(The subsidiary trust, the Management Company Share Trust, has acquired 332,444 Shares in Sterling First, being 83,111 ordinary shares and 249,333 preference shares, at a cost of \$53,704, as a result of the issue of Blended Units. Following the issue of this PDS, 67,130 Management Company Units will be issued to Blended Unitholders representing an issue price of \$0.80 per unit.)</i>
Asset Type	Shares in Sterling First
Minimum Investment	\$2,000 with additional investments to be made in \$500 increments.
Redemption	<p>The SIT is not listed on any securities exchange, and is considered an illiquid investment. There is no guaranteed redemption of Units, however Unitholders may be able to redeem their Units via a Conditional Redemption Offer, which will be made to Unitholders in a particular class at the discretion of the SIT. The intention is to make Conditional Redemption Offers available to Management Company Unitholders monthly. Unitholders can choose to redeem for cash, or for a distribution in specie of the underlying Shares or a combination of both.</p> <p>For Unitholders choosing to redeem for a distribution in specie of the underlying Shares, transfer of the Shares will take place on the last day of each month.</p> <p>For Unitholders choosing to redeem for cash, payment will take place on the last day of each month subject to sufficient funds being available through subscription monies received for new Management Company Unit. If a redemption request has not been fully paid in a particular period, that redemption request will be carried forward to the ensuing period(s).</p> <p>A Unitholder can indicate their desire to redeem their Management Company Units by completing the Redemption Application Form attached.</p> <p>Please note, Conditional Redemption Offers are not guaranteed.</p> <p>Additional, and ongoing disclosure information about the Shares is available to be viewed at www.sterlingfirst.com.au.</p>
Use of Funds	Funds raised through the issue of Management Company Units will be used to acquire interests in the Management Company Share Trust (which ultimately acquires Shares in Sterling First).

4 The SIT only pays distributions in connection with the Management Company Units where it receives distributions from the Management Company Share Trust (less the relative share of costs of the SIT). Payment of any distributions is subject to the payment of dividends in relation to the Shares by Sterling First. Distributions are not guaranteed. Unitholders should note that any reference in this PDS to past performance is not a reliable guide to future performance. Returns may be more or less than any historical returns.

Please read the Key Risks section on page 7 and Section 4 "Risks" on pages 18 and 19.

Introduction

STERLING INCOME TRUST

The Sterling Income Trust ("SIT" or "Trust") was established in 2013 as the Rental Management Investment Trust to acquire the RMA Holding Trust which was established in February 2012 to hold Rental Management Income Rights.

Recent changes to the SIT's constitution have allowed the following:

- **Management Company Units (of which this PDS relates)** - invests in the Management Company Share Trust which acquires shares in Sterling First;
- **First Mortgage Units** - invests in the First Mortgage Trust which holds mortgage secured loans. As at the date of this PDS there were 435,000 First Mortgage Units on issue and two distributions have been made to Unitholders averaging 7.9% pa*;
- **Income Units** - invests in the RMA Holding Trust which holds residential rental management agreements. As at the date of this PDS there were 11,007,229 Income Units on issue and 14 distributions have been made to Unitholders averaging 9.25% pa*;
- **Development Units** - invests in the Property Development Trust which holds mortgage secured loans. As at the date of this PDS there were 3,322,801 Development Units on issue and four distributions have been made to Unitholders averaging 20% pa*;

Redemption - The SIT is not listed on any securities exchange and is considered an illiquid investment. There is no guaranteed redemption of Units, however holders of Management Company Units may be able to redeem their Management Company Units via Conditional Redemption Offers. The intention is to make Conditional Redemption Offers available to Management Company Unitholders monthly. Unitholders can choose to redeem for cash, or for a distribution in specie of the underlying Shares, or a combination of both.

For Unitholders choosing to redeem for a distribution in specie of the underlying Shares, transfer of the Shares will take place on the last day of each month. Additional, and ongoing disclosure information about the Shares is available to be viewed at www.sterlingfirst.com.au.

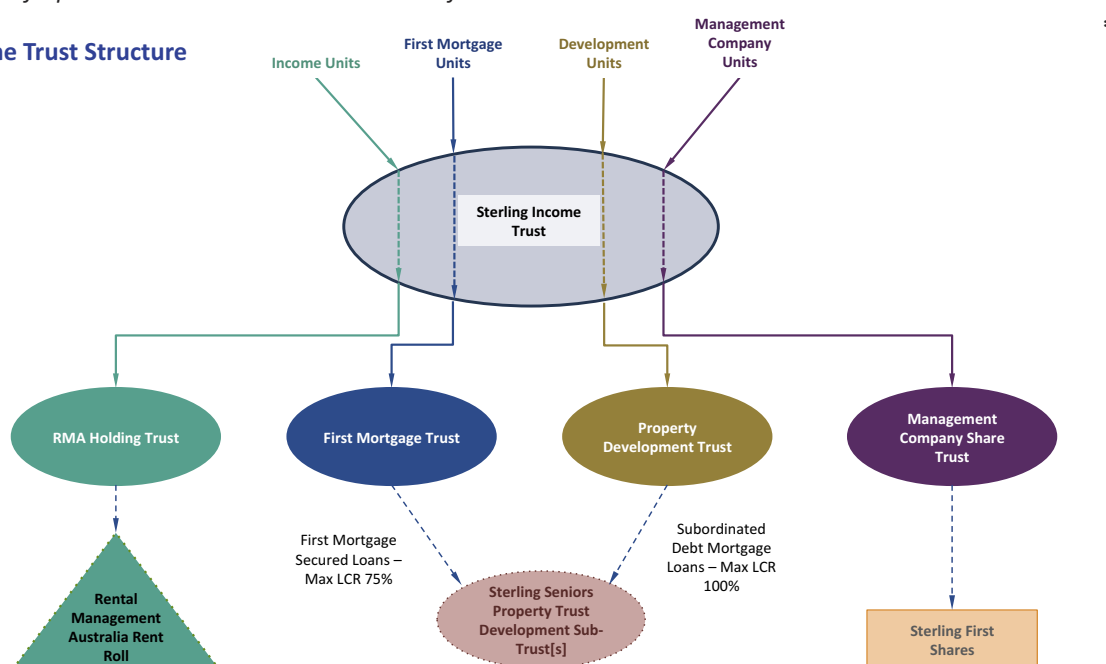
For Unitholders choosing to redeem for cash, payment will take place on the last day of each month subject to sufficient funds being available through subscription monies received for new Management Company Units. If a redemption request has not been fully paid in a particular period, that redemption request will be carried forward to the ensuing period(s).

A Unitholder can indicate their desire to redeem their Units by completing the Redemption Application Form attached.

Please note, Conditional Redemption Offers are not guaranteed.

This PDS relates only to investment in Management Company Units. To invest in other classes of Units in the SIT, please refer to the specific product disclosure statement issued for those classes.

Sterling Income Trust Structure



Unitholders should note that any reference in this PDS to past performance is not a reliable guide to future performance. No distribution rate is guaranteed. Returns may be more or less than historical returns and the target returns stated.

Please read the Key Risks section on page 7 and Section 4 "Risks" on pages 18 and 19.

MANAGEMENT COMPANY UNITS OVERVIEW

Asset Type	<p>Shares in Sterling First</p> <p>Sterling First is a real estate group that has developed the unique Sterling New Life affordable housing offer aimed at seniors.</p> <p>The Sterling First group's core business primarily supports the development and expansion of Sterling New Life through the creation and management of residential property through three principal business arms:</p> <p>Property services – including property acquisition, development and sales management</p> <p>Funds management – property trusts and mortgage trusts, and</p> <p>Property management – with approximately 2,000 residential and commercial properties under management in WA and Queensland.</p>
Asset Holding	The Shares will be held in a wholly owned sub trust of the SIT, the Management Company Share Trust.
Asset Acquisition	<p>When seeking to acquire Shares in Sterling First and determining the price to be paid, the Investment Manager will use the following guidelines in respect of the ordinary shares:</p> <ol style="list-style-type: none"> 1 The most recent price paid for a public issue of ordinary shares made by Sterling First; 2 a multiple of Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") of five times; 3 other independent off market transfer prices; and 4 listed transfer prices, if Sterling First is listed on a securities exchange. <p>The following guidelines will be used in respect of the preference shares:</p> <ol style="list-style-type: none"> 1 the most recent price paid for a public issue of preference shares made by Sterling First; 2 the capitalisation of the previous half year's dividend annualised and capitalised at the rate of 8%; 3 other independent off market transfer prices; and 4 listed transfer prices, if Sterling First is listed on a securities exchange. <p>The Management Company Share Trust must always acquire 1 ordinary share with 3 preference shares.</p> <p>The final decision to acquire or not acquire Shares at a particular price is at the absolute discretion of the Investment Manager.</p> <p>In the future the Investment Manager may determine to acquire ordinary shares and preference shares separately. In this situation, new sub trusts of the SIT specific to the ordinary shares and the preference shares will likely be established, and new unit classes relating to those sub trusts will be issued.</p>
Redemption	After issue of Management Company Share Units, Unitholders can elect to redeem their investment in cash, or for a distribution in specie of the underlying Shares, or a combination of both.
Quarterly Distributions	The Shares will be acquired on the basis of three preference shares for every one ordinary share (3:1). There is no set dividend policy on the ordinary shares. The preference shares pay a preferred dividend of 8% per annum on a face value of \$0.20 per share plus a 10% share of net profit before tax with the first dividend payable on 31 July 2016 for the quarter ended 30 June 2016. When a preference dividend or ordinary dividend has been received, the income will be paid to the SIT and distributed to Unitholders within 7 days. Preference dividends are scheduled to commence being paid by Sterling First on 31 July 2016 and thereafter on each 31 October, 31 January, 30 April and 31 July.
Historical Annual Distributions*	Nil - as this is a new offering
Management Company Units on Issue as at the date of the PDS	<p>Nil</p> <p><i>(Following the issue of this PDS, the current holders of Blended Units will be issued with 53,704 Income Units, 53,704 First Mortgage Units, 53,704 Development Units and 67,130 Management Company Units, being \$53,704 at 80¢ per Management Company Unit, in exchange for redemption of their Blended Units)</i></p>
Net Tangible Assets per unit as at the date of the PDS	<p>Nil - as this is a new offering</p> <p><i>(The subsidiary trust, the Management Company Share Trust, has acquired 332,444 Shares in Sterling First, being 83,111 ordinary shares and 249,333 preference shares, at a cost of \$53,704, as a result of the issue of Blended Units. Following the issue of this PDS, 67,130 Management Company Units will be issued to Blended Unitholders representing an issue price of \$0.80 per unit.)</i></p>

* The SIT only pays distributions in connection with the Management Company Units where it receives distributions from the Management Company Share Trust (less the relative share of costs of the SIT). Payment of any distributions is subject to the payment of dividends in relation to the Shares by Sterling First. Distributions are not guaranteed. Unitholders should note that any reference in this PDS to past performance is not a reliable guide to future performance. Returns may be more or less than any historical returns.

Please read the Key Risks section on page 7 and Section 4 "Risks" on pages 18 and 19.

KEY RISKS (further details can be found on pages 18 and 19)

All investments involve some degree of risk. An investment in the Management Company Units involves all the usual risks of share ownership as well as risks particular to this investment structure. Many risks cannot be controlled by the SIT, and may affect the future performance of the SIT.

Individual Investment Risk - The Management Company Share Trust will be buying Shares in an unlisted public company. The value of a the Shares can increase or decrease in value.

Diversification Risk - The Management Company Share Trust will only buy Sterling First ordinary shares and preference shares and will not have a diversified portfolio. As such, the financial performance of the Management Company Units will be directly impacted by fluctuations in the value of the Shares.

Liquidity Risk - The Management Company Share Trust will be buying Shares in an unlisted public company (being Sterling First. There may be no ready market into which these shares can be sold.

Market Risk - Economic, technological, political or legal conditions, changes in interest rates and even market sentiment, can (and do) change, and this can mean that changes in the value of investment markets can effect the value of the Shares.

Refer to pages 18 and 19 for further details on risks associated with an investment in the SIT and the Management Company Units in particular.

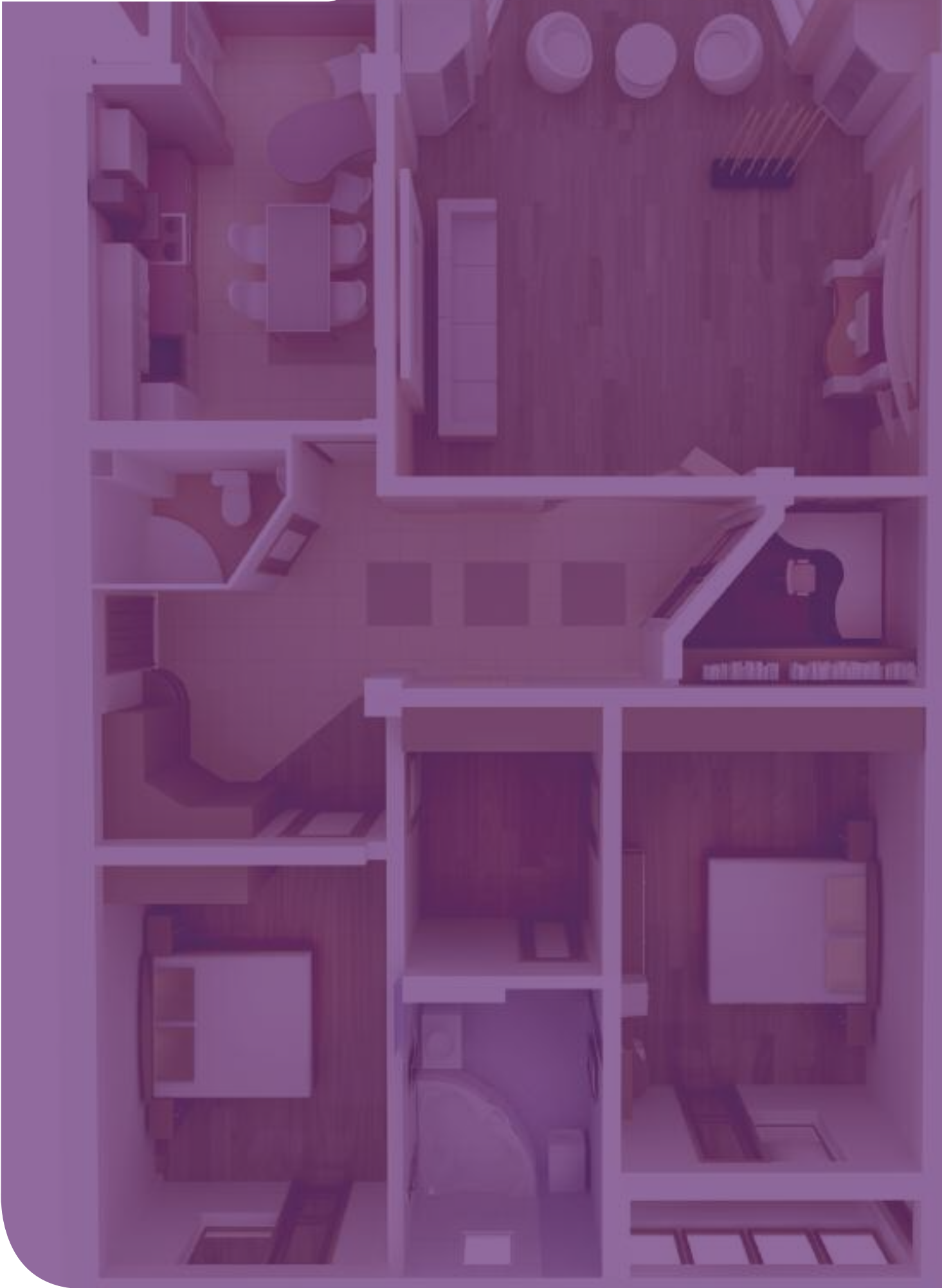
SIT Summary

Feature	Details
Minimum Subscription	There is no minimum subscription.
Maximum Subscription	There is no maximum subscription. The level of subscription will only be limited if the Investment Manager determines it cannot utilise capital raised above a certain level.
Issue of Units	Applications for Units will usually be processed on the day of receipt and applicants will receive a Holding Statement within ten business days of the allotment of Units.
Minimum Investment	\$2,000 with additional investments to be made in \$500 increments.
Application Price	\$0.80 per Unit up until 31 July 2016 Thereafter (or at such other time as the Responsible Entity determines), the issue price is determined with reference to the acquisition price of the Shares. Refer to pages 6 and 19 for further details.
Objective for the Management Company Units	To give Unitholders an exposure to the company behind the unique Sterling New Life affordable housing solution for seniors.
Structure	The SIT is a unit trust registered as a managed investment scheme with four wholly owned sub trusts, the RMA Holding Trust, the First Mortgage Trust, the Property Development Trust and the Management Company Share Trust.
Liquidity/Redemption	<p>The Management Company Units are not listed on any securities exchange and are considered an illiquid investment. There is no guaranteed redemption of Units, however Unitholders may be able to redeem their Units via Conditional Redemption Offers, which will be made to Unitholders at the discretion of the SIT.</p> <p>The intention is to make Conditional Redemption Offers available to Management Company Unitholders monthly. Unitholders can choose to redeem for cash, or for a distribution in specie of the underlying Shares or a combination of both.</p> <p>For Unitholders choosing to redeem for a distribution in specie of the underlying Shares, transfer of the Shares will take place on the last day of each month.</p> <p>For Unitholders choosing to redeem for cash, payment will take place on the last day of each month subject to sufficient funds being available through subscription monies received for Management Company Units. If a redemption request has not been fully paid in a particular period, that redemption request will be carried forward to the ensuing period(s).</p> <p>A Unitholder can indicate their desire to redeem their Units by completing the Redemption Application Form attached.</p> <p>Please note, Conditional Redemption Offers are not guaranteed.</p>
Management Company Unit Investment	The SIT only holds cash and invests funds raised from the issue of Management Company Units in the Management Company Share Trust.
Offer Opened	20 May 2016 for the Management Company Units
Offer Closing Date	At the discretion of the SIT.
Term of Investment	The SIT is an open-ended investment.
Acceptance of Applications	Acceptance of an application is at the discretion of the Responsible Entity.
Use of Funds	Any funds raised pursuant to this Offer will be used to invest in the Management Company Share Trust (which ultimately invests in Shares).
Cooling-Off Rights	Cooling-off rights do not apply to an investment in Units pursuant to the Offer. This means that you cannot withdraw your Application once it has been accepted.

Quarterly Distributions	<p>The Management Company Share Trust acquires the Shares on the basis of three preference shares for every one ordinary share (3:1). There is no set dividend policy on the ordinary shares. The preference shares pay a preferred dividend of 8% per annum on a face value of \$0.20 per share plus a 10% share of net profit before tax with the first dividend payable on 31 July 2016 for the quarter ended 30 June 2016. When a preference dividend or ordinary dividend has been received, the income will be paid to the SIT and distributed to Unitholders within 7 days. Preference dividends are scheduled to commence being paid by Sterling First on 31 July 2016 and thereafter on each 31 October, 31 January, 30 April and 31 July.</p> <p>The ability of the SIT to pay a distribution is therefore dependent on the financial performance of the SIT and the Management Company Share Trust and is not guaranteed.</p> <p>No one promises that you will earn any return on your investment or that your investment will gain or retain its value.</p> <p><i>* The SIT only pays distributions in connection with the Management Company Units where it receives distributions from the Management Company Share Trust (less the relative share of costs of the SIT). Payment of any distributions is subject to the payment of dividends in relation to the Shares by Sterling First. Distributions are not guaranteed. Unitholders should note that any reference in this PDS to past performance is not a reliable guide to future performance. Returns may be more or less than any historical returns.</i></p> <p><i>Please read the Key Risks section on page 7 and Section 4 "Risks" on pages 18 and 19.</i></p>
Taxation	Distributions from the SIT may be taxable. Unitholders will receive a year-end statement advising them of the taxability of the distributions from the SIT.
Risks	There are risks associated with an investment in the SIT that should be considered prior to acquiring Units. A detailed explanation of these risks are set out on pages 18 and 19.
Fees	Fees and management costs are payable to the Responsible Entity and Custodian for the ongoing operation of the SIT as well as to the Investment Manager for managing the assets of the SIT. Details of these fees and costs are set out on pages 22 and 23.
Borrowings	Neither the SIT nor its wholly owned sub trust, the Management Company Share Trust, will borrow. See Section 4 "Risks" for information on borrowing risks.
Responsible Entity	The Responsible Entity of the SIT is Theta Asset Management Limited (ABN 37 071 807 684, AFSL No. 230920). Theta is the holder of an AFSL issued by ASIC that allows it to act as the Responsible Entity of the SIT.
Custodian	The Custodian of the SIT is Australian Executor Trustees Limited (ABN 84 007 869 794, AFSL 240023) ("Custodian"). The Custodian is the holder of an AFSL issued by ASIC that allows it to act as the Custodian of the SIT.
Corporate Governance	The Responsible Entity maintains a related party transactions policy and a conflict of interest policy. Refer to page 26 for further details on Conflicts of Interest and Related Party Transactions.

Section 2

The SIT



RESPONSIBLE ENTITY

Theta, as Responsible Entity, is responsible for all compliance and regulatory aspects of operating the SIT. Theta holds an AFSL (AFSL No. 230920), which authorises it to act as the responsible entity of the SIT. Theta is a provider of responsible entity and trustee services and the issuer of units in managed investment schemes in the Australian market.

The powers and duties of Theta are set out in the SIT's Constitution, the Corporations Act, and general trust law.

The duties of Theta under the Corporations Act include:

- acting in the best interests of Unitholders and, if there is a conflict between Unitholders' interests and Theta's interests, giving priority to Unitholders' interests;
- ensuring that SIT property is clearly identified as SIT property and held separately from property of Theta and property of any other fund, and is valued at regular intervals;
- ensuring that payments out of SIT property are made in accordance with the Corporations Act; and
- reporting to ASIC any significant breach of the Corporations Act in relation to the SIT which has had, or is likely to have, a materially adverse effect on the interests of Unitholders as well as any significant breach of Theta's general obligations as an AFSL holder.

Subject always to any liability which the Corporations Act might impose on the Responsible Entity, so long as it acts without gross negligence, fraud or breach of trust it is not liable to Unitholders for any loss suffered in any way relating to the SIT. The liability of the Responsible Entity to any person other than a Unitholder in respect of the SIT is limited to the Responsible Entity's actual indemnification from the SIT's assets for that liability.

Theta is the issuer of all Units in the SIT and is the issuer of this PDS. SCS has been contracted by Theta to carry out all investment management functions in relation to the SIT.

Refer to page 24 for a summary of the Investment Management Agreement. Subject to the requirements of the Corporations Act, the role of Theta does not include making an assessment as to whether the Management Company Share Trust has the capacity to pay distributions. Theta provides no assurance that distributions will be paid to, or by, the SIT. The ability of Management Company Share Trust to pay distributions to the SIT will be dependent on the financial performance of the Management Company Share Trust and is not guaranteed.

Executive Directors of the Responsible Entity

Robert Marie, Managing Director, appointed 31 July 2009

Robert has over 20 years experience in the financial services sector. Robert has specialised in financial services marketing working with a range of leading companies, including Macquarie Bank, Australian Wealth Management and BankWest.

Since 2006 Robert has provided responsible entity and trustee services via both Theta and Valuestream Investment Management Ltd, a company of which he is also a director.

SIT CONSTITUTION

Theta's responsibilities and obligations as Responsible Entity, as well as the rights and obligations of Unitholders and the rights and liabilities attaching to the Units, are governed by the SIT's Constitution, the Corporations Act, general trust law and this PDS. Under the SIT's Constitution, Theta has all the powers of a natural person in respect of the SIT. The SIT's Constitution contains a number of provisions relating to the rights of Unitholders and the obligations of Theta, as Responsible Entity. This PDS outlines some of the more important provisions of the SIT's Constitution.

The SIT's Constitution gives the Responsible Entity the right to be paid fees and expenses from the SIT, and governs matters such as Unitholder meetings, the issue and withdrawal of Units (where permitted) and Unit pricing, as well as what happens when the SIT is terminated.

Theta will provide Unitholders with a copy of the SIT's Constitution upon request at no cost.

AMENDMENTS TO THE SIT CONSTITUTION

Theta may amend the Constitution of the SIT from time to time, subject to the provisions of the Constitution and the Corporations Act. Generally, Theta can only amend the SIT's Constitution where Theta reasonably believes that the change will not adversely affect your rights as a Unitholder. Otherwise the Constitution can only be amended if approved by special resolution at a meeting of Unitholders.

CUSTODIAN

Theta has appointed a separate custodian to hold the assets of the SIT.

The Custodian of the SIT is Australian Executor Trustees Limited ABN 84 007 869 794. Australian Executor Trustees Limited is one of Australia's largest and oldest trustee companies, having been established in 1880. Australian Executor Trustees Limited is a member of the IOOF Holdings Limited ("IOOF") Group, a leading provider of wealth management products and services in Australia. IOOF is listed on the ASX.

The Responsible Entity has appointed Australian Executor Trustees Limited under a custodian services agreement. The Custodian's role is to hold the assets in its name and act on the direction of the Responsible Entity to effect cash and investment transactions. Australian Executor Trustees Limited has no supervisory role in relation to the operation of the SIT and has no liability or responsibility to a Unitholder for any act done or omission made in accordance with the custodian agreement.

Australian Executor Trustees Limited's role as Custodian is limited to holding the assets of the Fund.

DISCLAIMER

Australian Executor Trustees Limited has not withdrawn its consent to be named in this PDS as Custodian of the SIT in the form and context in which it is named. Australian Executor Trustees Limited does not make, or purport to make, any statement that is included in this PDS and there is no statement in this PDS which is based on any statement by Australian Executor Trustees Limited.

To the maximum extent permitted by law, Australian Executor Trustees Limited expressly disclaims and takes no responsibility for any part of this PDS other than the references to its name. Australian Executor Trustees Limited does not guarantee the repayment of capital or any particular rate of capital or income return.

INVESTMENT MANAGER

Theta has appointed SCS to act as Investment Manager to manage the SIT assets and to provide all back office fund administration processes including Unitholder interface, registry, investment reporting and accounting. Theta maintains strict controls over these matters, including detailed and regular reporting processes. SCS earns management fees for the provision of this service the details of which can be found in section 6 "Fees and

other Costs".

SCS will value the assets of the SIT consistent with the valuation principles set out in the Constitution of the SIT.

SCS is part of the Sterling First group and is an experienced investment manager. The Sterling First group comprises three divisions, namely:

- **Property services** – including property acquisition, development and sales management
- **Funds management** – property trusts and mortgage trusts, and
- **Property management** – with approximately 2,000 residential and commercial properties under management in WA and Queensland.

For more information, please refer to Section 3 of this PDS on page 13.

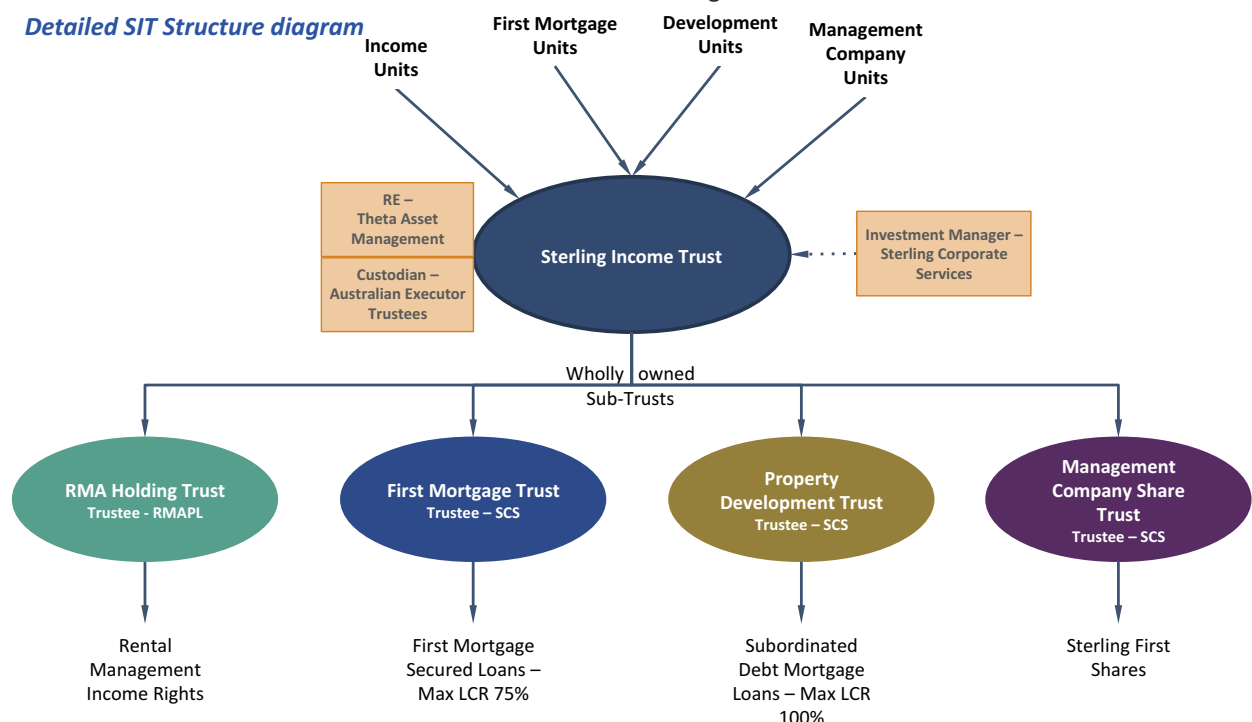
STRUCTURE

The SIT is a unit trust, registered as a managed investment scheme. Theta is the Responsible Entity, AET is the independent Custodian and SCS is the investment manager.

The SIT has four wholly owned sub trusts, the RMA Holding Trust, the First Mortgage Trust, the Property Development Trust and (most relevant to the Offer under this PDS) the Management Company Share Trust. The trustee of the RMA Holding Trust is RMAPL and the trustee of each of the First Mortgage Trust, the Property Development Trust, and the Management Company Share Trust is SCS. RMAPL and SCS are wholly owned subsidiaries of Sterling First.

The SIT offers four classes of Units - Income Units, First Mortgage Units, Development Units and Management Company Units which in turn invest as shown in the diagram below.

Detailed SIT Structure diagram



The Management Company Units ultimately invest in the Sterling First Shares.

ABOUT STERLING FIRST

Sterling First is a real estate group that has developed the unique Sterling New Life affordable housing offer aimed at seniors.

Sterling First's core business primarily supports the development and expansion of Sterling New Life through the creation and management of residential property through three principal business arms:

- Property services – including property acquisition, development and sales management
- Funds management – property trusts and mortgage trusts, and
- Property Management – with approximately 2,000 residential and commercial properties under management in WA and Queensland.

The property management businesses have been operating since the 1980's and currently manage approximately 2,000 properties, independent of our Sterling New Life program in WA and Queensland.

Commencing five years ago, Sterling First expanded to include funds management and property services, with a primary focus on our unique Sterling New Life Leases ("SNLLs").

Sterling First's primary investment fund is the Sterling Income Trust, which allows investors to invest in rent roll income, first mortgage loans, development subordinated loans, or shares in Sterling First.

The group now operates in WA, Victoria and Queensland.

The men behind developing the unique Sterling New Life senior housing offer were the founders of Armstrong Jones and the Ascot Group, who since 1972:

- Pioneered the conversion of blocks of flats to single title apartments
- Created the concept of arbitrage where a piece of residential real estate is naturally converted from one status to another leading to value/rental accretion.
- Developed the largest non-institutional investment management organisation in Australia and NZ
- Actively involved in various facets of retirement accommodation

STERLING NEW LIFE LEASES

SNLLs are a unique product developed by Sterling First aimed at providing affordable housing for seniors and retirees. The essence of the offer, is that through the utilisation of planning changes allowing for urban infill housing, Sterling First can construct multiple dwellings on previously single residential lots and either sell those properties on a strata title basis to a senior, or sell them a SNLLs, at a discount of up to 40% of the strata sale price. If the property is sold to a Sterling New Life tenant the property can then either be sold to an investor, or retained in Sterling First's own property trust.

The key attractions to seniors of the SNLLs are:

- Low entry price at up to a 40% discount. So if the property price was \$350,000, their entry price is \$210,000.
- After payment of entry price there are no ongoing cash costs – i.e. no rates, property taxes, maintenance costs, property insurance
- On-going rent is paid for from distributions on the investment of the entry price
- No exit fees
- Properties located in general urban area close to transport and amenities – not restricted to a "Village"

The SNLLs are basically designed to allow seniors/retirees to downsize and free up capital and minimise on-going property related expenses.

The attraction for investors buying these properties is that they are:

- Secured with an up to 40 year, long term tenant. (Tenants can vacate at any time but must give 6 months' notice, allowing ample time to replace with a new SNLL tenant, should the owner desire)
- SNLL tenant has paid a sum equal to 60% of the purchase price into the Sterling Income Trust. This amount acts both as a bond, and the income pays all the rent, so an owner has a bond of perhaps \$210,000 (using the example above) less the application fee, invested in the Sterling Income Trust to cover for any property damage etc.

Since the launch of SNLLs in December 2015 and having taken over two years of development, it has proven to be very popular with prospective tenants and investors alike.

The Fund

There are three key aspects of SNLLs that attract prospective tenants:

- 1 Price – The entry price is at a discount to direct ownership.
- 2 No Exit Fees – A major difference between the SNLL and other retirement options.
- 3 Cash Flow – no on-going weekly rent or contributions.

The two tables below demonstrate these points.

Table 1 – Financial impact comparison between SNLL and alternatives options.

Comparison	Example Retirement Village	Example Lifestyle Village	Sterling First Strata Property	SNLL
Initial investment	350,000	350,000	350,000	210,000
Plus Acquisition Costs ¹	2,000	1,000	13,000	0
Total Purchase Cost	352,000	351,000	363,000	210,000
Income – cash saving @ 3%pa ²	0	0	0	4,200
Annual charges ³	4,400	8,900	0	0
Other property costs	1,000	1,000	5,000	0
Annual Net Income/(Cost)	(5,400)	(9,900)	(5,000)	4,200
Resale Value	470,000⁴	230,000⁵	470,000⁶	233,000⁷
Less Selling Fees ⁸	(14,100)	(6,900)	(14,100)	N/A
Exit cost charge %	35%	18%	0%	0%
Less Exit Costs	(168,000)	(41,000)	0	0
Plus Cash Saving at Entry	0	0	0	140,000
Net After Exit fees	290,900	182,100	455,900	373,000
Gain/(Loss)	(61,100)	(168,900)	92,900	23,000
10 Year Income/(Cost) (0%pa CPI)	(54,000)	(99,000)	(50,000)	42,000
Total Gain/(Cost) 10 years	(115,100)	(267,900)	42,900	65,000

- 1 Based in Western Australia. Acquisition costs in other states may vary.
- 2 Income - cash saving @ 3% pa - SNLL entry cost up to 40% lower than buying the property outright, resulting in a cash saving of \$140,000 in this example. Here it is assumed that \$140,000 is deposited in a cash account accruing a straight line return of 3%pa.
- 3 Annual Charges - in Retirement Villages and Lifestyle villages there are a range of weekly charges residents are required to pay generally ranging from a low of \$90 pw up to over \$200 pw.
- 4 Resale Value - Retirement Village - assume annual capital growth in value of 3%pa.
- 5 Resale Value - Leisure Village - in a leisure village, tenants enter into a ground lease for the land, and acquire a demountable home on the land. Generally these properties decrease in value over time. We have assumed here a diminishing value of 4%pa.
- 6 Resale Value - Sterling First Strata Property - assume annual capital growth in value of 3%pa.
- 7 Redemption Value - SNLL - 92% of the Initial Investment, is invested into either or a combination of Income Units, First Mortgage Units and/or Development Units. 100% of any surplus income above rental payments is reinvested into the same Unit Classes. Here we have assumed no capital growth, and reinvestment of the surplus income.
- 8 Selling Fees - have been assumed at 3% of the selling price. There are no selling or redemption fees on the SNLLs.

Table 2 – Annual income comparison of before and after for a pensioner couple on a full pension who are selling a house for \$500,000 with an existing mortgage of \$75,000 to be repaid. Their financial position for either a Strata acquisition or a SNLL would be as follows:

	Sale of House	Option 1 - Purchase Strata	Option 2 - Purchase SNLL
House	500,000		
Less Selling Costs (Commissions etc)	(17,500)		
Net Proceeds	482,500		
Less Mortgage Repayment	75,000		
Net funds available	407,500		
Acquisition of Strata or SNLL		350,000	210,000
Acquisition costs		12,358 ¹	0 ²
Total Cost		362,358	210,000
Surplus Cash from Sale of Property		45,142	197,500
Annual Cash Flow Estimate	Before	After Strata	After SNLL
Pension ³	33,036	33,036	33,036
Government Rent Assistance	0	0	3,032
Income on surplus cash @ 3%pa	0	1,354	5,925
Gross Annual Income	33,036	34,390	41,992
Mortgage Payment	5,940	0	0
Property costs	5,000	5,000	0
Net income pa	22,096	29,390	41,992

1 Acquisition Costs - Strata Purchase - standard stamp duty and settlement charges

2 Acquisition Costs - SNLL Purchase - the SNLL price includes an 8% application fee payable to Sterling First. In this example, Sterling First receives a fee of $210,000 \times 8\% = \$16,000$. The balance of 194,000 is invested in the SIT.

3 Pension - based on 2015/16 pension for a couple receiving full pension, and assumes have no other assets affecting the assets test, or income affecting the income test.

STERLING FIRST OPERATIONS

Sterling First is structured into three operating divisions, together with the SIT.

In simple terms:

- **Property Services** identifies, creates and sells the properties
- **Funds Management** manages the SIT
- **Property Management** is the manager of leased property, predominantly residential properties with some commercial properties
- **The Sterling Income Trust** is made up of four distinct investment options; the Income Units, First Mortgage Units, Development Units and (relevant to this PDS) the Management Company Units. More details about the Units classes can be found on page 5.

Property Services

Property Services operate through a wholly owned subsidiary, Sterling First Projects Pty Ltd, which holds a Real Estate Licence in WA. Property Services is responsible for:

- Property identification
- Property development
- SNLL sales
- Property sales
- Principal Agent licensing and oversight
- Rent roll growth

Property Services earns income through development profits, development management, SNLL application fees, and selling rent roll managements to the Sterling Income Trust.

Funds Management

Funds Management operates through Sterling Corporate Services Pty Ltd, which is a Corporate Authorised representative of Theta Asset Management Ltd. The Funds Management division earns income from managing the Sterling Income Trust.

Property Management

Property Management operates through Rental Management Australia Pty Ltd and Rental Management Australia (Qld) Pty Ltd, both of which are appropriately licensed in their respective states to operate property management businesses. The property management business has been in operation since 2010 and has four offices located in Port Kennedy, East Victoria Park and Bunbury in WA and Riverhills (a suburb of Brisbane) in Qld. The Property Management division currently manages approximately 2,000 properties.

The knowledge and experience Sterling First has in residential property management is what allows them to confidently expand the SNLL program, knowing they have the capability to manage these properties on a long-term basis.

Sterling Income Trust

The Sterling Income Trust is made up of four unit classes attaching to four separate sub-trusts with different asset types. The Sterling Income Trust was established in 2013, taking over the RMA Holding Trust which commenced in February 2012. The First Mortgage Units and Development Units were added in May 2015, with Management Company Units added in April 2016 pursuant to this PDS.

GENERAL**Investment Policy**

Management Company Units invest in the Management Company Share Trust and some cash.

Management Company Share Trust

The Management Company Share Trust acquires Shares in Sterling First when Shares are available for sale at a price in line with the guidelines (see page 6) less a discount to allow for transaction costs and SIT operating costs. The discount will generally be approximately three cents per Share and will pay for any transaction costs and will be put towards the costs of managing the SIT.

Income Distributions – Quarterly

Management Company Units derive their distributions from the Management Company Share Trust. It is intended that any distributions will be made quarterly.

The Management Company Share Trust generates income through receipt of dividends on Sterling First ordinary shares and preference shares. Dividends on the ordinary shares are at the discretion of the directors of Sterling First. The preference shares pay a preferred dividend of 8% per annum on a face value of \$0.20 per share plus a 10% share of net profit before tax with the first dividend payable on 31 July 2016 for the quarter ended 30 June 2016. When a preference dividend or ordinary dividend has been received, the income will be paid to the SIT and distributed to Unitholders within 7 days. Preference dividends are scheduled to commence being paid by Sterling First on 31 July 2016 and thereafter on each 31 October, 31 January, 30 April and 31 July.

The ability of the SIT to pay a distribution is therefore dependent on the financial performance of the SIT and the Management Company Share Trust and is not guaranteed. No one promises that you will earn any return on your investment or that your investment will gain or retain its value.

The SIT only pays distributions in connection with the Management Company Units where it receives distributions from the Management Company Share Trust (less the relative share of costs of the SIT). Payment of any distributions is subject to the payment of dividends in relation to the Shares by Sterling First.

For up to date information on distributions paid by the SIT please refer to www.sitfund.com.au. When reviewing historical rates of distribution, remember they are not a reliable guide to future rates of distribution. Distributions may be higher or lower or even nil.

Distributions and capital are not guaranteed.

YOUR INVESTMENT AND RISKS**About risk and return**

All investments are subject to varying risks and the value of an investment can decrease as well as increase (i.e. you can experience investment gains or investment losses). Changes in value can be significant and they can happen quickly. Different types of investments perform differently at different times and have different risk characteristics and volatility.

These are some of the reasons why you should consider investing in different types of investments (often called diversification).

The significant risks for the SIT generally, and the Management Company Units, are discussed below. Theta and SCS cannot eliminate all risks and cannot promise that the way they manage them will always be successful.

If these risks happen, Unitholders' distributions may be lower than expected or there may be none, and the value of an investment could fall.

Income Distribution Risk

The SIT receives its Management Company Unit income by way of distributions from the Management Company Share Trust.

The Management Company Share Trust will only derive income if dividends are paid on the Shares held by the trust.

The distributable income for the Management Company Units is determined as detailed on page 17. If the respective sub trust or the SIT's expenses are less than anticipated, the income distributed to Unitholders may be higher than the target distribution rates.

A Unitholder will receive any distributions from the SIT after the costs of managing the SIT have been deducted. Refer to pages 22 and 23 for information on the cost of managing the SIT.

Unitholders should note that any reference in this PDS to past performance is not a reliable guide to future performance. No distribution rate is guaranteed. Returns may be more or less than historical returns and the target returns stated.

Market Risk

Economic, technological, political or legal conditions, changes in interest rates and even market sentiment, can (and do) change, and these all affect the value of the investments in the SIT.

Investment Manager Risk

SCS may fail to perform under the Investment Management Agreement, in which case Theta will take all necessary action to safeguard Unitholders' funds.

Key Person Risk

Only a small number of investment professionals are responsible for managing the SIT and their personal

circumstances can change.

SCS aims to reduce this risk by having additional investment resources available, by increasing the size of the investment team over time and by systematising the investment decision making.

SIT Risk

Risks particular to the SIT include that it could be terminated at a date the Responsible Entity decides, the fees and expenses could change (although the Responsible Entity would always give you at least 30 days' notice if fees were to increase), Theta could be replaced as Responsible Entity and its management and staff could change. However the Responsible Entity has duties under the Corporations Act to act in the best interest of Unitholders.

Liquidity Risk

The SIT is an illiquid fund, and as such, a limited redemption facility may be offered to Unitholders and no secondary market exists. Therefore Unitholders may be unable to liquidate their investments as and when they require. However, it is expected Unitholders may be made a Conditional Redemption Offer periodically (refer to pages 5, 6, 8 and 20).

Taxation Risks

Any change in taxation laws or rates (including any duties and imposts) in jurisdictions in which the SIT operates may impact on:

- the SIT's financial performance and cash flows; and
- the SIT's ability to pay distributions and dividends.

Any changes in the current rates of taxation, duties or imposts applying to individuals and trusts will similarly impact on Unitholder returns.

Whilst all care has been taken to determine the accounting treatment of the income and capital growth associated with this investment, each Unitholder should seek their own tax advice in relation to their Unitholding.

Multi class risk

The SIT will issue multiple classes of units. As at the date of this PDS, the SIT intends to issue four classes of units, being the Income Unit class, First Mortgage Unit class, Development Unit class and the Management Company Unit class of units. The SIT may offer more classes of units in the future.

Each class is referable to a particular pool of assets and liabilities held within the SIT. When you invest in a particular class of Units, you acquire an interest in, and therefore exposure to, the assets relevant to that class. The assets and liabilities of the SIT are attributed to the relevant classes and are administered separately so the Unit price and performance of each class is independent of each other.

Risks

However, legally the assets and liabilities of a particular class are the assets and liabilities of the SIT as a whole. As such, if the SIT becomes insolvent, all classes of units will be affected, and if a particular class of units becomes insolvent then creditors may make a claim for all of the assets in the SIT and not just the assets of the insolvent class of units.

Borrowings

The SIT will not borrow, and neither will the Management Company Share Trust.

Stamp Duty

The SIT seeks legal advice as to the impact of stamp duty on all acquisitions. Such opinions may however be subject to challenge by the relevant state government revenue office.

Specific Risks for the Management Company Unit class

Individual Investment Risk

The Management Company Share Trust will be buying shares in an unlisted public company. The value of a company's shares can increase or decrease in value.

Diversification Risk

The Management Company Share Trust will only buy Sterling First shares and will not have a diversified portfolio, as the intent is to allow unitholders to have an interest in the management company benefiting from the funds raised in the SIT.

Liquidity Risk

The Management Company Share Trust will be buying shares in an unlisted public company. There may be no ready market into which these shares can be sold.

The intention is to make Conditional Redemption Offers available to Management Company Unitholders monthly. Unitholders can choose to redeem for cash, or for a distribution in specie of the underlying Shares, or a combination of both.

For Unitholders choosing to redeem for a distribution in specie of the underlying Shares, transfer of the Shares will take place on the last day of each month.

For Unitholders choosing to redeem for cash, payment will take place on the last day of each month subject to sufficient funds being available through subscription monies received for new Management Company Units. If a redemption request has not been fully paid in a particular period, that redemption request will be carried forward to the ensuing period(s).

A Unitholder can indicate their desire to redeem their Units by completing the Redemption Application Form attached to this PDS.

Please note, Conditional Redemption Offers are not guaranteed.

Market Risk

Economic, technological, political or legal conditions, changes in interest rates and even market sentiment, can (and do) change, and this can mean that changes in the value of investment markets can effect the value of Sterling First shares.

HOW TO INVEST

You can invest from \$2,000 and thereafter in \$500 increments. Complete a current Application Form and send it to the Investment Manager's office (the Application Form is attached to this PDS):

Registry Direct
PO Box 18366
Collins Street East, VIC 8003

Cheques should be made payable to Sterling Income Trust – Application Account.

If paying by Electronic Funds Transfer the banking details of the Application Account is as follow:

Account Name:	Theta Asset Mgt Ltd atf SIT Application Account
Bank:	NAB
BSB:	082-080
Account:	14-595-6791

Any interest earned on application monies is credited to the benefit of the SIT.

COOLING-OFF RIGHTS

Cooling-off rights do not apply to an investment in Units pursuant to the Offer. This means that you cannot withdraw your Application once it has been accepted.

APPLICATION PRICE

The Application Price for the Management Company Units is determined by the Responsible Entity, in accordance with the Constitution, at the time an application is processed. Up until 31 July 2016, the issue price of the Management Company Units under this offer will be \$0.80 per unit. Thereafter (or at such other time as the Responsible Entity determines), the issue price ("Current Unit Price") is determined with reference to the price to be paid to acquire Shares in Sterling First. When determining the price to be paid, the Investment Manager will use the following guidelines:

In respect of the ordinary shares:

- 1 The most recent price paid for a public issue of ordinary shares made by Sterling First;
- 2 a multiple of earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") of five times;
- 3 other independent off market transfer prices; and
- 4 listed transfer prices, if Sterling First is listed on a securities exchange.

In respect of the preference shares:

- 1 the most recent price paid for a public issue of preference shares made by Sterling First;
- 2 the capitalisation of the previous half years dividends annualised and capitalised at the rate of 8%;
- 3 other independent off market transfer prices; and

- 4 listed transfer prices, if Sterling First is listed on a securities exchange.

The Management Company Share Trust must always acquire 1 ordinary share with 3 preference shares.

The final decision to acquire or not acquire Shares at a particular price is at the absolute discretion of the Investment Manager.

Based on the current subscription price of \$0.80 per units, and the 1 ordinary share and 3 preference shares being acquired for that in the Management Company Share Trust, that assumes a value for each ordinary share of \$0.20 and for each preference share of \$0.20, with the calculation being $(1 \times \$0.20) + (3 \times \$0.20) = \$0.80$.

By way of example, if in the future, the price to be paid for the ordinary shares is \$0.30, and the price for the preference shares is \$0.22, then the calculation to determine the Application Price is: $(1 \times \$0.30) + (3 \times \$0.22) = \$0.96$.

The Current Unit Price will be determined on each month end at 5.00pm (WST) and published on www.sitfund.com.au. Applications will be processed each Monday based on the previously published Current Unit Price.

The Responsible Entity has a documented policy in relation to the guidelines and relevant factors taken into account when calculating Unit prices (called the Unit Pricing Policy). The Responsible Entity keeps records of any decisions which are outside the scope of the unit pricing policy, or inconsistent with it. A copy of the unit pricing policy and records is available free on request.

REDEMPTION OF UNITS

The SIT is not listed on any securities exchange, and is considered an illiquid investment. There is no guaranteed redemption of Units, however Unitholders may be able to redeem their Units via a Conditional Redemption Offer, which will be made to Unitholders in a particular class at the discretion of the SIT. The intention is to make Conditional Redemption Offers available to Management Company Unitholders monthly. Unitholders can choose to redeem for cash, or for a distribution in specie of the underlying Shares or a combination of both.

For Unitholders choosing to redeem for a distribution in specie of the underlying Shares, transfer of the Shares will take place on the last day of each month. Additional, and ongoing disclosure information about the Shares is available to be viewed at www.sterlingfirst.com.au.

For Unitholders choosing to redeem for cash, payment will take place on the last day of each month subject to sufficient funds being available through subscription monies received for new Management Company Units. If a redemption request has not been fully paid in a particular period, that redemption request will be carried forward to the ensuing period(s).

Your Investment

A Unitholder can indicate their desire to redeem their units by completing the Redemption Application Form attached.

Please note, Conditional Redemption Offers are not guaranteed.

DISTRIBUTION PAYMENT

Distributions are payable by the SIT on the Management Company Units if a distribution is received from the Management Company Share Trust.

If distributions are payable the SIT will make the distribution within one month after the end of each quarter ending on 31st March, 30th June, 30 September and 31st December.

Income distributions are not guaranteed.

CHANGES OF DETAILS

If you change any of your details, including contact details, distribution instructions, bank account details or account operating instructions, please advise us by contacting Registry Direct on 1300 55 6635.

Alternatively, you can update your details online at www.registrydirect.com.au/investor, or in writing.

Please send all correspondence to:

Registry Direct
PO Box 18366
Collins Street East, VIC 8003

TAX

In all likelihood you will need to pay tax in relation to your investment in the SIT, generally income or capital gains tax, but you might be able to claim some tax credits or have the benefits of some concessions.

Your tax liability ultimately depends on your circumstances, for example, whether you are an Australian resident or whether you are investing via a superannuation fund. Therefore, it is important that you seek professional advice before you invest or deal with your investment.

Theta will send you the information you need each year to help you to complete your tax return.

Will I be liable to pay tax on money I receive from the SIT?

Probably yes, whether the money is actually paid to you.

The tax impact for you depends on what makes up the distributions. Distributions could comprise:

- income (like dividends and interest);
- net taxable capital gains (from the sale of the SIT's investments); and
- tax credits (like franking credits attached to dividend income).

Do I need to give you my tax file number (TFN) or Australian business number (ABN)?

It is up to you, but we recommend it strongly.

If you choose not to provide us with your TFN or ABN and you do not have an exemption, we must deduct tax at the highest personal rate, plus the Medicare levy, before passing on any distribution to you. The law is very strict on how we can use these details. It is not compulsory to provide a TFN or ABN and it is not an offence to decline to provide them. To avoid withholding tax being applied to your account, applicants may include a TFN or ABN, as applicable, when completing the Application Form.

Does the SIT have to distribute taxable income?

The terms of the Constitution provide that the taxable income of the SIT must be distributed to Unitholders. This means the SIT should not be liable for income tax on its income. Any income distributed to Unitholders must be included in the taxable income of the Unitholder.

Does the SIT pay tax?

The SIT is not expected to be taxed as a company.

Fees and Other Costs

The following is a general disclosure required pursuant to the Corporations Act in relation to the SIT.

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30 year period.

(for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the SIT or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website (www.moneysmart.asic.gov.au) has a managed investment fee calculator to help you check out different fee options.

This document shows fees and other costs that you may be charged. These fees and costs may be deducted from your money or from the returns on your investment or from the assets of the SIT as a whole.

Taxes are set out in another part of this document.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

Sterling Income Trust		
Type of fee or cost	Amount	How and when paid
Fees when your money moves in or out of the SIT		
Establishment fee: The fee to open your investment	Nil	Not applicable
Contribution fee: The fee on each amount contributed to your investment	Nil	Not applicable
Withdrawal fee: The fee on each amount you take out of your investment	Nil	Not applicable
Exit fee: The fee to close your investment	Nil	Not applicable
Management costs The fees and costs for managing your investment		
Administration and investment costs	<p>An Investment Manager's Fee being 1% per annum of the FUM.</p> <p>A Responsible Entity fee being the greater of \$50,000 or 0.15%* per annum of the FUM.</p> <p>An annual audit management fee up to \$7,500.</p> <p><i>For a worked dollar example of the fees, see "Example of annual fees and costs" on page 23.</i></p>	<p>Payable quarterly in arrears from the SIT assets.</p> <p>Payable quarterly in arrears from the SIT assets.</p> <p>Payable annually in the December quarter from the SIT assets.</p>
Recoverable expenses	<p>SIT expenses, other than Administrative and investment cost, are estimated to be approximately \$65,000.</p> <p><i>For a worked dollar example of the fees, see "Example of annual fees and costs" on page 23.</i></p>	<p>Paid as incurred. This amount is paid from the SIT assets. Please refer to 'Additional explanation of fees and costs' on page 23 for more information.</p>
Service Fees		
Switching fee: The fee for changing investment options	Nil	Not applicable

* \$1,500 per \$1,000,000 gross value of the SIT

Fees and Other Costs

Additional explanation of fees and costs

Recoverable expenses

There is no limit on the total amount of expenses that can be recovered provided such expenses are properly incurred. The next full financial year's operations expenses are estimated to be \$300,000, made up of administrative and investment costs of approximately \$235,000, and recoverable expenses of \$65,000. These expenses include, but are not limited to audit fees, insurance, accounting fees and ASIC fees.

Can fees be different for different investors?

No, all Unitholders are subject to the same fee structure.

Can the fees change?

Yes, all fees can change. Reasons might include changing economic conditions and changes in regulation. The Constitution for the SIT sets the maximum amount Theta can charge for all fees. If Theta wished to raise fees above the amounts allowed for in the SIT Constitution, Theta would need the approval of Unitholders. Theta will give you 30 days written notice of any proposed increase to the fees (but not expenses) as stated in the PDS.

The Responsible Entity Fee and audit management fee are subject to annual review and CPI adjustment.

Government charges and taxation

Government taxes such as GST will be applied to your account as appropriate. In addition to the fees and costs

described in this section, standard government fees, duties and bank charges may also apply such as stamp duties. Some of these charges may include additional GST and will apply to your investments and withdrawals as appropriate.

These fees are included in the fees outlined in the tables. Please note the fees in the tables do take into account any reduced input tax credits which may be available so the fees may be overstated in some cases.

Buy/Sell spread

No buy/sell spread is payable on acquisition or disposal of Units.

Alternative Remuneration

The SIT does not pay commissions to financial advisers. Subject to the law, Theta may make product marketing payments out of the administration and investment costs. These are not additional amounts borne by Unitholders. They are paid entirely by us, either as a cash payment or in the form of additional Units which we purchase.

Example of annual fees and costs

This table gives an example of how the fees and costs for this managed investment product can affect your investment over a one year period. You should use this table to compare this product with other managed investment products.

EXAMPLE		Balance of \$50,000 with total contributions of \$5,000 during the year
Contribution Fees	0%	For every additional \$5,000 you put in, you will be charged \$0.
PLUS Management Costs	2.01%*	And, for every \$50,000 you have invested in the SIT you will be charged \$1,005 each year**.
EQUALS Cost of SIT	2.01%*	If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of \$1,005*** .

* Based on FUM of \$14,980,858.

**These fees are paid directly by the SIT. Any distributions paid by the SIT are paid after payment of all Management Costs.

***The Corporations Act requires that when calculating management costs in this table, Theta must not include contributions made during the year or allow for any positive performance that may occur (e.g. Theta must assume that the value of the investment remains at \$50,000 and the Unit price does not fluctuate). Please be aware that management costs actually incurred will depend on the market value of the investment and the timing of any contributions (including any reinvestment of distributions) during any 12 month period.

SUMMARY OF MATERIAL AGREEMENTS**Investment Management Agreement between Theta and SCS**

Key provisions include:

1. Parties: Theta in its capacity as Responsible Entity of SIT and SCS.
2. The agreement is for a term of 5 years commencing on 6 November 2012. If at the end of this period the agreement is not extended (or replaced by a new agreement between the parties), Theta can perform itself the functions it previously appointed SCS to perform, or engage another party to act on its behalf. Alternatively, a new responsible entity may be appointed by Unitholders pursuant to an extraordinary resolution, in accordance with the procedure outlined in paragraphs (3)(d) and (6)(d) below.
3. Theta:
 - (a) Appoints SCS to act as Investment Manager and manage the SIT's assets and prepare any PDS and promotional material for the SIT on behalf of Theta.
 - (b) Has various duties and obligations with respect to the SIT and its assets and liabilities, preparing the SIT's compliance plan, establishing the SIT's compliance committee, maintaining an AFSL and reviewing, commenting, approving and issuing any PDS or promotional material.
 - (c) May be requested by SCS to resign as responsible entity of the SIT. This will result in Theta calling a meeting of Unitholders, so the Unitholders can decide whether or not to give effect to the request. Unitholders must vote on an extraordinary resolution to choose a new responsible entity before Theta can be replaced. The notice of meeting materials provided to Unitholders will explain the reasons for the proposed change of responsible entity. The extraordinary resolution must be passed by at least 50% of the total votes that may be cast by Unitholders entitled to vote (including Unitholders who are not present in person or by proxy), in order to change the responsible entity.
 - (d) Can vary decisions of SCS (as Investment Manager) that in the opinion of Theta would contravene or be likely to contravene, or breach duties and obligations under, the law, the SIT's Constitution, Compliance Plan or PDS, or Theta's AFSL, or would not be in the best interests of Unitholders.
 - (e) Holds through the Custodian all property and rights attached to the SIT.
4. SCS (as Investment Manager, acting on behalf of Theta) has certain functions, duties and obligations with respect to managing the SIT assets and any SIT PDS and promotional material. When a distribution is paid by the Management Company Share Trust to the SIT, SCS will perform necessary reconciliations and liaise with the Custodian to enable distributions to be made to Unitholders. SCS will also prepare any SIT PDS or promotional material, and obtain legal sign-off, on behalf of Theta, and must also provide specified reports for Theta.
5. SCS is entitled to be reimbursed for all out of pocket expenses, and will be paid a fee per annum equal to 1% of FUM.
6. SCS is required to provide regular reports to Theta in relation to the SIT, its assets, any conflicts of interest (actual or perceived) and other compliance matters on a monthly, quarterly and annual basis.
7. Termination:
 - (a) Either party may terminate the agreement by giving three months notice.
 - (b) Either party may terminate the agreement immediately upon the occurrence of a termination event (such events being broadly in line with industry standard termination events) or if Theta ceases to be the Responsible Entity of the SIT.
 - (c) If SCS terminates the agreement without giving notice where Theta is not in breach, SCS must pay Theta a fee (this fee is not payable out of SIT Assets).
 - (d) Theta may terminate the agreement if it is required to do so by law.
 - (e) If Theta terminates the agreement when it is not required to do so by law, or SCS terminates the agreement, then Theta will call a meeting of Unitholders to vote on a resolution to remove Theta as Responsible Entity, so the Unitholders can decide whether or not to give effect to the request. Unitholders must vote on an extraordinary resolution to choose a new responsible entity before Theta can be replaced. The notice of meeting materials provided to Unitholders will explain the reasons for the proposed change of responsible entity. The extraordinary resolution must be passed by at least 50% of the total votes that may be cast by Unitholders entitled to vote (including Unitholders who are not present in person or by proxy), in order to change the responsible entity.
 - (f) If SCS does not consent to its removal as Investment Manager, a fee equivalent to 3% of FUM must be paid to SCS (this fee is not payable out of SIT Assets).
 - (g) If Theta does not consent to its removal as Responsible Entity, a fee equivalent to 0.15% of FUM must be paid to Theta (this fee is not payable out of SIT Assets).
8. The Investment Management Agreement contains standard provisions including those relating to confidentiality, warranties and indemnities and insurance.

Additional Information

DISCLOSURE OF INTERESTS

Other than as stated in this Section 7 and elsewhere in this PDS:

- Theta is entitled to receive the fees set out on page 22.
- SCS is the Investment Manager of the SIT and the Management Company Share Trust and is a wholly owned subsidiary of Sterling First.
- Ray Jones, a director of SCS, currently holds directly and beneficially 0 Management Company Units and 29,453,543 Shares.
- Brian Ruzich, a director of SCS, currently holds directly and beneficially 0 Management Company Units and 2,073,650 Shares.
- Ken Pratt, a director of SCS, currently holds directly and beneficially 0 Management Company Units and 3,250,000 Shares.

SIT Constitution

In addition to the information set out at page 11 of this PDS, key provisions of the Constitution include:

- holding of assets on trust for Unitholders;
- application price for any securities to be issued;
- application procedures for Unitholders;
- valuation of assets;
- income and distributions payable to Unitholders;
- powers of the Responsible Entity;
- issuing of notices to Unitholders;
- meeting of Unitholders;
- rights and liabilities of the Responsible Entity;
- remuneration and expenses of the Responsible Entity;
- duration of the SIT;
- compliance committee;
- complaints procedure; and
- an ability (but not obligation) to list the SIT on the ASX.

Disclosure of Directors' Interests - Responsible Entity

Other than as stated below and elsewhere in this PDS:

- (i) No amount has been paid or agreed to be paid and no benefit has been given or agreed to be given to a director, or proposed director of the Responsible Entity to induce them to become, or qualify as, a director;
- (ii) None of the following persons:
 - a director or proposed director of the Responsible Entity;
 - each person named in this PDS as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this PDS; or
 - a promoter of the SIT;

holds or has held at any time in the two years before issue of this PDS, an interest in the formation or promotion of the SIT, business acquired or proposed to be acquired by the SIT in connection with its formation or promotion, or was paid or given or agreed to be paid or given, any amount or benefit for services provided by such persons in connection with the formation or promotion of the SIT, except as set out elsewhere in this PDS and below.

The directors of the Responsible Entity currently receive remuneration in their capacity as directors of Theta and none of the directors are remunerated directly by the SIT.

None of the directors of the Responsible Entity currently have an interest held either directly or indirectly in Units in the SIT. However, Robert Marie holds either a direct or indirect interest in 440,295 Shares.

Directors may purchase Units through subsequent offers made by the SIT.

No director received or became entitled to receive any benefit because of a contract made by the SIT with a director or with a firm of which a director is a member, or with an entity in which the director has a substantial interest.

OTHER COMPLIANCE INFORMATION

The Compliance Plan and Compliance Committee

As required by law, Theta has prepared and lodged with ASIC, a Compliance Plan for the SIT which sets out measures that Theta shall apply in operating the SIT to ensure compliance with the Corporations Act, and the SIT's Constitution.

The Compliance Plan identifies the personnel or service providers structure of Theta and the duties of Theta as a whole, as well as the duties and the procedures and systems for Theta to implement concerning various aspects of the management function, including:

- the meetings and reports of the Compliance Committee;
- the engagement of external service providers;
- the safe keeping and inspection of records;
- the maintenance and audit of books of accounts;
- the valuation of the property;
- reporting to Unitholders;
- the borrowings of the SIT;
- managing conflicts of interest; and
- handling, collecting and dealing with money received for the SIT.

The Compliance Committee has been established to monitor compliance by Theta with the Compliance Plan and Constitution and report to Theta on a regular basis regarding its adherence to the Compliance Plan, the Corporations Act and the SIT's Constitution.

The Compliance Committee is to report to ASIC if Theta does not address any issues raised in an adverse report issued to Theta. The Compliance Committee is currently comprised of 3 members, with at least two thirds of the Committee being 'external' in accordance with s601JB of the Corporations Act.

Additional Information

The Responsible Entity's Financial Capacity

There are strict financial obligations to which a Responsible Entity must adhere under its AFSL issued by ASIC. Theta must maintain a minimum level of net tangible assets ("NTA") to meet this criteria. In accordance with the Compliance Plan, Theta's financial capacity is monitored at least monthly.

Theta has engaged an external Custodian who must maintain minimum NTA of \$10 million at all times.

Professional Indemnity and Fraud Insurance

As at the date of this PDS, Theta has an insurance policy covering professional indemnity, to an amount of \$2,000,000 per claim with an aggregate cap of \$5,000,000 per annum.

Conflicts of Interest and Related Party Transactions

It is not intended that the Responsible Entity (on behalf of the SIT), will invest in, or provide any loans or guarantees to, its related parties apart from its investment in the RMA Holding Trust, First Mortgage Trust, Property Development Trust, and the Management Company Share Trust (each being wholly owned trusts of the SIT). Theta has a policy for dealing with related party transactions. This policy is designed to meet its obligations under the Corporations Act.

The Compliance Committee of Theta oversees the management of any conflicts regarding related party transactions.

A conflict of interest policy has been adopted by Theta. It seeks to address potential conflicts of interest between schemes managed by Theta and any conflicts within the SIT generally.

Theta keeps a register of all potential conflicts of interest.

Sterling First is the holding company of SCS, the Investment Manager of the SIT, the trustee of the Management Company Share Trust.

Consents and Disclaimers

Sterling Corporate Services Pty Ltd has given and not before the date of this PDS withdrawn its consent to being named in this PDS in its paper and electronic form in the form and context in which the statements referring to it appear. Sterling Corporate Services Pty Ltd has not caused the issue of or in any way authorised this PDS and takes no responsibility for the issue of this PDS.

Sterling First (Aust) Limited has given and not before the date of this PDS withdrawn its consent to being named or any of its wholly owned subsidiaries to be named in this PDS in its paper and electronic form in the form and context in which the statements referring to it appear. Sterling First (Aust) Limited has not caused the issue of or in any way authorised this PDS and takes no responsibility for the issue of this PDS.

Disclosing Entity Reporting Requirements

Whilst not all of the Unit classes of the SIT has 100 Unitholders or more, management are treating it as a "disclosing entity" for the purposes of the Corporations Act. This means the SIT will become subject to regular reporting and disclosure obligations. Copies of any documents lodged with ASIC in relation to the SIT may be obtained from, or can be inspected at, an ASIC office or on SIT's website, www.sitfund.com.au. Unitholders have a right to obtain a copy, free of charge, in respect of the SIT, of the most recent annual financial report and any half-yearly financial report lodged with ASIC after that most recent annual financial report and any continuous disclosure notices given by the Responsible Entity. Any continuous disclosure obligations the Responsible Entity has will be met by following ASIC's good practice guidance via website notices rather than lodging copies of those notices with ASIC. Accordingly if the SIT becomes a disclosing entity and the Responsible Entity becomes aware of material information that would otherwise be required to be lodged with ASIC as part of its continuous disclosure obligations, the Responsible Entity will ensure that such material information will be made available as soon as practicable on www.sitfund.com.au.

If you would like hard copies of this information, call Theta on +61 2 8012 0638 and it will send to you free of charge.

Privacy and Personal Information

Information provided by applicants on the Application Form is collected for the primary purpose of issuing Units in the SIT.

The information will also be used to forward to you periodic information relating to your investment in the SIT and from time to time provide to you information of a generic or marketing nature relating to the SIT. Your personal information will not be made available to any third party, other than as required by law and to service providers for permitted related purposes (for example, auditors, consultants and advisers) for the purpose of administering the investment.

By executing the Application Form, you provide your consent to the SIT to disclose your information to such service providers and to use your information for the purposes referred to above. If you wish to request access to your information or if you have any complaint in relation to the manner in which the SIT has handled your information, please contact Theta.

For more information relating to the SIT privacy policy please contact Theta on +61 2 8012 0638.

AET collects your personal information for primarily purpose of providing custodial services to the SIT responsible entity and for ancillary purposes detailed in the Privacy Policy. AET may disclose your personal information, such as, your name and contact details, along with your account information to its related bodies corporate, the responsible entity, professional advisers, the land titles office and/or as otherwise instructed by the responsible entity. We are also permitted to collect and disclose your personal information when required or authorised to do so by law. AET is not likely to disclose your personal information to overseas recipients. Your personal information will be used in accordance with AET's Privacy Policy. The Privacy Policy contains information about how you may access or correct your personal information held by AET and how you may complain about a breach of the Australian Privacy Principles. You may obtain a copy of the Privacy Policy at www.aetlimited.com.au/privacy.

Complaints Handling

Theta has procedures in place to properly consider and deal with any complaints received from Unitholders. Where a Unitholder has a complaint, at first instance, you should contact the Compliance Manager at Theta on 02 8012 0638 or write to Theta at PO Box Q423 QVB Sydney NSW 1230.

The Compliance Manager will generally acknowledge receipt of the complaint within two working days and make every effort to resolve the complaint within one month.

If your complaint is not resolved to your satisfaction you can contact the following independent external complaints resolution scheme of which Theta is a member:

Financial Ombudsman Service Ltd ("FOS")

GPO Box 3, Melbourne VIC 3001

Hours: 9am to 5pm AEST weekdays

Phone: 1300 780 808 or (03) 9613 7366

Fax: (03) 9613 6399

Email: info@fos.org.au - Website: www.fos.org.au

FOS can consider claims of up to \$500,000 (or higher if Unitholders and Theta agree in writing). FOS is only able to make a determination of up to \$280,000 per managed investment claim (excluding compensation for costs and interest payments). These monetary limits and FOS terms of reference do change from time to time. Visit the FOS website for further details.



In this PDS, the following definitions apply unless the context requires otherwise.

\$	Australian dollars
AFSL	Australian Financial Services Licence
Application	The application for Units pursuant to this PDS
Application Form	The application form attached to or accompanying this PDS
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange Limited
Compliance Plan	The compliance plan of the SIT as amended from time to time
Constitution	The Constitution of the SIT as amended from time to time
Corporations Act	The <i>Corporations Act 2001</i> (Cth)
Custodian or AET	Australian Executor Trustees Limited ABN 84 007 869 794 AFSL 240023
First Mortgage Trust	Sterling Corporate Services Pty Ltd ACN 158 361 507 as trustee for the First Mortgage Trust
FUM	Funds under management
Holding Statement	Holding Statement for the SIT
Investment Manager or SCS	Sterling Corporate Services Pty Ltd ACN 158 361 507
Investment Management Agreement	The agreement between Theta and SCS appointing SCS to manage the assets of the SIT.
LCR	Loan to Cost Ratio. This is a ratio used in real estate construction to compare the amount of the loan used to finance a project to the cost to build the project. If the project cost \$1 million to complete and the borrower was asking for \$800,000, the LCR would be 80%. The costs included in the \$1 million cost figure would be land, construction materials, construction labor, professional fees, permits and so on.
LVR	Loan to Value Ratio
Management Company Share Trust	Sterling Corporate Services Pty Ltd ACN 158 361 507 as trustee for the Management Company Share Trust
Property Development Trust	Sterling Corporate Services Pty Ltd ACN 158 361 507 as trustee for the Property Development Trust
Offer	The offer of Management Company Units in the SIT pursuant to this PDS
PDS	product disclosure statement
Rent Roll	A collection of RMAs operated as a property management business
Responsible Entity or Theta or we or us	Theta Asset Management Limited ABN 37 071 807 684, AFSL 230920

Glossary

RMA Holding Trust	Rental Management Australia Pty Ltd ACN 160 167 108 as trustee for the RMA Holding Trust
RMAPL	Rental Management Australia Pty Ltd ACN 160 167 108
SIT	The Sterling Income Trust ARSN 158 828 105 or Theta as Responsible Entity for the Sterling Income Trust
Shares	refers to 1 ordinary shares and 3 preference shares in Sterling First
SNLL	Sterling New Life Lease
Sterling First	Sterling First (Aust) Limited ACN 610 352 826
Sterling First group	The group of companies for which Sterling First is the holding company and includes, RMAD, RMAPL and SCS
Unit	A fully paid Unit in the SIT (e.g. a Management Company Unit issued pursuant to this PDS)
Unitholder	A holder of a Unit in the SIT

Application Details

Applications must be made on the Application Form attached to this PDS. An Application Form must not be handed to another person unless attached to, or accompanied by, the PDS.

Please complete all sections of the relevant Application Form. The following is a guide to completing the Application Form. If you have any questions, please phone Registry Direct on 1300 556 635 (Aust) or +61 3 9020 7935 (Int).

Instructions for Completing the Application Form

Amount Subscribed

Please insert the AMOUNT you wish to subscribe. Your application must be for a minimum of \$2,000 and thereafter in \$500 increments.

Investor Details

This must be either your own name/s or the name of a company. Trustees of a superannuation fund, trust, partnership or minor should also write their name/s in this area and put an account designation at Section C. Refer to the table entitled 'Correct Forms of Registrable Names' at page 31.

Account Designation

Registrations on behalf of a superannuation fund, trust, partnership or minor should indicate an account designation as per the examples in the table entitled 'Correct Form of Registrable Names' at page 31.

Tax File Number/s (TFN), Australian Business Number/s (ABN), Australian Company Number/s (ACN) or Exemptions

Please enter your TFN, ABN or ACN if a business account, or EXEMPTION CODE/S.

Where applicable, please enter the TFN and ABN/ACN for each joint applicant. Collection of tax file numbers is authorised by tax law and the Privacy Act 1988. It is not compulsory to provide your TFN. However, if you do not do so, tax will be deducted from your distributions at For more information about tax file numbers or available exemptions please contact your nearest the Australian Taxation Office.

Contact Details

Enter your MAILING ADDRESS for all future correspondence from the SIT in relation to your holding in the SIT. Please provide your TELEPHONE NUMBER/S, CONTACT NAME/S and EMAIL ADDRESS in case we need to contact you in relation to your Application.

Payment Details

If paying by cheque: Cheques must be crossed 'not negotiable' and made payable to "Sterling Income Trust Application Account".

Payment must be made in Australian currency. Cheques not properly drawn may be rejected. Please attach your cheque securely to the Application Form.

If paying by Electronic Funds Transfer the banking details of the Application Account is as follow:

Account Name: Theta Asset Mgt Ltd atf SIT Application Account
Bank: NAB
BSB: 082-080
Account: 14-595-6791

Details of Bank Account to receive Income Distribution

Provide full details of the account, bank and branch in the spaces provided on the form.

Please note, distributions cannot be paid in the form of a cheque.

Note: Please read the declaration on the reverse of the Application Form before submitting.

colour coding on Application Form



To be read by all subscribers



To be completed by all subscribers



To be completed for **individual** and **individual trustee** subscribers



To be completed by **companies** and **company trustee** subscribers



To be completed by **trust** subscribers

If a trust has an **individual trustee** - both the gold and purple sections will need to be completed.

If a trust has a **corporate trustee** - both the red and purple sections will need to be completed.

Application Details

Correct Form of Registerable Names

Only legal entities are allowed to hold Units in the SIT. Applications must be in the name(s) of natural persons, companies or other entities acceptable to the SIT. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registerable name may be included by way of an account designation if requested. Use the symbols < > as shown below to indicate an account designation.

Type of Investor	Application Form Ref.	Correct Form of Application	Incorrect Form of Application
Individuals Use given names in full, do not use initials	A	Mr John David Smith	J D Smith
Companies Use company name, do not use abbreviations	B	ABC Pty Ltd	ABC P/L or ABC Co
Trusts Use trustees personal names or corporate names, do not use name of trust	A/B C	Smith Co. Pty Ltd <Joan Susan Smith Family A/C>	Joan Susan Smith Family Trust
Superannuation Funds Use trustees personal names or corporate names, do not use name of the fund	A/B A C	Mr John David Smith Mrs Joan Susan Smith <Smith Super Fund A/C>	John and Joan Superannuation Fund
Partnerships Use partners full names, do not use the partnership name	A A C	Mr John David Smith Mrs Joan Susan Smith <Smith and Co A/C>	Smith and Co.
Minors (persons under 18) Use name of parent or guardian, do not use the name of the minor	A C	Mr John David Smith <John Smith Jnr A/C>	John Smith Jnr
Clubs/Incorporated Bodies/ Business Names Use office bearer names, do not use name of club etc	A C	Mr John David Smith <ABC Investors Club A/C>	ABC Investors Club

Application Details

Anti-Money Laundering and Counter Terrorism Financing

Applications to invest in the SIT are subject to the requirements of applicable anti-money laundering and counter terrorism financing laws and Theta's requirements.

Investors must provide verification of their identity. Please refer to the table on pages 32 and 33 to determine which documents you will need to provide. Applications will not be accepted into the SIT until this has been completed. In some instances, such as the case of determining the beneficial owner of the investor, Theta may request additional information. This must also be provided to proceed with the application.

Application monies must be given by cheque or electronic funds transfer originating from an Australian bank. If applicants wish to pay for their investment with a cheque drawn on a bank in another country or to transfer funds from a foreign bank, additional documentation may be requested and the application will not be processed until satisfactory documentation has been provided to us. Theta reserves the right to reject an application.

If you apply through a financial planner or other advisor, they may assist you to obtain the necessary documentation and provide it to us. If you apply directly and need assistance with the form or understanding the documentation requirements, you should contact the Registry Direct on

1300 556 635 (Aust) or +61 3 9020 7935 (Int) or check our website www.sitfund.com.au for details on what you need to provide.

Foreign Account Tax Compliance Act (FATCA)

FATCA is a US regulatory requirement that aims to deter tax evasion by US taxpayers. The Australian Government has entered into an Inter-Governmental Agreement (IGA) with the US Government for the exchange of US tax payer information. Under the IGA, financial institutions (including managed investment schemes) must report US tax payer information via the Australian Tax Office to the US IRS.

To meet these obligations, each investor must complete the FATCA Self-certification Declaration form included in the PDS at page 41.

Neither Theta nor the Manager are able to provide you with any tax or professional advice in respect of FATCA or the IGA and we encourage you to seek the advice of a tax or professional advisor in relation to completing the form.

New Direct Investors only

If you are not investing through a dealer, IDPS or other financial adviser, then you must provide the following documentation to the SIT along with the completed Application Form. This table contains a list of acceptable identification materials.

Individual

Please provide the documentation from either A or B:

A. A current original or certified copy of one of the following:

- an Australian driver's licence containing a photograph of the person
- an Australian passport
- an identification card issued by a state or territory of Australia that contains the date of birth and a photograph of the card holder, or
- a foreign government, the United Nations or a United Nations agency issued passport or similar travel document containing a photograph and signature of the person.

B. A current original or certified copy of one of the following:

- an Australian birth certificate or birth extract
- an Australian citizenship certificate
- a pension card issued by Centrelink
- a foreign driver's licence that contains a photograph of the person*
- a citizenship certificate issued by a foreign government*, or
- a birth certificate issued by a foreign government, the United Nations or a United Nations agency.

Plus

One of the following:

An original or certified copy of a notice that contains the name and residential address of the person, and is:

- issued by the Commonwealth or a state or territory of Australia within the preceding 12 months that records the provision of financial benefits to the person
- issued by the Australian Taxation Office within the preceding 12 months, and records a debt payable to or by the person by or to the Commonwealth, or
- issued by a local government or utilities provider in Australia within the preceding 3 months that records the provision of services to that address or to that person.

* This form of identification may need to be accompanied by an English translation prepared by an accredited translator.

Application Details

Individual acting in the capacity of a sole trader

Please provide the documentation for verification of individuals (listed above) and a business name search.

Company

Please provide the following:

A search of the ASIC databases showing:

- the full name of the company
- whether the company is registered as a proprietary or public company
- the ACN
- the address of the company's registered office
- the address of the company's principal place of business
- the names of each director (only provide if a proprietary company)
- the names and addresses of each beneficial owner (only provide if a proprietary company that is not licensed and is not subject to regulation).

Trust (including Self-Managed Super Funds and other Superannuation Funds)

Please provide the following:

- for a registered managed investment scheme, regulated trust or a government superannuation fund:
 - an ASIC search confirming the registration of the managed investment scheme, or
 - an extract from relevant legislation confirming registration of the government superannuation fund.
- for all other trusts (including wrap trusts/master trusts/IDPS, SMSF) please provide the original trust deed or a certified copy or certified extract of the trust deed confirming the following:
 - the full name of the trust
 - the type of trust
 - the country where the trust was established
- For trusts other than an Australian registered managed investment scheme, regulated trust (e.g. SMSF or complying superannuation fund) or government superannuation trust, please provide
 - the name of each beneficiary or details of the class of beneficiary
 - the name of the settlor of the trust (being the person(s) who settles the initial sum or assets to create the Trust

Note: if the trust is a unit trust (other than a registered managed investment scheme or regulated trust) then you will need to provide a certified extract of the trust register to confirm the name of each beneficiary.

If the trustee is an individual, please also provide documentation required for individuals (listed on page 32).

If the trustee is a company, please also provide documentation required for companies (listed above).

Partnership

Please provide the following:

- a partnership agreement, certified copy or certified extract of the partnership agreement, or
- a certified copy or certified extract of minutes of a partnership meeting showing:
 - the full name of the partnership
 - the full business name of the partnership, as registered under any state or territory of Australia business names legislation
 - the country in which the partnership was established, and
 - the full name and residential address of each partner.

Please also provide the documentation required for individuals (listed on page 32) for one partner.

Beneficial Ownership

For each beneficial owner please provide documentation required for individuals

Note: A beneficial owner is an individual who ultimately owns 25 per cent or more or controls (directly or indirectly) the company. "Control" includes exercising control through the capacity to determine decisions about financial or operating policies; or by means of trusts, agreements, arrangements, understanding & practices; voting rights of 25% or more; or power of veto. If no such person can be identified then the most senior managing official/s of the company (such as the managing director or directors who are authorised to sign on the company's behalf) must be noted and identified. In the case of a trust, a beneficial owner includes the appointor of the trust (i.e. the person who appoints or removes the trustee(s)), the settlor of the trust, and beneficiaries with at least a 25% interest in the trust.

Application Details

Lodging the Application Form

The completed Application Form, FATCA Form and supporting identification documents should be forwarded to:

Registry Direct

Level 6, 2 Russell Street, Melbourne VIC 3000
PO Box 18366, Collins Street East, VIC 8003
Email: registry@registrydirect.com.au

Enquiries

FreeCall: 1300 556 635
Telephone: +61 3 9020 7935
Facsimile: +61 3 9111 5652
Web: www.registrydirect.com.au

Certified Copy of an Original Document

Certified copy means a document that has been certified as a true copy of an original document.

Certified extract means an extract that has been certified as a true copy of some of the information contained in a complete original document by one of the persons described in the sub-paragraphs below.

People who can certify documents or extracts are:

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

The eligible certifier must include the following information:

- Their full name
- Address
- Telephone number
- The date of certifying
- Capacity in which they are eligible to certify, and
- An official stamp/seal if applicable

The certified copy must include the statement, **"I certify this is a true copy of the original document"**.

For photographic documents, the certified copy must include the statement, **"I certify this is a true copy of the original document and the photograph is a true likeness"**.

Documents that are written in a language that is not English must be accompanied by an English translation prepared

Application Form

Sterling Income Trust

(ARSN 158 828 105)

PLEASE READ CAREFULLY ALL INSTRUCTIONS ON PAGE 30

This Application Form should be read in conjunction with the product disclosure statement dated 20 May 2016 ("PDS") prior to making an Application for Units as the PDS contains important information about the Sterling Income Trust and should not be passed on separately from the PDS. A person who gives another person access to the Application Form must give that person access to the PDS (and any Supplementary or Replacement PDS documents) at the same time and by the same means. Paper copies of the PDS (and any Supplementary or Replacement PDS document) and the Application Form will be provided free on request.

The offer relates to the offer of units in the Sterling Income Trust pursuant to the PDS dated 20 May 2016 issued by Theta Asset Management Ltd ABN 37 071 807 684 AFSL 230920. Unless otherwise specified, terms defined in the PDS have the same meaning in this Application Form.

If you are a new investor, please complete PART A: Investor & Investment Details section (being the first three pages), applicable sections of PART B: Investor Identification, applicable sections of PART C: FATCA Self-declaration and sign at PART D: Declaration and Signature.

Please send your completed Application Form and Identification Documents to:

Registry Direct
PO Box 18366
Collins Street East, VIC 8003

or

Registry Direct
Level 6, 2 Russell Street
Melbourne VIC 3000

PART A: INVESTOR & INVESTMENT DETAILS

SIT Investor Number (for existing unitholders)

If you are an existing investor, have there been any significant changes in your circumstances or Identification Documents since your last application?

Significant Changes – **No** – please complete your SIT Investor Number and the amount you wish to apply for on this page and PART D only.

Significant Changes – **Yes** – please complete each section of the Application Form as applicable to changes and complete PART D.

I/We apply for - Please note the minimum initial investment amount is \$2,000 and thereafter in \$500 increments

A\$
Management Company Units

Full Name of Applicant / Company

Title (e.g.: Dr, Mrs) Given Name(s) and Surname or Company Name

Joint Applicant #2

Title (e.g.: Dr, Mrs) Given Name(s) and Surname or Company Name

Joint Applicant #3

Title (e.g.: Dr, Mrs) Given Name(s) and Surname or Company Name

Account Designation (e.g.: THE SMITH SUPER FUND A/C)

< >

NEW APPLICANTS OR EXISTING UNITHOLDERS WHOSE DETAILS HAVE CHANGED, PLEASE ENTER YOUR ADDRESS DETAILS HERE:

Postal Address

Unit	Street Number	Street Name or PO Box
------	---------------	-----------------------

Suburb/Town	State	Post Code
-------------	-------	-----------

Country

Contact Name	Contact Number ()
--------------	--------------------------

Email Address

Application Form (Cont.)

PAYMENT DETAILS

Electronic Funds Transfer (EFT) to:

Bank: NAB
BSB: 082-080
Account: 14-595-6791
Account Name: Theta Asset Mgt Ltd atf SIT Application Account

All EFT payments must be accompanied by a notification email to offer@sitfund.com.au in order to ensure that the investor account is properly credited.

TAX DETAILS

You are not obliged to provide either your TFN or ABN but if you do not provide either your TFN or ABN and unless you claim a TFN exemption, you should be aware that the Responsible Entity will be required to deduct tax at the highest marginal tax rate (plus Medicare levy). By inserting the ABN and signing this Application Form, you declare that this investment is made in the course or furtherance of your enterprise. Collection of TFN information is authorised and its use and disclosure are strictly regulated by the tax laws and the Privacy Act 1988 (Cth).

Where the investment in the Fund is held jointly by 2 or more unitholders taxation details for each unitholder need to be provided. If there are more than 2 investors provide details on a separate sheet of paper and attach it to your Application Form. If you do not wish to disclose your TFN to a joint applicant, a separate form obtained from the Australian Tax Office to be used by you to provide this information to us or you may copy the section below including your investor number.

Joint Applicant #1

Are you a resident of Australia for taxation purposes? (Select one of the following options)

☐ Yes - please complete the below
☐ No – please provide country of tax residence:

Tax File Number (TFN) or Australian Business Number (ABN):

Please indicate to whom this TFN or ABN belongs:

☐ Company ☐ Trust or Superannuation Fund ☐ Individual
☐ Other – please specify:

Exemption Number (if applicable):

Joint Applicant #2

Are you a resident of Australia for taxation purposes? (Select one of the following options)

☐ No – please provide country of tax residence:
☐ Yes - please complete the below

Tax File Number (TFN) or Australian Business Number (ABN):

Please indicate to whom this TFN or ABN belongs:

☐ Company ☐ Trust or Superannuation Fund ☐ Individual
☐ Other – please specify:

Exemption Number (if applicable):

If there are more than 2 joint applicants, provide details on a separate sheet of paper and attached it to your Application Form.

Application Form (cont.)

DISTRIBUTIONS AND WITHDRAWAL PROCEEDS

Distributions and withdrawal proceeds are generally only paid to an Australian bank account and cannot be paid by cheque. By completing this section you confirm that any distributions and withdrawal proceeds sent by EFT to a designated bank account are sent at your risk insofar as the onus to provide bank account details rests solely on you.

Please pay distributions and withdrawal proceeds to the following bank account:

Bank	
Bank Branch	
BSB	Account Number
Account Name	

If you would like distributions and/or redemption proceeds to be paid into a bank account outside Australia please provide the following additional details (note that payment into such an account is entirely at the Responsible Entity's discretion):

Beneficiary Bank Address	
National Beneficiary Bank Clearing Code (if applicable)	Beneficiary Bank SWIFT Code
Intermediary Bank details (if applicable)	

NB: All payments will be remitted in AUD. You, the beneficiary will bear all currency exchange risk and any costs by overseas or intermediary banks.

PART B: INVESTOR IDENTIFICATION

If your investor type does not fall into any of the three investor categories in sections 1 - 3 below of this form, please contact SCS to enquire about what information and documentation is required for identification purposes under Anti-Money Laundering/Counter Terrorism Financing legislation.

Our verification procedure and requirements (including certified identification evidence) is included for your reference. If you are an existing investor making an additional investment, you may email your instruction to offer@sitfund.com.au. Existing investors whose details have changed must also complete the Identification Documentation section and send all documents to the SCS at the address below.

SECTION 1 - INVESTOR TYPE: INDIVIDUAL

Individual Joint Applicant 1 - Applicants name must match investors ID exactly

Full given name(s)		Surname	Date of Birth
Residential Address (PO Box NOT acceptable)			
Unit	Street Number	Street Name	
Suburb/Town	State	Post Code	Country

Individual Joint Applicant 2 - Applicants name must match investors ID exactly

Full given name(s)		Surname	Date of Birth
Residential Address (PO Box NOT acceptable)			
Unit	Street Number	Street Name	
Suburb/Town	State	Post Code	Country

If there are more than 2 joint individual applicants, provide details on a separate sheet of paper and attached it to your Application Form.

Application Form (Cont.)

SECTION 2 - INVESTOR TYPE: AUSTRALIAN & FOREIGN COMPANY

Please note, if you are an Australian Company acting as trustee of a fund, please also complete Section 3.

SECTION 2.1 - General Information

Full Name (as registered by ASIC or foreign registration body)

Registration Number - complete as appropriate

ACN

ARBN

Foreign body registration number

If foreign registration - Country

Name of foreign registration body

Registered Office Address (PO Box NOT acceptable)

Unit

Street Number

Street Name

Suburb/Town

State

Post Code

Country

Principal Place of Business (if any) (PO Box NOT acceptable)

Unit

Street Number

Street Name

Suburb/Town

State

Post Code

Country

SECTION 2.2 - Regulatory/Listing Details (select from the following categories which apply to the company and provide the information requested)

☐ **Regulated company** (licensed by an Australian Commonwealth, State or Territory statutory regulator, such as Australian Financial Services Licensees, Australian Credit Licensees or Registrable Superannuation Entity Licensees)

Regulator Name

Licence Number

☐ **Australian listed company or Foreign listed company as defined in the IFSA/FPA Guidelines**

Name of market/exchange

☐ **Majority-owned subsidiary of a listed company**

Listed Company Name

Name of market/exchange

SECTION 2.3 - Company Type (select only one of the following categories)

☐ **Public - Regulated/listed-**
Section 2 now complete

☐ **Public - Other** - Go to Section
2.4 and 2.5 below

☐ **Proprietary/Private** - Go to
Section 2.4 and 2.5 below

☐ **Other** - Go to Section 2.4 and
2.5 below

SECTION 2.4 - Directors (for public - other, proprietary/private and foreign companies only)

Please provide the full name of each director

Director 1 - Title (e.g.: Dr, Mrs) Given Name(s) and Surname

Director 2 - Title (e.g.: Dr, Mrs) Given Name(s) and Surname

Director 3 - Title (e.g.: Dr, Mrs) Given Name(s) and Surname

If there are more directors, provide details on a separate sheet of paper and attached it to your Application Form.

Application Form (Cont.)

SECTION 2.5 - Shareholders (for public - other, proprietary/private and foreign companies only)

Provide details of ALL individuals who are beneficial owners through one or more shareholdings of more than 25% of the company's issued capital.

Shareholder 1

Full given name(s)	Surname
--------------------	---------

Residential Address (PO Box NOT acceptable)

Unit	Street Number	Street Name		
Suburb/Town	State	Post Code	Country	

Shareholder 2

Full given name(s)	Surname
--------------------	---------

Residential Address (PO Box NOT acceptable)

Unit	Street Number	Street Name		
Suburb/Town	State	Post Code	Country	

Shareholder 3

Full given name(s)	Surname
--------------------	---------

Residential Address (PO Box NOT acceptable)

Unit	Street Number	Street Name		
Suburb/Town	State	Post Code	Country	

Shareholder 4

Full given name(s)	Surname
--------------------	---------

Residential Address (PO Box NOT acceptable)

Unit	Street Number	Street Name		
Suburb/Town	State	Post Code	Country	

If there are more beneficial owners, provide details on a separate sheet of paper and attached it to your Application Form. For each beneficial owner please provide documentation required for individuals.

If the company is an Australian company or Foreign **company registered with ASIC** the form is now **COMPLETE**.

If the company is a **Foreign company not registered with ASIC** please also attach certified copy of the certification of registration issued by the relevant foreign registration body. - For the definition of certified copy and list of people that can certify documents refer to page 34.

SECTION 3 - INVESTOR TYPE: ALL TRUSTS (INCLUDING SUPERANNUATION FUNDS)

Full Name of Trust
Trustee 1 - Title (e.g.: Dr, Mrs) Given Name(s) and Surname or Company Name
Trustee 2 - Title (e.g.: Dr, Mrs) Given Name(s) and Surname or Company Name
Country where Trust established

If there are more trustees, provide details on a separate sheet of paper and attached it to your Application Form.

Application Form (Cont.)

SECTION 3.2 - Type of Trust (select only one of the following trust types and provide the information requested)

☐ **Registered managed investment scheme**

ARSN

☐ **Regulated trust (e.g. Self Managed Superfund)**

Name of regulator (ASIC, APRA or ATO)

ABN or registration/licence details

☐ **Government superannuation fund**

Name of Legislation establishing fund

☐ **Other types of trust**

Trust description (e.g. discretionary, family, unit)

For **other types of Trust**, please also provide the following documentation:

- Certified copy (see page 34) or certified extract of the trust deed; or
- Notice of assessment or certified copy of assessment issued by the ATO in the last 12 months.

For all trust types please complete the following additional sections:

- If you are completing this form as an Individual Trustee please complete 'Section 1 - Investor Type: Individual' for at least ONE of the trustees in addition to completing applicable sections 3.1 and 3.3.
- If you are completing this form as a Corporate Trustee please complete 'Section 2 - Investor Type: Company' in addition to completing applicable sections 3.1 and 3.3.
- If you are completing this form both as Individual and Corporate Trustee please complete 'Section 1 - Investor Type: Individual' and 'Section 2 - Investor Type: Company' in addition to completing applicable sections 3.1 and 3.3.

SECTION 3.3 - Beneficiaries (only complete if "Other type of Trust" is selected in 3.2 above)

Do the terms of the trust identify the beneficiaries by reference to membership of a class?

☐ **Yes** Provide details of the membership class(es)
(e.g. unit holders, family members of named person, charitable purpose)

Membership Class(es)

☐ **No** How many beneficiaries are there

Number

Provide full name of beneficiary below

Beneficiary 1 - Title (e.g.: Dr, Mrs) Given Name(s) and Surname and Residential Address (PO Box NOT acceptable)

Beneficiary 2 - Title (e.g.: Dr, Mrs) Given Name(s) and Surname and Residential Address (PO Box NOT acceptable)

Beneficiary 3 - Title (e.g.: Dr, Mrs) Given Name(s) and Surname and Residential Address (PO Box NOT acceptable)

Beneficiary 4 - Title (e.g.: Dr, Mrs) Given Name(s) and Surname and Residential Address (PO Box NOT acceptable)

If there are more beneficiaries, provide details on a separate sheet of paper and attach it to your Application Form.

For each beneficial owner please provide documentation required for individuals.

Note that if a settlor of a trust did not settle AU\$10,000 or more on establishment of the trust (refer to the trust deed), you do not need to provide the certified documents in respect of the settlor.

Application Form (Cont.)

PART C: FATCA SELF DECLARATION

ALL investors must complete this section

The Foreign Account Tax Compliance Act (FATCA) is a United States (US) regulatory requirement that aims to deter tax evasion by US taxpayers. The Australian and US Governments (through their tax offices) have an agreement which means we must ask you, and you must answer, these questions. Information we gather is reported to the ATO and in turn to US tax authorities. For more information visit the ATO Website: <https://www.ato.gov.au/General/New-legislation/In-detail/Other-topics/International/Foreign-Account-Tax-Compliance-Act/>.

If you are unsure of any of the answers please seek professional advice. Not enough room? Write their details clearly and attach them.

SECTION 1 - Investor Type

Please tick the box indicating which type of investor you are and proceed to the next section as indicated.

- ☐ **Individual** or Joint Individual Investors one or more of which is a **US citizen** or a resident of the US for tax purposes - **Go to Section 2**
- ☐ **Individual** or Joint Individual Investors, **NONE** of which are a US citizen or a resident of the US for tax purposes - **Form Complete proceed to Part D**
- ☐ **Company** or **Trust** which is **NOT** registered in the US and **DOES NOT** have a controlling shareholder is a US citizen or a resident of the US for tax purposes - **Form Complete proceed to Part D**
- ☐ **Company** or **Trust** (or entity) which is registered in the US - **Complete to Section 3**
- ☐ **Company** or **Trust** (or entity) for which a **controlling shareholder** is a **US citizen** or a resident of the US for tax purposes - **Complete to Section 4**
- ☐ **Superannuation Fund** registered in Australia - **Form Complete proceed to Part D**
- ☐ **Financial Institution** - **Complete to Section 5**
- ☐ Australian, State and local **governments** and **local authorities** and their wholly owned agencies or instrumentalities - **Form Complete proceed to Part D**

HELP!

US citizen or resident of the US for tax purposes:

- anyone born in the US who hasn't renounced their US citizenship
- a US citizen including persons with dual or multiple citizenships
- US lawful permanent residents e.g. green card holders

US company or trust:

- a company created in the US, established under the laws of the US or which is a US taxpayer
- a trust subject to the laws of the US and controlled by one or more persons that are citizens or residents of the US

Superannuation Fund:

A complying self-managed super fund, a complying APRA regulated super fund, any government super fund and any pooled superannuation trust.

Financial Institution:

- a depository institution - you accept deposits in the ordinary course of a banking or similar business e.g. a bank
- a custodial institution - a substantial portion of your business (20 % of gross income) is held in financial assets for the account of others e.g. a custodian or broker
- an investment entity - this includes entities that trade in financial assets or that are investing, administering, managing funds, money, or certain financial assets on behalf of other persons e.g. investment companies. Note: if you are a professional trustee, custodian or investment company, you will usually fall within this category.
- certain prescribed entities - e.g. types of insurance companies that have cash value products or annuities.

SECTION 2 - Individual or Joint Individual Investors who are US Citizens

Please provide your US Taxpayer Identification Number ("TIN")

Individual Investor 1	TIN
Individual Investor 2	TIN

TIN: This is not your tax file number (or TFN). It stands for **US Taxpayer Identification Number**, one of a number of identification numbers issued by US authorities.

SECTION 3 - Company, Trust or other Entity considered a US resident for Tax purposes

Please confirm the entity's US federal tax classification

- | | |
|--|--|
| <input type="checkbox"/> Single-member LLC | <input type="checkbox"/> Trust/estate |
| <input type="checkbox"/> C Corporation | <input type="checkbox"/> Limited Liability Company - C Corporation |
| <input type="checkbox"/> S Corporation | <input type="checkbox"/> Limited Liability Company - S Corporation |
| <input type="checkbox"/> Partnership | <input type="checkbox"/> Limited Liability Company - Partnership |

☐ **Other - Please detail**

Please provide either your FATCA exemption code or you TIN

FATCA exemption code

TIN

Application Form (Cont.)

SECTION 4 - Controlling US persons

If there are more than 3 controlling US persons, please provide their details on a separate page

Name	Address	TIN
Name	Address	TIN
Name	Address	TIN

SECTION 5 - Financial Institution

HELP!

GIIN:

Global Intermediary Identification Number, a unique ID number issued by US tax authorities to non-US financial institutions when they register for FATCA

<input type="checkbox"/> Reporting IGA Financial Institution or Participating Financial Institution	GIIN
<input type="checkbox"/> Sponsored Financial Institution or Trustee Documented Trust	
Name of Sponsor	GIIN of sponsoring entity or Trustee
<input type="checkbox"/> Financial Institution that does not need to register (e.g. Non-Reporting IGA Financial Institution)	
FATCA Status	GIIN (if applicable)
<input type="checkbox"/> Non-participating Financial Institution. <i>Note that information about you will be reported to the ATO and the IRS</i>	

FATCA declaration is complete, proceed to Part D of this Application Form.

PRIVACY NOTICE

AET collects your personal information for primarily purpose of providing custodial services to the SIT responsible entity and for ancillary purposes detailed in the Privacy Policy. AET may disclose your personal information, such as, your name and contact details, along with your account information to its related bodies corporate, the responsible entity, professional advisers, the land titles office and/or as otherwise instructed by the responsible entity. We are also permitted to collect and disclose your personal information when required or authorised to do so by law. AET is not likely to disclose your personal information to overseas recipients. Your personal information will be used in accordance with AET's Privacy Policy. The Privacy Policy contains information about how you may access or correct your personal information held by AET and how you may complain about a breach of the Australian Privacy Principles. You may obtain a copy of the Privacy Policy at www.aetlimited.com.au/privacy

Australian Executor Trustees Limited ABN 84 007 869 794 AFSL 240023

Application Form (Cont.)

PART D: DECLARATION AND SIGNATURE

I/We acknowledge declare and agree that by signing this Application Form:

- I/We have personally received (or accessed an electronic copy) and read and understood the PDS to which this Application Form applies and have agreed to be bound by the terms and conditions of the current PDS and of the Constitution of the Sterling Income Trust, as amended, reissued or replaced from time to time.
- I/We am/are at least 18 years of age.
- All details provided and statements made by me/us in this Application Form are complete and accurate.
- None of the Responsible Entity, the Investment Manager or any other person guarantees the repayment of capital invested in the Sterling Income Trust, the performance of nor any particular return from the Sterling Income Trust and I/we understand the risks involved in investing in the Sterling Income Trust.
- If investing as a trustee, on behalf of a superannuation fund or trust I/we confirm that I/we am/are acting in accordance with my/our designated powers and authority under the trust deed. In the case of a superannuation fund, I/we also confirm that it is a complying fund under the Superannuation Industry (Supervision) Act.
- An investment in the Sterling Income Trust is illiquid in nature and my/our units may not be able to be redeemed.
- I/we have had the opportunity to seek independent professional advice regarding legal, tax and financial implications of subscribing to the Sterling Income Trust, and acknowledge that the information contained in the PDS is not investment advice or a recommendation that the Units are suitable having regard to my/our investment objectives, financial situation or particular needs. No one promises me/us that I/we will earn any return on my/our investment or that my/our investment will retain its value.
- Once the Application Form has been received by Theta, it cannot be withdrawn. No cooling off rights apply.
- I/We authorise Theta to complete and execute any documentation necessary to effect the issue of Units to me/us.
- That the Responsible Entity is authorised to apply the TFN or ABN provided above to all future applications for units, including reinvestments, unless I/we notify the Responsible Entity otherwise.
- Theta reserves the right to reject any application.
- Theta may accept or reject the Application in whole or in part, and the Sterling Income Trust has the discretion to issue or transfer Units as it sees fit under the terms of the Offer.
- I/We acknowledge that returning the Application Form will constitute my/our offer to subscribe for Units in the Sterling Income Trust and that no notice of acceptance of the Application will be provided.
- I/We acknowledge that the Responsible Entity may be required to pass on information about me/us or my/our investment to the relevant regulatory authority in compliance with the AML laws (AML Act). I/We will provide such information and assistance that may be requested by the Responsible Entity to comply with its obligations under the AML Act and I/we indemnify it against any loss caused by my/our failure to provide such information or assistance.
- The monies used to fund my/our investment in the Sterling Income Trust are not derived from or related to any money laundering, terrorism financing or other illegal activities, whether prohibited under Australian law, international law or convention ('illegal activity') and the proceeds of my/our investment in the Sterling Income Trust will not be used to finance any illegal activities.
- I/We am/are not a 'politically exposed' person or organisation for the purpose of any AML law.
- I/We confirm that I/we have read and understood the privacy section contained in the PDS.
- I/We consent to details about my/our application and holdings being disclosed in accordance with the Privacy section of the PDS.
- I/We confirm that the Responsible Entity and Administrator are authorised to accept and act upon any instructions in respect of this application and the units to which it relates given by me/us by facsimile. If instructions are given by facsimile, the onus is on me/us to ensure that such instructions are received in legible form and I/we undertake to confirm them in writing. I/We indemnify the Responsible Entity and Administrator against any loss arising as a result of any of them acting on facsimile instructions. The Responsible Entity and Administrator may rely conclusively upon and shall incur no liability in respect of any action taken upon any notice, consent, request, instruction or other instrument believed, in good faith, to be genuine or to be signed by properly authorised persons.
- I/We acknowledge that Theta will send me/us a paper copy of the PDS and any Supplementary or Replacement PDS (if applicable) free of charge of I/we request so during the currency of the PDS.

Account operating instructions (if no selection is made, all individuals to sign will be assumed)

☐ Any individual to sign

☐ Any two individuals to sign

☐ All individuals to sign

☐ Other (please specify):

Authorised Signature	Name and title (block letters please)	Date
<input type="text"/>	<input type="text"/>	<input type="text"/>

Authorised Signature	Name and title (block letters please)	Date
<input type="text"/>	<input type="text"/>	<input type="text"/>

Management Company Unit Redemption Application Form

Sterling Income Trust

(ARSN 158 828 105).

Please print in BLOCK LETTERS using BLACK ink.

SIT Investor Number

Investor Name

I/We wish to redeem the following number of Units:

<input type="text"/>	Management Company Units
----------------------	--------------------------------

Please redeem my/our units into the following assets in the percentages (%) indicated:

**Sterling First
Shares***
*only for Management
Company Unitholders

<input type="text"/>	%
----------------------	---

Cash

<input type="text"/>	%
----------------------	---

First Mortgage Units

<input type="text"/>	%
----------------------	---

Development Units

<input type="text"/>	%
----------------------	---

Management Company Units

<input type="text"/>	%
----------------------	---

Income Units

<input type="text"/>	%
----------------------	---

If electing to Redeem for Shares:

- 1 I/We agree to be bound by the Constitution of Sterling First.
- 2 I/We authorise the Investment Manager to complete and execute any documentation necessary to effect the transfer of Shares to me/us.
- 3 I/We have viewed the additional and ongoing disclosure information about the Shares at www.sterlingfirst.com.au.
- 4 I/We acknowledge that there is now guarantee that there will be sufficient shares available to meet the redemption requests in full or in part.

Additional, and ongoing disclosure information about the Shares is available to be viewed at www.sterlingfirst.com.au.

If electing to Redeem for Cash:

By signing this Redemption Application Form, I/we acknowledge and understand that Conditional Redemption Offers, when made, are expected to be funded out of either new equity and are available to Unitholders who have held their Units for at least 12 months. There is no guarantee that there will be sufficient funds available to meet the redemption requests in full or in part.

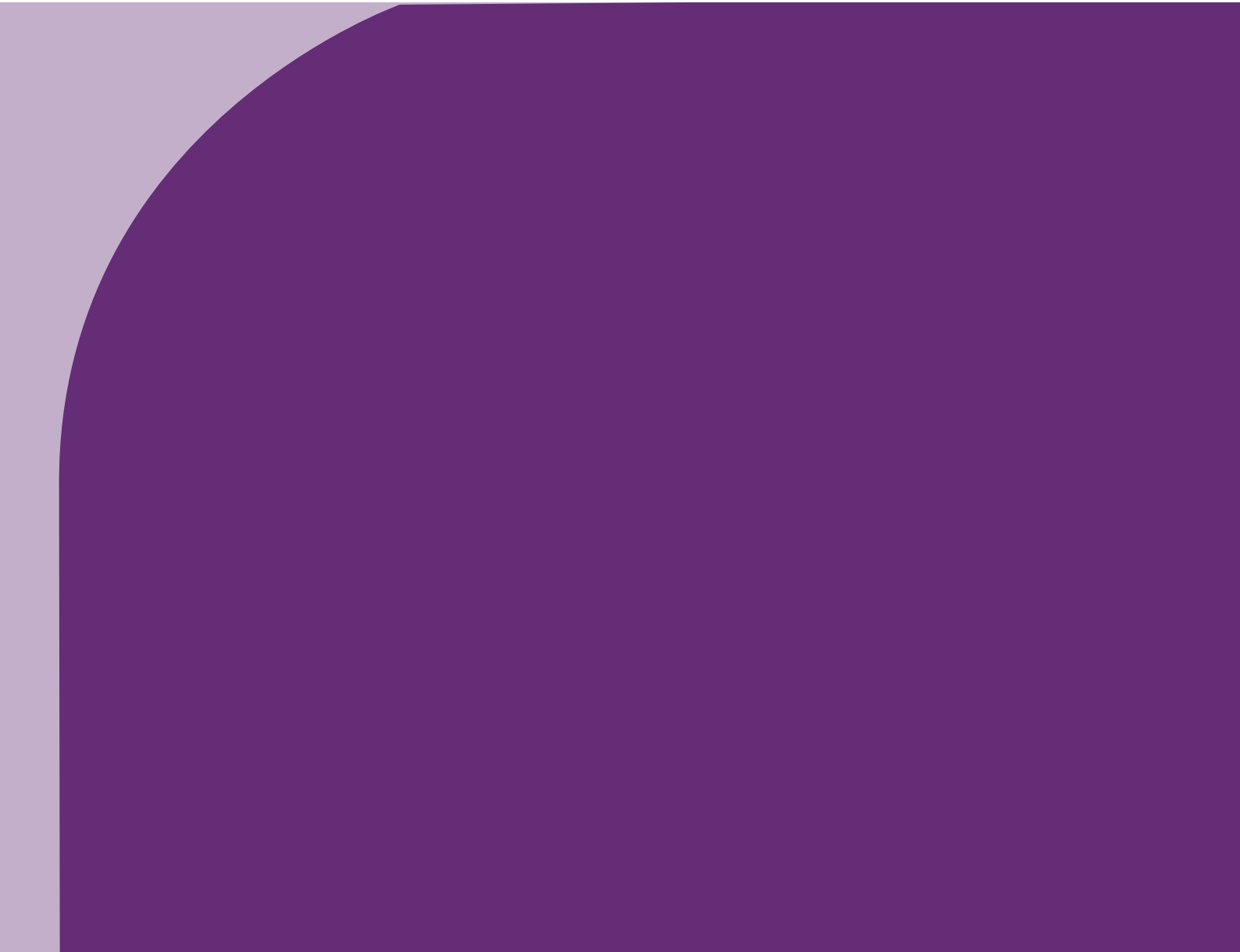
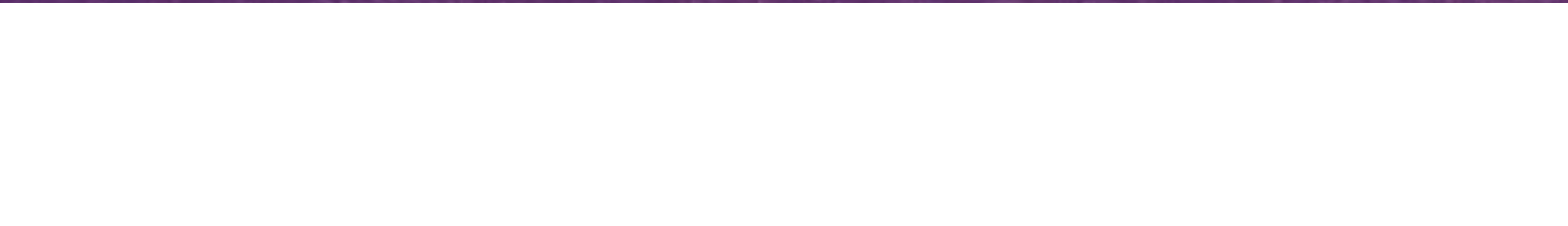
For information on Redemptions please refer to pages 4 and 20 in this PDS and www.sitfund.com.au.

Authorised Signature

Authorised Signature

Date

Sterling Income Trust:	ARSN 158 828 105
Responsible Entity:	Theta Asset Management Limited ABN 37 071 807 684 AFSL 230920 Suite 501, Level 5, 210 Clarence Street, Sydney NSW 2000 Tel: +61 2 8012 0638 Email: invest@thetaasset.com.au
Investment Manager:	Sterling Corporate Services Pty Ltd Principal office - Level 2, 1 Walker Avenue, West Perth WA 6005 Administration - Unit 23, 397 Warnbro Sound Avenue, Port Kennedy WA 6172 Tel: +61 8 9523 5800 Fax: +61 8 9523 5811 Email: investors@sterlingfirst.com.au
Custodian:	Australian Executor Trustees Limited ABN 84 007 869 794 AFSL 240023 Level 22, 207 Kent Street, Sydney NSW 2000
Unit Registry:	Registry Direct Level 6, 2 Russell Street, Melbourne VIC 3000 PO Box 18366, Collins Street East, VIC 8003 Tel: 1300 556 635 (Aust) +61 3 9020 7935 (Int) Fax: +61 3 9111 5652 Email: registry@registrydirect.com.au Web: www.registrydirect.com.au
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STERLING
INCOME TRUST

INCOME UNITS & GROWTH UNITS

Product Disclosure Statement

Theta Asset Management Limited

ABN 37 071 807 684 AFSL 230920

As responsible entity of the

Sterling Income Trust ARSN 158 828 105



STERLING
CORPORATE
SERVICES

This product disclosure statement is dated 31 January 2017

Important Notice and Disclaimer

Product disclosure statement

This product disclosure statement is dated 31 January 2017 ("PDS") and relates to the offer of Income Units and Growth Units in the Sterling Income Trust ARSN 158 828 105 ("SIT")(the "Offer"). Theta Asset Management Ltd (ABN 37 071 807 684, AFSL 230920) ("Theta", "Responsible Entity", "we" or "us") is the responsible entity of the SIT and issuer of the Units forming part of the Offer. Theta takes full responsibility for the whole of this PDS. Theta has appointed Sterling Corporate Services Pty Ltd ("SCS" or "Investment Manager") to assist in preparing this PDS. SCS is a Corporate Authorised Representative (number 444776) of Theta.

Not investment advice

The information provided in this PDS is not financial product advice. It is general information only, and has been prepared without taking into account investment objectives, financial circumstances or particular needs. You should consider whether the information in this PDS is appropriate for you in light of your objectives, financial situation and needs. In particular, you should consider the risk factors (see pages 7, 18 to 20) that could affect the financial performance of the SIT before deciding what course you should follow. You should consider these factors in light of your personal circumstances. To obtain advice or more information about the information described in this PDS, you should speak to an appropriately licensed financial planner or licensed advisor.

Please carefully read the instructions on the accompanying Application Form in connection with the Offer.

No cooling-off rights

Cooling-off rights do not apply to an investment in Units pursuant to the Offer. This means that you cannot withdraw your Application once it has been accepted.

Electronic PDS

This PDS may be viewed online on Theta's website at www.thetaasset.com.au or on the SIT website www.sitfund.com.au. It is not available to persons in the United States. If you access the electronic version of this PDS you should ensure that you download and read the entire PDS.

A paper copy of this PDS can be obtained, free of charge by calling the SIT Offer Information Line: 08 9523 5800 at any time from 9.00am to 5.00pm (Perth time) Monday to Friday or Theta on +61(0)2 8012 0638 at any time from 9.00am to 5.00pm (Sydney time) Monday to Friday.

You will only be entitled to accept the Offer by completing an Application Form attached to or which accompanies this PDS (refer to the "How to apply" section for further information).

Updated information

Information about the SIT may need to be updated by Theta. Any updated information about the SIT which is not materially adverse to Unitholders will be made available on Theta's website at www.thetaasset.com.au and the SIT website www.sitfund.com.au. Theta will provide a copy of the updated information free of charge to any person who requests a copy by calling the SIT Information Line: 1300 665 890 at any time from 9.00am to 5.00pm (Perth time) Monday to Friday, or Theta on +61(0)2 8012 0638 at any time from 9.00am to 5.00pm (Sydney time) Monday to Friday.

Foreign jurisdictions

This PDS does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register the Units or otherwise permit an offering of Units in any jurisdiction outside of Australia.

The distribution of this PDS (whether electronically or otherwise) outside Australia may be restricted by law. If you come into possession of this PDS (electronically or otherwise), you should observe any such restrictions and should seek your own advice on such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws.

Disclaimer

No person is authorised to give any information or make any representation in connection with the information described in this PDS, which is not contained in this PDS. Any information or

representation not contained in this PDS may not be relied on as having been authorised by the SIT or Theta in connection with the SIT.

This PDS may contain forecast financial information along with forward looking statements which are identified by words such as "may", "could", "believes", "estimates", "expects", "intends", and other similar words that involve risks and uncertainties. These forecasts and forward looking statements are subject to various risk factors that could cause the SIT's actual results to differ materially from the results expressed or anticipated in these forecasts or statements. These risk factors are set out on pages 7, 18, 19 and 20. These and other factors could cause actual results to differ materially from those expressed in any forecast or forward looking statement made by, or on behalf of, the SIT or Theta.

As part of operating the SIT, Theta must ensure compliance with applicable occupational, health and safety standards and statutory environmental requirements. Except as indicated above, Theta does not take account of labour standards, environmental, social or ethical considerations in selecting, retaining or realising investments for the SIT.

Neither Theta nor the SIT promises that you will earn any return on your investment or that your investment will gain or retain its value. No company other than Theta makes any statement or representation in this PDS. It is impossible in a document of this type to take into account the investment objectives, financial situation and particular needs of each reader. Accordingly, nothing in this PDS should be construed as a recommendation by Theta, or any associate of Theta, or any other person concerning an investment in the SIT.

Readers should not rely on this PDS as the sole basis of a decision to invest in the SIT. Readers should seek their own financial, legal and taxation advice as appropriate before making a decision to invest in the SIT.

Financial amounts

Money as expressed in this PDS is in Australian dollars unless otherwise indicated.

Definitions and abbreviations

Defined terms and abbreviations used in this PDS are explained in the Glossary at the end of this PDS.

Photographs

The photographs appearing in this PDS are for illustration purposes only and unless otherwise stated do not represent assets of the SIT.

ASIC

A copy of this PDS has not been, and is not required to be, lodged with ASIC. ASIC takes no responsibility for any part of this PDS.

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Please read this PDS in its entirety before you make any investment decision.

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HIGHLIGHTS

• Established Fund

- Various investment options, including Income Units, Growth Units, Development Units and Management Company Units
- Established in 2012
- Total units on Issue 20,736,187

• Income Units

- Historically pays distributions of 9.25% pa*
- Distributions now paid monthly
- 100% tax deferred
- 4 year track record
- Share of rental management fees

• Growth Units

- Target distributions of 12.00% pa**
- Distributions paid monthly
- Income share from established business
- Share of revenue from sale of Rental Management Agreements

** Unitholders should note that any reference in this PDS to past performance is not a reliable guide to future performance.*

*** Any reference to target distribution rates are based on the return payable under the Master Deed of Assignment Agreement for the rental management growth rights, the estimated operating costs of the SIT and its investments and the historical performance of the underlying investments.*

Refer to page 6 and 7 for further details. No distribution rate is guaranteed. Returns may be more or less than historical returns and the target returns stated.

Please read the Key Risks section on page 7 and Section 6 "Risks" on pages 18, 19 and 20.

Introduction

OFFER AT A GLANCE

	Income Units	Growth Units
Current Unit Price	<p>\$1.00 per unit, for January 2017 refer to www.sitfund.com.au for the Current Unit Price</p> <p>The issue price is determined with reference to the net asset value of the relevant class of units and the number of Units in that class on issue. The Current Unit Price is determined at 5.00pm (WST) at the end of each month and published on www.sitfund.com.au. Refer to page 21 for further details.</p>	<p>\$1.00 per unit, for January 2017 refer to www.sitfund.com.au for the Current Unit Price</p> <p>The issue price is determined with reference to the net asset value of the relevant class of units and the number of Units in that class on issue. The Current Unit Price is determined at 5.00pm (WST) at the end of each month and published on www.sitfund.com.au. Refer to page 21 for further details.</p>
Asset Type	Rental Management Income Rights - 1st right to income from rental management fees	Rental Management Growth Rights - right to share of income from the sale of rental management agreements
Current Units on Issue	12,861,838	Nil - new offering
Historical Annual Distributions*	9.25% pa Average since 2012	N/A - new offering
Target Distributions*	9.25% pa	12% pa
Tax	100% Tax Deferred	0% Tax Deferred
Net Tangible Assets	\$12.86 million	N/A - new offering
Security	Ownership of Rental Management Income Rights	Ownership of Rental Management Growth Rights
Minimum Investment	\$2,000 with additional investments to be made in \$500 increments.	
Distribution Payment	<p>Monthly - Distributions will be paid not later than the 15th business day of each month.</p> <p>Income on Daily Balance - for investment during a month, distribution entitlement calculated based on days invested during that month.</p>	
Redemption	<p>The SIT is not listed on any securities exchange, and is considered an illiquid investment. There is no guaranteed redemption of Units, however Unitholders may be able to redeem their Units via a Conditional Redemption Offer, which will be made to Unitholders in a particular class at the discretion of the SIT. The intention is to make Conditional Redemption Offers available to Unitholders in a class who have held their Units for at least 12 months and for those offers to be made monthly. Unitholders can choose to redeem for cash, or for another class of unit or a combination of both.</p> <p>A Unitholder who has held their units for at least 12 months can indicate their desire to redeem their units by completing the Redemption Application Form attached.</p>	
Use of Funds		
• Income Units	Funds raised through the issue of Income Units will be utilised to acquire further Rental Management Income Rights and/or to meet redemption requests of Income Unitholders.	
• Growth Units	Funds raised through the issue of Growth Units will be utilised to pay for the Rental Management Growth Rights and/or meet redemption requests of Growth Unitholders.	

5 Unitholders should note that any reference in this PDS to past performance is not a reliable guide to future performance. Any reference to target distribution rates are based on the return payable under the Master Deed of Assignment Agreements for the rental management growth rights or income rights, the estimated operating costs of the SIT and its investments and the historical performance of the underlying investments. Refer to page 6 for further details. No distribution rate is guaranteed. Returns may be more or less than historical returns and the target returns stated.

Please read the Key Risks section on page 7 and Section 6 "Risks" on pages 18, 19 and 20.

Introduction

STERLING INCOME TRUST

The Sterling Income Trust ("SIT" or "Trust") was established in 2013.

The SIT currently has four unit classes as follows:

- **Income Units (to which this PDS relates)** - invests in residential Rental Management Income Rights, which gives the trust the first right to income generated from rental management fees earned under rental management agreements. As at the date of this PDS there were 12,861,838 Income Units on issue. Distributions have averaged 9.25% pa* since September 2013;
- **Growth Units (to which this PDS relates)** - invests in residential Rental Management Growth Rights, which gives the trust the first right to income generated from the sale of rental management agreements. This is a new class of Units offered in the SIT and has a Target Distributions rate of 12% pa*;
- **Development Units** - invests in subordinated mortgage secured loans. As at the date of this PDS there were 7,113,251 Development Units on issue;
- **Management Company Units** - invests in the shares in Sterling First (Aust) Limited ("Sterling First"). As at the date of this PDS there are 761,098 Management Company Units on issue;

Further unit classes may be added in the future.

Redemption - The SIT is not listed on any securities exchange, and is considered an illiquid investment. There is no guaranteed redemption of Units, however Unitholders may be able to redeem their Units via a Conditional Redemption Offer. The intention is to make Conditional Redemption Offers available to Unitholders in a class who have held their Units for at least 12 months and for those offers to be made monthly. Unitholders can choose to redeem for cash, or for another class of unit or a combination of both.

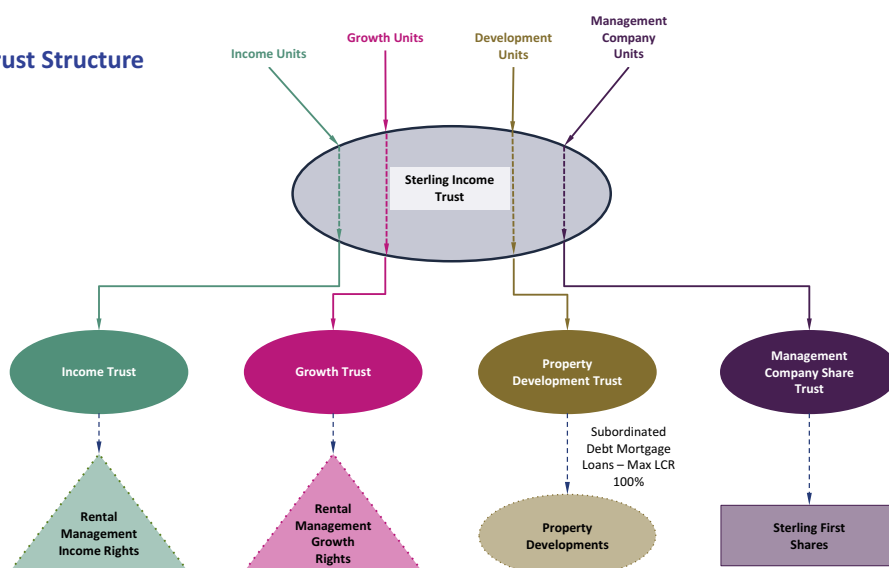
The Conditional Redemption Offers are expected to be funded out of new equity raised. There is no guarantee however, that there will be sufficient funds available to meet the redemption requests in full or in part. Conditional Redemption Offers are not guaranteed.

The Conditional Redemption Offer price will normally be the price determined by the SIT, in accordance with the Constitution, at the time a Conditional Redemption Offer is made. The price will be determined with reference to the net asset value of the SIT divided by the number of respective Units on issue.

A Unitholder who has held their units for at least 12 months can indicate their desire to redeem their units by completing the Redemption Application Form.

This PDS relates only to investment in Income Units and Growth Units. To invest in other classes of units in the SIT, please refer to the specific product disclosure statement issued for those classes.

Sterling Income Trust Structure



* Unitholders should note that any reference in this PDS to past performance is not a reliable guide to future performance. Any reference to target distribution rates are based on the return payable under the Master Deed of Assignment Agreements for the rental management growth rights or income rights, the estimated operating costs of the SIT and its investments and the historical performance of the underlying investments. Refer to page 6 for further details. No distribution rate is guaranteed. Returns may be more or less than historical returns and the target returns stated.

Please read the Key Risks section on page 7 and Section 6 "Risks" on pages 18, 19 and 20.

Introduction

INCOME UNITS OVERVIEW

Asset Type	Rental Management Income Rights Rights to income over rental management agreements held by Rental Management Australia Pty Ltd ("Rental Management Australia") for residential and commercial property in Western Australia, Queensland, and Victoria commencing in 2017. All tenants' rent is paid to Rental Management Australia's real estate trust account. All fees payable under the rental management agreements are then paid to the Income Trust. The Income Trust then pays Rental Management Australia, retaining 52% of the base commissions. Rental Management Australia must perform all the services required under the respective rental management agreements, and meet all operating costs.	
Distribution History	Highest individual distribution 10.03%pa Lowest individual distribution 9.25%pa Average distribution from September 2013 to December 2016 9.25%pa, 100% Tax Deferred	
Income Units on Issue as at the date of the PDS	12,861,838	
Current Unit Price Calculation Summary		as at 31 December 2016 \$'m
	Cash and Receivables	1.60
	Financial Assets (Rental Management Income Rights)	13.61
	Other Investments	1.24
	Creditors	(1.26)
	Distribution Payable	-
	Borrowings (Macquarie Bank facility)	(2.86)
	Net Assets	12.32
	Units issued at \$1.00	12.37
	Unit Holders Equity	12.32
Net Tangible Assets per Income Unit as at the date of the PDS	\$1.00	

GROWTH UNITS OVERVIEW

Asset Type	Rental Management Growth Rights Right to a share of the income derived by Rental Management Australia Developments Pty Ltd ("RMAD") from the sale of Residential RMAs and Sterling New Life Lease ("SNLL") RMAs net of any rebate payable to Rental Management Australia each month. For more information please refer to page 16.
Distribution History	Nil - new offering
Target Distributions	12.0% per annum* The Target Distribution is based on the Income Limit set in the Master Deed of Assignment divided by the cost of acquisition of the Income Rights (being 13.5% per annum) less the estimated operating costs of the SIT and the sub trusts (estimated to be an amount of 1.38% per annum (for more information, please refer to page 23)) and allowing for some contingencies (0.12%). No distribution rate is guaranteed. Returns may be more or less than historical returns and the target returns stated.
Growth Units on Issue as at the date of the PDS	Nil
Net Tangible Assets per unit as at the date of the PDS	N/A

** Unitholders should note that any reference in this PDS to past performance is not a reliable guide to future performance. Any reference to target distribution rates are based on the return payable under the Master Deed of Assignment Agreement for the rental management growth rights, the estimated operating costs of the SIT and its investments and the historical performance of the underlying investments. Refer to page 6 for further details. No distribution rate is guaranteed. Returns may be more or less than historical returns and the target returns stated.*

Please read the Key Risks section on page 7 and Section 6 "Risks" on pages 18, 19 and 20.

KEY RISKS OF INVESTING IN INCOME AND GROWTH UNITS (further details can be found on pages 18, 19 and 20)

All investments involve some degree of risk. An investment in the Income Units involves all the usual risks of business ownership as well as risks particular to this investment structure. Many risks cannot be controlled by the SIT, and may affect the future performance of the SIT.

Income Risk - The Income and Growth Unitholders will receive income by way of distributions from the Income Trust and Growth Trust respectively. The distributions are therefore reliant on the financial performance of the Income Trust's assets and the Growth Trust's assets respectively, which in turn are largely dependent on the success of the business operated by Rental Management Australia. The ability of the Income Trust's assets and the Growth Trust's assets to pay distributions is dependent on their financial performance and is not guaranteed. A Unitholder will receive any distributions from the SIT after the costs of operating the SIT have been deducted.

Liquidity Risk - The SIT Units are not listed on any securities exchange, and are considered an illiquid investment. Whilst the SIT intends to make Conditional Redemption Offers, there is no guarantee of redemption of Units. The Conditional Redemption Offers are expected to be funded out of new equity raised but no one promises that there will be sufficient funds available to meet the redemption requests in full or in part. Conditional Redemption Offers are not guaranteed.

RMA Termination Risks - The RMAs may be terminated by owners within varying periods, depending on the state jurisdiction they are located in and a varying number of RMAs are terminated each year for a variety of reasons. If the number of RMAs exceeds the number of RMAs that Rental Management Australia can source to replace the lost RMAs this may adversely impact on the financial performance of the Income Trust. The ability of the Income Trust and the Growth Trust to pay distributions to the SIT is dependent on the financial performance of the Income Trust and Growth Trust respectively, which in turn are largely dependent on the success of the business operated by Rental Management Australia. Success is not guaranteed.

Reliance Risk - The SIT relies on Rental Management Australia to perform services under the rental management agreements and other agreements. The SIT therefore relies heavily on the success and performance of Rental Management Australia's business. If Rental Management Australia is not able to perform these services, or performs the services poorly, or the agreements are terminated, the Income Trust and the Growth Trust would need to find alternative service providers which may not be as efficient as using Rental Management Australia or may not be possible at all.

Refer to pages 18, 19 and 20 for further details on risks associated with investment in the SIT and in Income Units and Growth Units in particular.

Feature	Details
Minimum Subscription	There is no minimum subscription.
Maximum Subscription	There is no maximum subscription. The level of subscription will only be limited if the Investment Manager determines it cannot utilise capital raised above a certain level.
Issue of Units	Applications for Units will usually be processed on the day of receipt and applicants will receive a Holding Statement within ten business days of the allotment of Units.
Minimum Investment	\$2,000 with additional investments to be made in \$500 increments.
Application Price	\$1.00 per Unit currently for January 2017 - Refer to www.sitfund.com.au for the Current Unit Price The issue price is determined with reference to the net asset value of the relevant class of units and the number of Units in that class on issue. Refer to page 21 for further details.
Objective	Income Units - To give Unitholders an exposure to Australian residential property through Rental Management Agreements in a structure designed for wide scale investment. Growth Units - To give Unitholders an exposure to the income created through the sourcing and sale of Rental Management Agreements in a structure designed for wide scale investment. The Income and Growth Unitholders will receive income by way of distributions from the Income Trust and Growth Trust respectively. The distributions are therefore reliant on the financial performance of the Income Trust's assets and the Growth Trust's assets respectively, which in turn are largely dependent on the success of the business operated by Rental Management Australia and RMAD.
Structure	The SIT is a unit trust registered as a managed investment scheme with four wholly owned sub trusts, the Income Trust, the Growth Trust, the Development Trust and the Management Company Share Trust.
Liquidity/Redemption	<p>The Units are not listed on any securities exchange, and is considered an illiquid investment. There is no guaranteed redemption of Units, however Unitholders may be able to redeem their Units via Conditional Redemption Offers, which will be made to Unitholders at the discretion of the SIT.</p> <p>The Conditional Redemption Offers are expected to be funded out of new equity raised. There is no guarantee however, that there will be sufficient funds available to meet the redemption requests in full or in part. There are currently 11,007,000 Income Units on issue which are eligible to be redeemed should a Conditional Redemption Offer be made available. There are currently no Growth Units eligible to be redeemed.</p> <p>The intention is to make Conditional Redemption Offers available to Unitholders in a class who have held their Units for at least 12 months and for those offers to be made monthly. The Conditional Redemption Offer price will normally be the price determined by the SIT, in accordance with the Constitution, at the time a Conditional Redemption Offer is made. The price will be determined with reference to the net asset value of the Income Trust (in the case of Income Units) or the Growth Trust (in the case of Growth Units) divided by the number of respective Units on issue.</p> <p>Further details will be provided to Unitholders at the time that a Conditional Redemption Offer is made. Redemption can be applied for by completing the Redemption Application Form attached to this PDS. Please note, Conditional Redemption Offers are not guaranteed.</p>
Investment	Income Units - Invest in Rental Management Income Rights and some cash. Growth Units - Invest in Rental Management Growth Rights and some cash.
Offer Opened	2 May 2013 for the Income Units 31 January 2017 for Growth Units
Offer Closing Date	At the discretion of the SIT.
Term of Investment	The SIT is an open-ended investment.
Acceptance of Applications	Acceptance of an application is at the discretion of the Responsible Entity.
Use of Funds	Any funds raised pursuant to this Offer will be used to invest in the Income Trust (which ultimately invests in property management income rights).
Cooling-Off Rights	Cooling-off rights do not apply to an investment in Units pursuant to the Offer. This means that you cannot withdraw your Application once it has been accepted.

Distributions	<p>Monthly - Distributions will be paid not later than the 15th business day of each month.</p> <p>Daily Balance - For an investment allotted part way through a month, the distribution entitlement will be calculated based on the number of days from the day of allotment to the end of the month. For example, where a Unitholder's allotment is on 26 May, and a full month's distribution would have been \$100, their distribution entitlement would be calculated as follows:</p> <p style="padding-left: 40px;">Distribution = Full months Distribution x Days Invested/Total days in month</p> <p style="padding-left: 40px;">Distribution = 100 x 5/31 = \$16.12</p> <p>The ability of the SIT to pay a distribution is dependent on the financial performance of the SIT and the various underlying sub trusts and is not guaranteed.</p>
Return on Investment*	<p>Income Units receive income directly derived from the deduction of rental management fees from rents collected on residential property managed by Rental Management Australia, less the relative share of costs of the SIT. The net distributions to Income Unit holders since the commencement of the Trust has been 9.25% pa or above and the income has been 100% tax deferred.</p> <p>Growth Units receive income directly from the sale of Rental Management Agreements sold to the Income Trust by Rental Management Australia Developments, less the relative share of costs of the SIT. The net distributions to Growth Unit holders is targeted to be 12% pa.</p> <p>No one promises that you will earn any return on your investment or that your investment will gain or retain its value.</p> <p><i>* Unitholders should note that any reference in this PDS to past performance is not a reliable guide to future performance. Any reference to target distribution rates are based on the return payable under the Master Deed of Assignment Agreements for the rental management growth rights or income rights, the estimated operating costs of the SIT and its investments and the historical performance of the underlying investments. Refer to page 6 for further details. No distribution rate is guaranteed. Returns may be more or less than historical returns and the target returns stated.</i></p> <p><i>Please read the Key Risks section on page 7 and Section 6 "Risks" on pages 18, 19 and 20.</i></p>
Taxation	Distributions from the SIT may be taxable. Unitholders will receive a year-end statement advising them of the taxability of the distributions from the SIT.
Risks	There are risks associated with an investment in the SIT that should be considered prior to acquiring Units. A detailed explanation of these risks are set out on pages 18, 19 and 20.
Fees	Fees and management costs are payable to the Responsible Entity and Custodian for the ongoing operation of the SIT as well as to the Investment Manager for managing the assets of the SIT. Details of these fees and costs are set out on pages 24 and 25.
Borrowings	<p>The SIT will not borrow.</p> <p>The Income Trust may borrow from banks at commercial arms length terms to assist in the acquisition of Rental Management Income Rights. The Income Trust currently has a Real Estate Line of Credit currently drawn to \$2.88 million with Macquarie Bank. A summary of the terms of the Macquarie Bank facility can be found on page 26.</p> <p>See Section 6 "Risks" for information on borrowing risks.</p>
Responsible Entity	The Responsible Entity of the SIT is Theta Asset Management Limited (ABN 37 071 807 684, AFSL No. 230920). Theta is the holder of an AFSL issued by ASIC that allows it to act as the Responsible Entity of the SIT.
Custodian	The Custodian of the SIT is Australian Executor Trustees Limited (ABN 84 007 869 794, AFSL 240023) ("Custodian"). The Custodian is the holder of an AFSL issued by ASIC that allows it to act as the Custodian of the SIT.
Corporate Governance	The Responsible Entity maintains a related party transactions policy and a conflict of interest policy. Refer to pages 29 for further details on Conflicts of Interest and Related Party Transactions.

Section 2

The SIT



RESPONSIBLE ENTITY

Theta, as Responsible Entity, is responsible for all compliance and regulatory aspects of operating the SIT. Theta holds an AFSL (AFSL No. 230920), which authorises it to act as the responsible entity of the SIT. Theta is a provider of responsible entity and trustee services and the issuer of units in managed investment schemes in the Australian market.

The powers and duties of Theta are set out in the SIT's Constitution, the Corporations Act, and general trust law.

The duties of Theta under the Corporations Act include:

- acting in the best interests of Unitholders and, if there is a conflict between Unitholders' interests and Theta's interests, giving priority to Unitholders' interests;
- ensuring that SIT property is clearly identified as SIT property and held separately from property of Theta and property of any other fund, and is valued at regular intervals;
- ensuring that payments out of SIT property are made in accordance with the Corporations Act; and
- reporting to ASIC any significant breach of the Corporations Act in relation to the SIT which has had, or is likely to have, a materially adverse effect on the interests of Unitholders as well as any significant breach of Theta's general obligations as an AFSL holder.

Subject always to any liability which the Corporations Act might impose on the Responsible Entity, so long as it acts without gross negligence, fraud or breach of trust it is not liable to Unitholders for any loss suffered in any way relating to the SIT. The liability of the Responsible Entity to any person other than a Unitholder in respect of the SIT is limited to the Responsible Entity's actual indemnification from the SIT's assets for that liability.

Theta is the issuer of all Units in the SIT and is the issuer of this PDS. SCS has been contracted by Theta to carry out all investment management functions in relation to the SIT.

Refer to page 26 for a summary of the Investment Management Agreement. Subject to the requirements of the Corporations Act, the role of Theta does not include making an assessment as to whether the Income Trust has the capacity to pay distributions. Theta provides no assurance that distributions will be paid to, or by, the SIT. The ability of the Income Trust to pay distributions to the SIT will be dependent on the financial performance of the Income Trust and is not guaranteed.

Executive Directors of the Responsible Entity

Robert Marie, Managing Director, appointed 31 July 2009

Robert has over 20 years experience in the financial services sector. Robert has specialised in financial services marketing working with a range of leading companies, including Macquarie Bank, Australian Wealth Management and BankWest.

Since 2006 Robert has provided responsible entity and trustee services via both Theta and Valuestream Investment Management Ltd, a company of which he is also a director.

SIT CONSTITUTION

Theta's responsibilities and obligations as Responsible Entity, as well as the rights and obligations of Unitholders and the rights and liabilities attaching to the Units, are governed by the SIT's Constitution, the Corporations Act, general trust law and this PDS. Under the SIT's Constitution, Theta has all the powers of a natural person in respect of the SIT. The SIT's Constitution contains a number of provisions relating to the rights of Unitholders and the obligations of Theta, as Responsible Entity. This PDS outlines some of the more important provisions of the SIT's Constitution.

The SIT's Constitution gives the Responsible Entity the right to be paid fees and expenses from the SIT, and governs matters such as Unitholder meetings, the issue and withdrawal of Units (where permitted) and Unit pricing, as well as what happens when the SIT is terminated.

Theta will provide Unitholders with a copy of the SIT's Constitution upon request at no cost.

AMENDMENTS TO THE SIT CONSTITUTION

Theta may amend the Constitution of the SIT from time to time, subject to the provisions of the Constitution and the Corporations Act. Generally, Theta can only amend the SIT's Constitution where Theta reasonably believes that the change will not adversely affect your rights as a Unitholder. Otherwise the Constitution can only be amended if approved by special resolution at a meeting of Unitholders.

CUSTODIAN

Theta has appointed a separate custodian to hold the assets of the SIT.

The Custodian of the SIT is Australian Executor Trustees Limited ABN 84 007 869 794. Australian Executor Trustees Limited is one of Australia's largest and oldest trustee companies, having been established in 1880. Australian Executor Trustees Limited is a member of the IOOF Holdings Limited ("IOOF") Group, a leading provider of wealth management products and services in Australia. IOOF is listed on the ASX.

The Responsible Entity has appointed Australian Executor Trustees Limited under a custodian services agreement. The Custodian's role is to hold the assets in its name and act on the direction of the Responsible Entity to effect cash and investment transactions. Australian Executor Trustees Limited has no supervisory role in relation to the operation of the SIT and has no liability or responsibility to a Unitholder for any act done or omission made in accordance with the custodian agreement.

Australian Executor Trustees Limited's role as Custodian is limited to holding the assets of the Fund.

DISCLAIMER

Australian Executor Trustees Limited has not withdrawn its consent to be named in this PDS as Custodian of the SIT in the form and context in which it is named. Australian Executor Trustees Limited does not make, or purport to make, any statement that is included in this PDS and there is no statement in this PDS which is based on any statement by Australian Executor Trustees Limited.

To the maximum extent permitted by law, Australian Executor Trustees Limited expressly disclaims and takes no responsibility for any part of this PDS other than the references to its name. Australian Executor Trustees Limited does not guarantee the repayment of capital or any particular rate of capital or income return.

INVESTMENT MANAGER

Theta has appointed SCS to act as Investment Manager to manage the SIT assets and to provide all back office fund administration processes including Unitholder interface, registry, investment reporting and accounting. Theta maintains strict controls over these matters, including detailed and regular reporting processes. SCS earns management fees for the provision of this service the details of which can be found in section 9 "Fees and other Costs".

SCS will value the assets of the SIT consistent with the valuation principles set out in the Constitution of the SIT.

SCS is part of the Sterling First group and is an experienced investment manager. The Sterling First group comprises three divisions, the Funds Management Division, incorporating SCS, a Property Services Division, which manages the sales of Sterling New Life Leases and the sourcing of new Rental Management Agreements and a Property Management Division which provides the ongoing property management services for the Income Trust.

PROPERTY MANAGER

The following information is relevant to Income Units.

Rental Management Australia is a specialist provider of property management services currently operating in Western Australia, Queensland and Victoria managing approximately 2,100 properties out of 5 offices with approximately 50 staff.

Rental Management Australia has the requisite real estate licenses in Western Australia, Queensland and Victoria to operate as property management businesses.

Why do landlords choose Rental Management Australia

- Landlords are provided with the MYproperty portal which allows them to log in and view their property 24 hours a day, 7 days a week, no matter where they are in the world
- Guaranteed professionalism, politeness and a can do attitude from all Rental Management Australia's property managers
- Excellence is the goal of Rental Management Australia's property managers – they understand the job and know exactly what to do as they are home owners and investors themselves
- Rental Management Australia has multiple office locations throughout Western Australia and now in Queensland
- A low vacancy rate is Rental Management Australia's utmost priority
- Fantastic communication – our property managers stay in touch with landlords on a regular basis so that they remain up to date on the latest developments about their property
- A Rental Management Australia account team that is dedicated to ensuring that rental property ownership is hassle free for the owner.

MYproperty

To complement Rental Management Australia's traditional services, they have introduced MYproperty, a unique secure website and iOS/Android App system that provides owners with free online access to view individual and combined property data 24 hours a day, 7 days a week, no matter where they are in the world.



The MYproperty system provides instant access to invoices and statements, comprehensive tenancy details and all documentation, including photographs and inspection reports. Much like online banking, clients receive a secure username and password for secure access.

MYproperty also performs daily 'health' checks on each individual property, alerting the management team to calendar events such as routine inspections, rental increases, arrears management, and insurance policy expiry etc. This data system ensures efficient and timely management of each individual property.



STRUCTURE

The SIT is a unit trust, registered as a managed investment scheme. Theta is the Responsible Entity, AET is the independent Custodian and SCS is the investment manager.

The SIT has four wholly owned sub trusts, the Income Trust, the Growth Trust, the Property Development Trust and the Management Company Share Trust. The trustee of each of the Income Trust, Growth Trust, the Property Development Trust, and the Management Company Share Trust is SCS. SCS is a wholly owned subsidiary of Sterling First.

The SIT offers four classes of Units - Income Units, Growth Units, Development Units and Management Company Units.

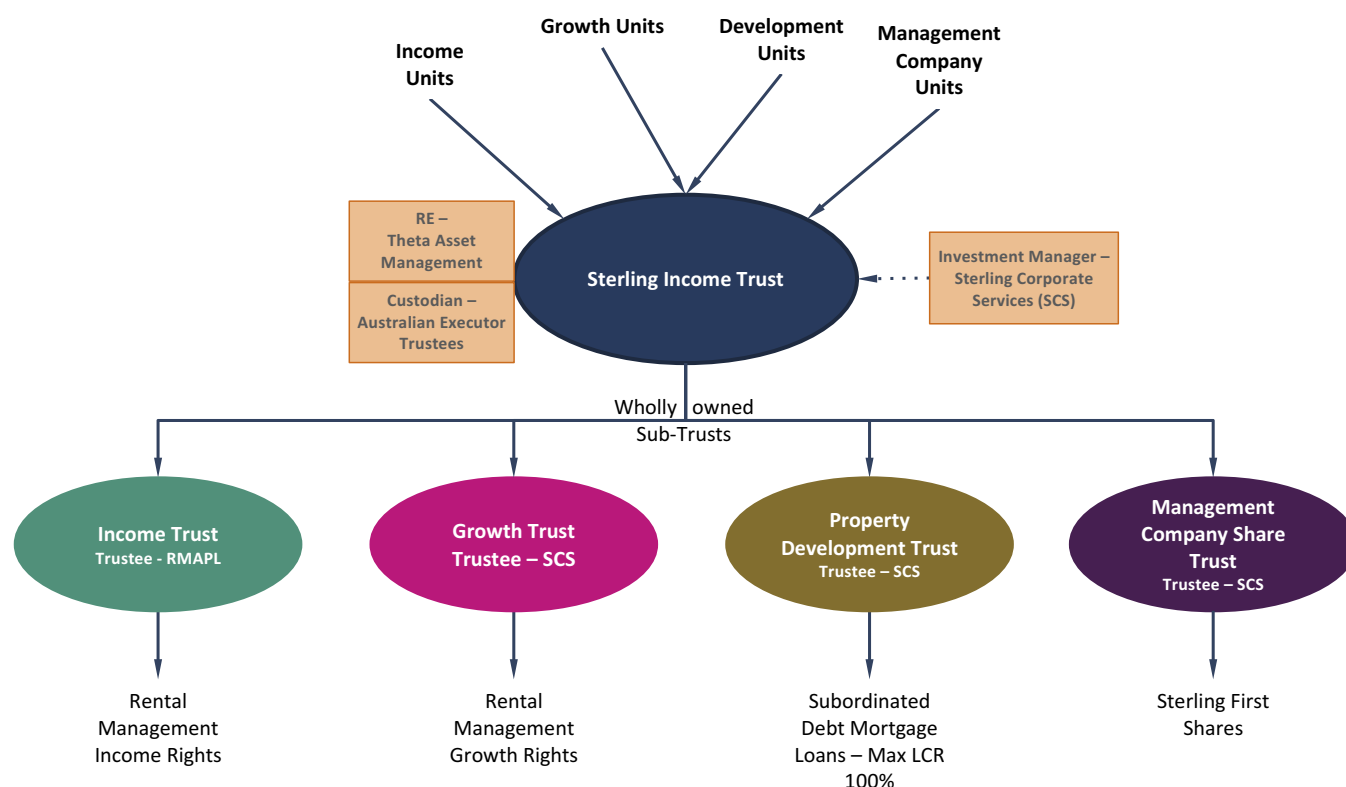
Income Units - this class invests in the Income Trust the assets of which comprise predominantly of Rental Management Income Rights, which gives the trust the first right to income generated from rental management fees earned under rental management agreements.

Growth Units - this class invests in the Growth Trust the assets of which comprise predominantly of rental management growth rights, which gives the trust the first right to income generated from the sale of rental management agreements.

Development Units - this class invests in the Property Development Trust which in turn invests in first and subordinated mortgage loans.

Management Company Units - this class invests in the Management Company Share Trust which in turn invests in shares in Sterling First.

Detailed SIT Structure diagram



FINANCIAL INFORMATION

Audited accounts have been prepared for the periods ending 30 June 2013, 30 June 2014, and 30 June 2015 together with a set of audit reviewed accounts for the six month period ending 31 December 2015, all of which can all be downloaded at www.sitfund.com.au. Audited Accounts for the period ended 30 June 2016 will be able to be downloaded in March 2017. Audit reviewed accounts for the six month period ending 31 December 2016 and the next set of audited accounts for the year ending 30 June 2017 will be able to be downloaded from the website in due course.

DISTRIBUTION HISTORY

The Income Units commenced on 2 May 2013 and paid quarterly distributions. In July 2016 Income Units changed to paying monthly distributions. The distribution history is as follows:

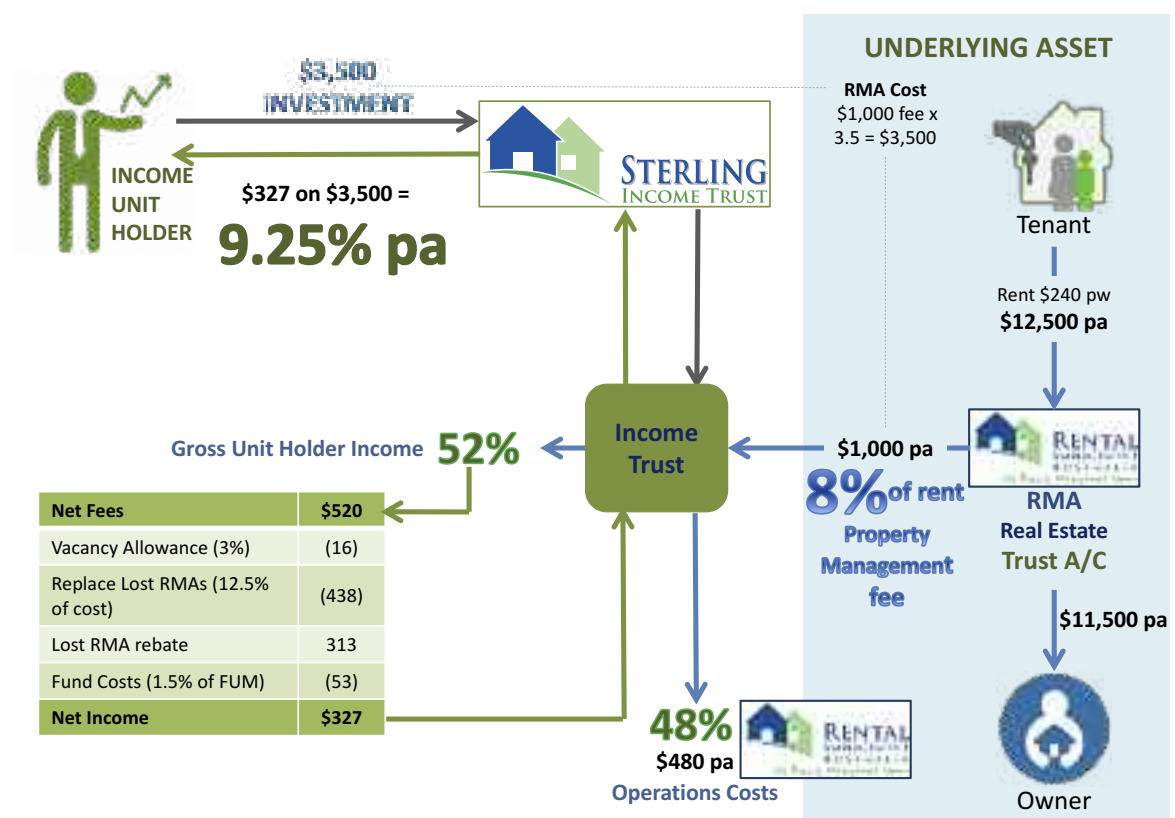
Financial Year ("FY") 2013	FY 2014	FY 2015	FY 2016	6 months to December 2016
9.25% pa 100% tax deferred	9.25% pa 100% tax deferred	9.25% pa 100% tax deferred	9.25% pa 100% tax deferred	9.25% pa 100% tax deferred

Unitholders should note that any references in this PDS to past performance is not a reliable guide to future performance.

INCOME

The Income Trust owns Rental Management Income Rights, which gives the Income Trust the right to 100% of the income derived on the underlying Rental Management Agreement. Under the Master Deed of Assignment Agreement between the Income Trust and Rental Management Australia, the Income Trust remits an agreed percentage of these fees to Rental Management Australia, who employs all the staff and facilities to carry out the required services under the rental management agreements.

After paying the operating costs of the SIT, the balance of funds are distributed to the Income Unitholders. The income flow can be summarised in the example diagram below:



Example for illustrative purposes only. Rents may higher or lower and the management fee may be higher or lower. When reviewing historical rates of distribution, remember they are not a reliable guide to future rates of distribution. Distributions may be higher or lower or even nil. Distributions and capital are not guaranteed.

RMA INCOME RIGHTS

The table below identifies the rental management agreements held by Rental Management Australia over which the Income Trust has Rental Management Income Rights. The figures are based on the holding as at 30 November 2016.

Office Location	Property Type	Number of Rental Management Agreements ¹	Average Weekly Rent ²	Average base Management Fee ³
East Victoria Park, WA	Residential	705	\$408	8.26%
	Sterling New Life Lease	4	\$569	10.00%
Port Kennedy, WA	Residential	476	\$386	8.51%
	Sterling New Life Lease	25	\$390	10.08%
	Storage Units	69	\$50	11.00%
Bunbury, WA	Residential	519	\$344	9.51%
	Commercial	46	\$839	7.75%
	Storage Units	75	\$63	9.62%
Riverhills, Qld	Residential	131	\$330	7.49%
Total		2,050		

1. The number of RMAs in respect of properties that were tenanted (and therefore in respect of which management fees were received) as at 30 November 2016. The actual number of RMAs varies on a daily basis, with new agreements being signed and owners withdrawing their properties from the rental market for a variety of reasons. The natural attrition rate of RMAs is approximately 12.5% pa. Under a Master Deed of Assignment between Rental Management Australia and the Income Trust, Rental Management Australia has been engaged to secure new RMAs to both replace the RMAs that have been lost and also to grow the base of RMAs. Under the agreement the Income Trust will fund the replacement of lost

RMAs for a net cost of 1.0 x the base management fees. For new additional RMAs, Rental Management Australia gets paid 3.5 x the base management fees and for Sterling New life Lease ("SNLL") RMA 4.5 x base management fees, which are secured on a long term basis. Refer to pages 15 and 25 for further details.

2. The Average Weekly Rent figures are derived from averaging the rent received in November 2016.
3. The Average Base Management Fees are derived from the management fee charged to landlords in November 2016.

The Income Trust acquires new Rental Management Income Rights through organic growth of the existing rent roll and the acquisition of residential (and some commercial) property management businesses where consolidation and aggregation of operations can lead to enhanced profitability.

Investments are made according to the following strategies and investment criteria:

- Generate growth by acquiring quality RMAs that meet the Income Trust's return criteria.
- Acquire property management businesses in areas of high rental property demand.

Rental Management Australia has a Business Development Agreement with RMAD. Under the Master Deed of Assignment, the Income Trust has agreed to pay the costs payable by Rental Management Australia under the Business Development Agreement.

Under the agreement, Rental Management Australia acquires all Residential RMAs from RMAD for 3.5 x the Base Management Fee and all SNLL RMAs for 4.5 x the Base Management Fee. Where the RMA being acquired, replaces a lost RMA, RMAD will rebate Rental Management Australia 2.5 x the Base Management Fee in respect of Residential RMAs and 3.5 x the base management fee in respect of SNLL RMAs.

Where an RMA has an "All In Fee" the Base Fee Equivalent will be 75% of the All In Fee.

Under the Rental Management Income Rights, the Income Trust is entitled to 100% of the management fees and ancillary fees earned on a RMA.

Out of this revenue, the Income Trust pays the following to Rental Management Australia:

	Residential RMA	SNLL RMA
Base Management Fee and Ancillary RMA	48% of base fee & 100% of Ancillary Fees	48% of base fee & 100% of Ancillary Fees
All in Fee RMA	48% of All In Fee x 75% & 100% of All in Fee x 25%	48% of All In Fee x 75% & 100% of All in Fee x 25%

A distribution from the Income Trust will equal the free cash flow of the Income Trust. The free cash flow of the Income Trust is calculated as follows:

Gross income, less costs of managing the Income Trust, less funds retained to replace lost RMAs, less bank interest.

A distribution to the Income Unitholders is then calculated as follows:

Distribution = Distribution received from Income Trust less the Relative Costs of managing the SIT, where

Relative Costs of managing the SIT = the Responsible Entity fees, Custodian fees, Investment Manager fees, accounting, audit and tax fees and any other fees associated with running the SIT divided by the total number of SIT units on issue multiplied by the number of Income Units on issue.

DISTRIBUTION HISTORY

The Growth Units are new class of unit and have not made any distributions. It is intended that distributions will be made monthly and the target distribution rate is 12% pa.

Unitholders should note that any reference in this PDS to past performance is not a reliable guide to future performance. Any reference to target distribution rates are based on the return payable under the Master Deed of Assignment Agreements for the rental management growth rights or income rights, the estimated operating costs of the SIT and its investments and the historical performance of the underlying investments. Refer to page 6 for further details. No distribution rate is guaranteed. Returns may be more or less than historical returns and the target returns stated.

INCOME

The Growth Trust owns Rental Management Growth Rights, which gives the Growth Trust the right to a share of the income derived by RMAD from the sale of Residential RMAs and SNLL RMAs net of any RMA Rebate to Rental Management Australia each month.

Under the Master Deed of Assignment, the Growth Trust can acquire Rental Management Growth Rights based on the following formula:

$$\text{Growth Rights Price} = \frac{\text{Monthly Income Limit Assigned} \times 12}{13.5\%}$$

The sale of RMAs to Rental Management Australia since 2013 can be summarised as follows:

Residential RMAs	RMAD Income	RMAD Rebate	Net Income
FY 2014	2,604,370	1,125,269	1,479,101
FY 2015	2,358,915	1,173,989	1,214,927
FY 2016	2,654,572	1,326,182	1,328,392

If the Growth Trust were to acquire the Rental Management Growth Rights with a monthly Income Limit of \$20,025, the Growth Rights Price would be calculated as follows:

$$\text{Growth Rights Price} = \frac{\text{Growth Monthly Income Assigned} \times 12}{13.5\%}$$

$$\text{Growth Rights Price} = \frac{20,025 \times 12}{13.5\%}$$

$$\text{Growth Rights Price} = \frac{240,300}{13.5\%}$$

$$\text{Growth Rights Price} = \$1,780,000$$

For the purchase price of \$1,780,000, the Growth Trust will be entitled to the income from the RMAD from the sale of RMAs of \$240,300 annually which after allowing for the costs of managing the SIT, will generate a target distribution to Growth Unitholders of approximately 12% pa*.

Example for illustrative purposes only. Rents may higher or lower and the management fee may be higher or lower. Any reference to target distribution rates are based on the return payable under the Master Deed of Assignment Agreements for the rental management growth rights or income rights, the estimated operating costs of the SIT and its investments and the historical performance of the underlying investments. When reviewing historical rates of distribution, remember they are not a reliable guide to future rates of distribution. Distributions may be higher or lower or even nil. Distributions and capital are not guaranteed.

STERLING INCOME SUPPORT AGREEMENT

Sterling has entered into an Income Support Agreement with the SIT to provide income support in the event that in a particular month the Unitholder distribution would fall below any stated Target Distribution amount. For example this may occur if the month is a four week month as apposed to a five week month, or if vacancy or rental arrears are higher than anticipated. In these situations, Sterling will make an advance to the respective SIT so that the actual distribution will equal the Target Distribution.

The amount advanced by Sterling can be recouped by Sterling in future months within a single financial year if the free cash flow for Distributions is higher than any stated Target Distribution. If at the end of a financial year there are still unrecovered advances, Sterling must write the advance off, and the advance will be included as income of the SIT.

In addition under the Income Support Agreement, Sterling must establish and maintain a fund that holds not less than 150% of the annual distributable amount of the Income Units and the Growth Units in cash and other assets. If Sterling does not meet its obligation under the Income Support Agreement, the SIT can draw the required funds from this fund. The SIT benefits from a General Security Agreement in respect of this fund.

YOUR INVESTMENT AND RISKS**About risk and return**

All investments are subject to varying risks and the value of an investment can decrease as well as increase (i.e. you can experience investment gains or investment losses). Changes in value can be significant and they can happen quickly. Different types of investments perform differently at different times and have different risk characteristics and volatility.

These are some of the reasons why you should consider investing in different types of investments (often called diversification).

The significant risks for the SIT generally, as well as the Income Units and Growth Units, are discussed below. Theta and SCS cannot eliminate all risks and cannot promise that the way they manage them will always be successful.

If these risks happen, Unitholders' distributions may be lower than expected or there may be none, and the value of an investment could fall.

Income Distribution Risk**- Income Units**

The SIT receives its Income Unit income by way of distributions from the Income Trust.

The Income Trust derives its income from a share of the management fees earned on the collection of rent pursuant to which it has an RMA (the Base Management Fee).

The level of rent collected can be affected by a number of factors including non-payment of rent by a tenant, vacancies, loss of RMAs. The replacement of lost RMAs may be higher or lower than budgeted, the number of sales will vary from period to period and these factors will impact on the financial performance of the Income Trust.

The distributable income for the Income Units is determined as detailed on page 15. If the respective sub trust or the SIT's expenses are less than anticipated, the income distributed to Unitholders may be higher than the target distribution rates (and conversely, if the expenses are more than anticipated, the income distributed to Unitholders may be less than the target distribution rates). To help mitigate this, the SIT has entered into an Income Support Agreement with Sterling to provide income support in the event that in a particular month the Unitholder distribution would fall below ant stated Target Distribution. The SIT also benefits from a general security agreement in respect of these arrangements. However, income support is not guaranteed.

- Growth Units

The SIT receives its Growth Unit income by way of distributions from the Growth Trust.

The Growth Trust derives its income from the sale of RMAs to Rental Management Australia.

The number of RMAs sold to Rental Management Australia depends on the performance of RMAD which may vary from period to period and may impact on the financial performance of the Growth Trust.

The distributable income for the Growth Units is determined as detailed on page 16. If the respective sub trust or the SIT's expenses are less than anticipated, the income distributed to Unitholders may be higher than the target distribution rates (and conversely, if the expenses are more than anticipated, the income distributed to Unitholders may be less than the target distribution rates). To help mitigate this, the SIT has entered into an Income Support Agreement with Sterling to provide income support in the event that in a particular month the Unitholder distribution would fall below ant stated Target Distribution. The SIT also benefits from a general security agreement in respect of these arrangements. However, income support is not guaranteed.

A Unitholder will receive any distributions from the SIT after the costs of managing the SIT have been deducted. Refer to pages 24 and 25 for information on the cost of managing the SIT.

Unitholders should note that any reference in this PDS to past performance is not a reliable guide to future performance. Any reference to target distribution rates are based on the return payable under the Master Deed of Assignment Agreements for the rental management growth rights or income rights, the estimated operating costs of the SIT and its investments and the historical performance of the underlying investments. No distribution rate is guaranteed. Returns may be more or less than historical returns and the target returns stated.

Market Risk

Economic, technological, political or legal conditions, changes in interest rates and even market sentiment, can (and do) change, and these all affect the value of the investments in the SIT.

Investment Manager Risk

SCS may fail to perform under the Investment Management Agreement, in which case Theta will take all necessary action to safeguard Unitholders' funds.

Key Person Risk

Only a small number of investment professionals are responsible for managing the SIT and their personal circumstances can change.

SCS aims to reduce this risk by having additional investment resources available, by increasing the size of the investment team over time and by systematising the investment decision making.

SIT Risk

Risks particular to the SIT include that it could be terminated at a date the Responsible Entity decides, the fees and expenses could change (although the Responsible Entity would always give you at least 30

days' notice if fees were to increase), Theta could be replaced as Responsible Entity and its management and staff could change. However the Responsible Entity has duties under the Corporations Act to act in the best interest of Unitholders.

Liquidity Risk

The SIT is an illiquid fund, and as such, a limited redemption facility may be offered to Unitholders and no secondary market exists. Therefore Unitholders may be unable to liquidate their investments as and when they require. However, it is expected Unitholders may be made a Conditional Redemption Offer periodically (refer to pages 4, 5, 8 and 22).

The Conditional Redemption Offers will be funded out of new equity, surplus working capital or the sale of assets of the various sub trusts. There is a risk that the SIT will not be able to access sufficient capital during this period to meet all Conditional Redemption Offers. If this occurs, Unitholders may not be able to redeem their Units.

Taxation Risks

Any change in taxation laws or rates (including any duties and imposts) in jurisdictions in which the SIT operates may impact on:

- the SIT's financial performance and cash flows; and
- the SIT's ability to pay distributions and dividends.

Any changes in the current rates of taxation, duties or imposts applying to individuals and trusts will similarly impact on Unitholder returns.

Whilst all care has been taken to determine the accounting treatment of the income and capital growth associated with this investment, each Unitholder should seek their own tax advice in relation to their Unitholding.

Multi class risk

The SIT will issue multiple classes of units. As at the date of this PDS, the SIT intends to issue four classes of units, being the Income Unit class, Growth Unit class, Development Unit class and the Management Company Unit class of units. The SIT may offer more classes of units in the future.

Each class is referable to a particular pool of assets and liabilities held within the SIT. When you invest in a particular class of Units, you acquire an interest in, and therefore exposure to, the assets relevant to that class. The assets and liabilities of the SIT are attributed to the relevant classes and are administered separately so the Unit price and performance of each class is independent of each other.

However, legally the assets and liabilities of a particular class are the assets and liabilities of the SIT as a whole. As such, if the SIT becomes insolvent, all classes of units will be affected, and if a particular class of units becomes insolvent then creditors may make a claim for all of the assets in the SIT and not just the assets of the insolvent class of units.

Borrowings

The SIT will not borrow, however the Income Trust may borrow from banks at commercial arms length terms to assist in the acquisition of RMAs. The Growth Trust will not borrow.

If interest rates rise, the SIT will be exposed to higher interest costs on borrowings undertaken by the Income Trust to acquire new RMAs. Higher borrowing costs incurred by the Income Trust could ultimately reduce returns to Unitholders. The Income Trust fixing the rate on borrowings can reduce this risk and the trustee of the Income Trust will do this where it considers it reasonable and practicable to do so as part of the Income Trust's interest rate hedging policy.

Stamp Duty

The SIT seeks legal advice as to the impact of stamp duty on all acquisitions. Such opinions may however be subject to challenge by the relevant state government revenue office.

Covenant Breach

The Income Trusts bank loan facilities contain financial covenants such as LVRs and interest coverage ratios. Should these covenants be breached, the Income Trust may be forced to renegotiate its bank facilities which could result in increased borrowing costs and reduced returns to Unitholders. Failure to renegotiate the facilities could result in the need to sell assets. As at the date of this PDS, no lender has issued a breach notice or indicated that they are concerned with any potential breaches of any financial covenants.

Specific Risks for the Income Unit Class

Business Model

There would be a material adverse effect on the Income Unit Class and its operating and financial performance if it were not able to achieve the expected cost and revenue synergies and integration benefits of combining the RMAs that the SIT acquires.

Asset Risk

The principal assets of the Income Unit Class are units in the Income Trust, which in turn invests in RMAs. The RMAs may be terminated by owners within varying periods, depending on the state jurisdiction they are located in. Owners of properties may elect to sell the property being subject to an RMA or remove that property from the Rent Roll for a number of other reasons. In this respect the Income Trust has budgeted an attrition rate (namely the rate relating to the removal of properties from the Rent Roll). There is a risk that the attrition rate will be higher or lower than the attrition rate budgeted by the Income Trust and this will have an impact on the Income Trust's financial performance.

Growth Risk

The Income Trust is budgeting growth in the number of RMAs. The Income Trust expects additional income to come from the acquisition of RMAs and through organic growth. The Income Trust may not experience the

budgeted growth in the number of properties it seeks to manage which will have a negative impact on the SIT's financial performance.

Similarly, the Income Trust has budgeted the costs it anticipates it will incur in operating the business. There is a risk that the costs of operating the business will be higher than those budgeted.

The Income Trust intends to acquire further RMAs in the future. There is no guarantee that the Income Trust will be able to identify suitable acquisitions or alternatively that the Income Trust will be able to agree with the potential vendors on terms relating to the acquisitions having regard to available capital and debt funding to undertake such acquisitions. If the Income Trust encounters such difficulties or is unable to complete further acquisitions as currently contemplated in the Income Trust's budgets, this would adversely impact on the Income Trust's financial performance.

RMAD Contract Risk

The Income Trust relies on RMAD and its subsidiaries to perform services under the Business Development Agreement with Rental Management Australia.

The business development consists of researching, negotiating and arranging for the acquisition of additional RMAs to be owned by the Income Trust. The Business Development Agreement does not have a fixed term, but may be terminated on the happening of certain events, such as a breach of its respective terms which is not rectified, or insolvency.

If RMAD is not able to perform these services or the agreements are terminated, the Income Trust would need to perform these services itself, or engage other parties to perform them. There may be an adverse effect on the Income Trust's financial performance if the services could not be performed to the same level as by RMAD, or the costs increased compared to engaging RMAD. Also, if the Income Trust performed the business development itself, this would undermine its strategy to separate the business development function from ownership of the Rent Roll.

Competition

Increased competition in the property management industry may result in, amongst other things, lower industry accepted commission rates and fees. Downward pressure on industry rates and fees would have an adverse financial impact and limit the Income Trust's ability to attract and retain owners and customers.

Vacancy Levels and Rental Income

Vacancy levels and rental income can have a direct impact on fees and commissions earned by the Fund. High vacancy rates, or decreases in rental income for properties managed by the Fund could have an adverse financial impact on the Fund.

Regulatory Risk

The Income Trust operates in a regulated industry. Amongst other things, participants in that industry must be licensed. The Income Trust's operating subsidiaries have existing licenses. If the Income Trust was to lose its licence to operate in any of the relevant jurisdictions this would have an adverse impact on the Income Trust's ability to maintain operations. Further changes in the regulatory environment in which the Income Trust operates may adversely impact the Income Trust. The legislation that regulates the terms on which owners and agencies must contract with each other under the managing agency authority is very prescriptive. Failure to strictly adhere to prescribed terms or to follow prescribed practices may disentitle the managing agency to commissions and/or fees previously paid by the owner or may expose the agency to penalties under the relevant legislation in the states that they operate.

Accounting Standards

Changes in accounting standards may impact on the SIT's financial performance and its capacity to pay distributions.

Litigation Risk

The SIT is exposed to potential litigation from customers and third parties with whom it engages or in relation to agencies/entities that the SIT is acquiring. This would include litigation risk relating to regulatory matters including disputes as to the form of rental management agreements.

Specific Risks for the Growth Unit class

Business Model

There would be a material adverse effect on the Growth Unit Class and its operating and financial performance if RMAD were unable to maintain its business operations at least 50% of its current level.

Asset Risk

The principal assets of the Growth Unit Class are units in the Income Trust, which in turn invests in RMA Growth Rights. The income generated under the RMA Growth Rights is reliant on the performance of RMAD. There is a risk that RMAD will have a reduction in performance and consequently the Growth Unit Class may underperform.

Competition

Increased competition in the property management industry may result in, amongst other things, lower industry accepted commission rates and fees. Downward pressure on industry rates and fees would have an adverse financial impact and limit the RMAD's ability to attract owners and in turn impact on the performance of the Growth Unit Class.

HOW TO INVEST

You can invest from \$2,000 and thereafter in \$500 increments. Complete a current Application Form and send it to the Investment Manager's office (the Application Form is attached to this PDS):

Registry Direct
PO Box 18366
Collins Street East, VIC 8003

Cheques should be made payable to Sterling Income Trust – Application Account.

If paying by Electronic Funds Transfer the banking details of the Application Account is as follow:

Account Name: Theta Asset Mgt Ltd atf SIT Application Account
Bank: NAB
BSB: 082-080
Account: 14-595-6791

Any interest earned on application monies is credited to the benefit of the SIT.

COOLING-OFF RIGHTS

Cooling-off rights do not apply to an investment in Units pursuant to the Offer. This means that you cannot withdraw your Application once it has been accepted.

APPLICATION PRICE

The Application Price for the Income Units and Growth Units are determined by the Responsible Entity, in accordance with the Constitution, at the time an application is processed. The issue price of Units under this offer ("Current Unit Price") is determined with reference to the net asset value of the relevant class of units and the number of Units in that class on issue.

The net asset value will be calculated by determining the gross assets value being the sum of:

- 1 the value of the assets of the relevant class; and
- 2 any other amounts which, in the opinion of the Responsible Entity should be included for the purpose of making a fair and reasonable determination of the value of the assets of the relevant class on an undiscounted basis, having regard to generally accepted accounting principles.

Less the following:

- 1 all amounts required to meet liabilities and to meet all costs (including the amount of any provisions, including contingent liabilities, the Responsible Entity determines, in consultation with the auditor, should be made) but excluding liabilities (if any) to Unitholders in respect of Units; and
- 2 following any distribution calculation date, the amount of any distributable amount payable but not paid to Unitholders on the day on which the net asset value is determined.

The Current Unit Price will be determined on each month end at 5.00pm (WST) and published on www.sitfund.com.au. Applications will be processed each Monday based on the previously published Current Unit Price.

Income Units

The asset value calculation for the RMA Income Rights will be made on the following basis:

- 1 the total Base Management Fees will be obtained from the rent roll as at the end of the given period
- 2 the value multiple will be obtained from the most recent issue of the Macquarie Bank Residential Real Estate Benchmark Report
- 3 The amount will be adjusted by the difference between the market average profit margin of 30% and the Income Trust margin of 45% discounted by 8%

The calculation to be made as follows:

$$\text{Base Management Fees} \times \text{Macquarie Bank Multiple} \times (45\% / 30\%) \times (100\% - 8\%)$$

Growth Units

The asset value calculation for the RMA Growth Rights will be made on the following basis:

$$\text{Annualised Income Limit} / 13.5\%$$

The Responsible Entity has a documented policy in relation to the guidelines and relevant factors taken into account when calculating Unit prices (called the Unit Pricing Policy). The Responsible Entity keeps records of any decisions that are outside the scope of the Unit Pricing Policy, or are inconsistent with it. A copy of the Unit Pricing Policy and records is available free on request.

REDEMPTION OF UNITS

The SIT is not listed on any securities exchange, and is considered an illiquid investment. There is no guaranteed redemption of Units, however Unitholders may be able to redeem their Units via a Conditional Redemption Offer, which will be made to Unitholders at the discretion of the SIT.

The Income Unit and Growth Unit Redemption Offers are expected to be funded out of new equity raised. There is no guarantee however, that there will be sufficient funds available to meet the redemption requests in full or in part.

There are currently no Growth Units eligible to be redeemed.

Being an illiquid investment, the Responsible Entity must comply with the Corporations Act when making any Conditional Redemption Offer (including duties around how such offers are made, to whom, how payments are to be dealt with and how offers may be cancelled).

Further details will be provided to Unitholders at the time that a Conditional Redemption Offer is made.

Application for redemption of units can be made when a Conditional Redemption Offer is available and by completing the "Redemption Application Form" attached to this PDS.

DISTRIBUTION PAYMENT

If distributions are payable the SIT will make the distribution not later than the 15th business day of each month.

Distributions are not guaranteed.

CHANGES OF DETAILS

If you change any of your details, including contact details, distribution instructions, bank account details or account operating instructions, please advise us by contacting Registry Direct on 1300 55 6635.

Alternatively, you can update your details online at www.registrydirect.com.au/investor, or in writing.

Please send all correspondence to:

Registry Direct
PO Box 18366
Collins Street East, VIC 8003

In all likelihood you will need to pay tax in relation to your investment in the SIT, generally income or capital gains tax, but you might be able to claim some tax credits or have the benefits of some concessions.

Your tax liability ultimately depends on your circumstances, for example, whether you are an Australian resident or whether you are investing via a superannuation fund. Therefore, it is important that you seek professional advice before you invest or deal with your investment.

Theta will send you the information you need each year to help you to complete your tax return.

Will I be liable to pay tax on money I receive from the SIT?

Probably yes, whether the money is actually paid to you or reinvested.

The tax impact for you depends on what makes up the distributions. Distributions could comprise:

- income (like dividends and interest);
- net taxable capital gains (from the sale of the SIT's investments); and
- tax credits (like franking credits attached to dividend income).

Do I need to give you my tax file number (TFN) or Australian business number (ABN)?

It is up to you, but we recommend it strongly.

If you choose not to provide us with your TFN or ABN and you do not have an exemption, we must deduct tax at the highest personal rate, plus the Medicare levy, before passing on any distribution to you. The law is very strict on how we can use these details. It is not compulsory to provide a TFN or ABN and it is not an offence to decline to provide them. To avoid withholding tax being applied to your account, applicants may include a TFN or ABN, as applicable, when completing the Application Form.

Does the SIT have to distribute taxable income?

The terms of the Constitution provide that the taxable income of the SIT must be distributed to Unitholders. This means the SIT should not be liable for income tax on its income. Any income distributed to Unitholders must be included in the taxable income of the Unitholder.

Does the SIT pay tax?

The SIT is not expected to be taxed as a company.

The following is a general disclosure required pursuant to the Corporations Act in relation to the SIT.

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30 year period.

(for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the SIT or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website (www.moneysmart.asic.gov.au) has a managed investment fee calculator to help you check out different fee options.

This document shows fees and other costs that you may be charged. These fees and costs may be deducted from your money or from the returns on your investment or from the assets of the SIT as a whole.

Taxes are set out in another part of this document.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

Sterling Income Trust		
Type of fee or cost	Amount	How and when paid
Fees when your money moves in or out of the SIT		
Establishment fee: The fee to open your investment	Nil	Not applicable
Contribution fee: The fee on each amount contributed to your investment	Nil	Not applicable
Withdrawal fee: The fee on each amount you take out of your investment	Nil	Not applicable
Exit fee: The fee to close your investment	Nil	Not applicable
Management costs The fees and costs for managing your investment		
Administration and investment costs	<p>An Investment Manager's Fee being 1% per annum of the FUM.</p> <p>A Responsible Entity fee being the greater of \$50,000 or 0.15%* per annum of the FUM.</p> <p>An annual audit management fee up to \$7,500.</p> <p><i>For a worked dollar example of the fees, see "Example of annual fees and costs" on page 25.</i></p>	<p>Payable quarterly in arrears from the SIT assets.</p> <p>Payable quarterly in arrears from the SIT assets.</p> <p>Payable annually in the December quarter from the SIT assets.</p>
Recoverable expenses	<p>SIT expenses, other than Administrative and investment cost, are estimated to be approximately \$65,000.</p> <p><i>For a worked dollar example of the fees, see "Example of annual fees and costs" on page 25.</i></p>	<p>Paid as incurred. This amount is paid from the SIT assets. Please refer to 'Additional explanation of fees and costs' on page 25 for more information.</p>
Service Fees		
Switching fee: The fee for changing investment options	Nil	Not applicable

* \$1,500 per \$1,000,000 gross value of the SIT

Fees and Other Costs

Additional explanation of fees and costs

Recoverable expenses

There is no limit on the total amount of expenses that can be recovered provided such expenses are properly incurred. The actual operations expenses for the financial year ended 30 June 2016 were \$286,672, made up of administrative and investment costs of approximately \$213,875, and recoverable expenses of \$72,797. These expenses include, but are not limited to audit fees, insurance, accounting fees and ASIC fees.

Can fees be different for different investors?

No, all Unitholders are subject to the same fee structure.

Can the fees change?

Yes, all fees can change. Reasons might include changing economic conditions and changes in regulation. The Constitution for the SIT sets the maximum amount Theta can charge for all fees. If Theta wished to raise fees above the amounts allowed for in the SIT Constitution, Theta would need the approval of Unitholders. Theta will give you 30 days written notice of any proposed increase to the fees (but not expenses) as stated in the PDS.

The Responsible Entity Fee and audit management fee are subject to annual review and CPI adjustment.

Government charges and taxation

Government taxes such as GST will be applied to your account as appropriate. In addition to the fees and costs

described in this section, standard government fees, duties and bank charges may also apply such as stamp duties. Some of these charges may include additional GST and will apply to your investments and withdrawals as appropriate.

These fees are included in the fees outlined in the tables. Please note the fees in the tables do take into account any reduced input tax credits that may be available so the fees may be overstated in some cases.

Buy/Sell spread

No buy/sell spread is payable on acquisition or disposal of Units.

Alternative Remuneration

The SIT does not pay commissions to financial advisers. Subject to the law, Theta may make product marketing payments out of the administration and investment costs. These are not additional amounts borne by Unitholders. They are paid entirely by us, either as a cash payment or in the form of additional Units that we purchase.

Example of annual fees and costs

This table gives an example of how the fees and costs for this managed investment product can affect your investment over a one year period. You should use this table to compare this product with other managed investment products.

EXAMPLE		Balance of \$50,000 with total contributions of \$5,000 during the year
Contribution Fees	0%	For every additional \$5,000 you put in, you will be charged \$0.
PLUS Management Costs	1.38%*	And, for every \$50,000 you have invested in the SIT you will be charged \$690 each year**.
EQUALS Cost of SIT	1.38%*	If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of \$690***.

* Based on FUM of \$20,736,187.

**These fees are paid directly by the SIT. Any distributions paid by the SIT are paid after payment of all Management Costs.

***The Corporations Act requires that when calculating management costs in this table, Theta must not include contributions made during the year or allow for any positive performance that may occur (e.g. Theta must assume that the value of the investment remains at \$50,000 and the Unit price does not fluctuate). Please be aware that management costs actually incurred will depend on the market value of the investment and the timing of any contributions (including any reinvestment of distributions) during any 12 month period.

SUMMARY OF MATERIAL AGREEMENTS**Investment Management Agreement between Theta and SCS**

Key provisions include:

1. Parties: Theta in its capacity as Responsible Entity of SIT and SCS.
2. The agreement is for a term of 5 years commencing on 6 November 2012. If at the end of this period the agreement is not extended (or replaced by a new agreement between the parties), Theta can perform itself the functions it previously appointed SCS to perform, or engage another party to act on its behalf. Alternatively, a new responsible entity may be appointed by Unitholders pursuant to an extraordinary resolution, in accordance with the procedure outlined in paragraphs (3)(d) and (6)(d) below.
3. Theta:
 - (a) Appoints SCS to act as Investment Manager and manage the SIT's assets and prepare any PDS and promotional material for the SIT on behalf of Theta.
 - (b) Has various duties and obligations with respect to the SIT and its assets and liabilities, preparing the SIT's compliance plan, establishing the SIT's compliance committee, maintaining an AFSL and reviewing, commenting, approving and issuing any PDS or promotional material.
 - (c) May be requested by SCS to resign as responsible entity of the SIT. This will result in Theta calling a meeting of Unitholders, so the Unitholders can decide whether or not to give effect to the request. Unitholders must vote on an extraordinary resolution to choose a new responsible entity before Theta can be replaced. The notice of meeting materials provided to Unitholders will explain the reasons for the proposed change of responsible entity. The extraordinary resolution must be passed by at least 50% of the total votes that may be cast by Unitholders entitled to vote (including Unitholders who are not present in person or by proxy), in order to change the responsible entity.
 - (d) Can vary decisions of SCS (as Investment Manager) that in the opinion of Theta would contravene or be likely to contravene, or breach duties and obligations under, the law, the SIT's Constitution, Compliance Plan or PDS, or Theta's AFSL, or would not be in the best interests of Unitholders.
 - (e) Holds through the Custodian all property and rights attached to the SIT.
4. SCS (as Investment Manager, acting on behalf of Theta) has certain functions, duties and obligations with respect to managing the SIT assets and any SIT PDS and promotional material. When a distribution is paid by the Income Trust to the SIT, SCS will perform necessary reconciliations and liaise with the Custodian to enable distributions to be made to Unitholders. SCS will also prepare any SIT PDS or promotional material, and obtain legal sign-off, on behalf of Theta, and must also provide specified reports for Theta.
5. SCS is entitled to be reimbursed for all out of pocket expenses, and will be paid a fee per annum equal to 1% of FUM.
6. SCS is required to provide regular reports to Theta in relation to the SIT, its assets, any conflicts of interest (actual or perceived) and other compliance matters on a monthly, quarterly and annual basis.
7. Termination:
 - (a) Either party may terminate the agreement by giving three months notice.
 - (b) Either party may terminate the agreement immediately upon the occurrence of a termination event (such events

being broadly in line with industry standard termination events) or if Theta ceases to be the Responsible Entity of the SIT.

- (c) If SCS terminates the agreement without giving notice where Theta is not in breach, SCS must pay Theta a fee (this fee is not payable out of SIT Assets).
- (d) Theta may terminate the agreement if it is required to do so by law.
- (e) If Theta terminates the agreement when it is not required to do so by law, or SCS terminates the agreement, then Theta will call a meeting of Unitholders to vote on a resolution to remove Theta as Responsible Entity, so the Unitholders can decide whether or not to give effect to the request. Unitholders must vote on an extraordinary resolution to choose a new responsible entity before Theta can be replaced. The notice of meeting materials provided to Unitholders will explain the reasons for the proposed change of responsible entity. The extraordinary resolution must be passed by at least 50% of the total votes that may be cast by Unitholders entitled to vote (including Unitholders who are not present in person or by proxy), in order to change the responsible entity.
- (f) If SCS does not consent to its removal as Investment Manager, a fee equivalent to 3% of FUM must be paid to SCS (this fee is not payable out of SIT Assets).
- (g) If Theta does not consent to its removal as Responsible Entity, a fee equivalent to 0.15% of FUM must be paid to Theta (this fee is not payable out of SIT Assets).
8. The Investment Management Agreement contains standard provisions including those relating to confidentiality, warranties and indemnities and insurance.

Debt Facility - Income Trust**Macquarie Bank Limited - Real Estate Revolving Line of Credit**

Key provisions include:

1. Borrower - Rental Management Australia Pty Ltd as trustee for Income Trust
2. Facility Limit: \$2,860,000.
3. Purpose: To assist with refinancing previous debt from Bankwest and provide additional funds for future rent roll acquisitions.
4. Type: interest only at the Macquarie Bank Reference Rate.
5. Expiry: 5 years from date of initial draw down being 16 December 2019.
6. Security: General Security Interest - RMAPL and the Income Trust.
7. Guarantors - Westbold Investments Pty Ltd, SCS, Sterling First, Rental Management Australia (Qld) Pty Ltd.

KEY AGREEMENTS**Master Deed of Assignment between RMAPL and Income Trust**

RMAPL agrees to exclusively assign Income Rights on RMAs to the Income Trust on the following terms:

1. Income Trust will fund RMAPL for the acquisition of RMAs and assignment of the attaching Income Rights. RMAPL has agreed to acquire RMAs from RMAD on the following basis:
 - a. for Income Rights attaching to Residential RMAs, 3.50 times the Base Management Fee; and
 - b. for Income Rights attaching to new SNLL RMAs, 4.50 times the Base Management Fee; and
2. RMAD has agreed to rebate RMAPL, and RMAPL will in turn rebate Income Trust 2.5 x the Base Management Fee on Income Rights that are replacing lost Residential RMAs and 3.5 the Base Management Fee on Income Rights that are replacing lost SNLL RMAs.
3. Income Trust will pay to RMAPL 48% of the Base Management Fees earned under the RMAs and 100% of the remaining fees earned under the RMAs.
4. Where an RMA is an "All In Fee" RMA, the Base Management Fee equivalent will be 75% of the All In Fee amount.
5. RMAPL must not sell, or seek to sell, any RMA, for which the Income Trust has the income Rights, to any person without the prior written consent of the Income Trust.
6. RMAPL must sell an RMA, for which the Income Trust has the Income Rights, when directed to do so by the Income Trust.
7. When RMAPL sells an RMA with the requisite consent from, or at the direction of, the Income Trust, the sale proceeds form part of the Income Rights and are payable to the Income Trust.
8. RMAPL must take all reasonable action against third parties for infringement of the Income Rights whether or not the infringement took place before the Effective Date.
9. The Master Deed of Assignment contains other standard provisions, including those relating to dispute resolution, GST and confidentiality.
10. Security: General Security Interest - RMAPL.

Master Deed of Assignment between RMAD and Growth Trust

RMAD agrees to assign to the Growth Trust all its rights, title and interest in the Income Rights up to the Income Limit on the following terms:

1. RMAD may assign Income Rights to the Growth Trust with the price determined by the following formula:

$$\text{Income Limit} \times 12 / 0.135$$
2. The Income Limit may be raised or lowered by agreement between RMAD and the Growth Trust.
3. When the Income Limit is raised or lowered the Price will be adjusted using the formula above with a payment due from the Growth Trust to RMAD (raised), or from RMAD to the Growth Trust (lowered).

4. If any payments of the Price remain outstanding, interest will accrue at 13.5% per annum.
5. RMAD must pay the Growth Trust the Income Limit no later than the 15th day of the month following receipt.
6. If the actual amount of income received by RMAD is less than the Income Limit then the Growth Trust will only receive the actual amount of income.
7. RMAD can only increase the Income Limit to a maximum of 50% of the annual income in the previous 12 month period.
8. RMAD undertakes to use reasonable endeavours to perform its obligations.
9. The Master Deed of Assignment contains other standard provisions, including those relating to dispute resolution, GST and confidentiality.
10. Security: General Security Interest - RMAD.

Income Support Agreement between SIT, SCS and SCS as trustee for the Sterling Capital Reserve Fund

SCS agrees to provide the SIT income support if the distributions to the Income Unit Holders or the Growth Unit Holders in a calendar month falls below the Target Distributions on the following terms:

1. If for a calendar month the actual distributions are less than the Target Distributions, SCS will pay SIT the shortfall amount.
2. If in a calendar month the actual distribution are more than the Target Distributions, then the SIT may reimburse SCS any shortfall amounts it has previously paid.
3. If at 30 June each year, there are is a balance of shortfall amounts that SCS has not recouped, these amounts must be written off by SCS.
4. SCS must establish the Sterling Capital Reserve Fund (Reserve Fund), which must within 12 months of the date of the deed (31 January 2017) hold a balance equal to 1.5 times the amount required to pay the Target Distributions for the income Trust and the Growth Trust.
5. The Reserve Fund provides a guarantee in support of this agreement, and can be drawn upon if SCS fails to meet its obligations under the agreement.
6. If the Reserve Fund is drawn upon, SCS must replenish the Reserve Fund within in 90 Days.
7. Security: General Security Interest - Reserve Fund.

DISCLOSURE OF INTERESTS

Other than as stated in this Section 8 and elsewhere in this PDS:

- Theta is entitled to receive the fees set out on page 24.
- SCS is the Investment Manager of the SIT. SCS is a wholly owned subsidiary of Sterling First, which currently holds 400,000 Income Units.
- Ray Jones, a director of SCS, currently holds directly and beneficially 1,118,285 Income Units.
- There are no Growth Units on issue at the date of this PDS.
- The top 20 Income Unitholders as at the date of this PDS are:

No.	Unitholder	Unitholding	%
1	RMA Consolidations Pty Ltd	1,118,285	8.7%
2	Wintersweet Nominees Pty Ltd	675,000	5.3%
3	Paul Webb	633,362	4.9%
4	Yih Ling Hoon	581,704	4.5%
5	Glenhope Pty Ltd	536,900	4.2%
6	Mr Timothy John Ellis + Mrs Suzanne Marie Ellis	459,292	3.6%
7	Sterling First (Aust) Limited	400,000	3.1%
8	Carole Hawkins	300,000	2.3%
9	Mr Neville Frank East + Mrs Pamela East	295,010	2.3%
10	Paul Luzi	294,509	2.3%
11	Elsio Pty Ltd	293,309	2.3%
12	Bougainvillaea Holdings Pty Ltd	250,000	1.9%
13	Mr Allan Edward Barrett + Mrs Diana Joan Barrett	216,504	1.7%
14	Barmera Management Pty Ltd	200,000	1.6%
15	Blackwolf Corporation Pty Ltd	200,000	1.6%
16	Bernard Vallenge	200,000	1.6%
17	Mr Kevin Harry Duckworth	195,955	1.5%
18	Ms Lorraine Patricia Fitzgerald	177,504	1.4%
19	Mr Timothy John Ellis	174,071	1.4%
20	Qtft Pty Ltd	168,440	1.3%
	Others	5,491,993	42.7%
	Units on Issue	12,861,838	100.0%

SIT Constitution

In addition to the information set out at page 11 of this PDS, key provisions of the Constitution include:

- holding of assets on trust for Unitholders;
- application price for any securities to be issued;
- application procedures for Unitholders;
- valuation of assets;
- income and distributions payable to Unitholders;
- powers of the Responsible Entity;
- issuing of notices to Unitholders;
- meeting of Unitholders;
- rights and liabilities of the Responsible Entity;
- remuneration and expenses of the Responsible Entity;
- duration of the SIT;
- compliance committee;
- complaints procedure; and

- an ability (but not obligation) to list the SIT on the ASX.

Disclosure of Directors' Interests - Responsible Entity

Other than as stated below and elsewhere in this PDS:

- No amount has been paid or agreed to be paid and no benefit has been given or agreed to be given to a director, or proposed director of the Responsible Entity to induce them to become, or qualify as, a director;
- None of the following persons:
 - a director or proposed director of the Responsible Entity;
 - each person named in this PDS as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this PDS; or
 - a promoter of the SIT;

holds or has held at any time in the two years before issue of this PDS, an interest in the formation or promotion of the SIT, business acquired or proposed to be acquired by the SIT in connection with its formation or promotion, or was paid or given or agreed to be paid or given, any amount or benefit for services provided by such persons in connection with the formation or promotion of the SIT, except as set out elsewhere in this PDS and below.

The directors of the Responsible Entity currently receive remuneration in their capacity as directors of Theta and none of the directors are remunerated directly by the SIT.

None of the directors of the Responsible Entity currently have an interest held either directly or indirectly in Units in the SIT.

Directors may purchase Units through subsequent offers made by the SIT.

No director received or became entitled to receive any benefit because of a contract made by the SIT with a director or with a firm of which a director is a member, or with an entity in which the director has a substantial interest.

OTHER COMPLIANCE INFORMATION**The Compliance Plan and Compliance Committee**

As required by law, Theta has prepared and lodged with ASIC, a Compliance Plan for the SIT which sets out measures that Theta shall apply in operating the SIT to ensure compliance with the Corporations Act, and the SIT's Constitution.

The Compliance Plan identifies the personnel or service providers structure of Theta and the duties of Theta as a whole, as well as the duties and the procedures and systems for Theta to implement concerning various aspects of the management function, including:

- the meetings and reports of the Compliance Committee;
- the engagement of external service providers;
- the safe keeping and inspection of records;
- the maintenance and audit of books of accounts;
- the valuation of the property;
- reporting to Unitholders;
- the borrowings of the SIT;
- managing conflicts of interest; and
- handling, collecting and dealing with money received for the SIT.

The Compliance Committee has been established to monitor compliance by Theta with the Compliance Plan and Constitution and report to Theta on a regular basis regarding its adherence to the Compliance Plan, the Corporations Act and the SIT's Constitution.

The Compliance Committee is to report to ASIC if Theta does not address any issues raised in an adverse report issued to Theta. The Compliance Committee is currently comprised of 3 members, with at least two thirds of the Committee being 'external' in accordance with s601JB of the Corporations Act.

The Responsible Entity's Financial Capacity

There are strict financial obligations to which a Responsible Entity must adhere under its AFSL issued by ASIC. Theta must maintain a minimum level of net tangible assets ("NTA") to meet this criteria. In accordance with the Compliance Plan, Theta's financial capacity is monitored at least monthly.

Theta has engaged an external Custodian who must maintain minimum NTA of \$10 million at all times.

Professional Indemnity and Fraud Insurance

As at the date of this PDS, Theta has an insurance policy covering professional indemnity, to an amount of \$2,000,000 per claim with an aggregate cap of \$5,000,000 per annum.

Conflicts of Interest and Related Party Transactions

It is not intended that the Responsible Entity (on behalf of the SIT), will invest in, or provide any loans or guarantees to, its related parties apart from its investment in the Income Trust, Growth Trust, Property Development Trust, and the Management Company Share Trust (each being wholly owned trusts of the SIT). Theta has a policy for dealing with related party transactions. This policy is designed to meet its obligations under the Corporations Act.

The Compliance Committee of Theta oversees the management of any conflicts regarding related party transactions.

A conflict of interest policy has been adopted by Theta. It seeks to address potential conflicts of interest between schemes managed by Theta and any conflicts within the SIT generally.

Theta keeps a register of all potential conflicts of interest.

Sterling First is the holding company of the shares in SCS, the Investment Manager of the SIT.

Consents and Disclaimers

Sterling Corporate Services Pty Ltd has given and not before the date of this PDS withdrawn its consent to being named in this PDS in its paper and electronic form in the form and context in which the statements referring to it appear. Sterling Corporate Services Pty Ltd has not caused the issue of or in any way authorised this PDS and takes no responsibility for the issue of this PDS.

Sterling First has given and not before the date of this PDS withdrawn its consent to being named or any of its wholly owned subsidiaries to be named in this PDS in its paper and electronic form in the form and context in which the statements referring to it appear. Sterling First has not caused the issue of or in any way authorised this PDS and takes no responsibility for the issue of this PDS.

Disclosing Entity Reporting Requirements

Whilst not all of the Unit classes of the SIT has 100 Unitholders or more, management are treating it as a "disclosing entity" for the purposes of the Corporations Act. This means the SIT will become subject to regular reporting and disclosure obligations. Copies of any documents lodged with ASIC in relation to the SIT may be obtained from, or can be inspected at, an ASIC office or on SIT's website, www.sitfund.com.au. Unitholders have a right to obtain a copy, free of charge, in respect of the SIT, of the most recent annual financial report and any half-yearly financial report lodged with ASIC after that most recent annual financial report and any continuous disclosure notices given by the Responsible Entity. Any continuous disclosure obligations the Responsible Entity has will be met by following ASIC's good practice guidance via website notices rather than lodging copies of those notices with ASIC. Accordingly if the SIT becomes a disclosing entity and the Responsible Entity becomes aware of material information that would otherwise be required to be lodged with ASIC as part of its continuous disclosure obligations, the Responsible Entity will ensure that such material information will be made available as soon as practicable on www.sitfund.com.au.

If you would like hard copies of this information, call Theta on +61 2 8012 0638 and it will send to you free of charge.

Privacy and Personal Information

Information provided by applicants on the Application Form is collected for the primary purpose of issuing Units in the SIT.

The information will also be used to forward to you periodic information relating to your investment in the SIT and from time to time provide to you information of a generic or marketing nature relating to the SIT. Your personal information will not be made available to any third party, other than as required by law and to service providers for permitted related purposes (for example, auditors, consultants and advisers) for the purpose of administering the investment.

By executing the Application Form, you provide your consent to the SIT to disclose your information to such service providers and to use your information for the purposes referred to above. If you wish to request access to your information or if you have any complaint in relation to the manner in which the SIT has handled your information, please contact Theta.

For more information relating to the SIT privacy policy please contact Theta on +61 2 8012 0638.

AET collects your personal information for primarily purpose of providing custodial services to the SIT responsible entity and for ancillary purposes detailed in the Privacy Policy. AET may disclose your personal information, such as, your name and contact details, along with your account information to its related bodies corporate, the responsible entity, professional advisers, the land titles office and/or as otherwise instructed by the responsible entity. We are also permitted to collect and disclose your personal information when required or authorised to do so by law. AET is not likely to disclose your personal information to overseas recipients. Your personal information will be used in accordance with AET's Privacy Policy. The Privacy Policy contains information about how you may access or correct your personal information held by AET and how you may complain about a breach of the Australian Privacy Principles. You may obtain a copy of the Privacy Policy at www.aetlimited.com.au/privacy.

Complaints Handling

Theta has procedures in place to properly consider and deal with any complaints received from Unitholders. Where a Unitholder has a complaint, at first instance, you should contact the Compliance Manager at Theta on 02 8012 0638 or write to Theta at PO Box Q423 QVB Sydney NSW 1230.

The Compliance Manager will generally acknowledge receipt of the complaint within two working days and make every effort to resolve the complaint within one month.

If your complaint is not resolved to your satisfaction you can contact the following independent external complaints resolution scheme of which Theta is a member:

Financial Ombudsman Service Ltd ("FOS")

GPO Box 3, Melbourne VIC 3001

Hours: 9am to 5pm AEST weekdays

Phone: 1300 780 808 or (03) 9613 7366

Fax: (03) 9613 6399

Email: info@fos.org.au - Website: www.fos.org.au

FOS can consider claims of up to \$500,000 (or higher if Unitholders and Theta agree in writing). FOS is only able to make a determination of up to \$280,000 per managed investment claim (excluding compensation for costs and interest payments). These monetary limits and FOS terms of reference do change from time to time. Visit the FOS website for further details.

In this PDS, the following definitions apply unless the context requires otherwise.

\$	Australian dollars
AFSL	Australian Financial Services Licence
Application	The application for Units pursuant to this PDS
Application Form	The application form attached to or accompanying this PDS
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange Limited
Base Management Fee	The agreed management fee deducted from rent collected from a tenant and paid to Income Trust
Business Development Agreement	Agreement between RMAD and Rental Management Australia for the sourcing of all new RMAs
Compliance Plan	The compliance plan of the SIT as amended from time to time
Constitution	The Constitution of the SIT as amended from time to time
Corporations Act	The <i>Corporations Act 2001</i> (Cth)
Custodian or AET	Australian Executor Trustees Limited ABN 84 007 869 794 AFSL 240023
FUM	Funds under management
Growth Trust	Sterling Corporate Services Pty Ltd ACN 158 361 507 as trustee for the Growth Trust
Holding Statement	Holding Statement for the SIT
Income Trust	Rental Management Australia Pty Ltd ACN 160 167 108 as trustee for the Income Trust
Investment Manager or SCS	Sterling Corporate Services Pty Ltd ACN 158 361 507
Investment Management Agreement	The agreement between Theta and SCS appointing SCS to manage the assets of the SIT.
LCR	Loan to Cost Ratio. This is a ratio used in real estate construction to compare the amount of the loan used to finance a project to the cost to build the project. If the project cost \$1 million to complete and the borrower was asking for \$800,000, the LCR would be 80%. The costs included in the \$1 million cost figure would be land, construction materials, construction labor, professional fees, permits and so on.
LVR	Loan to Value Ratio
Management Company Share Trust	Sterling Corporate Services Pty Ltd ACN 158 361 507 as trustee for the Management Company Share Trust
Master Deed of Assignment	The agreement between the Income Trust and RMAPL
Offer	The offer of Income Units in the SIT pursuant to this PDS
Property Development Trust	Sterling Corporate Services Pty Ltd ACN 158 361 507 as trustee for the Property Development Trust
Property Management Services	The services to be provided by Rental Management Australia
PDS	product disclosure statement
Rent Roll	A collection of RMAs operated as a property management business
Rental Management Australia	property management group comprising Rental Management Australia Pty Ltd, Rental Management Australia (Qld) Pty Ltd and Rental Management Australia (Vic) Pty Ltd

Reserve Fund	SCS as trustee for the Sterling Capital Reserve Fund
Residential RMA	A rental management agreement for a residential property that does not have a SNLL tenant
Responsible Entity or Theta or we or us	Theta Asset Management Limited ABN 37 071 807 684, AFSL 230920
RMA	A rental management agreement
RMAD	Rental Management Australia Developments Pty Ltd ACN 146 806 662
RMAPL	Rental Management Australia Pty Ltd ACN 160 167 108
SIT	The Sterling Income Trust ARSN 158 828 105 or Theta as Responsible Entity for the Sterling Income Trust
SNLL	Sterling New Life Lease
SNLL RMA	A rental management agreement for a property that has a SNLL tenant
Sterling First	Sterling First (Aust) Limited ACN 610 352 826
Sterling First group	The group of companies for which Sterling First (Aust) Limited is the holding company and includes, RMAD, Rental Management Australia, and SCS
Unit	A fully paid Unit in the SIT (e.g. a Income Unit issued pursuant to this PDS)
Unitholder	A holder of a Unit in the SIT

Application Details

Applications must be made on the Application Form attached to this PDS. An Application Form must not be handed to another person unless attached to, or accompanied by, the PDS.

Please complete all sections of the relevant Application Form. The following is a guide to completing the Application Form. If you have any questions, please phone Registry Direct on 1300 556 635 (Aust) or +61 3 9020 7935 (Int).

Instructions for Completing the Application Form

Amount Subscribed

Please insert the AMOUNT you wish to subscribe. Your application must be for a minimum of \$2,000 and thereafter in \$500 increments.

Investor Details

This must be either your own name/s or the name of a company. Trustees of a superannuation fund, trust, partnership or minor should also write their name/s in this area and put an account designation at Section C. Refer to the table entitled 'Correct Forms of Registrable Names' at page 33.

Account Designation

Registrations on behalf of a superannuation fund, trust, partnership or minor should indicate an account designation as per the examples in the table entitled 'Correct Form of Registrable Names' at page 33.

Tax File Number/s (TFN), Australian Business Number/s (ABN), Australian Company Number/s (ACN) or Exemptions

Please enter your TFN, ABN or ACN if a business account, or EXEMPTION CODE/S.

Where applicable, please enter the TFN and ABN/ACN for each joint applicant. Collection of tax file numbers is authorised by tax law and the Privacy Act 1988. It is not compulsory to provide your TFN. However, if you do not do so, tax will be deducted from your distributions at the top personal rate plus the Medicare levy. For more information about tax file numbers or available exemptions please contact your nearest the Australian Taxation Office.

Contact Details

Enter your MAILING ADDRESS for all future correspondence from the SIT in relation to your holding in the SIT. Please provide your TELEPHONE NUMBER/S, CONTACT NAME/S and EMAIL ADDRESS in case we need to contact you in relation to your Application.

Payment Details

If paying by cheque: Cheques must be crossed 'not negotiable' and made payable to "Sterling Income Trust Application Account".

Payment must be made in Australian currency. Cheques not properly drawn may be rejected. Please attach your

cheque securely to the Application Form.

If paying by Electronic Funds Transfer the banking details of the Application Account is as follow:

Account Name: Theta Asset Mgt Ltd atf SIT Application Account

Bank: NAB

BSB: 082-080

Account: 14-595-6791

Details of Bank Account to receive Income Distribution

Provide full details of the account, bank and branch in the spaces provided on the form.

Please note, distributions cannot be paid in the form of a cheque.

Note: Please read the declaration on the reverse of the Application Form before submitting.

Guide to colour coding on Application Form



To be read by **all** subscribers



To be completed by **all** subscribers



To be completed for **individual** and **individual trustee** subscribers



To be completed by **companies** and **company trustee** subscribers



To be completed by **trust** subscribers

If a trust has an **individual trustee** - both the gold and purple sections will need to be completed.

If a trust has a **corporate trustee** - both the red and purple sections will need to be completed.

Application Details

Correct Form of Registerable Names

Only legal entities are allowed to hold Units in the SIT. Applications must be in the name(s) of natural persons, companies or other entities acceptable to the SIT. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registerable name may be included by way of an account designation if requested. Use the symbols < > as shown below to indicate an account designation.

Type of Investor	Application Form Ref.	Correct Form of Application	Incorrect Form of Application
Individuals Use given names in full, do not use initials	A	Mr John David Smith	J D Smith
Companies Use company name, do not use abbreviations	B	ABC Pty Ltd	ABC P/L or ABC Co
Trusts Use trustees personal names or corporate names, do not use name of trust	A/B C	Smith Co. Pty Ltd <Joan Susan Smith Family A/C>	Joan Susan Smith Family Trust
Superannuation Funds Use trustees personal names or corporate names, do not use name of the fund	A/B A C	Mr John David Smith Mrs Joan Susan Smith <Smith Super Fund A/C>	John and Joan Superannuation Fund
Partnerships Use partners full names, do not use the partnership name	A A C	Mr John David Smith Mrs Joan Susan Smith <Smith and Co A/C>	Smith and Co.
Minors (persons under 18) Use name of parent or guardian, do not use the name of the minor	A C	Mr John David Smith <John Smith Jnr A/C>	John Smith Jnr
Clubs/Incorporated Bodies/ Business Names Use office bearer names, do not use name of club etc	A C	Mr John David Smith <ABC Investors Club A/C>	ABC Investors Club

Application Details

Anti-Money Laundering and Counter Terrorism Financing

Applications to invest in the SIT are subject to the requirements of applicable anti-money laundering and counter terrorism financing laws and Theta's requirements.

Investors must provide verification of their identity. Please refer to the table on pages 32 and 33 to determine which documents you will need to provide. Applications will not be accepted into the SIT until this has been completed. In some instances, such as the case of determining the beneficial owner of the investor, Theta may request additional information. This must also be provided to proceed with the application.

Application monies must be given by cheque or electronic funds transfer originating from an Australian bank. If applicants wish to pay for their investment with a cheque drawn on a bank in another country or to transfer funds from a foreign bank, additional documentation may be requested and the application will not be processed until satisfactory documentation has been provided to us. Theta reserves the right to reject an application.

If you apply through a financial planner or other advisor, they may assist you to obtain the necessary documentation and provide it to us. If you apply directly and need assistance with the form or understanding the documentation requirements, you should contact the Registry Direct on

1300 556 635 (Aust) or +61 3 9020 7935 (Int) or check our website www.sitfund.com.au for details on what you need to provide.

Foreign Account Tax Compliance Act (FATCA)

FATCA is a US regulatory requirement that aims to deter tax evasion by US taxpayers. The Australian Government has entered into an Inter-Governmental Agreement (IGA) with the US Government for the exchange of US tax payer information. Under the IGA, financial institutions (including managed investment schemes) must report US tax payer information via the Australian Tax Office to the US IRS.

To meet these obligations, each investor must complete the FATCA Self-certification Declaration form included in the PDS at page 43.

Neither Theta nor the Manager are able to provide you with any tax or professional advice in respect of FATCA or the IGA and we encourage you to seek the advice of a tax or professional advisor in relation to completing the form.

New Direct Investors only

If you are not investing through a dealer, IDPS or other financial adviser, then you must provide the following documentation to the SIT along with the completed Application Form. This table contains a list of acceptable identification materials.

Individual

Please provide the documentation from either A or B:

A. A current original or certified copy of one of the following:

- an Australian driver's licence containing a photograph of the person
- an Australian passport
- an identification card issued by a state or territory of Australia that contains the date of birth and a photograph of the card holder, or
- a foreign government, the United Nations or a United Nations agency issued passport or similar travel document containing a photograph and signature of the person.

B. A current original or certified copy of one of the following:

- an Australian birth certificate or birth extract
- an Australian citizenship certificate
- a pension card issued by Centrelink
- a foreign driver's licence that contains a photograph of the person*
- a citizenship certificate issued by a foreign government*, or
- a birth certificate issued by a foreign government, the United Nations or a United Nations agency.

Plus

One of the following:

An original or certified copy of a notice that contains the name and residential address of the person, and is:

- issued by the Commonwealth or a state or territory of Australia within the preceding 12 months that records the provision of financial benefits to the person
- issued by the Australian Taxation Office within the preceding 12 months, and records a debt payable to or by the person by or to the Commonwealth, or
- issued by a local government or utilities provider in Australia within the preceding 3 months that records the provision of services to that address or to that person.

* This form of identification may need to be accompanied by an English translation prepared by an accredited translator.

Application Details

Individual acting in the capacity of a sole trader

Please provide the documentation for verification of individuals (listed above) and a business name search.

Company

Please provide the following:

A search of the ASIC databases showing:

- the full name of the company
- whether the company is registered as a proprietary or public company
- the ACN
- the address of the company's registered office
- the address of the company's principal place of business
- the names of each director (only provide if a proprietary company)
- the names and addresses of each beneficial owner (only provide if a proprietary company that is not licensed and is not subject to regulation).

Trust (including Self-Managed Super Funds and other Superannuation Funds)

Please provide the following:

- for a registered managed investment scheme, regulated trust or a government superannuation fund:
 - an ASIC search confirming the registration of the managed investment scheme, or
 - an extract from relevant legislation confirming registration of the government superannuation fund.
- for all other trusts (including wrap trusts/master trusts/IDPS, SMSF) please provide the original trust deed or a certified copy or certified extract of the trust deed confirming the following:
 - the full name of the trust
 - the type of trust
 - the country where the trust was established
- For trusts other than an Australian registered managed investment scheme, regulated trust (e.g. SMSF or complying superannuation fund) or government superannuation trust, please provide
 - the name of each beneficiary or details of the class of beneficiary
 - the name of the settlor of the trust (being the person(s) who settles the initial sum or assets to create the Trust

Note: if the trust is a unit trust (other than a registered managed investment scheme or regulated trust) then you will need to provide a certified extract of the trust register to confirm the name of each beneficiary.

If the trustee is an individual, please also provide documentation required for individuals (listed on page 34).

If the trustee is a company, please also provide documentation required for companies (listed above).

Partnership

Please provide the following:

- a partnership agreement, certified copy or certified extract of the partnership agreement, or
- a certified copy or certified extract of minutes of a partnership meeting showing:
 - the full name of the partnership
 - the full business name of the partnership, as registered under any state or territory of Australia business names legislation
 - the country in which the partnership was established, and
 - the full name and residential address of each partner.

Please also provide the documentation required for individuals (listed on page 34) for one partner.

Beneficial Ownership

For each beneficial owner please provide documentation required for individuals

Note: A beneficial owner is an individual who ultimately owns 25 per cent or more or controls (directly or indirectly) the company. "Control" includes exercising control through the capacity to determine decisions about financial or operating policies; or by means of trusts, agreements, arrangements, understanding & practices; voting rights of 25% or more; or power of veto. If no such person can be identified then the most senior managing official/s of the company (such as the managing director or directors who are authorised to sign on the company's behalf) must be noted and identified. In the case of a trust, a beneficial owner includes the appointor of the trust (i.e. the person who appoints or removes the trustee(s)), the settlor of the trust, and beneficiaries with at least a 25% interest in the trust.

Application Details

Lodging the Application Form

The completed Application Form, FATCA Form and supporting identification documents should be forwarded to:

Registry Direct

Level 6, 2 Russell Street, Melbourne VIC 3000
PO Box 18366, Collins Street East, VIC 8003
Email: registry@registrydirect.com.au

Enquiries

FreeCall: 1300 556 635
Telephone: +61 3 9020 7935
Facsimile: +61 3 9111 5652
Web: www.registrydirect.com.au

Certified Copy of an Original Document

Certified copy means a document that has been certified as a true copy of an original document.

Certified extract means an extract that has been certified as a true copy of some of the information contained in a complete original document by one of the persons described in the sub-paragraphs below.

People who can certify documents or extracts are:

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

The eligible certifier must include the following information:

- Their full name
- Address
- Telephone number
- The date of certifying
- Capacity in which they are eligible to certify, and
- An official stamp/seal if applicable

The certified copy must include the statement, **"I certify this is a true copy of the original document"**.

For photographic documents, the certified copy must include the statement, **"I certify this is a true copy of the original document and the photograph is a true likeness"**.

Documents that are written in a language that is not English must be accompanied by an English translation prepared by an accredited translator.

Application Form

Sterling Income Trust

(ARSN 158 828 105)

PLEASE READ CAREFULLY ALL INSTRUCTIONS ON PAGE 33

This Application Form should be read in conjunction with the product disclosure statement dated 31 January 2017 ("PDS") prior to making an Application for Units as the PDS contains important information about the Sterling Income Trust and should not be passed on separately from the PDS. A person who gives another person access to the Application Form must give that person access to the PDS (and any Supplementary or Replacement PDS documents) at the same time and by the same means. Paper copies of the PDS (and any Supplementary or Replacement PDS document) and the Application Form will be provided free on request.

The offer relates to the offer of units in the Sterling Income Trust pursuant to the PDS dated 31 January 2017 issued by Theta Asset Management Ltd ABN 37 071 807 684 AFSL 230920. Unless otherwise specified, terms defined in the PDS have the same meaning in this Application Form.

If you are a new investor, please complete PART A: Investor & Investment Details section (being the first three pages), applicable sections of PART B: Investor Identification, applicable sections of PART C: FATCA Self-declaration and sign at PART D: Declaration and Signature.

Please send your completed Application Form and Identification Documents to:

Registry Direct
PO Box 18366
Collins Street East, VIC 8003

or

Registry Direct
Level 6, 2 Russell Street
Melbourne VIC 3000

PART A: INVESTOR & INVESTMENT DETAILS

SIT Investor Number (for existing unitholders)

If you are an existing investor, have there been any significant changes in your circumstances or Identification Documents since your last application?

Significant Changes – **No** – please complete your SIT Investor Number and the amount you wish to apply for on this page and PART D only.

Significant Changes – **Yes** – please complete each section of the Application Form as applicable to changes and complete PART D.

I/We apply for- Please note the minimum initial investment amount is \$2,000 and thereafter in \$500 increments

A\$

Income Units

A\$

Growth Units

Full Name of Applicant / Company

Title (e.g.: Dr, Mrs) Given Name(s) and Surname or Company Name

Joint Applicant #2

Title (e.g.: Dr, Mrs) Given Name(s) and Surname or Company Name

Joint Applicant #3

Title (e.g.: Dr, Mrs) Given Name(s) and Surname or Company Name

Account Designation (e.g.: THE SMITH SUPER FUND A/C)

NEW APPLICANTS OR EXISTING UNITHOLDERS WHOSE DETAILS HAVE CHANGED, PLEASE ENTER YOUR ADDRESS DETAILS HERE:

Postal Address

Unit	Street Number	Street Name or PO Box
------	---------------	-----------------------

Suburb/Town	State	Post Code
-------------	-------	-----------

Country

Contact Name	Contact Number ()
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Email Address

Application Form (Cont.)

PAYMENT DETAILS

Electronic Funds Transfer (EFT) to:

Bank: NAB
BSB: 082-080
Account: 14-595-6791
Account Name: Theta Asset Mgt Ltd atf SIT Application Account

All EFT payments must be accompanied by a notification email to offer@sitfund.com.au in order to ensure that the investor account is properly credited.

TAX DETAILS

You are not obliged to provide either your TFN or ABN but if you do not provide either your TFN or ABN and unless you claim a TFN exemption, you should be aware that the Responsible Entity will be required to deduct tax at the highest marginal tax rate (plus Medicare levy). By inserting the ABN and signing this Application Form, you declare that this investment is made in the course or furtherance of your enterprise. Collection of TFN information is authorised and its use and disclosure are strictly regulated by the tax laws and the Privacy Act 1988 (Cth).

Where the investment in the Fund is held jointly by 2 or more unitholders taxation details for each unitholder need to be provided. If there are more than 2 investors provide details on a separate sheet of paper and attach it to your Application Form. If you do not wish to disclose your TFN to a joint applicant, a separate form obtained from the Australian Tax Office to be used by you to provide this information to us or you may copy the section below including your investor number.

Joint Applicant #1

Are you a resident of Australia for taxation purposes? (Select one of the following options)

☐ Yes - please complete the below

☐ No – please provide country of tax residence:

Tax File Number (TFN) or Australian Business Number (ABN):

Please indicate to whom this TFN or ABN belongs:

☐ Company ☐ Trust or Superannuation Fund ☐ Individual

☐ Other – please specify:

Exemption Number (if applicable):

Joint Applicant #2

Are you a resident of Australia for taxation purposes? (Select one of the following options)

☐ No – please provide country of tax residence:

☐ Yes - please complete the below

Tax File Number (TFN) or Australian Business Number (ABN):

Please indicate to whom this TFN or ABN belongs:

☐ Company ☐ Trust or Superannuation Fund ☐ Individual

☐ Other – please specify:

Exemption Number (if applicable):

If there are more than 2 joint applicants, provide details on a separate sheet of paper and attached it to your Application Form.

Application Form (cont.)

DISTRIBUTIONS AND WITHDRAWAL PROCEEDS

Distributions and withdrawal proceeds are generally only paid to an Australian bank account and cannot be paid by cheque. By completing this section you confirm that any distributions and withdrawal proceeds sent by EFT to a designated bank account are sent at your risk insofar as the onus to provide bank account details rests solely on you.

Please pay distributions and withdrawal proceeds to the following bank account:

Bank	
Bank Branch	
BSB	Account Number
Account Name	

If you would like distributions and/or redemption proceeds to be paid into a bank account outside Australia please provide the following additional details (note that payment into such an account is entirely at the Responsible Entity's discretion):

Beneficiary Bank Address	
National Beneficiary Bank Clearing Code (if applicable)	Beneficiary Bank SWIFT Code
Intermediary Bank details (if applicable)	

NB: All payments will be remitted in AUD. You, the beneficiary will bear all currency exchange risk and any costs by overseas or intermediary banks.

PART B: INVESTOR IDENTIFICATION

If your investor type does not fall into any of the three investor categories in sections 1 - 3 below of this form, please contact SCS to enquire about what information and documentation is required for identification purposes under Anti-Money Laundering/Counter Terrorism Financing legislation.

Our verification procedure and requirements (including certified identification evidence) is included for your reference. If you are an existing investor making an additional investment, you may email your instruction to offer@sitfund.com.au. Existing investors whose details have changed must also complete the Identification Documentation section and send all documents to the SCS at the address below.

SECTION 1 - INVESTOR TYPE: INDIVIDUAL

Individual Joint Applicant 1 - Applicants name must match investors ID exactly

Full given name(s)		Surname	Date of Birth
Residential Address (PO Box NOT acceptable)			
Unit	Street Number	Street Name	
Suburb/Town	State	Post Code	Country

Individual Joint Applicant 2 - Applicants name must match investors ID exactly

Full given name(s)		Surname	Date of Birth
Residential Address (PO Box NOT acceptable)			
Unit	Street Number	Street Name	
Suburb/Town	State	Post Code	Country

If there are more than 2 joint individual applicants, provide details on a separate sheet of paper and attached it to your Application Form.

Application Form (Cont.)

SECTION 2 - INVESTOR TYPE: AUSTRALIAN & FOREIGN COMPANY

Please note, if you are an Australian Company acting as trustee of a fund, please also complete Section 3.

SECTION 2.1 - General Information

Full Name (as registered by ASIC or foreign registration body)
--

Registration Number - complete as appropriate

ACN	ARBN	Foreign body registration number
If foreign registration - Country		Name of foreign registration body

Registered Office Address (PO Box NOT acceptable)

Unit	Street Number	Street Name		
Suburb/Town		State	Post Code	Country

Principal Place of Business (if any) (PO Box NOT acceptable)

Unit	Street Number	Street Name		
Suburb/Town		State	Post Code	Country

SECTION 2.2 - Regulatory/Listing Details (select from the following categories which apply to the company and provide the information requested)

<input type="checkbox"/>	Regulated company (licensed by an Australian Commonwealth, State or Territory statutory regulator, such as Australian Financial Services Licensees, Australian Credit Licensees or Registrable Superannuation Entity Licensees)
--------------------------	--

Regulator Name
Licence Number

<input type="checkbox"/>	Australian listed company or Foreign listed company as defined in the FSC Guidelines
Name of market/exchange	

<input type="checkbox"/>	Majority-owned subsidiary of a listed company
Listed Company Name	
Name of market/exchange	

SECTION 2.3 - Company Type (select only one of the following categories)

<input type="checkbox"/> Public - Regulated/listed- Section 2 now complete	<input type="checkbox"/> Public - Other - Go to Section 2.4 and 2.5 below	<input type="checkbox"/> Proprietary/Private - Go to Section 2.4 and 2.5 below	<input type="checkbox"/> Other - Go to Section 2.4 and 2.5 below
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SECTION 2.4 - Directors (for public - other, proprietary/private and foreign companies only)

Please provide the full name of each director

Director 1 - Title (e.g.: Dr, Mrs) Given Name(s) and Surname
Director 2 - Title (e.g.: Dr, Mrs) Given Name(s) and Surname
Director 3 - Title (e.g.: Dr, Mrs) Given Name(s) and Surname

If there are more directors, provide details on a separate sheet of paper and attached it to your Application Form.

Application Form (Cont.)

SECTION 2.5 - Shareholders (for public - other, proprietary/private and foreign companies only)

Provide details of ALL individuals who are beneficial owners through one or more shareholdings of more than 25% of the company's issued capital.

Shareholder 1

Full given name(s)	Surname
--------------------	---------

Residential Address (PO Box NOT acceptable)

Unit	Street Number	Street Name		
Suburb/Town		State	Post Code	Country

Shareholder 2

Full given name(s)	Surname
--------------------	---------

Residential Address (PO Box NOT acceptable)

Unit	Street Number	Street Name		
Suburb/Town		State	Post Code	Country

Shareholder 3

Full given name(s)	Surname
--------------------	---------

Residential Address (PO Box NOT acceptable)

Unit	Street Number	Street Name		
Suburb/Town		State	Post Code	Country

Shareholder 4

Full given name(s)	Surname
--------------------	---------

Residential Address (PO Box NOT acceptable)

Unit	Street Number	Street Name		
Suburb/Town		State	Post Code	Country

If there are more beneficial owners, provide details on a separate sheet of paper and attached it to your Application Form. For each beneficial owner please provide documentation required for individuals.

If the company is an Australian company or Foreign **company registered with ASIC** the form is now **COMPLETE**.

If the company is a **Foreign company not registered with ASIC** please also attach certified copy of the certification of registration issued by the relevant foreign registration body. - For the definition of certified copy and list of people that can certify documents refer to page 36.

SECTION 3 - INVESTOR TYPE: ALL TRUSTS (INCLUDING SUPERANNUATION FUNDS)

SECTION 3.1 - General Information

Full Name of Trust
Trustee 1 - Title (e.g.: Dr, Mrs) Given Name(s) and Surname or Company Name
Trustee 2 - Title (e.g.: Dr, Mrs) Given Name(s) and Surname or Company Name
Country where Trust established

If there are more trustees, provide details on a separate sheet of paper and attached it to your Application Form.

Application Form (Cont.)

SECTION 3.2 - Type of Trust (select only one of the following trust types and provide the information requested)

☐ **Registered managed investment scheme**

ARSN

☐ **Regulated trust (e.g. Self Managed Superfund)**

Name of regulator (ASIC, APRA or ATO)

ABN or registration/licence details

☐ **Government superannuation fund**

Name of Legislation establishing fund

☐ **Other types of trust**

Trust description (e.g. discretionary, family, unit)

For **other types of Trust**, please also provide the following documentation:

- Certified copy (see page 36) or certified extract of the trust deed; or
- Notice of assessment or certified copy of assessment issued by the ATO in the last 12 months.

For all trust types please complete the following additional sections:

- If you are completing this form as an Individual Trustee please complete 'Section 1 - Investor Type: Individual' for at least ONE of the trustees in addition to completing applicable sections 3.1 and 3.3.
- If you are completing this form as a Corporate Trustee please complete 'Section 2 - Investor Type: Company' in addition to completing applicable sections 3.1 and 3.3.
- If you are completing this form both as Individual and Corporate Trustee please complete 'Section 1 - Investor Type: Individual' and 'Section 2 - Investor Type: Company' in addition to completing applicable sections 3.1 and 3.3.

SECTION 3.3 - Beneficiaries (only complete if "Other type of Trust" is selected in 3.2 above)

Do the terms of the trust identify the beneficiaries by reference to membership of a class?

☐ **Yes** Provide details of the membership class(es)
(e.g. unit holders, family members of named person, charitable purpose)

Membership Class(es)

☐ **No** How many beneficiaries are there

Number

Provide full name of beneficiary below

1 - Title (e.g.: Dr, Mrs) Given Name(s) and Surname and Residential Address (PO Box NOT acceptable)

2 - Title (e.g.: Dr, Mrs) Given Name(s) and Surname and Residential Address (PO Box NOT acceptable)

3 - Title (e.g.: Dr, Mrs) Given Name(s) and Surname and Residential Address (PO Box NOT acceptable)

4 - Title (e.g.: Dr, Mrs) Given Name(s) and Surname and Residential Address (PO Box NOT acceptable)

If there are more beneficiaries, provide details on a separate sheet of paper and attach it to your Application Form.

For each beneficial owner please provide documentation required for individuals.

Note that if a settlor of a trust did not settle AU\$10,000 or more on establishment of the trust (refer to the trust deed), you do not need to provide the certified documents in respect of the settlor.

Application Form (Cont.)

PART C: FATCA SELF DECLARATION

ALL investors must complete this section

The Foreign Account Tax Compliance Act (FATCA) is a United States (US) regulatory requirement that aims to deter tax evasion by US taxpayers. The Australian and US Governments (through their tax offices) have an agreement that means we must ask you, and you must answer, these questions. Information we gather is reported to the ATO and in turn to US tax authorities. For more information visit the ATO Website: <https://www.ato.gov.au/General/New-legislation/In-detail/Other-topics/International/Foreign-Account-Tax-Compliance-Act/>.

If you are unsure of any of the answers please seek professional advice. Not enough room? Write their details clearly and attach them.

SECTION 1 - Investor Type

Please tick the box indicating which type of investor you are and proceed to the next section as indicated.

- ☐ **Individual** or Joint Individual Investors one or more of which is a **US citizen** or a resident of the US for tax purposes - **Go to Section 2**
- ☐ **Individual** or Joint Individual Investors, **NONE** of which are a US citizen or a resident of the US for tax purposes - **Form Complete proceed to Part D**
- ☐ **Company** or **Trust** which is **NOT** registered in the US and **DOES NOT** have a controlling shareholder is a US citizen or a resident of the US for tax purposes - **Form Complete proceed to Part D**
- ☐ **Company** or **Trust** (or entity) which is registered in the US - **Complete to Section 3**
- ☐ **Company** or **Trust** (or entity) for which a **controlling shareholder** is a **US citizen** or a resident of the US for tax purposes - **Complete to Section 4**
- ☐ **Superannuation Fund** registered in Australia - **Form Complete proceed to Part D**
- ☐ **Financial Institution** - **Complete to Section 5**
- ☐ Australian, State and local **governments** and **local authorities** and their wholly owned agencies or instrumentalities - **Form Complete proceed to Part D**

HELP!

US citizen or resident of the US for tax purposes:

- anyone born in the US who hasn't renounced their US citizenship
- a US citizen including persons with dual or multiple citizenships
- US lawful permanent residents e.g. green card holders

US company or trust:

- a company created in the US, established under the laws of the US or which is a US taxpayer
- a trust subject to the laws of the US and controlled by one or more persons that are citizens or residents of the US

Superannuation Fund:

A complying self-managed super fund, a complying APRA regulated super fund, any government super fund and any pooled superannuation trust.

Financial Institution:

- a depository institution - you accept deposits in the ordinary course of a banking or similar business e.g. a bank
- a custodial institution - a substantial portion of your business (20 % of gross income) is held in financial assets for the account of others e.g. a custodian or broker
- an investment entity - this includes entities that trade in financial assets or that are investing, administering, managing funds, money, or certain financial assets on behalf of other persons e.g. investment companies. Note: if you are a professional trustee, custodian or investment company, you will usually fall within this category.
- certain prescribed entities - e.g. types of insurance companies that have cash value products or annuities.

SECTION 2 - Individual or Joint Individual Investors who are US Citizens

Please provide your US Taxpayer Identification Number ("TIN")

Individual Investor 1	TIN
Individual Investor 2	TIN

TIN: This is not your tax file number (or TFN). It stands for **US Taxpayer Identification Number**, one of a number of identification numbers issued by US authorities.

SECTION 3 - Company, Trust or other Entity considered a US resident for Tax purposes

Please confirm the entity's US federal tax classification

- | | |
|--|--|
| <input type="checkbox"/> Single-member LLC | <input type="checkbox"/> Trust/estate |
| <input type="checkbox"/> C Corporation | <input type="checkbox"/> Limited Liability Company - C Corporation |
| <input type="checkbox"/> S Corporation | <input type="checkbox"/> Limited Liability Company - S Corporation |
| <input type="checkbox"/> Partnership | <input type="checkbox"/> Limited Liability Company - Partnership |

☐ **Other - Please detail**

Please provide either your FATCA exemption code or you TIN

FATCA exemption code

TIN

Application Form (Cont.)

SECTION 4 - Controlling US persons

If there are more than 3 controlling US persons, please provide their details on a separate page

Name	Address	TIN
Name	Address	TIN
Name	Address	TIN

SECTION 5 - Financial Institution

HELP!

GIIN:

Global Intermediary Identification Number, a unique ID number issued by US tax authorities to non-US financial institutions when they register for FATCA

<input type="checkbox"/> Reporting IGA Financial Institution or Participating Financial Institution	GIIN
<input type="checkbox"/> Sponsored Financial Institution or Trustee Documented Trust	
Name of Sponsor	GIIN of sponsoring entity or Trustee
<input type="checkbox"/> Financial Institution that does not need to register (e.g. Non-Reporting IGA Financial Institution)	
FATCA Status	GIIN (if applicable)
<input type="checkbox"/> Non-participating Financial Institution. <i>Note that information about you will be reported to the ATO and the IRS</i>	

FATCA declaration is complete, proceed to Part D of this Application Form.

PRIVACY NOTICE

AET collects your personal information primarily for the purpose of providing custodial services to the SIT responsible entity and for ancillary purposes detailed in the Privacy Policy. AET may disclose your personal information, such as, your name and contact details, along with your account information to its related bodies corporate, the responsible entity, professional advisers, the land titles office and/or as otherwise instructed by the responsible entity. We are also permitted to collect and disclose your personal information when required or authorised to do so by law. AET is not likely to disclose your personal information to overseas recipients. Your personal information will be used in accordance with AET's Privacy Policy. The Privacy Policy contains information about how you may access or correct your personal information held by AET and how you may complain about a breach of the Australian Privacy Principles. You may obtain a copy of the Privacy Policy at www.aetlimited.com.au/privacy

Australian Executor Trustees Limited ABN 84 007 869 794 AFSL 240023

Application Form (Cont.)

PART D: DECLARATION AND SIGNATURE

I/We acknowledge declare and agree that by signing this Application Form:

- I/We have personally received (or accessed an electronic copy) and read and understood the PDS to which this Application Form applies and have agreed to be bound by the terms and conditions of the current PDS and of the Constitution of the Sterling Income Trust, as amended, reissued or replaced from time to time.
- I/We am/are at least 18 years of age.
- All details provided and statements made by me/us in this Application Form are complete and accurate.
- None of the Responsible Entity, the Investment Manager or any other person guarantees the repayment of capital invested in the Sterling Income Trust, the performance of nor any particular return from the Sterling Income Trust and I/we understand the risks involved in investing in the Sterling Income Trust.
- If investing as a trustee, on behalf of a superannuation fund or trust I/we confirm that I/we am/are acting in accordance with my/our designated powers and authority under the trust deed. In the case of a superannuation fund, I/we also confirm that it is a complying fund under the Superannuation Industry (Supervision) Act.
- An investment in the Sterling Income Trust is illiquid in nature and my/our units may not be able to be redeemed.
- I/we have had the opportunity to seek independent professional advice regarding legal, tax and financial implications of subscribing to the Sterling Income Trust, and acknowledge that the information contained in the PDS is not investment advice or a recommendation that the Units are suitable having regard to my/our investment objectives, financial situation or particular needs. No one promises me/us that I/we will earn any return on my/our investment or that my/our investment will retain its value.
- Once the Application Form has been received by Theta, it cannot be withdrawn. No cooling off rights apply.
- I/We authorise Theta to complete and execute any documentation necessary to effect the issue of Units to me/us.
- That the Responsible Entity is authorised to apply the TFN or ABN provided above to all future applications for units, including reinvestments, unless I/we notify the Responsible Entity otherwise.
- Theta reserves the right to reject any application.
- Theta may accept or reject the Application in whole or in part, and the Sterling Income Trust has the discretion to issue or transfer Units as it sees fit under the terms of the Offer.
- I/We acknowledge that returning the Application Form will constitute my/our offer to subscribe for Units in the Sterling Income Trust and that no notice of acceptance of the Application will be provided.
- I/We acknowledge that the Responsible Entity may be required to pass on information about me/us or my/our investment to the relevant regulatory authority in compliance with the AML laws (AML Act). I/We will provide such information and assistance that may be requested by the Responsible Entity to comply with its obligations under the AML Act and I/we indemnify it against any loss caused by my/our failure to provide such information or assistance.
- The monies used to fund my/our investment in the Sterling Income Trust are not derived from or related to any money laundering, terrorism financing or other illegal activities, whether prohibited under Australian law, international law or convention ('illegal activity') and the proceeds of my/our investment in the Sterling Income Trust will not be used to finance any illegal activities.
- I/We am/are not a 'politically exposed' person or organisation for the purpose of any AML law.
- I/We confirm that I/we have read and understood the privacy section contained in the PDS.
- I/We consent to details about my/our application and holdings being disclosed in accordance with the Privacy section of the PDS.
- I/We confirm that the Responsible Entity and Administrator are authorised to accept and act upon any instructions in respect of this application and the units to which it relates given by me/us by facsimile. If instructions are given by facsimile, the onus is on me/us to ensure that such instructions are received in legible form and I/we undertake to confirm them in writing. I/We indemnify the Responsible Entity and Administrator against any loss arising as a result of any of them acting on facsimile instructions. The Responsible Entity and Administrator may rely conclusively upon and shall incur no liability in respect of any action taken upon any notice, consent, request, instruction or other instrument believed, in good faith, to be genuine or to be signed by properly authorised persons.
- I/We acknowledge that Theta will send me/us a paper copy of the PDS and any Supplementary or Replacement PDS (if applicable) free of charge of I/we request so during the currency of the PDS.

Account operating instructions (if no selection is made, all individuals to sign will be assumed)

☐ Any individual to sign

☐ Any two individuals to sign

☐ All individuals to sign

☐ Other (please specify):

Authorised Signature

Name and title (block letters please)

Date

Authorised Signature

Name and title (block letters please)

Date

Sterling Income Trust

(ARSN 158 828 105).

Please print in BLOCK LETTERS using BLACK ink.

SIT Investor Number

Investor Name

I/We wish to redeem Units as follows:

Income Units

Growth Units

Please Redeem my/our units for:

Cash %

Income Units %

Development Units %

Growth Units %

Management Company Units %

By signing this Redemption Application Form, I/we acknowledge and understand that Conditional Redemption Offers, when made, are expected to be funded out of either new equity raised and are available to Unitholders who have held their Units for at least 12 months. There is no guarantee that there will be sufficient funds available to meet the redemption requests in full or in part.

Authorised Signature

Authorised Signature

Date

Sterling Income Trust:	ARSN 158 828 105
Responsible Entity:	Theta Asset Management Limited ABN 37 071 807 684 AFSL 230920 Suite 501, Level 5, 210 Clarence Street, Sydney NSW 2000 Tel: +61 2 8012 0638 Email: invest@thetaasset.com.au
Investment Manager:	Sterling Corporate Services Pty Ltd Principal office - 19 Lyall Street, South Perth WA 6151 Administration - Unit 23, 397 Warnbro Sound Avenue, Port Kennedy WA 6172 Mail - PO Box 7299, Secret Harbour WA 6173 Tel: +61 8 9523 5800 Fax: +61 8 9523 5811 Email: investors@sterlingfirst.com.au
Custodian:	Australian Executor Trustees Limited ABN 84 007 869 794 AFSL 240023 Level 22, 207 Kent Street, Sydney NSW 2000
Unit Registry:	Registry Direct Level 6, 2 Russell Street, Melbourne VIC 3000 PO Box 18366, Collins Street East, VIC 8003 Tel: 1300 556 635 (Aust) +61 3 9020 7935 (Int) Fax: +61 3 9111 5652 Email: registry@registrydirect.com.au Web: www.registrydirect.com.au
State Branch Offices: Perth, WA Level 2, 19 Lyall Street, South Perth WA 6151 Tel: 1300 440 166 or +61 8 9523 5800 Email: investors@sterlingfirst.com.au Melbourne, Vic Office 110, 370 St Kilda Road Royal Domain Corporate Melbourne Vic 3004 Tel: 03 99982 2800 Email: melbourne@sterlingfirst.com.au Brisbane, Qld 20 Bogong Street Riverhills, Qld 4074	Property Management and Sales Offices: Port Kennedy, WA Unit 23, 397 Warnbro Sound Avenue Port Kennedy WA 6172 Tel: 1300 440 166 or +61 8 9523 5800 Email: portkenedy@rmaproperty.com.au South Perth, WA Level 1, 19 Lyall Street, South Perth WA 6151 Tel: +61 8 9269 6100 Email: eastvictoriapark@rmaproperty.com.au Bunbury, WA Lighthouse Bunbury 149 Victoria Street Bunbury, WA 6230 Tel: +61 8 9792 7400 Email: lighthouse@lighthouse rentals.com.au Riverhills, Qld 20 Bogong Street Riverhills, Qld 4074 Tel: 0477 477 237 Email: mtommaney@rmaproperty.com.au



Australian Securities and Investments Commission

STATEMENT OF CONCERNS

Grounds for hearing pursuant to subsection 1020E(4) of the *Corporations Act 2001*

Theta Asset Management Limited ACN 071 807684

Product Disclosure Statements for interests in the Sterling Income Trust

ARSN 158 828 105

A. BACKGROUND

1. Theta Asset Management Limited ACN 071 807 684 (**Theta**) holds Australian Financial Services Licence Number 230920 (**AFSL**). Theta has issued a Product Disclosure Statement (**PDS**) for each investment option of the Sterling Income Trust ARSN 158 828 105 (**Fund**) comprising Development Units, Income Units & Growth Units and Management Company Units. The PDS issued for Development Units is dated 20 May 2016 (**Development Units PDS**), the PDS issued for Income Units & Growth Units is dated 31 January 2017 (**Income Units & Growth Units PDS**), the PDS issued for Management Company Units is dated 20 May 2016 (**Management Company Units PDS**) (collectively, **the Theta PDSs**).
2. The Australian Securities and Investments Commission (**ASIC**) has reviewed the Theta PDSs and formed a view that, for the reasons set out in this statement of concerns they are defective.

B. PDS REQUIREMENTS

Relevant Law

3. Under subsection 1020E of the *Corporations Act 2001* (**Act**) where ASIC is satisfied that a PDS for a financial product is defective, ASIC may order that

specified conduct in respect of the financial product to which the PDS relates must not be engaged in while the order is in force. A financial product is defined in section 764A of the Act to include an interest in a managed investment scheme.

4. A PDS may be defective if, among other matters:
 - (a) there is a misleading or deceptive statement in the PDS; or
 - (b) there is an omission from the PDS of material required by section 1013C, other than material required by sections 1013B or 1013G,

(paragraph 1020E(11)(a) and paragraphs 1022A(1)(a)&(b) of the Act).
5. Section 1013C of the Act requires a PDS to disclose:
 - (a) the statements and information required by section 1013D;
 - (b) the information required by section 1013E; and
 - (c) the information required by other provisions of Subdivision C, Division 2, Part 7.9 of the Act.
6. Subsection 1013D(1) of the Act requires a PDS to include specified statements and such of the specified types of information as a person would reasonably require for the purpose of making a decision, as a retail client, whether to acquire the financial product. The specified types of information relevantly includes:
 - (a) information about any significant benefits to which a holder of the product will or may become entitled, the circumstances in which and times at which those benefits will or may be provided, and the way in which those benefits will or may be provided (paragraph 1013D(1)(b));
 - (b) information about any significant risks associated with holding the product (paragraph 1013D(1)(c)); and
 - (c) information about other significant characteristics or features of the product or of the rights, terms, conditions and obligations attaching to the product (paragraph 1013D(1)(f)).

7. Section 1013E of the Act requires that a PDS contain any other information that may reasonably be expected to have a material influence on the decision of a reasonable person, as a retail client, whether to acquire the product.
8. The information included in the PDS must be disclosed in a clear, concise and effective manner (subsection 1013C(3) of the Act).
9. The information in the PDS must also be kept up to date (section 1012J of the Act).
10. Subsection 769C of the Act provides that for the purposes of Chapter of the Act, if:
 - (a) a person makes a representation with respect to any future matter, and
 - (b) the person does not have reasonable grounds for making the representation,the representation is taken to be misleading.

C. ASIC'S CONCERNS

Income Units & Growth Units PDS

Omission to fully and clearly disclosure extent and effect of the related party transactions and conflicts of interests

11. There are significant conflicts of interests that exist in relation to the Fund including those in respect of the various roles undertaken by Sterling First (Aust) Limited (**Stirling First**) and its wholly owned subsidiaries and the related party transactions outlined in the financial reports for the Fund for the financial year ended 30 June 2016.
12. We are concerned that the extent and risk of the relevant conflicts of interests have not been fully, prominently and adequately disclosed in the PDS. We do not consider the information outlined on pages 9 and 29 of the PDS is sufficient.

Omission of information about significant risks

13. We are also concerned that significant risks have not been adequately highlighted in the PDS including:
- (a) regulatory risks relating to the provision of financial services;
 - (b) the multi-class risk outlined on page 19 of the PDS;
 - (c) risks relating to overreliance and relating to the agreement with the investment manager;
 - (d) trustee risk; and
 - (e) risks relating to conflicts of interests arising from related party agreements.

Misleading disclosure and omissions relating to the Sterling Income Support Agreement

14. Page 17 of the PDS outlines the Sterling Income Support Agreement. We are concerned that the material creates the misleading impression that distributions are guaranteed.
15. In addition, we consider that material information about the Sterling Income Support Agreement has been omitted, including:
- (a) reasons why the agreement is considered necessary;
 - (b) how the pool of money required to be maintained by Sterling Corporate Services Pty Ltd (SCS) is funded. If it is funded by SCS, we consider that information about the financial position of SCS must be included;
 - (c) the benefits received by SCS from the agreement;
 - (d) whether the agreement will provide support to other investment options of the Fund; and
 - (e) the risk that income support may not be available under the agreement.

Misleading disclosure and omissions relating to Target Returns

16. We are concerned that the Target Returns outlined of 9.25% p.a for Income Units and 12.0% p.a for Growth Units may be misleading. In particular, the assumptions used and any contingencies allowed for appear unclear.
17. We consider forecast target returns as prospective financial information or information about expectations or predictions of future performance and should only be included in the PDS if there are reasonable grounds for the forecast returns. Prospective financial information should be accompanied by:
 - (a) full details of the assumptions used;
 - (b) the time period covered by the prospective financial information;
 - (c) prominent disclosure that the risk that the predictions in the prospective financial information will not be achieved; and
 - (d) an explanation of how the prospective financial information was calculated.

Material on Income Units may be misleading and is not presented in a clear, concise and effective manner

18. We have the following concerns in relation to the presentation of material in the PDS about Income Units:
 - (a) the emphasis on past returns of 9.25% p.a may create a misleading expectation that a return of 9.25% p.a will be achieved going forward. We do not consider the small print disclaimers are sufficient to remove this expectation;
 - (b) that the diagram on page 14 and summary on page 15 in relation to the income generated by the Income Units are overly complex and not outlined in a clear, concise and effective manner to enable investors to understand the Rental Management Agreements (**RMA's**), material contracts and revenue generated from the RMA's; and

- (c) that information about the ability for RMA's to be terminated, rates of attrition of RMA's and impact on the revenue of the Fund is not prominently outlined.

Material on Growth Units may be misleading and is not presented in a clear, concise and effective manner

- 19. We have the following concerns in relation to the presentation of material in the PDS about Growth Units:
 - (a) the summary and table on page 16 in relation to the income generated by the Growth Rights are overly complex and not outlined in a clear, concise and effective manner to enable investors to understand what comprises Rental Management Growth Rights, the differences between Income Units and Growth Units, the material contracts and the income generated by the sale of RMA's; and
 - (b) that the example provided for illustrative purposes may be misleading as it is unclear what assumptions have been made in calculating the example.

Material on Financial Information may be misleading

- 20. On page 13 the PDS outlines that audit reviewed accounts for the six month period ending 31 December 2016 will be able to be downloaded from the website www.sitfund.com.au (the **Website**) in due course. We are concerned this reference is misleading as the accounts for the period ending 31 December 2016 are not currently available on the Website.

Other Concerns

- 21. We are concerned that there are a number of references in the PDS that appear incorrect, incomplete or outdated:
 - (a) on page 9 of the PDS it states that the Fund will not borrow and the Income Trust may borrow from banks at commercial arm's length terms to assist with the acquisition of Rental Management Income Rights. If the

Income Trust is part of the Fund it appears misleading to outline that the Fund does not borrow;

- (b) on page 11 of the PDS there is a profile of the Managing Director of Theta. However, no information is provided about the other directors or senior management of Theta to assist investors to understand key personnel and their experience;
- (c) on page 12 of the PDS there is a reference to the SCS as Investment Manager of the Fund but no information is provided about the directors or senior management of SCS to assist investors to understand key personnel and their experience; and
- (d) the material on distribution and RMA's on pages 14 to 16 of the PDS appears outdated.

Management Company Units PDS

Disclosure about related party transactions and conflicts of interests are not presented in a clear, concise and effective manner

- 22. There are significant related party transactions and conflicts of interests that exist in relation to the Fund. These include the various roles undertaken by Sterling First and its wholly owned subsidiaries and the related party transactions outlined in the financial reports for the Fund for the financial year ended 30 June 2016.
- 23. We are concerned that the extent and risk relating to related party transactions and conflicts of interests have not been fully, prominently and adequately outlined in the PDS. We do not consider the information outlined on pages 9 and 26 of the PDS is sufficient.

Omission of information about significant risks

- 24. We are concerned that significant risks have not been adequately highlighted in the PDS including:

- (a) the risks relating to the underlying investment, for example, competition, reliance on material contracts being entered into or maintained, control risk, external administration risk;
- (b) the multi-class risk outlined on pages 18 and 19 of the PDS;
- (c) regulatory risks;
- (d) risks relating to overreliance and relating to the agreement with the investment manager;
- (e) trustee risk; and
- (f) risks relating to conflicts of interests arising from related party agreements.

Omission of Financial Information

25. We are concerned that the PDS does not appear to include any financial information about the Fund to assist investors to understand the Fund's financial position. We do not consider the information on page 26 is sufficient.

Omission of information about Sterling First

26. The underlying assets of the Management Company Units are shares in Sterling First. We are concerned that the following material information has been omitted about Sterling First:
- (a) information about the financial position and prospects of Sterling First. The PDS does not include information about the assets, liabilities, revenue and expenses Sterling First;
 - (b) information about the board and senior management of Sterling First;
 - (c) information about the terms of the preference shares issued by Sterling First; and
 - (d) information about the substantial shareholders of Sterling First.

Misleading references to redemption

27. The summary of Management Company Units on page 3 of the PDS highlights that there are redemptions for cash or shares. Page 6 the PDS also outlines that after issue of Management Company Share Units, members can redeem their investment in cash, or for a distribution in specie of the underlying shares, or a combination of both.
28. We consider these references create the misleading impression that investors can redeem their investment on request. As the Fund is illiquid, any redemption of interests must be undertaken in accordance with Part 5C.6 of the Act. Any limitations on the ability to redeem appear separately in the PDS.

Omission of information and misleading statements about Stirling New Life Leases

29. The PDS appears to place emphasis on the Sterling New Life Leases (SNLL's) offered by Sterling First when it is outlined on page 16 that Stirling First also has a number of operating divisions. We are concerned that a detailed description of the operating divisions and the revenue generated from each division has not been outlined.
30. We are also concerned that the PDS does not appear to provide balanced disclosure in relation to the SNLL's which may be misleading. There are a number of references to the benefits of the SNLL's but the PDS does not outline any of the relevant disadvantages and risks.
31. Pages 14 and 15 the PDS outlines the financial impact comparison between SNLL's and alternative options. We are concerned that:
 - (a) this information does not appear relevant to all investors in the Fund as some investors are not making a decision to acquire a SNLL;
 - (b) the financial information is based on hypothetical assumptions which may be misleading. For example, the calculations for SNLL's appear to assume that the costs associated with the lease will be met by the investment in the Fund and that surplus income will be reinvested without any contingency for failure of the Fund to generate this required level of

income or loss of capital. In addition, the calculations in Table 2 do not appear to reflect the impact of any capital growth that may be generated from direct strata acquisition compared to returns in the Fund.

Other Concerns

32. We are concerned that there are a number of references in the PDS that appear incorrect, incomplete or outdated:
- (a) there are various references in the PDS to First Mortgage Units and the First Mortgage Trust (for example, pages 5 and 12). These references appear outdated as the Fund's financial report for the financial year ended 30 June 2016 outlines that in November 2016, 100% of unit holders of First Mortgage Units were redeemed;
 - (b) on page 9 and 19 of the PDS it states that neither the Fund nor its wholly owned sub trust, the Management Company Share Trust, will borrow. The Income Units & Growth Units PDS on page 9 outlines that the Income Trust may borrow and a Macquarie Bank Facility is in place. If the Income Trust is part of the Fund then it appears misleading to outline that the Fund does not borrow and to omit information about the borrowing facility and impact on investors;
 - (c) on page 5 of the PDS a diagram of the Fund Structure has been included which refers to the Sterling Seniors Property Trust Development Sub-Trust[s] and Rental Management Australia Rent Roll which are not included in the Detailed Fund Structure diagram on page 12 of the PDS;
 - (d) on page 11 of the PDS there is a profile of the Managing Director of Theta. However, no information is provided about the other directors or senior management of Theta to assist investors to understand key personnel and their experience; and
 - (e) on page 12 of the PDS there is a reference to the SCS as Investment Manager of the Fund but no information is provided about the directors or

senior management of SCS to assist investors to understand key personnel and their experience.

Development Units PDS

Omission to fully and clearly disclosure extent and effect of the related party transactions and conflicts of interests

33. There are significant conflicts of interests that exist in relation to the Fund including those in respect of the various roles undertaken by Sterling First and its wholly owned subsidiaries and the related party transactions outlined in the financial reports for the Fund for the financial year ended 30 June 2016.
34. We are concerned that the extent and risk of the conflicts of interests have not been fully, prominently and adequately outlined in the PDS. We do not consider the information outlined on pages 11 and 27 of the PDS is sufficient.

Omission of information about significant risks

35. We are concerned that significant risks have not been adequately highlighted in the PDS including:
- (a) the risks relating to the underlying investment, for example, construction/development risks, security risk including lower ranking security, economic risks, credit assessment risk, credit risks and concentration of loans;
 - (b) the multi-class risk outlined on page 19 of the PDS;
 - (c) reliance on material contracts being entered into or maintained;
 - (d) regulatory risks;
 - (e) risks relating to overreliance and relating to the agreement with the investment manager;
 - (f) trustee risk; and

- (g) risks relating to conflicts of interests arising from related party agreements.

References to Target Returns

- 36. We are concerned that the Target Return outlined of 20% p.a may be misleading. In particular, it is unclear whether the interest rate will be a fixed interest rate of 22% p.a for all loans, whether the interest rate takes into account the risks associated with the particular loan and whether since April 2016 monthly distributions have been made.
- 37. We consider forecast target returns as prospective financial information or information about expectations or predictions of future performance and should only be included in the PDS if there are reasonable grounds for the forecast returns. Prospective financial information should be accompanied by:
 - (a) full details of the assumptions used;
 - (b) the time period covered by the prospective financial information;
 - (c) prominent disclosure that the risk that the predictions in the prospective financial information will not be achieved; and
 - (d) an explanation of how the prospective financial information was calculated.

Omission of information about loans

- 38. The PDS outlines that funds raised through the issue of Development Units will be used to advance loans. We are concerned that the PDS does not prominently outline material information about the loans including:
 - (a) the number and types of loans entered into and current status of the loans;
 - (b) whether loans are primarily for the purpose of providing property acquisition and construction funding to build residential homes in connection with SNLL's or for other purposes;
 - (c) how borrowers are sourced and whether they are related parties;

- (d) whether the interest rates with borrowers are fixed or variable and whether interest is capitalised;
 - (e) the term of the loan and what happens if a loan is repaid early or is not repaid by its maturity date;
 - (f) whether independent valuations will be undertaken in respect of the underlying security or the valuations will be undertaken by Sterling First or its subsidiaries; and
 - (g) what if any steps will be taken in the event of default.
39. Page 9 of the PDS outlines photographs taken on 1 February 2016 in relation to a project completing July 2016. We consider that this information is outdated and should be removed.

Misleading references to Stirling New Life Leases

40. The PDS does not appear to provide balanced disclosure in relation to the SNLL's which may be misleading. There are a number of references to the benefits of the SNLL's but the PDS does not outline any of the relevant disadvantages and risks.
41. As the purpose of the loans are outlined to be acquisition and construction funding to build residential homes in connection with SNLL's, we are also concerned that information has been omitted about the number of SNLL's entered into, the number of properties for SNLL's subject to borrowing via the Fund and implications for investors if demand for SNLL's does not exist.

Other Concerns

42. We are concerned that there are a number of references that appear incorrect, incomplete or outdated:
- (a) there are various references in the PDS to First Mortgage Units and the First Mortgage Trust (for example, pages 5 and 15). These references appear outdated as the Fund's financial report for the financial year ended

30 June 2016 outlines that in November 2016, 100% of unit holders of First Mortgage Units were redeemed;

- (b) on page 5 of the PDS a diagram of the Fund Structure has been included which refers to the Sterling Seniors Property Trust Development Sub-Trust[s] and Rental Management Australia Rent Roll which are not included in the Detailed Fund Structure diagram on page 15 of the PDS;
- (c) on pages 7 and 11 of the PDS it states that neither the Fund nor the Property Development Trust will borrow. The Income Units & Growth Units PDS on page 9 outlines that the Income Trust may borrow and a Macquarie Bank Facility is in place. If the Income Trust is part of the Fund then it appears misleading to outline that the Fund does not borrow and to omit information about the borrowing facility and impact on investors;
- (d) on page 13 of the PDS there is a profile of the Managing Director of Theta. However, no information is provided about the other directors or senior management of Theta to assist investors to understand key personnel and their experience;
- (e) on page 14 of the PDS there is a reference to the SCS as Investment Manager of the Fund but no information is provided about the directors or senior management of SCS to assist investors to understand key personnel and their experience; and
- (f) on page 16 of the PDS the financial information outlined about distributions and the financial statements of the Fund is outdated.

D. CONCLUSIONS IN RELATION TO THE THETA PDSs

43. Based on the concerns outlined above, ASIC considers that:

- (a) there may be misleading and deceptive statements in the Theta PDSs;
- (b) there may be omissions from the Theta PDSs of material required by sections 1013C and 1013E of the Act; and

- (c) the disclosure in the Theta PDSs may not be presented in a clear and concise manner,

and the Theta PDSs may be defective as defined in paragraph 1020E(11)(a) and subsection 1022A(1) of the Act.

Dulce Asensi

as a delegate of the Australian Securities and Investments Commission

9 August 2017



STERLING
INCOME TRUST

Income Units & Growth Units

Product Disclosure Statement



Theta Asset Management Limited

ABN 37 071 807 684 AFSL 230920

As responsible entity of the

Sterling Income Trust ARSN 158 828 105

 **THETA** ASSET MANAGEMENT

 **STERLING**
CORPORATE
SERVICES

This product disclosure statement is dated 27 October 2017

Key contact details are as follows:

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Important Notice and Disclaimer

Product disclosure statement

This product disclosure statement is dated 27 October 2017 ("PDS") and relates to the offer of Income Units and Growth Units in the Sterling Income Trust ARSN 158 828 105 ("SIT") (the "Offer"). Theta Asset Management Ltd (ABN 37 071 807 684, AFSL 230920) ("Theta" or "Responsible Entity") is the responsible entity of the SIT and issuer of the Units forming part of the Offer. Theta has appointed Sterling Corporate Services Pty Ltd ("SCS" or "Investment Manager") to assist in preparing this PDS. SCS is a Corporate Authorised Representative (number 444776) of Libertas Financial Planning Pty Ltd (ABN 27 160 419 134, AFSL 429718).

Not investment advice

The information provided in this PDS is not financial product advice. It is general information only, and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. You should consider whether the information in this PDS is appropriate for you in light of your objectives, financial situation and needs. In particular, you should consider the risk factors (see Section 6 "Significant Risks") that could affect the financial performance of the SIT before deciding what course you should follow. To obtain advice suitable for your personal circumstances, you should speak to an appropriately licensed financial planner or advisor.

No cooling-off rights

Cooling-off rights do not apply to an investment in Units pursuant to the Offer. This means that you cannot withdraw your Application once it has been accepted.

Electronic PDS

This PDS may be viewed online on the SIT website www.sitfund.com.au. If you access the electronic version of this PDS you should ensure that you download and read the entire PDS.

A paper copy of this PDS can be obtained free of charge by calling the SIT Information Line: 08 6102 7265 at any time from 9.00am to 5.00pm (Perth time) Monday to Friday.

You will only be entitled to accept the Offer by completing an Application Form attached to, or which accompanies, this PDS (refer to Section 7 "How to invest and withdraw" for further information). Please carefully read the instructions on the accompanying Application Form in connection with the Offer.

Updated information

Information about the SIT and the Offer may need to be updated by Theta from time to time. Any updated information about the SIT which is not materially adverse to Unitholders will be made available on the SIT website www.sitfund.com.au. A copy of the updated information will be provided free of charge to any person who requests a copy by calling the SIT Information Line: 08 6102 7265 at any time from 9.00am to 5.00pm (Perth time) Monday to Friday.

Foreign jurisdictions

This PDS does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. In particular, the Offer is not available to persons in the United States. No action has been taken to permit an offering of Units in any jurisdiction outside of Australia.

The distribution of this PDS (whether electronically or otherwise) outside Australia may be restricted by law. If you come into possession of this PDS (electronically or otherwise), you should observe any such restrictions and should seek your own advice on such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws.

Disclaimer

No person is authorised to give any information or make any representation in connection with the information described in this PDS, which is not contained in this PDS. Any information or representation not contained in this PDS may not be relied on as having been authorised by the SIT or Theta in connection with the SIT. This PDS may contain forecast financial information along with forward looking statements which are identified by words such as "may", "could", "believes", "estimates", "expects", "intends", and other similar words that involve risks and uncertainties. These forecasts and forward looking statements are subject to various risk factors that could cause the SIT's actual results to differ materially from the results expressed or anticipated in these forecasts or statements. These risk factors are set out in Section 6 "Significant risks". These and other factors could cause actual results to differ materially from those expressed in any forecast or forward looking statement made by, or on behalf of, the SIT or Theta.

Neither Theta nor SCS promises that you will earn any return on your investment or that your investment will gain or retain its value. No company other than Theta makes any statement or representation in this PDS. It is impossible in a document of this type to take into account the investment objectives, financial situation and particular needs of each reader. Accordingly, nothing in this PDS should be construed as a recommendation by Theta, or any associate of Theta, or any other person concerning an investment in the SIT.

Readers should not rely on this PDS as the sole basis of a decision to invest in the SIT. Readers should seek their own financial, legal and taxation advice as appropriate before making a decision to invest in the SIT.

Definitions and abbreviations

Defined terms and abbreviations used in this PDS are explained in Section 14 "Glossary".

Photographs

The photographs appearing in this PDS are for illustration purposes only and unless otherwise stated do not represent assets of the SIT.

ASIC

A copy of this PDS has not been, and is not required to be, lodged with ASIC. ASIC takes no responsibility for any part of this PDS.

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Welcome to the SIT

The Sterling Income Trust ("SIT") was established in 2013 and currently offers two investment options:

- 1 Income Units; and,
- 2 Growth Units.

Income units provide investors with a share of the cash flow earned by professional property manager Rental Management Australia from the management of residential and some commercial properties.

Rental Management Australia is entitled to income and other fees for providing various management services to landlords, including the collection of rent and management of properties, under property management agreements between Rental Management Australia and the landlords.

The Income Units don't have any direct contractual relationship with the landlords, rather, the Income Units benefit from an assignment by Rental Management Australia of certain fees they generate under the property management agreements. We refer to the share of this cash flow as the Rental Management Income Rights.

Growth Units provide investors with a share of fee income earned by RMAD from arranging property management agreements for Rental Management Australia.

RMAD is a wholly owned subsidiary of Sterling and is engaged by Rental Management Australia to source individual property management agreements and to source, assess and integrate Rent Rolls, which are a collection of property management agreements operated as a property management business.

RMAD is paid an agreed fee per property management agreement contracted or acquired by Rental Management Australia. We refer to the share of this fee income as the Rental Management Growth

Rights. Under the Rental Management Growth Rights agreement, the Growth Units are entitled to 100% of the fee income earned by RMAD up to an Income Limit that equates to 13.5% of the value of the Rental Management Growth Rights.

The Income Units aim to produce a regular and steady income stream for Unitholders by paying a monthly distribution with the potential for some capital growth. Neither income nor capital is guaranteed. Since establishment of Income Units in 2013, the average annual distributions of the Income Units has been 9.26% pa, whilst the unit price has remained steady at an average price of \$1.00 per unit, however, past performance is not a reliable guide to future performance.

The Growth Units aim to produce a fee income for Unitholders who are prepared to accept a slightly higher risk than the Income Unitholders (the Growth Units may be susceptible to distribution volatility as the ability to source property management agreements changes month by month). Neither income nor capital is guaranteed. Since establishment of Growth Units in January 2017, the average annualised distributions of the Growth Units has been 12% pa, however, past performance is not a reliable guide to future performance.

Annual and half year accounts together with details of the distribution history of the Income Units and the Growth Units can be found at www.sitfund.com.au. Remember, past performance is not a reliable guide to future performance. No distribution rate or frequency is guaranteed. Returns may be more or less than historical returns and distributions may occur at different frequencies.

There is an important relationship between the Income Units and Growth Units, namely:

- money invested in Income Units is used to acquire Rental Management Income Rights from Rental Management Australia;

- Rental Management Australia uses the funds it receives from the sale of the Rental Management Income Rights to;
 - fund the acquisition of Rent Rolls;
 - pay RMAD for arranging the acquisition of Rent Rolls; and,
 - pay RMAD for arranging new property management agreements for Rental Management Australia;
- A portion of the fee income earned by RMAD for arranging the property management agreements and Rent Rolls for Rental Management Australia, goes to the Growth Units under the Rental Management Growth Rights.

In addition to offering exposure to alternative asset classes the SIT takes advantage of the professional and integrated relationships of the Investment Manager and the Sterling Group of companies.

Sterling Corporate Services Pty Ltd ("SCS") is the investment manager of the SIT and has been managing the SIT since its inception in 2013. SCS is a wholly owned subsidiary of Sterling.

Sterling comprises three divisions:

- 1 Funds management (SCS);
- 2 Property sales services (Sterling First Projects Pty Ltd ("SFP")), which manages the sales of Sterling's unique seniors housing product, Sterling New Life; and
- 3 Property management consulting services (RMAD), which sources new property management agreements and Rent Rolls for Rental Management Australia.

Further, the property management services provided under the property management agreements which generate the Income Rights are

provided by Rental Management Australia, an expert property management business managing over 2,100 residential and commercial properties across Western Australia, Queensland and Victoria. Rental Management Australia has been operating since 2010, following the acquisition of several property management businesses (some of which have been in operation since the 1980s). Rental Management Australia is NOT part of the Sterling Group, but is affiliated through agreements, and some shareholder interests.

Sterling expects that investors in the SIT will principally be seeking income and capital preservation and not capital growth. Neither returns nor the money you invest in the SIT is guaranteed.

The SIT offers weekly applications and monthly distributions calculated from the day of allotment of Units in the SIT.

The SIT is an illiquid investment, which means that you may not be able to withdraw your investment at the time or times you want to. You should discuss with your financial adviser whether this is acceptable to you in light of your personal circumstances. A conditional withdrawal facility may be available to Unitholders. Please refer to Section 7 "How to invest and withdraw" for more information on conditional withdrawal facilities that may be available.

Unitholders considering investing in Income Units or Growth Units should look to invest for 5 years or longer.

The remainder of this PDS contains important information about an investment in the Income Units and the Growth Units. We encourage you to read the PDS in full and speak with an appropriately licensed financial planner or advisor before you decide to invest in the SIT.



Main features of the SIT

	Fund Details
Name of Fund	Sterling Income Trust
Scheme number	ARSN 158 828 105
Investment Manager	<p>Sterling Corporate Services Pty Ltd (ABN 57 158 361 507, Corporate Authorised Representative number 444776). SCS is a corporate authorised representative of Libertas Financial Planning Pty Ltd (ABN 27 160 419 134, AFSL 429718).</p> <p>For more information on SCS, Sterling companies and Rental Management Australia, please refer to Section 3 "About us".</p>
Responsible Entity	Theta Asset Management Limited (ABN 37 071 807 684, AFSL 230920). Theta is the holder of an AFSL issued by ASIC that allows it to act as the Responsible Entity of the SIT.
Custodian	Australian Executor Trustees Limited (ABN 84 007 869 794, AFSL 240023) ("Custodian"). The Custodian is the holder of an AFSL issued by ASIC that allows it to act as the Custodian of the SIT.
Unit Registry	Registry Direct Limited (ABN 35 160 181 840) ("Registry Direct")
Auditor	Pitcher Partners (Sydney)
	How the SIT invests
Investment options	<p>Income Units provide investors with a share of the cash flow earned by professional property manager Rental Management Australia from the management of residential and some commercial properties.</p> <p>Rental Management Australia is entitled to income and other fees for providing various management services to landlords, including the collection of rent and management of properties, under property management agreements between Rental Management Australia and the landlords.</p> <p>The Income Units don't have any direct contractual relationship with the landlords, rather, the Income Units benefit from an assignment by Rental Management Australia of certain fees they generate under the property management agreements. We refer to the share of this cash flow as the Rental Management Income Rights.</p> <p>Growth Units provide investors with a share of fee income earned by RMAD from arranging property management agreements for Rental Management Australia.</p> <p>RMAD is a wholly owned subsidiary of Sterling and is engaged by Rental Management Australia to source individual property management agreements and to source, assess and integrate Rent Rolls, which are a collection of property management agreements operated as a property management business.</p> <p>RMAD is paid an agreed price per property management agreement contracted or acquired by Rental Management Australia. We refer to the share of this fee income as the Rental Management Growth Rights. Under the Rental Management Growth Rights agreement, the Growth Units are entitled to 100% of the fee income earned by RMAD up to an Income Limit that equates to 13.5% of the value of the Rental Management Growth Rights.</p> <p>For more information on the investment options, please refer to Section 4 "Investing your money".</p>
Investment objective	<p>Income Units - aim to produce a regular and steady income stream for Unitholders by paying a monthly distribution. Neither income nor capital is guaranteed. Since establishment of Income Units in 2013, the average annual distributions of the Income Units has been 9.26% pa, however, past performance is not a reliable guide to future performance.</p> <p>Growth Units - aim to produce a fee income for Unitholders who are prepared to accept a slightly higher risk than the Income Unitholders by paying a monthly distribution. Neither income nor capital is guaranteed. Since establishment of Growth Units in January 2017, the average annualised distributions of the Growth Units has been 12% pa, however, past performance is not a reliable guide to future performance. Details of the distribution history of each of the Income Units and the Growth Units can be found at www.sitfund.com.au.</p>

Remember, past performance is not a reliable guide to future performance. No distribution rate or frequency is guaranteed. Returns may be more or less than historical returns and distributions may occur at different frequencies.

How investment exposure is achieved	<p>Income Units have investment exposure to the Rental Management Income Rights. The Rental Management Income Rights have the right to fees generated on individual property management agreements which are assigned to the Income Trust, being a unit trust beneficially owned by the Income Units of the SIT. Therefore, the Rental Management Income Rights are not held directly by the Income Units but are held indirectly via their beneficially owned sub trust, the Income Trust.</p> <p>Growth Units have investment exposure to the Rental Management Growth Rights. The Rental Management Growth Rights have a share of the fee income generated by RMAD on its property management acquisition business, which secures new property management agreements and Rent Rolls for Rental Management Australia. A portion of this fee income is assigned to the Growth Trust, being a unit trust beneficially owned by the Growth Units of the SIT. Therefore, the Rental Management Growth Rights are not held directly by the Growth Units but are held indirectly via their beneficially owned sub trust, the Growth Trust.</p> <p>For more information on how the investment exposure is achieved, please refer to Section 4 "Investing your money".</p>
Geographical exposure	<p>The Income Units and Growth Units source income from Rental Management Australia and RMAD respectively, which both have current business operating in:</p> <ul style="list-style-type: none"> • Western Australia; • Queensland; and, • Victoria. <p>Rental Management Australia and RMAD are aiming to diversify their geographic exposure over the coming years. For the current geographic exposure, refer to www.sitfund.com.au.</p>
Financial information	Annual and half year accounts together with other SIT information can be found at www.sitfund.com.au .
Borrowing	<p>Income Units are exposed to borrowing through a Macquarie Bank Real Estate Line of Credit of \$3.283 million. A summary of the terms of the Macquarie Bank facility can be found in Section 12 "Significant contracts". Up to date borrowing terms can be found at www.sitfund.com.au.</p> <p>Growth Units are not exposed to borrowing.</p>
Derivatives	The SIT will not acquire any derivatives.
Labour standards and environmental, social or ethical considerations	Neither Theta nor SCS take into account labour standards, environmental, social or ethical considerations in selecting, retaining or realising investments for the SIT.
	Return, volatility, risk
Suitability	<p>The SIT particularly suits Unitholder who:</p> <ul style="list-style-type: none"> • seek income and capital preservation and not necessarily capital growth; • are prepared to invest for at least the recommended timeframe (5 years); and, • who understand and can tolerate the illiquid nature of an investment in the SIT. Remember, you may not be able to withdraw your investment at the time or times you may prefer.
Returns <i>Remember, past performance is not a reliable guide to future performance. No distribution rate or frequency is guaranteed. Returns may be more or less than historical returns and distributions may occur at different frequencies.</i>	<p>Income Units - aim to produce a regular and steady income stream for Unitholders by paying a monthly distribution to Unitholders. Neither income nor capital is guaranteed. Since establishment of Income Units in 2013, the average annual distributions of the Income Units has been 9.26% pa, however, past performance is not a reliable guide to future performance. Returns are not guaranteed.</p> <p>Growth Units - aim to produce a regular and steady income stream for Unitholders who are prepared to accept a slightly higher risk than the Income Unitholders by paying a monthly distribution to Unitholders. Neither income nor capital is guaranteed. Since establishment of Growth Units in January 2017, the average annualised distributions of the Growth Units has been 12% pa, however, past performance is not a reliable guide to future performance. Returns are not guaranteed.</p> <p>Details of the distribution history of each of the Income Units and the Growth Units can be found at www.sitfund.com.au.</p>

<p>Volatility</p> <p><i>Remember, past performance is not a reliable guide to future performance. No distribution rate or frequency is guaranteed. Returns may be more or less than historical returns and distributions may occur at different frequencies.</i></p>	<p>Since establishment of the Income Units in 2013, the average annual distribution has been 9.26% pa, with payments ranging between 9.25% pa and 9.5% pa. However, past performance is not a reliable guide to future performance.</p> <p>Since establishment of the Growth Units in 2017, the average annual distribution of the Growth Units has been 12% pa, with payments remaining consistent at 12% pa. However, past performance is not a reliable guide to future performance.</p> <p>Details of distribution history can be found at www.sitfund.com.au.</p>
<p>Risk (for further details see Section 6 "Significant risks")</p>	<p>All investments involve some degree of risk. Many risks cannot be controlled by the SIT and may affect the future performance of the SIT. Significant risks include:</p> <p>Income Risk - The Income and Growth Unitholders will receive income by way of distributions derived from the income generated on the Income Unit assets and the Growth Unit assets respectively. The distributions are therefore reliant on the financial performance of the Income Unit assets and the Growth Unit assets respectively, which in turn are largely dependent on the success of the businesses operated by Rental Management Australia and Sterling. The ability of the Income Unit assets and the Growth Unit assets to pay distributions is dependent on their financial performance and is not guaranteed. A Unitholder will receive any distributions from the SIT after the costs of operating the SIT have been deducted.</p> <p>Liquidity Risk - The SIT Units are not listed on any securities exchange and are considered an illiquid investment. Whilst the Responsible Entity intends to make available conditional withdrawal facilities, there is no guarantee of redemption of Units. The conditional withdrawal facilities are expected to be funded out of new equity raised but no one promises that there will be sufficient funds available to meet the withdrawal requests in full or in part. Conditional withdrawal facilities are not guaranteed.</p> <p>Income Units Loss of Rental Management Income Rights Risks - The principal assets of the Income Trust (the vehicle through which the Income Units obtain their investment exposure) comprise Rental Management Income Rights which are linked to property management agreements. Landlords, may, within varying periods, depending on the state jurisdiction in which they are located, terminate a property management agreement. A varying number of property management agreements are terminated each year for a variety of reasons. If the number of terminated property management agreements exceeds the number of property management agreements that Rental Management Australia can source to replace the lost property management agreements, this may adversely impact on the financial performance of the Income Units. The ability of the Income Units to pay distributions is dependent on the financial performance of the businesses operated by Rental Management Australia and RMAD. Success is not guaranteed.</p> <p>Growth Units Asset Risks - The principal assets of the Growth Trust (the vehicle through which the Growth Units obtain their investment exposure) comprise Rental Management Growth Rights which are linked to the success of RMAD in sourcing new property management agreements and Rent Rolls. There is a risk that RMAD will have a reduction in performance and new property management agreements are not sourced and consequently the Growth Units may underperform. The ability of the Growth Units to pay distributions is dependent on the financial performance of the businesses operated by Rental Management Australia and RMAD. Success is not guaranteed.</p> <p>Valuation Risk - The principal assets of the Income Trust comprise Rental Management Income Rights which are linked to property management agreements. Groups of property management agreements or Rent Rolls, are a commonly traded asset among licensed real estate firms. The price of a Rent Roll is determined by a multiple of the base management fees. The multiple used to determine a sale price of a Rent Roll varies from Rent Roll to Rent Roll, and by location. The underlying value of the property management agreements to which the Rental Management Income Rights relate may, at any given time be higher or lower than the value ascribed to the Rental Management Income Rights pursuant to the formula set out in Section 4 "Investing your money". If the Income Units required Rental Management Australia to sell some property</p>

	<p>management agreements to buy back some of the Rental Management Income Rights, the amount realised for that sale may be higher or lower than the current valuation.</p> <p>Conflicts of Interest and Related Party Transactions Risk - In the course of operating and managing the SIT, Theta or SCS may face conflicts in their respective duties concerning the SIT and their own interests. In particular, the SIT takes advantage of the professional and integrated relationships of the Investment Manager and the Sterling Group of companies.</p> <p>For example, the Income Units invest in Rental Management Income Rights acquired from Rental Management Australia. Rental Management Australia is a company affiliated with Sterling. The Rental Management Income Rights are rights to fees from property management agreements. New property management agreements are sourced by Rental Management Australia from RMAD who, like SCS, is a member of the Sterling Group. SCS on behalf of the Income Units does not intend to source income from any party other than Rental Management Australia and on behalf of Growth Units does not intend to source income from any party other than RMAD.</p> <p>As a further example, the Growth Units invest in Rental Management Growth Rights acquired from RMAD. RMAD is a member of the Sterling Group. The Rental Management Growth Rights derive their income from the income earned by RMAD from sourcing property management agreements and Rent Rolls for the benefit of Rental Management Australia, who in turn sells the Rental Management Income Right to the Income Trust. Rental Management Australia is a company affiliated with Sterling.</p> <p>The above examples highlight the important relationship between the Income Units and Growth Units, namely:</p> <ul style="list-style-type: none"> • money invested in Income Units is used to acquire Rental Management Income Rights from Rental Management Australia; • Rental Management Australia uses the funds its receives from the sale of the Rental Management Income Rights to; <ul style="list-style-type: none"> • fund the acquisition of Rent Rolls; • pay RMAD for arranging the acquisition of Rent Rolls; and , • pay RMAD for arranging new property management agreements for Rental Management Australia; • A portion of the fee income earned by RMAD for arranging the property management agreements and Rent Rolls for Rental Management Australia, goes to the Growth Units under the Rental Management Growth Rights. <p>The parties are entitled to earn fees or other benefits in relation to any such appointment or transaction and to retain them for their own account. Such arrangements are based on arm's length, commercial terms.</p> <p>Sterling is the holding company of the shares in SCS, the Investment Manager of the SIT, and of RMAD. In addition, SCS has a corporate management contract to provide financial and accounting services to Rental Management Australia.</p> <p>Rental Management Australia may sell Rental Management Income Rights to other parties.</p> <p>As a result of the above, it is possible that the interest of unitholders, Sterling Group and Rental Management Australia may not always be aligned. Should this situation ever arise, Theta, as the responsible entity has an obligation to consider unitholders interest first in all of its decisions. Therefore should a party fail to meet their service obligations, due to a conflict of interest and the failure is not remedied they may be replaced by Theta. This is a key way in which the conflicts of interest and related party transaction risk is managed.</p> <p>Refer to Section 6 "Significant risks" for further details on risks associated with investment in Income Units and Growth Units.</p>
Investment timeframe	Unitholders considering investing in Income Units or Growth Units should look to invest for 5 years or longer.

	Investing, withdrawing and distributions
Applications	Applications for which Registry Direct has cleared funds by 11.59pm each Thursday, will be processed on Friday, and allotted on the following Monday (or the next business day in the event of a public holiday)
Minimum initial investment	\$2,000
Minimum additional investment	\$500 (unless otherwise agreed by the Responsible Entity)
Withdrawals (further details can be found in Section 7 "How to invest and withdraw")	<p>The SIT is an illiquid investment which means that you may not be able to withdraw your investment at the time or times you want to. You should discuss with your financial adviser whether this is acceptable to you in light of your personal circumstances.</p> <p>The Units are not listed on any securities exchange.</p> <p>There is no guaranteed withdrawal of Units, however eligible Unitholders may be able to redeem their Units via conditional withdrawal facilities that may be made at the discretion of the Responsible Entity on a monthly basis.</p> <p>Details of any conditional withdrawal offers will be available for download at www.sitfund.com.au.</p> <p>Conditional withdrawal facilities to all Unitholders in the SIT will generally be funded through the fresh issue of Income Units or Growth Units respectively and paid within 21 days after the closing date of the relevant offer period. If there are insufficient subscriptions for new issues of Units in any given month, then the withdrawal facility for that month may not be met in whole or in part and any withdrawal requests will be pro rated and deferred to the next available withdrawal facility.</p> <p>If the Responsible Entity agrees to any such withdrawal request, in whole or in part, then the price to be paid for those Units will be the Current Unit Price for the relevant Class of Units as published each week on www.sitfund.com.au.</p> <p>Please refer to Section 7 "How to invest and withdraw" for more information on conditional withdrawal facilities that may be available.</p>
Minimum withdrawals (where permitted)	\$2,000
Minimum account balance	\$2,000
Income/distributions	Distributions are paid monthly on or about the 15th day of each month (or, if that day is not a business day, on the next occurring business day).
Cooling off	No, not available
Available through administration platforms?	No
	Fees and costs - (further details can be found in Section 8 "Fees and other costs")
Investment management fee	1% per annum of the gross asset value of the SIT.
Responsible entity fee	<ul style="list-style-type: none"> • The greater of \$50,000 or 0.15% per annum of the gross asset value of the SIT, • plus an annual audit management fee of up to \$7,500, • plus a capital charge of 0.06% per annum of the gross asset value of the SIT, • plus Custodian fees of the greater of \$29,022 or 0.03% per annum of the gross asset value of the SIT.
Ordinary expenses	Estimated to be 0.58%pa of the gross asset value of the SIT.
Abnormal expenses	Estimated to be nil.
Indirect costs	Estimated to be 0.03%pa of the gross asset value of the SIT.
Buy/sell spread	Not applicable

About us

About Sterling

Rental Management Australia was established to be a leading aggregator of Rent Rolls in Australia. The Sterling Group was established in 2010 principally to assist Rental Management Australia to achieve its goal through becoming an expert in sourcing Rent Rolls and property management agreements, and created a mechanism to fund those acquisitions. Sterling established the SIT initially as a wholesale fund to act as the primary funding mechanism to effect this strategy. Since these humble beginnings the Rent Roll has now grown to over 2,100 properties and has expanded into Victoria and Queensland, with several further Rent Roll acquisitions under contract.

The provision of quality property management services, coupled with a depth of experience in property, funds management and retirement villages, allowed Sterling to expand its business to now be a market leader in the provision of affordable housing to Australia's rapidly expanding retirement sector. Through its Sterling New Life product, Sterling has engineered an innovative solution for Australian seniors seeking to downsize and pursue financial freedom. After more than three years of incubation and development, the Sterling New Life was launched in early 2016 and now has more than 50 residents in Western Australia and Victoria.

The SIT is a cornerstone of Sterling's expansion strategies. Whilst the SIT aims to provide its Unitholders with a steady and reliable income stream, new subscriptions in the SIT provide the capital to acquire further Rent Rolls which ultimately allows the Income Units to invest in Rental Management Income Rights and the Growth Units to invest in Rental Management Growth Rights.

Investment Manager

Theta has appointed SCS to act as Investment Manager to manage the SIT assets and to provide overall management of the operations of the

SIT including Unitholder interface, investment reporting and accounting (but excluding unit registry, which has been outsourced to Registry Direct). Theta maintains strict controls over these matters, including detailed and regular reporting processes. SCS earns management fees for the provision of this service the details of which can be found in Section 8 "Fees and other costs".

SCS is a corporate authorised representative (number 444776) of Libertas Financial Planning Pty Ltd (ABN 27 160 419 134, AFSL 429718). The authorisations provided to SCS allow it to provide advice in relation to Units in the SIT as well as manage the assets of the SIT.

The assets of the SIT consistent with the valuation principles set out in the Constitution of the SIT and described in Section 4 "Investing your money".

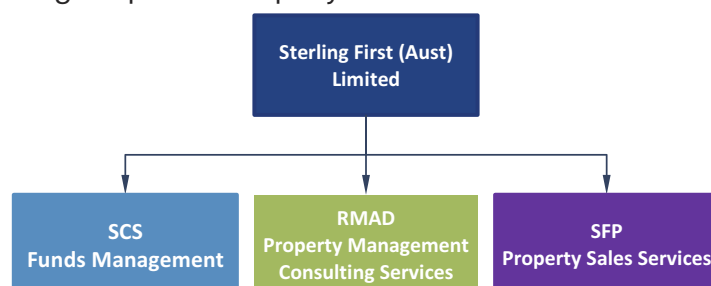
SCS is part of the Sterling Group and is an experienced investment manager.

Sterling comprises three divisions:

- 1 Funds management (SCS);
- 2 Property sales services (SFP), which manages the sales of Sterling's unique seniors housing product, Sterling New Life; and
- 3 Property management consulting services (RMAD), which sources new property management agreements for Rental Management Australia.

Sterling's corporate structure is as follows:

Sterling is a public company with over



700 shareholders.

SCS Director and Executives:

Ray Jones: Director and Founder of Sterling. Ray has more than 40 years experience in the property and funds management sectors as co-founder of Armstrong Jones, The Ascot Group including Ascot NZ, and as Founder of Settlers Retirement Group. His extensive experience has been a cornerstone of Sterling's development to date.

Blair Armstrong: General Manager. Blair has extensive real estate experience having held positions with both Jones Lang LaSalle and Australand in Perth and Melbourne. Blair oversees Sterling's daily operations and logistics. He brings to Sterling the combination of big picture thinking coupled with being able to implement.

Joanne Sparks: Group Financial Controller. Joanne is a qualified Chartered Accountant (South Africa) with 13 years' experience in audit, accounting and financial management, gained while holding positions at Mazars (Audit and Advisory), Black Knight International (Gary Player Group) and Peet Limited.

The Responsible Entity

Theta, as Responsible Entity, is responsible for all compliance and regulatory aspects of operating the SIT. Theta holds an AFSL (Number 230920), which authorises it to act as the responsible entity of the SIT. Theta is a provider of responsible entity and trustee services and the issuer of units in managed investment schemes in the Australian market.

The powers and duties of Theta are set out in the SIT's Constitution, the Corporations Act, and general trust law. The duties of Theta under the Corporations Act include:

- acting in the best interests of Unitholders and, if there is a conflict between Unitholders' interests and Theta's interests, giving priority to Unitholders' interests;

- ensuring that SIT property is clearly identified as SIT property and held separately from property of Theta and property of any other fund, and that property is valued at regular intervals;
- ensuring that payments out of SIT property are made in accordance with the Corporations Act; and
- reporting to ASIC any significant breach of the Corporations Act in relation to the SIT which has had, or is likely to have, a materially adverse effect on the interests of Unitholders as well as any significant breach of Theta's general obligations as an AFSL holder.

Subject always to any liability which the Corporations Act might impose on the Responsible Entity, so long as it acts without gross negligence, fraud or breach of trust it is not liable to Unitholders for any loss suffered in any way relating to the SIT. The liability of the Responsible Entity to any person other than a Unitholder in respect of the SIT is limited to the Responsible Entity's actual indemnification from the SIT's assets for that liability.

Theta is the issuer of all Units in the SIT and is the issuer of this PDS. SCS has been contracted by Theta to carry out all investment management functions in relation to the SIT.

Theta provides no assurance that distributions will be paid to the SIT by the Income Trust or the Growth Trust and no assurance that any distributions will be paid by the SIT to any Unitholder. The ability of the Income Units or the Growth Units to pay distributions will be dependent on the financial performance of the Income Trust (being the vehicle through which the Income Units obtain exposure to the Rental Management Income Rights) and the Growth Trust (being the vehicle through which the Growth Units obtain exposure to the Rental Management Growth Rights). Financial performance of the SIT is not guaranteed.

Theta Directors

Robert Marie: Managing Director. Mr Marie has over 27 years' experience in financial services having spent six years at Macquarie Bank as a state manager for Western Australia and South Australia. He was also the product manager for Macquarie's successful Cash Management Trust in addition to a range of equity based funds. Mr Marie was General Manager Marketing of the Bridges group with responsibility for the in-house platform which had \$1.5 billion under administration. Since moving to Western Australian Mr Marie was responsible manager and Director of Wealth Management and Insurance at BankWest. Following the takeover of BankWest by HBOS, Robert established the Theta group of companies which are specialist responsible entity and trustee service providers.

Michael Fenech: (B Ec. GAICD) has spent over 30 years in banking and finance, 20 of those in financial markets in senior roles with Macquarie Bank, National Australia Bank, Cuscal and HSBC. Following nine years at Cuscal, Michael was appointed the Chief Operating Officer at HSBC Australia, responsible for the bank's operations in Australia and New Zealand. In this role he successfully restructured the business focusing on compliance, risk and cost management. Since 2007, Michael has been running a consultancy business providing advice to financial services organisations including Banks, Mutuals ADIs, Insurance Companies and Fund Managers.

Norm Gibson: LLB, qualified at Sydney University and is admitted to the NSW Supreme Court and High Court of Australia. He is a lawyer with over 40 years experience in commercial law, family law and litigation. Norm brings significant experience to the Board in the area of due diligence, contract review and negotiation. His experience in law is highly valued on the Board.

Custodian

Theta has appointed an independent custodian to hold the assets of the SIT.

Australian Executor Trustees Limited (AET) is one of Australia's largest and oldest licensed trustee companies. AET has been providing custody and trustee services for over 130 years, having been established in 1880. AET is a member of the IOOF Holdings Limited ("IOOF") Group, a leading provider of wealth management products and services in Australia. IOOF is an ASX200 listed company.

The Responsible Entity has appointed Australian Executor Trustees Limited under a Custodian Agreement. The Custodian's role is to hold the assets in its name and act on the direction of the Responsible Entity to effect cash and investment transactions.

Australian Executor Trustees Limited has no supervisory role in relation to the operation of the Fund and has no liability or responsibility to a unit holder for any act done or omission made in accordance with the Custodian Agreement.

Australian Executor Trustee Limited's role as Custodian is limited to holding the assets of the Fund.

Australian Executor Trustees Limited has not withdrawn its consent to be named in this PDS as custodian of the Fund in the form and context in which it is named. Australian Executor Trustees Limited does not make, or purport to make, any statement that is included in this PDS and there is no statement in this PDS which is based on any statement by Australian Executor Trustees Limited.

To the maximum extent permitted by law, Australian Executor Trustees Limited expressly disclaims and takes no responsibility for any part of this PDS other than the references to its name. Australian Executor Trustees Limited does not guarantee the repayment of capital or any particular rate of capital or income return.

Fund Auditor

Pitcher Partners, Sydney.

Registry Service

Registry Direct Limited ("Registry Direct"). Registry Direct manages the unit registry of the SIT. Registry Direct is a registry and ancillary services provider for listed and unlisted securities on behalf of companies, trusts and product issuers in Australia.

Sub Trust Trustees

- **Income Trust** - The trustee of the Income Trust (being the vehicle through which the Income Units obtain exposure to Rental Management Income Rights) is **Income Holdings Pty Ltd** a wholly owned company of the SIT.
- **Growth Trust** - The trustee of the Growth Trust (being the vehicle through which the Growth Units obtain exposure to Rental Management Growth Rights) is **Growth Holdings Pty Ltd** a wholly owned company of the SIT.

Property Manager

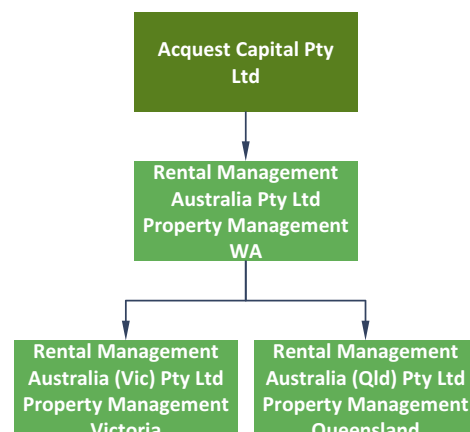
Rental Management Australia

Rental Management Australia is a specialist provider of property management services currently operating in Western Australia, Queensland and Victoria managing approximately 2,100 properties out of 5 offices with approximately 40 staff.

Rental Management Australia is the holder of all the property management agreements to which the Rental Management Income Rights pertain. RMAD is engaged by Rental Management Australia to secure new property management agreements for which RMAD is paid, and part of that income relates to the Rental Management Growth Rights. The ability of Rental Management Australia to provide a superior service effects both the Income Units, in generating sustained management fee income, and Growth Units in assisting RMAD in being able to sell the quality services offered by Rental Management Australia. Rental Management

Australia has the requisite real estate licenses in Western Australia, Queensland and Victoria to operate property management businesses.

The corporate structure of Rental Management Australia is as follows:



Rental Management Australia is NOT part of the Sterling Group, but is affiliated through agreements, and some shareholder interests. The ultimate shareholders of Rental Management Australia also have a shareholding in Sterling not exceeding 20% of the issued share capital. Sterling provides financial and accounting services to Rental Management Australia under contract, and share some office facilities.

Rental Management Australia Director and Executives:

Paul Luzzi: Director and Group Licensee Western Australia. Paul has been involved in managing property management businesses for well over 15 years, having owned and managed RE/MAX Lighthouse Realty Bunbury, prior to its acquisition by Rental Management Australia in 2011, at which time he took the role as State Manager.

Paul brings over 25 years' experience in business, marketing and public relations to the table. Paul has a very hands on approach, specialising in Residential, Commercial and Storage Management.

Deborah Gidman: General Manager. Deborah came to Rental Management Australia over 6 years ago with extensive property management

experience in the UK and having completed Association of Residential Letting Agents qualification - the UK's foremost professional body for letting agents.

Starting with Rental Management Australia as a property manager, Deb quickly rose through the ranks, completing her Diploma of Property Services as well as her Triennial Licence.

Deb is passionate and knowledgeable about all things property management.

In addition, Blair Armstrong of Sterling assists the management team of Rental Management Australia as part of the Corporate Management Agreement under which SCS provides financial and accounting services.

Reasons why landlords choose Rental Management Australia include:

- Landlords are provided with the MYproperty portal which allows them to log in and view their property 24 hours a day, 7 days a week, no matter where they are in the world
- Professionalism, politeness and a positive attitude from all Rental Management Australia's property managers
- Excellence is the goal of Rental Management Australia's property managers- they understand the job and know exactly what to do as they are home owners and investors themselves
- Rental Management Australia has multiple office locations in Western Australia, Victoria and Queensland
- A low vacancy rate is Rental Management Australia's utmost priority
- Communication - their property managers stay in touch with landlords on a regular basis so that they remain up to date on the latest developments about their property
- A Rental Management Australia account team that is dedicated to ensuring that rental property

ownership is easy for the owner.

Conflicts of Interest and Related Party Transactions

It is not intended that the Responsible Entity (on behalf of the SIT), will invest in, or provide any loans or guarantees to its related parties apart from its investment in the Income Trust and Growth Trust (the vehicles through which each of the Income Units and Growth Units obtain exposure to Rental Management Income Rights and Rental Management Growth Rights respectively). SCS is the investment manager of the SIT and the sub trusts.

SCS has entered into various contracts with its related and affiliated parties to provide services on behalf of the Growth Trust and Income Trust (including RMAD and Rental Management Australia). The parties are entitled to earn fees or other benefits in relation to any such appointment or transaction and to retain them for their own account. For example, SCS has a corporate management contract to provide financial and accounting services to Rental Management Australia. RMAD has a Business Development Agreement with Rental Management Australia. RMAD also sells Rental Management Growth Rights to the Growth Trust. Such arrangements are based on arm's length, commercial terms.

Also note, Sterling is the holding company of SCS and RMAD.

Raymond Jones, a director of SCS, has a beneficial interest in:

- 1,118,285 Income Units;
- 11.34% of the issued capital of Sterling; and,
- 50% of the issued capital of Acquest Capital Pty Ltd, the holding company of Rental Management Australia.

Robert Marie, a director of Theta, has a beneficial interest in 0.72% of the issued capital of Sterling.

In the course of operating and managing the SIT, Theta or SCS may face conflicts in their respective duties concerning the SIT, the wholly owned sub trusts and their own interests. Theta has policies and procedures in place to manage these appropriately. For example, Theta maintains a policy for dealing with related party transactions and conflicts of interest and register. Theta seeks to address any conflicts that may arise as part of its business and that relate to the SIT and its sub trusts specifically and seeks to resolve such conflict fairly and reasonably and in accordance with the law, ASIC policy and Theta's own policies. The Compliance Committee of Theta oversees the management of any conflicts regarding related party transactions. Notwithstanding the presence of conflicts of interest and the transactions among related parties and associates, both Theta and SCS may use the services of related companies. The terms of these services will be negotiated on an arms length basis and all contracts will be documented in the normal way. The quality of services provided by the various parties to the SIT is continually assessed for their performance and value on an on-going basis.

The Investment Manager is also required to adhere to Theta's related party transactions and conflicts of interest policies and regularly reports any conflicts and related party dealings to Theta in accordance with these policies under its contractual arrangements with Theta.

Should a contracted party fail to meet their service obligations and the failure is not remedied under the terms of the agreement they may be replaced by Theta.



Investing your money

Introduction

The SIT was established initially as a wholesale fund in 2011 to act as the primary funding mechanism for the acquisition of property management agreements, and property management businesses or Rent Rolls. In 2013 the first PDS was issued for the Income Units. In 2017 the offer was expanded to the Growth Units.

The investment objectives of the SIT

The SIT aims to give Unitholders an opportunity to invest in asset classes not normally available to retail investors, namely the consistent cash flow from property management agreements (Income Units) or the share of fee income from Sterling's established Rent Roll and property management acquisition business (Growth Units).

The investment options

The SIT currently offers two classes of Unit for investing:

- Income Units; and
- Growth Units

How the SIT produces income

Income Units - provide Unitholders with a share of the cash flow generated from property management agreements over residential and some commercial properties located in Western Australia, Victoria and Queensland managed by Rental Management Australia. Rental Management Australia has been operating since 2011 and is an aggregation of several property management businesses, some of which were established over 30 years ago. For more information on Rental Management Australia, please see Section 3 "About us".

Income Units were first issued in 2013 and have paid an average distribution of 9.26% pa over the period to 30 September 2017. Those distributions have all been 100% tax deferred (see Section 10 "Tax"). For full details of the distribution history of the Income Units please refer to www.sitfund.com.au.

Remember, past performance is not a reliable guide to future

performance. No distribution rate or frequency is guaranteed. Returns may be more or less than historical returns and distributions may occur at different frequencies.

Income Units principally invest in Rental Management Income Rights which secure the rights to cash flow generated on individual property management agreements.

Under the Rental Management Income Rights, Income Units receive 100% of the property management fees on the attaching property management agreements which is made up of "base fees" and "ancillary fees". Upon receipt, 48% of the base fees and 100% of the ancillary fees are paid to Rental Management Australia, who employs all the staff and facilities to carry out the services required pursuant to the property management agreements.

The distributable income for Income Units is calculated as follows:

- 100%** of property management base fees and ancillary fees
 - Less** 48% of base fees and 100% of ancillary fees paid to Rental Management Australia
 - Less** the net cost of replacement of lost property management agreements
 - Less** the Income Units proportion of the cost of managing the SIT
 - Equals** the net distributable income
- 1 Property management base fees and ancillary fees are paid out of rent collected from tenants. The rent is paid by tenants to Rental Management Australia's real estate trust account. From that real estate trust account the base fees and ancillary fees are paid directly to the Income Units bank account. Primary variables in the level of fees received is property vacancies. Vacancy levels across the entire Rent Roll since July 2013 to September 2017 have ranged between a low of 0.2% and a high of 3.0%. As at 30 September 2017

vacancies sat at 2.4% of the Rent Roll.

- 2 The base fees and ancillary fee portion paid to Rental Management Australia provide the property management business with the funds to employ all the property management staff and infrastructure required to meet its service obligations under the property management agreements. The Rental Management Income Rights Agreement has been structured in this fashion so that the Income Units do not take any business operation risk with income being received prior to the payment of any business operational costs by Rental Management Australia.
- 3 All property management businesses lose a portion of their Rent Roll each year. This may be due to landlords selling their investment property, refurbishing, moving back in, or changing agency. The net cost of replacing the lost property management agreements is funded out of the on-going revenue, not out of new capital subscribed. (see the summary of the Rental Management Income Rights Agreement in Section 12 "Significant contract")
- 4 Details on the costs of managing the SIT can be found in Section 8 "Fees and other costs".
- 5 The net distributable income is distributed to Income Unitholders on or about the 15th day of each month (or, if that day is not a business day, on the next occurring business day). For full details of the distribution history of the Income Units please refer to www.sitfund.com.au.

For more information on the significant contracts underpinning the Income Units, please refer to Section 12 "Significant contracts".

Growth Units

Growth Units participate in a share of income from Sterling's established Rent Roll and property management

acquisition business (operated by RMAD), which sources new property management agreements for Rental Management Australia. This business has been operating since 2011 and focuses on securing individual property management agreements and Rent Rolls. RMAD has a dedicated team of business development managers located in each Rental Management Australia office who seek out new agreements. In addition, RMAD has a Rent Roll acquisition team who identify and assess new Rent Roll acquisition opportunities and then manage the acquisition and integration process. For more information on Rental Management Australia, RMAD and Sterling generally, please see Section 3 "About us".

Growth Units were first issued in 2017, and have paid monthly distributions since the first issue of Growth Units. Growth Units distributions are fully taxable. For full details of the distribution history of the Growth Units please refer to www.sitfund.com.au. Remember, past performance is not a reliable guide to future performance. No distribution rate or frequency is guaranteed. Returns may be more or less than historical returns and distributions may occur at different frequencies.

Under the Rental Management Growth Rights Agreement, RMAD has assigned the Growth Units a share of its property management acquisition income.

The distributable income for Growth Units is calculated as follows:

- a **Share** of property management acquisition income from RMAD
 - b **Less** the Growth Units proportion of the cost of managing the SIT
 - c **Equals** net distributable income
- 1 The Rental Management Growth Rights entitle the Growth Units to 100% of the gross income of RMAD's property management fee income up to an Income Limit that equates to 13.5% of the value of the Rental Management Growth Rights acquired by the Growth

Units ("Income Limit") (the Income Limit of 13.5% was arrived at through negotiation, taking into account the potentially higher volatility risk of the income compared to the income derived on the Rental Management Income Rights, and therefore a slightly higher risk associated with the Rental Management Growth Rights).

- 2 Details on the costs of managing the SIT can be found in Section 8 "Fees and other costs".
- 3 The net distributable income is distributed to Income Unitholders on or about the 15th day of each month (or, if that day is not a business day, on the next occurring business day). For full details of the distribution history of the Income Units please refer to www.sitfund.com.au.

For more information on the significant contracts underpinning the Growth Units, please refer to Section 12 "Significant contracts".

Unitholders should note that any references to past performance is not a reliable guide to future performance. No distribution rate or frequency is guaranteed. Returns may be more or less than historical returns and distributions may occur at different frequencies.

The SIT structure

The SIT is a unit trust registered as a managed investment scheme. Theta is the Responsible Entity, AET is the independent Custodian and SCS is the investment manager.

The SIT currently only offers two classes of Units for new investment:

- 1 the Income Units, and
- 2 the Growth Units.

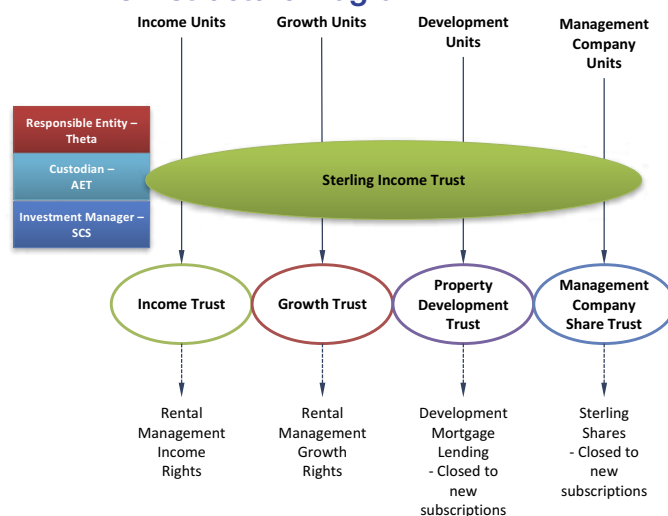
The Income Units invest into a beneficially owned sub trust (the Income Trust) whose trustee is Income Holdings Pty Ltd, a company which is wholly owned by the SIT.

The Growth Units invest into a beneficially owned sub trust (the Growth Trust) whose trustee is Growth Holdings Pty Ltd, a company which is wholly owned by the SIT.

Each of the Income Trust and Growth Trust invest in the Rental Management Income Rights and Rental Management Growth Rights respectively.

The Development Units and Management Company Units are closed to new investment.

SIT Structure Diagram



Valuation of assets

The assets attributable to the Income Units and the Growth Units are valued on a weekly basis to determine the Current Unit Price. The Current Unit Price will be determined on each week end at 5.00pm (WST) and published on www.sitfund.com.au.

The Current Unit Price is determined with reference to the net asset value of the relevant class of Units and the number of Units in that class on issue.

The net asset value is calculated by determining the gross assets value being the sum of:

- 1 the value of the assets of the relevant class (it should be noted that some data required to update the unit price is only available at month end. The weekly valuations will be based on the most recently available data, which may be more than one week old, but will not be more than one month old); and

- 2 any other amounts which, in the opinion of the Responsible Entity should be included for the purpose of making a fair and reasonable determination of the value of the assets of the relevant class on an undiscounted basis, having regard to generally accepted accounting principles.

Less the following:

- 1 all amounts required to meet liabilities and to meet all costs (including the amount of any provisions, including contingent liabilities, the Responsible Entity determines, in consultation with the auditor, should be made) but excluding liabilities (if any) to Unitholders in respect of Units; and
- 2 following any distribution calculation date, the amount of any distributable amount payable but not paid to Unitholders on the day on which the net asset value is determined.

Income Units

The asset value calculation for the Rental Management Income Rights is made on the following basis:

- 1 the current Base Management Fee for each Rental Management Right is obtained from the Rent Roll as at the end of the given period;
- 2 the value multiple is the current multiple used to determine the purchase price of a Rental Management Income Right.

In other words, the asset value calculation is made as follows:

*Base Management Fees x multiple
pursuant to Rental Management
Income Rights Agreement*

The current multiples contained in the Rental Management Income Rights Agreement (refer to section 12 "Significant contracts") is:

- for Income Rights attaching to Residential property management agreements and some commercial property management agreements, 3.50 times the Base Management Fee; and

- for Income Rights attaching to new SNL property management agreements, 4.50 times the Base Management Fee.

Income Units were first issued in 2013 and have had an average unit price of \$1.00 per unit over the period to 30 September 2017.

Growth Units

The asset value calculation for the Rental Management Growth Rights is made on the following basis:

Annualised Income Limit / 13.5%

Note – the Annualised Income Limit is restricted to 50% of the gross income of RMAD's property management acquisition income capped at 13.5% of the Rental Management Growth Rights held.

Growth Units were first issued in 2017 and have had an average unit price of \$1.00 per unit over the period to 30 September 2017.

Significant benefits

There are many benefits of investing in the SIT.

Income Units - aim to produce a regular and steady income stream for Unitholders by paying a monthly distribution. Neither income nor capital is guaranteed. Since establishment of Income Units in 2013, the average annual distributions of the Income Units has been 9.26% pa, however, past performance is not a reliable guide to future performance. Returns are not guaranteed.

Growth Units - aim to produce a regular and steady income stream for Unitholders who are prepared to accept a slightly higher risk than the Income Unitholders by paying a monthly distribution. Neither income nor capital is guaranteed. Since establishment of Growth Units in January 2017, the average annualised distributions of the Growth Units has been 12% pa, however, past performance is not a reliable guide to future performance. Returns are not guaranteed.

Details of the distribution history of each of the Income Units and the Growth Units can be found at www.sitfund.com.au. Remember, past performance is not a reliable guide to

future performance. No distribution rate or frequency is guaranteed. Returns may be more or less than historical returns and distributions may occur at different frequencies.

Other significant benefits include:

- access to the management expertise of SCS
- exposure to property management expertise of Rental Management Australia
- access to an alternative asset class in the form of Rental Management Income Rights or Rental Management Growth Rights
- geographic exposure to operations in Western Australia, Victoria and Queensland (with plans to expand into other Australian states)
- the right to receive any distributions made by the SIT in relation to either Income Units or Growth Units, and
- clear legal rights through a regulated corporate governance structure of a Managed Investment Scheme which is registered with ASIC.

Significant risks

Risk is a part of investing

All investments are subject to varying risks, and the value of your investment will rise and fall over time. Changes in value can be significant and they can happen quickly – the greater and faster the changes the greater the volatility. As a general rule, the higher the potential returns, the higher the level of risk.

Different types of investments have different risk characteristics which will affect investment performance.

As risk cannot be entirely avoided when investing. The philosophy employed for the SIT is to identify and manage risk as far as is practicable. Neither the Responsible Entity nor the Investment Manager can promise that the ways in which risks are aimed to be managed will always be successful.

Neither returns nor the money you invest in the SIT is guaranteed.

Risks generally

The significant risks of investing in managed investment schemes generally include the risks that:

- the value of investments will vary
- the level of returns will vary, and future returns will differ from past returns
- returns are not guaranteed and Unitholders may lose some or all of their money, and
- laws change.

The level of risk for you particularly will vary depending on a range of other factors, including age, investment time frame, how other parts of your wealth are invested, and your risk tolerance. If you are unsure whether this investment is suitable for you, we recommend you consult a financial adviser.

Further information about the risks of investing in managed investment schemes can be found on the ASIC's MoneySmart website at www.moneysmart.gov.au.

Risks more specific to the Income Units include:

Income Distribution Risk

The Income Units derive their income from the management fees earned pursuant to the Rental Management Income Rights, which is based on the collection of rent pursuant to a property management agreement held by Rental Management Australia.

The level of fees received directly correlates to the level of rent collected. The level of rent collected can be affected by a number of factors including non-payment of rent by a tenant, vacancies or loss of property management agreements. The replacement of lost property management agreements may be higher or lower than budgeted, non-payment of rent, or vacancies will vary from period to period and these factors will impact on the financial performance of the Income Units.

The distributable income for the Income Units is determined as detailed in Section 4 "Investing your money". If the Income Trust's or the SIT's expenses are less than anticipated, the income distributed to Unitholders may be higher than its average distribution rates and conversely, if the expenses are more than anticipated, the income distributed to Unitholders may be less than its average distribution rates.

An Income Unitholder will receive distributions after the costs of managing the SIT have been deducted. Refer to Section 8 "Fees and other costs" for information on the costs of managing the SIT.

Unitholders should note that any reference to past performance is not a reliable guide to future performance. All distribution rates are based on the return payable under the Rental Management Income Rights, the estimated operating costs of the SIT and its investments and the historical performance of the underlying investments. No distribution rate or frequency is guaranteed. Returns may be more or less than historical returns and occur at different frequency.

Loss of Rental Management Income Rights Risks

The principal assets of the Income Trust (the vehicle through which the Income Units obtain their investment exposure) comprise Rental Management Income Rights which are linked to property management agreements. Landlords, may, within varying periods, depending on the state jurisdiction in which they are located, terminate the property management agreements. A varying number of property management agreements are terminated each year for a variety of reasons. If the number of terminated property management agreements exceeds the number of property management agreements that Rental Management Australia can source to replace the lost property management agreements, this may adversely impact on the financial performance of the Income Units. The ability of the Income Units to pay distributions is dependent on the financial performance of the businesses operated by Rental Management Australia and RMAD. Success is not guaranteed.

Valuation Risk

The principal assets of the Income Trust comprise Rental Management Income Rights which are linked to property management agreements. Groups of property management agreements or Rent Rolls, are a commonly traded asset among licensed real estate firms. The price of a Rent Roll is determined by a multiple of the base management fees. The multiple used to determine a sale price of a Rent Roll varies from Rent Roll to Rent Roll, and by location. The underlying value of the property management agreements to which the Rental Management Income Rights relate may, at any given time be higher or lower than the value ascribed to the Rental Management Income Rights pursuant to the formula set out in Section 4 "Investing your money". If the Income Units required Rental Management Australia to sell some property management agreements to buy back some of the Rental

Management Income Rights, the amount realised for that sale may be higher or lower than the current valuation.

Growth Risk

The number of Rental Management Income rights has been budgeted to grow. The Investment Manager expects additional income to come from the acquisition of Rental Management Income Rights as a result of Rental Management Australia acquiring additional property management agreements through Rent Roll acquisitions or organic growth. The Income Units may not experience the budgeted growth in the number of Rental Management Income Rights which will have a negative impact on the Income Units financial performance and any distributions.

The Income Trust intends to acquire further Rental Management Income Rights in the future. There is no guarantee that Rental Management Australia and its agent RMAD will be able to identify suitable acquisitions or alternatively that they will be able to agree with the potential vendors on terms relating to the acquisitions having regard to available capital and debt funding to undertake such acquisitions. If such difficulties are encountered or further acquisitions are unable to be completed as currently contemplated in the Income Trust budgets, this may adversely impact on the Income Units financial performance and any distributions.

Rental Management Australia Risk

The Income Units' ability to meet its investment objectives and pay distributions to Unitholders ultimately depends on Rental Management Australia to perform services under the property management agreements and other agreements. The Income Units therefore rely heavily on the success and performance of Rental Management Australia. If Rental Management Australia is not able to perform these services, or performs the services poorly, or the agreements are terminated, the Income Units

would need to find alternative service providers which may not be as efficient as using Rental Management Australia.

RMAD Contract Risk

The Income Units rely on Rental Management Australia being able to secure new property management agreements, which in turn relies on RMAD to perform services under a Business Development Agreement between the parties.

The Business Development Agreement requires RMAD to source Rent Rolls and individual property management agreements for Rental Management Australia and places the obligation on RMAD to research acquisitions, negotiating, arranging and performing due diligence on the acquisition of Rent Rolls or individual property management agreements. The Business Development Agreement does not have a fixed term, but may be terminated on the happening of certain events, such as in the case of a breach of a term which is not rectified, or insolvency.

Competition Risk

Increased competition in the property management industry may result in, amongst other things, lower industry accepted commission rates and fees. Downward pressure on industry rates and fees may have an adverse financial impact on the Income Units and any distributions.

Vacancy Levels and Rental Income Risk

Vacancy levels and rental income can have a direct impact on fees and commissions earned by the Income Units. High vacancy rates, or decreases in rental income for properties managed by Rental Management Australia could have an adverse financial impact on the Income Units and any distributions.

Property Regulatory Risk

The Income Units exposure is to Rental Management Income Rights that relate to property management agreements held by Rental Management Australia

which operates in a regulated property industry. Amongst other things, participants in that industry must be licensed. Rental Management Australia and its operating subsidiaries have the required licences to operate within their respective states. If Rental Management Australia or its subsidiaries were to lose a licence to operate in any of the relevant jurisdictions this may have an adverse impact on Rental Management Australia's ability to maintain operations and may adversely impact the Income Units. Further, changes in the regulatory environment in which Rental Management Australia operates may adversely impact the Income Units. The legislation that regulates the terms on which landlords and agencies must contract with each other under the managing agency authority is very prescriptive. Failure to strictly adhere to prescribed terms or to follow prescribed practices may disentitle the managing agency to commissions and/or fees previously paid by the owner or may expose the agency to penalties under the relevant legislation in the states that they operate which in turn may adversely impact the Rental Management Income Rights and therefore the financial performance of the Income Units.

Risks more specific to the Growth Units include:

Income Distribution Risk

The Growth Units derive income from the sale of property management agreement by RMAD to Rental Management Australia.

The number of property management agreements sold to Rental Management Australia depends on the performance of RMAD which may vary from period to period and may impact on the financial performance of the Growth Units.

The distributable income for the Growth Units is determined as detailed in Section 4 "Investing your money". If the Growth Trust's or the SIT's expenses are less than anticipated, the income distributed to Unitholders may

be higher than its average distribution rates and conversely, if the expenses are more than anticipated, the income distributed to Unitholders may be less than its average distribution rates.

Income distributed by the Growth Units may be more volatile than the Income Units.

A Growth Unitholder receives distributions after the costs of managing the SIT have been deducted. Refer to Section 8 "Fees and other costs" for information on the costs of managing the SIT.

Unitholders should note that any past performance is not a reliable guide to future performance. All distribution rates are based on the return payable under the Rental Management Growth Rights, the estimated operating costs of the SIT and its investments and the historical performance of the underlying investments. No distribution rate or frequency is guaranteed. Returns may be more or less than historical returns and occur at different frequency.

Asset Risk

The principal assets of the Growth Trust (being the vehicle through which the Growth Units invest) are Rental Management Growth Rights. The income generated under the Rental Management Growth Rights is reliant on the performance of RMAD to source new property management agreements. There is a risk that RMAD will have a reduction in performance and that new property management agreements are not sourced and consequently the Growth Units may underperform. For example, if the collective performance of the business development managers fell by greater than 50% from their current levels, SCS would consider this to be a material decline in prospective income which could in turn impact on the ability to pay distributions.

RMAD Risk

The Growth Units' ability to meet its investment objectives and pay distributions to Unitholders ultimately depends on RMAD to perform services under the Rental Management Growth

Rights and other agreements. The Growth Units therefore rely heavily on the success and performance of RMAD. If RMAD is not able to perform these services, or performs the services poorly, or the agreements are terminated, the Growth Units would need to find alternative service providers which may not be possible or as efficient as using RMAD.

Income Units Capital Risk

There is an important relationship between the Income Units and Growth Units, namely:

- monies invested in Income Units ultimately funds Rental Management Australia's acquisition of the property management agreements being sourced by RMAD; and
- Rental Management Australia uses part of the proceeds it receives from the sale of the Rental Management Income Rights to pay RMAD for sourcing the property management agreements and Rent Rolls, a portion of which income goes to the Growth Units under the Rental Management Growth Rights,

while both aiming to deliver regular income to Unitholders. The Growth Units therefore rely on RMAD being able to secure new property management agreements for Rental Management Australia, which in turn relies on capital from the Income Units to acquire the Rental Management Income Rights so Rental Management Australia can pay RMAD, and RMAD can in turn pay the Growth Units.

If no further capital could be raised by the Income Units, then the ability of Rental Management Australia to pay for additional property management agreement may be reduced, which in turn may adversely impact on the Growth Units and any distributions.

Competition Risk

Increased competition in the property management industry may result in, amongst other things, lower industry accepted commission rates and fees. Downward pressure on industry rates

and fees could have an adverse financial impact and limit the RMAD's ability to attract property owners to enter into property management agreements and in turn impact on the performance of the Growth Unit and any distributions.

The significant risks of the SIT include:

Conflicts of Interest and Related Party Transactions Risk

In the course of operating and managing the SIT, Theta or SCS may face conflicts in their respective duties concerning the SIT and their own interests. In particular, the SIT takes advantage of the professional and integrated relationships of the Investment Manager and the Sterling Group of companies.

For example, the Income Units invest in Rental Management Income Rights it acquires from Rental Management Australia. Rental Management Australia is a company affiliated with Sterling. The Rental Management Income Rights are rights to income from property management agreements. New property management agreements are sourced by Rental Management Australia from RMAD who, like SCS, is a member of the Sterling Group. SCS on behalf of the Income Units does not intend to source income from any party other than Rental Management Australia and on behalf of Growth Units does not intend to source income from any party other than RMAD.

As a further example, the Growth Units invest in Rental Management Growth Rights which it acquires from RMAD. RMAD is a member of the Sterling Group. The Rental Management Growth Rights derive their income from the income earned by RMAD from sourcing property management agreements and Rent Rolls for the benefit of Rental Management Australia, who in turn sells the Rental Management Income Right to the Income Trust. Rental Management Australia is a company affiliated with Sterling.

The above examples highlight the important relationship between the Income Units and Growth Units, namely:

- monies invested in Income Units is used to acquire Rental Management Income Rights from Rental Management Australia;
- Rental Management Australia uses the funds it receives from the sale of the Rental Management Income Rights to;
 - fund the acquisition of Rent Rolls;
 - pay RMAD for arranging the acquisition of Rent Rolls; and ,
 - pay RMAD for arranging new property management agreements for Rental Management Australia;
- a portion of the fee income earned by RMAD for arranging the property management agreements and Rent Rolls for Rental Management Australia, goes to the Growth Units under the Rental Management Growth Rights.

The parties are entitled to earn fees or other benefits in relation to any such appointment or transaction and to retain them for their own account. Such arrangements are based on arm's length, commercial terms.

Sterling is the holding company of the shares in SCS, the Investment Manager of the SIT, and of RMAD. In addition, SCS has a corporate management contract to provide financial and accounting services to Rental Management Australia.

Rental Management Australia may sell Rental Management Income Rights to other parties.

As a result of the above, it is possible that the interest of unitholders, Sterling Group and Rental Management Australia may not always be aligned. Should this situation ever arise, Theta, as the responsible entity has an obligation to consider unitholders interest first in all of its decisions.

Therefore should a party fail to meet their service obligations, due to a conflict of interest and the failure is not remedied they may be replaced by Theta. This is a key way in which the conflicts of interest and related party transaction risk is managed.

Investment Manager Risk

The Responsible Entity relies on the specialist skills and expertise of the Investment Manager to execute the investment strategy of the SIT. If SCS fails to perform its obligations under the Investment Management Agreement or fails to maintain the standards expected of them as an investment manager, or if SCS's counterparties fail to perform their contractual obligations, then the SIT may not perform as expected. If this were to occur, Theta will take all action reasonably appropriate to safeguard Unitholders' funds. Theta aims to reduce this risk by monitoring and supervising the Investment Manager and ensuring strict compliance with the Investment Management Agreement. SCS further aims to reduce this risk by ensuring its counterparties perform their contractual obligations in the manner and to the standard reasonably expected.

Further, only a small number of investment professionals are responsible for managing the SIT and their personal circumstances can change. SCS aims to reduce this risk by having additional investment resources available, by increasing the size of the investment team over time and by systematising the investment decision-making. Theta also monitors this situation by assessing SCS's capacity and ability to adequately manage the assets of the SIT.

Liquidity Risk

The SIT is an illiquid fund. Both the Income Units and Growth Units are illiquid, and as such, Unitholders may be unable to liquidate their investments as and when they require. However, the Responsible Entity may make available conditional withdrawal facilities periodically (refer to Section 7

"How to invest and withdraw").

A conditional withdrawal facility will generally be funded out of new equity raised. There is a risk that the SIT will not have adequate subscription monies to meet conditional withdrawal facilities. If this occurs, Unitholders may not be able to redeem their Units.

No secondary market for Units exists.

Borrowings Risk

The SIT may indirectly borrow through an underlying sub trust.

The Growth Trust (being the vehicle through the Growth Units obtain exposure to the Rental Management Growth Rights) will not borrow.

The Income Trust (being the vehicle through the Income Units obtain exposure to the Rental Management Income Rights) may borrow from banks at commercial arms length terms to assist in the acquisition of Rental Management Income Rights. For example, the Income Trust has a Macquarie Bank Real Estate Line of Credit of \$3.283 million. A summary of the terms of the Macquarie Bank facility can be found in Section 12 "Significant contracts". Up to date borrowing terms can be found at www.sitfund.com.au.

If interest rates rise, the Income Units will be exposed to higher interest costs on borrowings undertaken by the Income Trust. Higher borrowing costs incurred by the Income Trust could ultimately reduce returns to Income Unitholders. The Income Trust fixing the rate on borrowings can reduce this risk and the trustee of the Income Trust will do this where it considers it reasonable and practicable to do so as part of the Income Trust's interest rate hedging policy.

Further, the Macquarie Bank Real Estate Line of Credit contains financial covenants such as loan to value ratios and interest coverage ratios. Should these covenants be breached, the

Investment Manager may be forced to renegotiate the line of credit which could result in increased borrowing costs and reduced returns to Income Unitholders. Failure to renegotiate the facilities, or failure to find alternative borrowing arrangements, could result in the need to sell assets. As at the date of this PDS, the lender has not issued a breach notice or indicated that they are concerned with any potential breaches of any financial covenants. However, as with all borrowing, there is always a risk that at some point in the future the SIT may default on its obligations under the facility.

In the event the Macquarie Bank Real Estate Line of Credit terminates, or if additional funding is required, there is a risk that the SIT may be unable to find alternative borrowing arrangements in the future on reasonable commercial terms. This could adversely affect the SIT as assets may be required to be sold at less than favourable prices.

Multi Class Risk

The SIT has multiple classes of units. As at the date of this PDS, the SIT has four active classes of unit of which two classes of units, the Income Units and the Growth Units, are available for new investment. The SIT may offer more classes of units in the future. Each class is referable to a particular pool of assets and liabilities held within the SIT. When you invest in a particular class of Unit, you acquire an interest in, and therefore exposure to, the assets relevant to that class.

The assets and liabilities of the SIT are attributed to the relevant classes and are administered separately so the Unit Price and performance of each class is independent of each other.

However, legally the assets and liabilities of a particular class are the assets and liabilities of the SIT as a whole. As such, if a particular class were to become insolvent or suffer an adverse financial event, it is possible that all classes of units may be affected. For example, if a particular class of units becomes insolvent then creditors to that class of units may

make a claim for all of the assets in the SIT and not just for the assets of the insolvent class of units. Although the Responsible Entity has taken steps to segregate the liability between classes by having substantially all of the assets of each class held by a stand alone sub trust, it is not possible to guarantee segregation between the classes and therefore the risk of cross class liabilities remains.

Although it is relatively common for a managed fund to offer multiple classes of units and so this risk arises in many funds, it is more pronounced in the SIT because each Unit class has a different pool of assets with a different risk profile. This means the risk of different liabilities arising among classes may be greater compared to funds with identical (or virtually identical) pools of assets among classes.

Sub Trustee Risk

Growth Holdings Pty Ltd is the trustee for the Growth Trust (being the vehicle through the Growth Units obtain exposure to the Rental Management Growth Rights). Income Holdings Pty Ltd is the trustee for the Income Trust (being the vehicle through the Income Units obtain exposure to the Rental Management Income Rights). They each hold all of the assets of the relevant sub trusts. There is a risk that the trustees do not perform as expected, do not invest the assets of the sub trusts or do not distribute the proceeds of the sub trusts as expected. This risk is managed by ensuring that the Growth Trust and Income Trust remain wholly owned by the SIT at all times and that the trustees are bound by the terms of their trust deeds to comply with the directions of the Responsible Entity. Theta essentially has day to day control of the Growth Trust and Income Trust.

Counterparty Risk

The SIT is party to, or otherwise benefits from, multiple contracts with multiple counterparties. Therefore the SIT is subject to the risk that a counterparty to a contract (such as the Investment Manager, Macquarie Bank, Rental Management Australia and

RMAD) may default on their obligations and, as a result, may experience an adverse investment outcome or liability.

The significant risks of Managed Investment Scheme's generally include:

Market Risk

Economic, technological, political or legal conditions, changes in interest rates and even market sentiment, can (and do) change, and these all affect the value of the investments in the SIT.

Regulatory Risk

There is a risk that the laws regulating managed investment schemes and financial services licensees (and their representatives) could change and may affect the operation of the SIT, the Responsible Entity and the Investment Manager. The Responsible Entity aims to manage these risks by:

- having policies and procedures in place to ensure it complies with its Australian financial services licence and financial services laws generally;
- monitoring and supervising its agents and representatives (including the Investment Manager);
- engaging an independent auditor to review its compliance with its Australian financial services licence and financial services laws generally; and
- keeping abreast of changes to financial services laws that may impact the SIT.

Taxation Risk

Any change in taxation laws or rates (including any duties and imposts) in jurisdictions in which the SIT operates may impact on:

- the SIT's financial performance and cash flows; and
- the SIT's ability to pay distributions and dividends.

Any changes in the current rates of taxation, duties or imposts applying to individuals and trusts may similarly

impact on Unitholder returns.

Whilst care has been taken to determine the accounting treatment of the income and capital growth associated with this investment, each Unitholder should seek their own tax advice in relation to their Unitholding.

Stamp Duty Risk

The SIT seeks legal advice as to the impact of stamp duty on all acquisitions. Such opinions may however be subject to challenge by the relevant state government revenue office.

Accounting Standards Risk

Changes in accounting standards may impact on the SIT's financial performance and its capacity to pay distributions. This risk is mitigated by monitoring accounting standards and best practice guidelines.

Litigation Risk

The SIT is exposed to potential litigation from Unitholders and third parties with whom it engages or in relation to agencies/entities that the SIT is acquiring. This would include litigation risk relating to property regulatory matters including disputes as to the form of rental management agreements which may indirectly affect the success of Rental Management Australia and consequently the performance of the Income Units and the Growth Units.

How to invest and withdraw

Investing for the first time

You can invest from \$2,000 and thereafter in \$500 increments (unless otherwise agreed by the Responsible Entity). Complete all of the indicated section on the current Application Form, including Part C, the FACTA and CRS section, attached to this PDS, following the instruction starting in Section 15 "Application form instructions".

Investing more

If you are already a SIT unitholder, you can increase your investment by just putting your SIT Investor Number (which can be found on your holding statement) in the box on the first page of the application form attached to this PDS, and inserting the amount. Then you just need to complete part C and D of the Application Form.

How you can pay

Cheques should be made payable to Sterling Income Trust – Application Account, and attached to the Application Form.

If paying by Electronic Funds Transfer the banking details of the Application Account is as follow:

Account Name:

Theta Asset Mgt Ltd atf SIT Application Account

Bank: NAB

BSB: 082-080

Account: 14-595-6791

Any interest earned on application monies is credited to the benefit of the SIT.

Processing your application

Please send the completed Application Forms, together with the required certified ID to:

Registry Direct PO Box 18366
Collins Street East, VIC 8003

Registry Direct will review all Application Forms to ensure that all the required information has been completed correctly and that the required certified ID has been included. If the Application Form or further ID is required, Registry Direct

will communicate with you.

If all the documentation is correct, Applications for which cleared funds have been received by 11.59pm each Thursday, will be processed on the next day, Friday, and units will be allotted on the next business day being the following Monday, or Tuesday in event of a long weekend.

Distribution entitlements are calculated from the day of Allotment.

Cooling off

Cooling-off rights do not apply to an investment in Units pursuant to the Offer. This means that you cannot withdraw your Application once it has been accepted.

Withdrawing

The SIT is an illiquid investment, which means that you may not be able to withdraw your investment at the time or times you want to. You should discuss with your financial adviser whether this is acceptable to you in light of your personal circumstances.

The Units are not listed on any securities exchange.

There is no guaranteed withdrawal of Units, however eligible Unitholders may be able to redeem their Units via conditional withdrawal facilities that may be made at the discretion of the Responsible Entity on a monthly basis.

Details of any conditional withdrawal offers will be available for download at www.sitfund.com.au.

A Withdrawal Application Form can be found at www.sitfund.com.au. When you wish to apply to withdraw your investment, please complete the application form and forward it to Registry Direct.

Conditional withdrawal facilities to all Unitholders in the SIT will generally be funded through the fresh issue of Income Units or Growth Units respectively and paid within 21 days after the closing date of the relevant offer period. If the withdrawal facility amount is less than the withdrawal request, then the requests will be pro rated and the unpaid balance deferred to the next available withdrawal

facility.

If the Responsible Entity agrees to any such withdrawal request, in whole or in part, then the price to be paid for those Units will be the Current Unit Price for the relevant Class of Units as published each week on www.sitfund.com.au.

Note that being an illiquid scheme, all conditional withdrawal facilities made available by the Responsible Entity are required to comply with the strict processes set out in the Corporations Act.

Unit prices

For information on how Unit prices are calculated, refer to Section 4 "Investing your money".

The Responsible Entity has a documented policy in relation to the guidelines and relevant factors taken into account when calculating Unit prices (called the Unit Pricing Policy). The Responsible Entity keeps records

of any decisions that are outside the scope of the Unit Pricing Policy, or are inconsistent with it. A copy of the Unit Pricing Policy and records is available free on request. The Unit Pricing Policy is also available at www.thetaasset.com.au.

Changes of details

If you change any of your details, including contact details, distribution instructions, bank account details or account operating instructions, please advise us by contacting Registry Direct on 1300 55 6635. Alternatively, you can update your details online at www.registrydirect.com.au/investor, or in writing to the address on this page.

Section Eight

Fees and other costs

The following is a general disclosure required pursuant to the Corporations Act in relation to the SIT.

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns. For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the SIT or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website (www.moneysmart.asic.gov.au) has a managed investment fee calculator to help you check out different fee options.

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the managed investment scheme as a whole.

Taxes are set out in another part of this PDS.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

Type of fee or cost	Amount	How and when paid
Fees when your money moves in or out of the SIT		
Establishment fee: The fee to open your investment	Nil	Not applicable
Contribution fee: The fee on each amount contributed to your investment	Nil	Not applicable
Withdrawal fee: The fee on each amount you take out of your investment	Nil	Not applicable
Exit fee: The fee to close your investment	Nil	Not applicable
Management costs The fees and costs for managing your investment		
Responsible Entity Fee (payable to the Responsible Entity)	The greater of \$50,000 or 0.15%* per annum of the gross asset value of the SIT, plus an annual audit management fee of up to \$7,500, plus a capital charge of 0.06% per annum of the gross asset value of the SIT, plus Custodian fees of the greater of \$29,022 or 0.03% per annum of the gross asset value of the SIT. These fees are adjusted for inflation or 3% whichever is greater on an annual basis.	This fee is calculated and accrues monthly, and is payable quarterly in arrears from the SIT's assets (apart from the audit management fee which is payable annually in arrears from the SIT's assets). This fee is not negotiable. See Additional explanation of fees and costs for more detail.

Investment Management Fee (payable to the Investment Manager)	1% per annum of the gross asset value.	This fee is calculated and accrues monthly, and is payable monthly in arrears from the SIT's assets. This fee is not negotiable. See Additional explanation of fees and costs for more detail.
Ordinary expenses* (payable from the SIT)	0.58%pa of the gross asset value of the Fund.	Ordinary expenses are generally paid as incurred. Ordinary expenses are not negotiable. See Additional explanation of fees and costs for more detail.
Abnormal expenses* (if incurred, payable from the SIT)	Nil	Any abnormal expenses are generally paid from the SIT's assets as incurred. Abnormal expenses are not negotiable. See Additional explanation of fees and costs for more detail.
Indirect costs* (if incurred, payable from the SIT's)	0.03%pa of the gross asset value of the SIT	Deducted from the Sub Trusts. See Additional explanation of fees and costs for more detail. Indirect costs are not negotiable.
Service fees[^]		
Switching fee: the fee for changing investment options	Not Applicable	Not Applicable

[^] Additional service fees may apply where you ask Theta to do something special for you. See "Additional explanation of fees and costs" below.

Any item marked with an asterisk (*) is an estimate. Please refer to www.sitfund.com.au for any updates on these estimates which are not considered to be materially adverse from a retail investor's point of view.

Example of annual fees and costs

This table gives an example of how the fees and costs for the SIT can affect your investment over a one-year period. You should use this table to compare the SIT with other managed investment products.

EXAMPLE		Balance of \$50,000 with total contributions of \$5,000 during the year
Contribution Fees	0%	For every additional \$5,000 you put in, you will be charged \$0.
PLUS Management Costs comprising:		And , for every \$50,000 you have invested in the SIT you will be charged:
Responsible Entity Fee	0.39%pa of the gross asset value of the SIT	\$195.00
Investment Management Fee	1.00%pa of the gross asset value of the SIT	\$500.00
Ordinary expenses	0.58%pa of the gross asset value of the SIT	\$290.00
Abnormal expenses*	Nil	\$0.00
Indirect costs*	0.03%pa of the gross asset value of the SIT	\$16.42
EQUALS Cost of SIT	2.00%	If you have an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of \$1,001.42[^] each year.

[^] Additional fees may be incurred. See "Additional explanation of fees and costs" below.

When calculating management costs the law says we must assume that the value of your investment remains at \$50,000 and the SIT's unit price does not fluctuate. Please be aware that management costs actually incurred will depend on the market value of your investment and the timing of your contributions (including any reinvestment of distributions) during any 12-month period. The example is based on the actual costs incurred as at 30 June 2017 and no additional service fees are incurred by you.

Any items marked with an asterisk (*) is an estimate. Please refer to www.sitfund.com.au for any updates on these estimates which are not considered to be materially adverse from a retail investor's point of view.

If you would like to calculate the effect of fees and costs on your investment you can visit the ASIC website (www.moneysmart.gov.au) and use their managed investment fee calculator.

Additional explanation of fees and costs

Responsible Entity Fee

A Responsible Entity Fee, being the greater of \$50,000 or 0.15%* per annum of the gross asset value of the SIT, plus an annual audit management fee of up to \$7,500, plus a capital charge of 0.06% per annum of gross asset value of the SIT, plus Custodian fees of the greater of \$29,022 or 0.03% per annum of gross asset value of the SIT (which in the year ended 30 June 2017 totalled 0.39% of the gross asset value of the SIT), is paid to the Responsible Entity and the Custodian for operating the SIT. This is calculated and accrued monthly, and paid quarterly in arrears out of the assets of the SIT.

The Responsible Entity Fee is adjusted for inflation or 3% whichever is greater on an annual basis.

Investment Management Fee

An Investment Management Fee, being 1% per annum of the gross asset value of the SIT, is paid to the Investment Manager for managing the assets of the SIT (which in the year ended 30 June 2017 totalled 1.00% of the gross asset value of the SIT). This is calculated and accrued monthly, paid quarterly in arrears out of the gross assets of the SIT.

Ordinary expenses

In addition to fees, Unitholders also bear the impact of certain expenses associated with the SIT, as explained below. We only pay an expense from the SIT if it is incurred in the proper performance of our duties.

Ordinary expenses are costs associated with the SIT which we consider in the ordinary course of fund operations.

All ordinary expenses are paid from the SIT. The ordinary expenses for the year ended 30 June 2017 totalled 0.58% of the gross asset value of the SIT. Future expenses of the SIT could be higher or lower than this amount.

All expenses are generally paid as incurred.

Abnormal expenses

Abnormal expenses are expected to occur infrequently and may include (without limitation) costs of litigation to protect Unitholders' rights, costs to defend claims in relation to the SIT, legal fees, once off or non "business as usual" fees, and termination and wind up costs. If abnormal expenses are incurred, they will be deducted from the assets of the SIT as and when they are incurred. There is no cap on abnormal expenses. Occasionally, costs which might otherwise be considered usual are of such a nature that we may deem them to be abnormal. Abnormal expenses for the year ended 30 June 2017 totalled 0.1% of the gross asset value of the SIT.

All abnormal expenses are generally paid as incurred.

Indirect costs

Indirect costs are generally any amount (other than transactional and operational costs) the Responsible Entity knows or estimates will reduce the SIT's returns that are paid from the SIT's assets or the assets of interposed vehicles (for example paid from the Growth Trust or the Income Trust). The indirect cost figure is intended to give you some measure of the total cost of investing in the SIT. Indirect costs ultimately reduce overall SIT returns.

The SIT's indirect costs are based on those costs we know, or can reasonably estimate, for the financial year ending 30 June 2017 and totalled 0.03% of the gross asset value of the SIT. Actual indirect costs for future years may differ.

See below for information on transactional and operational costs and how they impact the returns of the SIT.

Additional service fees

If you ask us to do something special for you, the Responsible Entity may charge you a fee. These special fees vary depending on what you ask us to do.

Transactional and operational costs

Transactional and operational costs are generally those costs associated with brokerage, settlement costs, bid-offer spreads on investments and currency transactions and borrowing, clearing and stamp duty costs. Not all of these costs are relevant to the SIT. In fact, the SIT does not directly incur any transactional and operational costs. Rather, any transactional and operational costs are incurred at each of the sub trusts and relate to the contractual cost obligation incurred in the sub trusts as detailed in this PDS.

Specifically, in relation to Income Units, under the Rental Management Income Rights Agreement 100% of the Base Fee income and 100% of the Ancillary Fee income derived from the collection of rent on the property management agreements are paid to the Income Trust's bank account. Following receipt of this income, 48% of the Base Fees and 100% of the Ancillary Fees are paid to Rental Management Australia, who carries out the services required to be performed under the underlying property management agreements. In the year ended 30 June 2017, the gross Base Fee and Ancillary Fee income was \$2.91 million. Of this amount, \$1.58 million was paid to Rental Management Australia in accordance with the terms of the Rental Management Income Rights Agreement. Transactional and operational costs in the future will vary as they depend on the actual gross Base Fee and Ancillary income received by the Income Trust.

In relation to the Growth Units, there were no transactional and operational costs.

Details of the historical income and expenses can be found in the financial statements on www.sitfund.com.au.

In many managed funds, some of the transactional and operational costs are recovered via a buy-sell spread charged on Units at the time they are issued/redeemed. The SIT does not charge a buy-sell spread.

Can the fees change?

Yes, all fees can change. Reasons might include changing economic conditions and changes in regulation. However, we will give you 30 days' written notice of any increase to fees where practicable.

The Constitution for the SIT sets the maximum amount we can charge for all fees. If we wished to raise fees above the amounts allowed for in the SIT's Constitution, we would need the approval of Unitholders.

Please refer to www.sitfund.com.au for any updates on our estimates for any fees and costs (including indirect costs and transactional and operational costs) which are not considered to be materially adverse from a retail investor's point of view. Remember, past performance is not an indicator of future performance and any fee or cost for a given year may not be repeated in a future year.

Adviser remuneration

The law restricts payments by us and the Investment Manager to other AFSL holders which are 'conflicted'. Therefore no commissions will be paid by us to financial advisers.

You may incur a fee for the advice provided to you by your adviser, but this does not represent a fee that we have charged you for investing in the SIT and is not an amount paid out of the assets of the SIT. The amount of fees you will pay (if any) to your adviser should be set out in a Statement of Advice given to you by your financial adviser. You will be responsible for the payment of these fees and they will not be paid by us. We recommend that you check with your adviser if you will be charged a fee for the provision of their advice.

We maintain an Alternate Forms of Remuneration Register. The register, which you can review by contacting us, outlines some alternative forms of remuneration that we may, subject to law, pay to or receive from licensees, fund managers or representatives (if any is paid or received at all in relation to the SIT).

Government charges and taxation

Government taxes such as GST are applied to your account as appropriate. In addition to the fees and costs described in this section, standard government fees, duties and bank charges may also apply such as stamp duties. Some of these charges may include additional GST and will apply to your investments and withdrawals as appropriate.

Section Nine

Distributions

Distributions, if payable, on both Income Units and Growth Units are paid on or about the 15th day of each month (or, if that day is not a business day, on the next occurring business day). Distributions are paid directly to the nominated bank account of Unitholders, and Registry Direct emails Unitholders with a confirmation statement of payment of the distribution.

Income Units were first issued in 2013, and have paid an average annual distribution of 9.26% pa. Those distributions have all been 100% tax deferred (refer to Section 10 "Tax" for details). For full details of the distribution history of the Income Units

please refer to www.sitfund.com.au.

Growth Units were first issued in 2017, and have paid an average annual distribution of 12% pa since the first issue of Growth Units. Growth Units distributions are fully taxable. For full details of the distribution history of the Growth Units please refer to www.sitfund.com.au.

Unitholders should note that any references to past performance is not a reliable guide to future performance. No distribution rate or frequency is guaranteed. Returns may be more or less than historical returns and distributions may occur at different frequencies.

Tax

In all likelihood you will need to pay tax in relation to your investment in the SIT, generally income or capital gains tax.

Your tax liability ultimately depends on your circumstances, for example, whether you are an Australian resident or whether you are investing via a superannuation fund. Therefore, it is important that you seek professional advice before you invest or deal with your investment.

Theta will send you the information you need each year to help you to complete your tax return.

Will I be liable to pay tax on money I receive from the SIT?

Probably yes, whether the money is actually paid to you or reinvested.

The tax impact for you depends on what makes up the distributions. Distributions could comprise:

- income (like dividends and interest); and,
- tax deferred income.

Do I need to give you my tax file number (TFN) or Australian business number (ABN)?

It is up to you, but we strongly recommend that you provide these details.

If you choose not to provide us with your TFN or ABN and you do not have an exemption, we must deduct tax at the highest personal rate, plus the Medicare levy, before passing on any distribution to you (except tax deferred income). The law is very strict on how we can use these details. It is not compulsory to provide a TFN or ABN and it is not an offence to decline to provide them. To avoid withholding tax being applied to your account, applicants may include a TFN or ABN, as applicable, when completing the Application Form.

Does the SIT have to distribute taxable income?

The terms of the Constitution provide that the taxable income of the SIT must

be distributed to Unitholders. This means the SIT should not be liable for income tax on its income. Any income distributed to Unitholders must be included in the taxable income of the Unitholder.

Does the SIT pay tax?

The SIT is not expected to be taxed as a company.

What are tax deferred distributions?

If a distribution is tax deferred, this means that there is no income tax or withholding tax on the distribution on the Income Units. For tax purposes, the distributions are effectively a return of capital, and therefore reduce the cost base of the Units. When you redeem your units, the cost base for capital gains tax purposes will have been reduced by the amount of tax deferred distributions you will have received. The difference between the redemption amount you receive and the reduced cost base for the units will be a capital gain for tax purposes.

For instance, if the application price was 100¢ per unit, and you have received five distributions of 10¢ each totalling 50¢ in distributions prior to redeeming your units for 100¢. The capital gain for tax purposes will be 50¢ of the redemption amount calculated as follows:

- redemption price – (application price – accumulated distributions)
- 100¢ – (100¢ – 50¢) = 50¢ capital gain.

The actual tax payable on the 50¢ capital gain will depend on an individual's personal tax situation.

Keeping you informed

Enquiries

If you have a query regarding your unit holding or distribution payments you should contact Registry Direct on 1300 55 6635. Alternatively, you can view your details online at www.registrydirect.com.au/investor (you will receive a log in code from registry Direct when you become a Unitholder), or in writing. Please send all correspondence to:

Registry Direct PO Box 18366
Collins Street East, VIC 8003

How to find out more

The SIT's website has plenty of further information about the SIT, including the latest:

- unit prices;
- withdrawal offers
- distribution history;
- financial reports;
- funds under management;
- geographic exposures;
- borrowing details;
- updates to PDS information; and
- press releases and media.

You can contact the ASIC or Theta to obtain copies of any documents Theta has lodged with the ASIC, for example, the accounts of the SIT.

The SIT is subject to regular reporting and disclosure obligations. Copies of documents we may lodge with the ASIC (such as any half-year and annual financial reports) may be obtained from or inspected at an ASIC office or distributor. We will send you copies of any document which we lodge, on request.

We will make information required to be disclosed under continuous disclosure obligations available on our website at www.sitfund.com.au and you can request a paper copy free of charge from us anytime.

The information in this PDS is subject to change from time to time. If a change is not of such a nature that you would be materially adversely affected by not receiving notice of it, the PDS

may be updated by notice at www.sitfund.com.au and you can request a paper copy free from us or your professional financial adviser.

Otherwise, this PDS will be replaced or a supplementary PDS issued.

Regular reporting

Reporting to you is regular, for example:

- every transaction you make is confirmed by Registry Direct;
- reporting to you is at least monthly - if you want an update at any time, just ask;
- you are sent a tax report as soon as possible after the end of each financial year; and,
- the accounts of the SIT are available on the SIT's website as soon as possible after the end of each financial year and half year.

Information that Theta is required to disclose to satisfy any continuous disclosure obligations will be available on the SIT's website (www.sitfund.com.au) and you can request a paper copy free of charge from your professional adviser or by contacting Theta.

Information about you

Information provided by applicants on the Application Form is collected for the primary purpose of issuing Units in the SIT.

The information will also be used to forward to you periodic information relating to your investment in the SIT and from time to time provide to you information of a generic or marketing nature relating to the SIT. Your personal information will not be made available to any third party, other than as required by law and to service providers for permitted related purposes (for example, auditors, consultants and advisers) for the purpose of administering the investment.

By executing the Application Form, you provide your consent to the SIT to disclose your information to such

service providers and to use your information for the purposes referred to above. If you wish to request access to your information or if you have any complaint in relation to the manner in which the SIT has handled your information, please contact Theta.

For more information relating to the SIT privacy policy please contact Theta on +61 2 8012 0638.

As required by law, Theta has adopted Privacy Policies that govern the collection, storage, use and disclosure of personal information. This policy complies with the Australian Privacy Principles.

Information provided by applicants on the Application Form is collected for the primary purpose of issuing Units in the SIT. The information will also be used to forward to you periodic information relating to your investment in the SIT and from time to time provide to you information of a generic or marketing nature relating to the SIT. Your personal information will not be made available to any third party, other than as required by law and to service providers for permitted related purposes.

For example your information may be used to:

- By auditors, consultants and advisers in administering your investment in the SIT; and,
- To ensure compliance with all applicable regulatory or legal requirements. This includes the requirements of ASIC, ATO, AUSTRAC, ASX and other regulatory bodies or relevant exchanges including the requirements of the superannuation law; as well as, ensure compliance with the AML/CTF Act.

If you do not provide the personal information required, your application may not be processed.

By executing the Application Form, you provide your consent to the SIT to disclose your information to such service providers and to use your

information for the purposes referred to above.

All personal information collected by Theta will be collected, used, disclosed and stored by Theta in accordance with the Theta Privacy Policy, a copy of which will be made available to you on request. To obtain a copy, please contact Theta on (02) 8012 0638. You can access the personal information Theta holds about you.

If you wish to request access to your information or if you have any complaint in relation to the manner in which the SIT has handled your information, please contact Theta.

AET collects your personal information for primarily purpose of providing custodial services to the SIT responsible entity and for ancillary purposes detailed in the Privacy Policy. AET may disclose your personal information, such as, your name and contact details, along with your account information to its related bodies corporate, the responsible entity, professional advisers, the land titles office and/or as otherwise instructed by the responsible entity. We are also permitted to collect and disclose your personal information when required or authorised to do so by law. AET is not likely to disclose your personal information to overseas recipients. Your personal information will be used in accordance with AET's Privacy Policy. The Privacy Policy contains information about how you may access or correct your personal information held by AET and how you may complain about a breach of the Australian Privacy Principles. You may obtain a copy of the Privacy Policy at www.aetlimited.com.au/privacy.

Complaints

Theta has procedures in place to properly consider and deal with any complaints received from Unitholders. Where a Unitholder has a complaint, at first instance, you should contact the Compliance Manager at Theta on 02 8012 0638 or write to Theta at PO Box Q423 QVB Sydney NSW 1230.

The Compliance Manager will generally acknowledge receipt of the complaint within two working days and make every effort to resolve the complaint within one month.

If your complaint is not resolved to your satisfaction you can contact the following independent external complaints resolution scheme of which Theta is a member:

Financial Ombudsman Service Ltd ("FOS")

GPO Box 3, Melbourne VIC 3001

Hours: 9am to 5pm AEST weekdays

Phone: 1300 780 808 or (03) 9613 7366

Fax: (03) 9613 6399

Email: info@fos.org.au

Website: www.fos.org.au

FOS can consider claims of up to \$500,000 (or higher if Unitholders and Theta agree in writing). FOS is only able to make a determination of up to \$309,000 per managed investment claim (excluding compensation for costs and interest payments). These monetary limits and FOS terms of reference do change from time to time. Visit the FOS website for further details.

How we will communicate with you

Subject to relevant law, communications from us to you may be in any form we determine. We often use email. We use the last physical or electronic address we have as your contact details.

Subject to relevant law, communications from you to us must be in the form we determine. We can for example require this to be in writing, or for a document to be a certified copy.

The SIT's Constitution sets out the details of the rules for how and when communications are given and received (for example, emails are taken to be received by you when they come to your attention or at the start of the business day on the business day after sending, provided we have no reason to doubt successful sending, and communications from you to us or to someone on our behalf are taken to be received only when actually received).

You should check your mail, emails and other communications regularly. If you suspect we haven't received something you sent us (for example, an email), please check with us.



Significant contracts

Constitution

Our legal relationship with investors is governed by the SIT's Constitution together with this PDS and certain financial services laws.

Some provisions of the Constitution are discussed elsewhere in this PDS (see in particular Section 13 "Other important information") and others include:

- the nature of Units of the SIT (all units of each class are identical)
- our powers to invest, borrow and generally manage the SIT (and how and when we can exercise them). These powers are very broad
- when the SIT terminates (we can terminate the SIT at any time and eligible investors share the net proceeds on a pro-rata basis)
- when we can retire and what happens if we do (usually another responsible entity will be appointed)
- investor meetings (how they are to be called, held and voting)
- changing the Constitution (we need investors' approval for any changes which are adverse to rights)
- we may retire or be required to retire as responsible entity (if investors vote for our removal) and
- no units may be issued after the 80th anniversary of the date of the Constitution.

We will send you a copy of the Constitution free of charge if you ask.

Investment management agreement

Key provisions include:

- 1 Parties: Theta in its capacity as responsible entity of the SIT and SCS as the investment manager.
- 2 The Investment Management Agreement is for a term of 5 years commencing on 27 October 2017. If at the end of this period the agreement is not extended (or replaced by a new agreement between the parties), Theta can perform itself the functions it previously appointed SCS to perform, or engage another party to act on its behalf. Alternatively, a new responsible entity may be appointed by investors pursuant to an extraordinary resolution, in accordance with the procedure outlined in paragraph 7(e) below.
- 3 Theta:
 - a Appoints SCS to act as Investment Manager and manage the SIT's assets and prepare any PDS and promotional material for the SIT on behalf of Theta.
 - b Has various duties and obligations with respect to the SIT and its assets and liabilities, preparing the SIT's

compliance plan, establishing the SIT's compliance committee, maintaining an AFSL and reviewing, commenting, approving and issuing any PDS or promotional material.

- c May be requested by SCS to resign as responsible entity of the SIT. This will result in Theta calling a meeting of investors to decide whether or not to give effect to the request (see paragraph 7(e) below for more details).
 - d Can vary decisions of SCS (as Investment Manager) that in the opinion of Theta would contravene or be likely to contravene, or breach duties and obligations under, the law, the SIT's Constitution, Compliance Plan or PDS, or Theta's AFSL, or would not be in the best interests of investors.
 - e Holds through the Custodian all property and rights attached to the SIT.
- 4 SCS (as Investment Manager, acting on behalf of Theta) has certain functions, duties and obligations with respect to managing the SIT assets and any SIT PDS and promotional material. When a distribution is paid by a sub trust to the SIT, SCS will perform necessary reconciliations and liaise with the Custodian to enable distributions to be made to investors. SCS will also prepare any SIT PDS or promotional material, and obtain legal sign-off, on behalf of Theta, and must also provide specified reports for Theta.
 - 5 SCS is entitled to be reimbursed for all out of pocket expenses, and will be paid a fee per annum equal to 1% of the gross asset value of the SIT.
 - 6 SCS is required to provide regular reports to Theta in relation to the SIT, its assets, any conflicts of interest (actual or perceived) and other compliance matters on a monthly, quarterly and annual basis.
 - 7 Termination:
 - a Either party may terminate the agreement by giving 3 months notice.
 - b Either party may terminate the agreement immediately upon the occurrence of a termination event (such events being broadly in line with industry standard termination events) or if Theta ceases to be the Responsible Entity of the SIT.
 - c If SCS terminates the agreement without giving notice where Theta is not in breach, SCS must pay Theta a fee (this fee is not payable out of the assets of the SIT).
 - d Theta may terminate the agreement if it is required to do so by law.

- e If Theta terminates the agreement when it is not required to do so by law, or SCS terminates the agreement, then Theta will call a meeting of investors to vote on a resolution to remove Theta as Responsible Entity so investors can decide whether or not to give effect to the request. Investors must vote on an extraordinary resolution to choose a new responsible entity before Theta can be replaced. The notice of meeting materials provided to investors will explain the reasons for the proposed change of responsible entity. The extraordinary resolution must be passed by at least 50% of the total votes that may be cast by investors entitled to vote (including investors who are not present in person or by proxy), in order to change the responsible entity.

- 8 The Investment Management Agreement contains standard provisions including those relating to confidentiality, warranties and indemnities and insurance.

Debt facility - Income Trust

Macquarie Bank Limited - Real Estate Revolving Line of Credit

Key provisions include:

- 1 Borrower - Income Holdings Pty Ltd as trustee for Income Trust
- 2 Facility Limit: \$3,283,000.
- 3 Purpose: To provide additional funds for Rent Roll acquisitions.
- 4 Type: interest only at the Macquarie Bank Reference Rate.
- 5 Expiry: 5 years from date of the initial draw down of the new facility limit or 19 December 2017 which ever is the earlier.
- 6 Security: General Security Interest - Rental Management Australia and the Income Trust.
- 7 Guarantors - Westbold Investments Pty Ltd, Rental Management Australia (Qld) Pty Ltd and Acquest Capital Pty Ltd.

Master Deed of Assignment for Income Trust (Rental Management Income Rights)

Rental Management Australia agrees to assign Rental Management Income Rights on property management agreements to the Income Trust on the following terms:

- 1 Income Trust will fund Rental Management Australia for the acquisition of property management agreements and assignment of the attaching Income Rights. Rental Management Australia has agreed to acquire property management agreements from RMAD on the following basis:
 - a for Income Rights attaching to Residential property management agreements and some commercial property management agreements,

3.50 times the Base Management Fee; and

- b for Income Rights attaching to new SNL property management agreements, 4.50 times the Base Management Fee; and
- 2 RMAD has agreed to rebate Rental Management Australia, and Rental Management Australia will in turn rebate Income Trust 2.5 x the Base Management Fee on Income Rights that are replacing lost Residential property management agreements and 3.5 x the Base Management Fee on Income Rights that are replacing lost SNL property management agreements.
 - 3 Income Trust will pay to Rental Management Australia 48% of the Base Management Fees earned under the property management agreements and 100% of the remaining fees earned under the property management agreements.
 - 4 Where an property management agreements is an "All In Fee" property management agreements, the Base Management Fee equivalent will be 75% of the All In Fee amount.
 - 5 Rental Management Australia must not sell, or seek to sell, any property management agreements, for which the Income Trust has the income Rights, to any person without the prior written consent of the Income Trust.
 - 6 Rental Management Australia must sell an property management agreements, for which the Income Trust has the Income Rights, when directed to do so by the Income Trust.
 - 7 When Rental Management Australia sells an property management agreements with the requisite consent from, or at the direction of, the Income Trust, the sale proceeds form part of the Income Rights and are payable to the Income Trust.
 - 8 Rental Management Australia must take all reasonable action against third parties for infringement of the Income Rights.
 - 9 The Master Deed of Assignment contains other standard provisions, including those relating to dispute resolution, GST and confidentiality.
 - 10 Security: General Security Interest - Rental Management Australia.

Master Deed of Assignment for Growth Trust (Rental Management Growth Rights)

RMAD agrees to assign to the Growth Trust all its rights, title and interest in the Rental Management Growth Rights up to the Income Limit on the following terms:

- 1 RMAD may assign Rental Management Growth Rights to the Growth Trust with the price determined by the following formula:
$$\text{Income Limit} \times 12 / 0.135$$
- 2 The Income Limit may be raised or lowered by agreement between RMAD and the Growth Trust.
- 3 When the Income Limit is raised or lowered the Price will be adjusted using the formula above with a payment due from the Growth Trust to RMAD (raised), or from RMAD to the Growth Trust (lowered).
- 4 If any payments of the Price remain outstanding, interest will accrue at 13.5% per annum.
- 5 RMAD must pay the Growth Trust the Income Limit no later than the 15th day of the month following receipt.
- 6 If the actual amount of income received by RMAD is less than the Income Limit then the Growth Trust will only receive the actual amount of income.
- 7 RMAD can only increase the Income Limit to a maximum of 50% of the annual income in the previous 12 month period.
- 8 RMAD undertakes to use reasonable endeavours to perform its obligations.
- 9 The Master Deed of Assignment contains other standard provisions, including those relating to dispute resolution, GST and confidentiality.
- 10 Security: General Security Interest - RMAD.

Business Development Agreement between the Rental Management Australia, and RMAD

RMAD has been selected based on its skills and experience and pursuant to the agreement the Rental Management Australia will monitor their performance on an ongoing basis. Key provisions include:

- 1 Rental Management Australia's business strategy is to increase the number of the

Rental Management Australia offices and the number of property management agreements managed by each office.

- 2 Rental Management Australia appoints RMAD, to source, research (including conducting due diligence), negotiate and acquire further property management agreements.
- 3 RMAD grants Rental Management Australia the right of first refusal in respect of all potential acquisitions and new property management agreement opportunities it becomes aware of.
- 4 Rental Management Australia must pay RMAD in cash the new property management agreement costs for each new property management agreement that becomes part of an office (being for a Residential property management agreements and some commercial property management agreements, 3.50 times the Base Management Fee, and SNL property management agreements, 4.50 times the Base Management Fee, unless otherwise agreed by the parties).
- 5 RMAD is entitled to be reimbursed for its expenses where the potential new property management agreement opportunity would have been acquired by the Rental Management Australia, but for an act or omission of the Rental Management Australia.
- 6 The Business Development Agreement commenced on 26 March 2013 and will continue until terminated.
- 7 Rental Management Australia may terminate the Business Development Agreement immediately upon a termination event occurring (e.g. change of control of RMAD, insolvency or breach of the agreement).
- 8 The Business Development Agreement contains other standard provisions, including those relating to dispute resolution, GST and confidentiality.

Other important information

Appointing someone else to operate your account

You can use the Application Form to appoint someone to operate your account.

They can do everything you can do, including withdrawing money and changing your bank account details.

We will act on their instructions unless and until you tell us to stop. If you no longer want them to be able to operate your account, it is very important that you let us know in writing.

Transferring your units

To transfer Units, complete a Transfer Form available on request from us, or Registry Direct.

Send the original to the Registry Direct.

You will receive confirmation when your transfer is processed. You may need to pay stamp duty on the transfer.

Meetings and changes of the Responsible Entity

Unitholder meetings are uncommon.

Unitholders can generally attend and vote and meetings are largely regulated by the Corporations Act. The quorum is generally at least 2 Unitholders present in person in the relevant class.

Changes of Responsible Entity are also uncommon. They too are largely regulated by the Corporations Act. Unitholders can requisition a meeting.

Terminating the SIT

The Responsible Entity can decide to terminate the SIT anytime, and if they do, they will generally sell all the investments, pay all monies owing (including fees and expenses) and distribute the net proceeds to Unitholders as soon as we consider practicable. Winding up must be completed as soon as is practicable. It can take some time to finalise this process.

Limits on the Responsible Entities responsibility

The Constitution has some limits on

when the Responsible Entity is liable to Unitholders, for example, subject to any liability which the Corporations Act might impose on the Responsible Entity which cannot be excluded, the Responsible Entity may take and may act (or not act, as relevant) on any advice, information and documents which they have no reason to doubt is authentic, accurate or genuine.

Subject to any liability which the Corporations Act might impose on the Responsible Entity which cannot be excluded, if the Responsible Entity act without fraud, reckless default or intentional breach of trust, they are not liable to Unitholders for any loss suffered in any way relating to an investment in the SIT.

The Constitution also contains a provision that the relevant Constitution is the source of the Responsible Entity's relationship with Unitholders and not any other laws, except those laws we cannot exclude.

Limits on Unitholders' responsibility

The Constitution includes provisions designed to protect Unitholders. The Constitution limits each Unitholder's liability to the value of their investment in the SIT and provides that they will not, by reason of being a Unitholders alone, be personally liable to indemnify the Responsible Entity and/or any creditor in the event that the liabilities of the SIT exceed the assets of the SIT. However an absolute assurance about these things cannot be given as the issue has not been finally determined by Australian courts.

Regulatory information

There have been no adverse findings (significant or otherwise) against Theta or SCS, or any of Theta's or SCS's senior investment professionals.

The Responsible Entity has appointed SCS on terms that are arm's length. There are no unusual or materially onerous provisions in those agreements from a Unitholder's perspective. Each can be terminated in usual commercial circumstances, for example insolvency and material unremedied breach.

Legal structure

The SIT is an Australian unit trust regulated as a managed investment scheme under the Corporations Act.

It is available to both retail clients and wholesale clients as the Corporations Act defines these. Although it is registered by the ASIC under the Corporations Act, the ASIC takes no responsibility for the SIT or this PDS.

Legal matters

The offer made in this PDS is only available to persons receiving this PDS in Australia, electronically or otherwise. It is not an offer to issue, or a solicitation of an offer to issue, any units in any place where it is unlawful to do so or to any person to whom it is unlawful to make such an offer or solicitation. Neither Theta we nor SCS conducts any business other than in Australia.

Unless otherwise stated, all figures in this PDS are in Australian dollars inclusive of GST after allowing for any reduced input tax credits.

Your investment in the SIT is governed by the terms and conditions described in the PDS as well as the SIT's Constitution, as those documents are supplemented, replaced or re-issued from time to time. Copies of those documents are available free from us.

Consents

SCS has given and not before the date of this PDS withdrawn its consent to being named as investment manager of the SIT in this PDS in its paper and electronic form in the form and context in which the statements referring to it appear. SCS does not make, or purport to make, any statement that is included in this PDS other than references to its name and contact details.

Sterling has given and not before the date of this PDS withdrawn its consent to being named or any of its wholly owned subsidiaries to be named in this PDS in its paper and electronic form in the form and context in which the statements referring to it appear. Sterling has not caused the issue of or

in any way authorised this PDS and takes no responsibility for the issue of this PDS.

Registry Direct has given its consent to be named in this PDS as Registry Service Provider in the form and context in which it is named. Registry Direct does not make, or purport to make, any statement that is included in this PDS other than references to its name and contact details.

AET has given its consent to be named in this PDS as Custodian of the SIT in the form and context in which it is named. AET does not make, or purport to make, any statement that is included in this PDS other than references to its name and contact details.

Raymond Jones has given his consent to be named in this PDS as an executive of SCS in the form and context in which he is named. Mr Jones does not make, or purport to make, any statement that is included in this PDS other than references to its name and contact details.

Blair Armstrong has given his consent to be named in this PDS as an executive of SCS in the form and context in which he is named. Mr Armstrong does not make, or purport to make, any statement that is included in this PDS other than references to its name and contact details.

Joanne Sparks has given her consent to be named in this PDS as an executive of SCS in the form and context in which he is named. Ms Sparks does not make, or purport to make, any statement that is included in this PDS other than references to its name and contact details.

Other Compliance Information

The Compliance Plan and Compliance Committee

As required by law, Theta has prepared and lodged with ASIC, a Compliance Plan for the SIT which sets out measures that Theta shall apply in operating the SIT to ensure compliance with the Corporations Act, and the SIT's Constitution.

The Compliance Plan identifies the personnel or service providers, the structure of Theta and the duties of Theta as a whole, as well as the duties and the procedures and systems for Theta to implement concerning various aspects of the management function, including:

- the meetings and reports of the Compliance Committee;
- the engagement and monitoring of external service providers;
- the safe keeping and inspection of records;
- the maintenance and audit of books of accounts;
- the valuation of the property;
- reporting to Unitholders;
- managing conflicts of interest;
- breaches and complaints handling; and
- handling, collecting and dealing with money received for the SIT.

The Compliance Committee has been established to monitor compliance by Theta with the Compliance Plan and Constitution and report to Theta on a regular basis regarding its adherence to the Compliance Plan, the Corporations Act and the SIT's Constitution.

The Compliance Committee is to report to ASIC if Theta does not address any issues raised in an adverse report issued to Theta. The Compliance Committee is currently comprised of 3 members, with at least two thirds of the Committee being 'external' in accordance with s601JB of the Corporations Act.

The Responsible Entity's Financial Capacity

There are strict financial obligations to which a Responsible Entity must adhere under its AFSL issued by ASIC. Theta must maintain a minimum level of net tangible assets ("NTA") to meet this criteria. In accordance with the Compliance Plan, Theta's financial capacity is monitored at least monthly.

Theta has engaged an external Custodian to hold the assets of the SIT. The Custodian must maintain minimum NTA of \$10 million at all times.

Professional Indemnity and Fraud Insurance

As at the date of this PDS, Theta has an insurance policy covering professional indemnity which is consistent with its AFSL obligations. For commercial reason the Insurer does not allow the details of this policy to be released.

Section Fourteen

Glossary

In this PDS, the following definitions apply unless the context requires otherwise.

\$	Australian dollars
AFSL	Australian Financial Services Licence
Application	The application for Units pursuant to this PDS
Application Form	The application form attached to or accompanying this PDS
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange Limited
Base Management Fee	The agreed base fee to be paid by a landlord under a property management agreement with Rental Management Australia, deducted from rent collected from a tenant and paid to the Income Trust
Business Development Agreement	Agreement between RMAD and Rental Management Australia for the sourcing of all new property management agreements
Compliance Plan	The compliance plan of the SIT as amended from time to time
Constitution	The Constitution of the SIT as amended from time to time
Corporations Act	The Corporations Act 2001 (Cth)
Current Unit Price	The issue price of Units under this offer
Custodian or AET	Australian Executor Trustees Limited (ABN 84 007 869 794 AFSL 240023)
FOS	Financial Ombudsman Service Ltd (ACN 131 124 448)
Growth Trust	Growth Holdings Pty Ltd (ACN 622 408 922) as trustee for the Growth Trust
Holding Statement	Holding Statement for the SIT
Income Limit	The maximum income payable under the Rental Management Growth Rights
Income Trust	Income Holdings Pty Ltd (ACN 622 408 646) as trustee for the Income Trust
Investment Management Agreement	The agreement between Theta and SCS appointing SCS to manage the assets of the SIT
Investment Manager or SCS	Sterling Corporate Services Pty Ltd (ACN 158 361 507)
IOOF	IOOF Holdings Limited (ACN 100 103 722)
NTA	net tangible assets
Offer	The offer of Income Units and Growth Units in the SIT pursuant to this
PDS	Product Disclosure Statement
Property Management Services	The services to be provided by Rental Management Australia
Registry Direct	Registry Direct Limited (ABN 35 160 181 840)

Rent Roll	A collection of property management agreements operated as a property management business
Rental Management Australia	Property management group comprising Rental Management Australia Pty Ltd (ACN 160 167 108), Rental Management Australia (Qld) Pty Ltd (ACN 165 335 928) and Rental Management Australia (Vic) Pty Ltd (ACN 617 023 604)
Rental Management Growth Rights	The agreement between the Growth Trust and RMAD
Rental Management Income Rights	The agreement between the Income Trust and Rental Management Australia
Responsible Entity or Theta	Theta Asset Management Limited (ABN 37 071 807 684, AFSL 230920)
RMAD	Rental Management Australia Developments Pty Ltd (ACN 146 806 662)
SFP	Sterling First Project Pty Ltd (ACN 162 801 425)
SIT	The Sterling Income Trust (ARSN 158 828 105) or Theta as Responsible Entity for the Sterling Income Trust
SNL	Sterling New Life
Sterling	Sterling First (Aust) Limited (ACN 610 352 826)
Sterling Group	The group of companies for which Sterling First (Aust) Limited is the holding company and includes, RMAD, SCS and SFP
Unit	A fully paid Unit in the SIT (e.g. an Income Unit or Growth Unit issued pursuant to this PDS)
Unitholder	A holder of a Unit in the SIT

Application form instructions

Applications must be made on the Application Form attached to this PDS. An Application Form must not be handed to another person unless attached to, or accompanied by, the PDS.

Please complete all sections of the relevant Application Form. The following is a guide to completing the Application Form. If you have any questions, please phone Registry Direct on 1300 556 635 (Aust) or +61 3 9020 7935 (Int).

Instructions for Completing the Application Form

Amount Subscribed

Please insert the AMOUNT you wish to subscribe. Your application must be for a minimum of \$2,000 and thereafter in \$500 increments (unless otherwise agreed by the Responsible Entity).

Investor Details

This must be either your own name/s or the name of a company. Trustees of a superannuation fund, trust, partnership or minor should also write their name/s in this area and put an account designation at Section C. Refer to the table entitled 'Correct Forms of Registrable Names' at page 53.

Account Designation

Registrations on behalf of a superannuation fund, trust, partnership or minor should indicate an account designation as per the examples in the table entitled 'Correct Form of Registrable Names' at page 53.

Tax File Number/s (TFN), Australian Business Number/s (ABN), Australian Company Number/s (ACN) or Exemptions

Please enter your TFN, ABN or ACN if a business account, or EXEMPTION CODE/S.

Where applicable, please enter the TFN and ABN/ACN for each joint applicant. Collection of tax file numbers is authorised by tax law and the Privacy Act 1988. It is not compulsory to provide your TFN. However, if you do not do so, tax will be deducted from your distributions at

the top personal rate plus the Medicare levy. For more information about tax file numbers or available exemptions please contact your nearest the Australian Taxation Office.

Contact Details

Enter your MAILING ADDRESS for all future correspondence from the SIT in relation to your holding in the SIT. Please provide your TELEPHONE NUMBER/S, CONTACT NAME/S and EMAIL ADDRESS in case we need to contact you in relation to your Application.

Payment Details

If paying by cheque: Cheques must be crossed 'not negotiable' and made payable to "Sterling Income Trust Application Account".

Payment must be made in Australian currency. Cheques not properly drawn may be rejected. Please attach your cheque securely to the Application Form.

If paying by Electronic Funds Transfer the banking details of the Application Account is as follow:

Account Name:

Theta Asset Mgt Ltd atf
SIT Application Account

Bank: NAB

BSB: 082-080

Account: 14-595-6791

Details of Bank Account to receive Income Distribution

Provide full details of the account, bank and branch in the spaces provided on the form.

Please note, distributions cannot be paid in the form of a cheque.

Note: Please read the declaration on the reverse of the Application Form before submitting.

Correct Form of Registerable Names

Only legal entities are allowed to hold Units in the SIT. Applications must be in the name(s) of natural persons, companies or other entities acceptable to the SIT. At least one full given name and the surname is required for each

natural person. The name of the beneficiary or any other non-registerable name may be included by way of an account designation if requested. Use the symbols < > as shown below to indicate an account designation.

Type of Investor	Application Form Ref.	Correct Form of Application	Incorrect Form of Application
Individuals Use given names in full, do not use initials	A	Mr John David Smith	J D Smith
Companies Use company name, do not use abbreviations	B	ABC Pty Ltd	ABC P/L or ABC Co
Trusts Use trustees personal names or corporate names, do not use name of trust	A/B C	Smith Co. Pty Ltd <Joan Susan Smith Family A/C>	Joan Susan Smith Family Trust
Superannuation Funds Use trustees personal names or corporate names, do not use name of the fund	A/B A C	Mr John David Smith Mrs Joan Susan Smith <Smith Super Fund A/C>	John and Joan Superannuation Fund
Partnerships Use partners full names, do not use the partnership name	A A C	Mr John David Smith Mrs Joan Susan Smith <Smith and Co A/C>	Smith and Co.
Minors (persons under 18) Use name of parent or guardian, do not use the name of the minor	A C	Mr John David Smith <John Smith Jnr A/C>	John Smith Jnr
Clubs/Incorporated Bodies/ Business Names Use office bearer names, do not use name of club etc	A C	Mr John David Smith <ABC Investors Club A/C>	ABC Investors Club

Anti-Money Laundering and Counter Terrorism Financing

Applications to invest in the SIT are subject to the requirements of applicable anti-money laundering and counter terrorism financing laws and Theta's requirements.

Investors must provide verification of their identity. Please refer to the table on pages 54 and 55 to determine which documents you will need to provide. Applications will not be accepted into the SIT until this has been completed. In some instances, such as the case of determining the beneficial owner of the investor, Theta may request additional information. This must also be provided to proceed with the application.

Application monies must be given by cheque or electronic funds transfer originating from an Australian bank. If applicants wish to pay for their investment with a cheque drawn on a bank in another country or to transfer

funds from a foreign bank, additional documentation may be requested and the application will not be processed until satisfactory documentation has been provided to us. Theta reserves the right to reject an application.

If you apply through a financial planner or other advisor, they may assist you to obtain the necessary documentation and provide it to us. If you apply directly and need assistance with the form or understanding the documentation requirements, you should contact the Registry Direct on 1300 556 635 (Aust) or +61 3 9020 7935 (Int) or check our website www.sitfund.com.au for details on what you need to provide.

Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS)

FATCA (a US regulatory requirement) and the CRS (a regulatory requirement developed by the Organisation for Economic Co-operation and Development (OECD))

aim to deter tax evasion. The Australian government has entered into an Inter-Governmental Agreement (IGA) with the US Government for the exchange of US tax payer information and has signed up to the CRS and enacted domestic law to implement the CRS. Under the IGA and domestic laws, Australian financial institutions (including managed investment schemes) must identify all of its account holders (eg. investors) and report account information of foreign tax residents to the Australian Taxation Office (ATO). The ATO may then exchange this information with the foreign jurisdiction of which the account holder is a tax resident (if that jurisdiction is the US or is otherwise participating in the CRS). To meet these obligations, each investor must complete the Self-certification Declaration form included within the application form or provided by the

registry. Failure to provide the requested information may result in withholding tax being deducted or penalties imposed by the tax authorities. Neither Theta nor the Manager are able to provide you with any tax or professional advice in respect of FATCA, the IGA, the CRS or domestic tax legislation and we encourage you to seek the advice of a tax or professional advisor in relation to completing the form.

New Direct Investors only

If you are not investing through a dealer, IDPS or other financial adviser, then you must provide the following documentation to the SIT along with the completed Application Form. This table contains a list of acceptable identification materials.

Individual	
Please provide the documentation from either A or B:	
A.	A current original or certified copy of one of the following: <ul style="list-style-type: none"> an Australian driver's licence containing a photograph of the person an Australian passport an identification card issued by a state or territory of Australia that contains the date of birth and a photograph of the card holder, or a foreign government, the United Nations or a United Nations agency issued passport or similar travel document containing a photograph and signature of the person.
B.	A current original or certified copy of one of the following: <ul style="list-style-type: none"> an Australian birth certificate or birth extract an Australian citizenship certificate a pension card issued by Centrelink a foreign driver's licence that contains a photograph of the person* a citizenship certificate issued by a foreign government*, or a birth certificate issued by a foreign government, the United Nations or a United Nations agency.
Plus One of the following: An original or certified copy of a notice that contains the name and residential address of the person, and is: <ul style="list-style-type: none"> issued by the Commonwealth or a state or territory of Australia within the preceding 12 months that records the provision of financial benefits to the person issued by the Australian Taxation Office within the preceding 12 months, and records a debt payable to or by the person by or to the Commonwealth, or issued by a local government or utilities provider in Australia within the preceding 3 months that records the provision of services to that address or to that person. 	
* This form of identification may need to be accompanied by an English translation prepared by an accredited translator.	
Individual acting in the capacity of a sole trader	
Please provide the documentation for verification of individuals (listed above) and a business name search.	

Company

Please provide the following:

A search of the ASIC databases showing:

- the full name of the company
- whether the company is registered as a proprietary or public company
- the ACN
- the address of the company's registered office
- the address of the company's principal place of business
- the names of each director (only provide if a proprietary company)
- the names and addresses of each beneficial owner (only provide if a proprietary company that is not licensed and is not subject to regulation).

Trust (including Self-Managed Super Funds and other Superannuation Funds)

Please provide the following:

- for a registered managed investment scheme, regulated trust or a government superannuation fund:
 - an ASIC search confirming the registration of the managed investment scheme, or
 - an extract from relevant legislation confirming registration of the government superannuation fund.
- for all other trusts (including wrap trusts/master trusts/IDPS, SMSF) please provide the original trust deed or a certified copy or certified extract of the trust deed confirming the following:
 - the full name of the trust
 - the type of trust
 - the country where the trust was established
- For trusts other than an Australian registered managed investment scheme, regulated trust (e.g. SMSF or complying superannuation fund) or government superannuation trust, please provide
 - the name of each beneficiary or details of the class of beneficiary the name of the settlor of the trust (being the person(s) who settles the initial sum or assets to create the Trust

Note: if the trust is a unit trust (other than a registered managed investment scheme or regulated trust) then you will need to provide a certified extract of the trust register to confirm the name of each beneficiary.

If the trustee is an individual, please also provide documentation required for individuals (listed on page 54).

If the trustee is a company, please also provide documentation required for companies (listed above).

Partnership

Please provide the following:

- a partnership agreement, certified copy or certified extract of the partnership agreement, or
- a certified copy or certified extract of minutes of a partnership meeting showing:
 - the full name of the partnership
 - the full business name of the partnership, as registered under any state or territory of Australia business names legislation
 - the country in which the partnership was established, and
 - the full name and residential address of each partner.

Please also provide the documentation required for individuals (listed on page 54) for one partner.

Beneficial Ownership

For each beneficial owner please provide documentation required for individuals

Note: A beneficial owner is an individual who ultimately owns 25 per cent or more or controls (directly or indirectly) the company. "Control" includes exercising control through the capacity to determine decisions about financial or operating policies; or by means of trusts, agreements, arrangements, understanding & practices; voting rights of 25% or more; or power of veto. If no such person can be identified then the most senior managing official/s of the company (such as the managing director or directors who are authorised to sign on the company's behalf) must be noted and identified. In the case of a trust, a beneficial owner includes the appointor of the trust (i.e. the person who appoints or removes the trustee(s)), the settlor of the trust, and beneficiaries with at least a 25% interest in the trust.

Lodging the Application Form

The completed Application Form and supporting identification documents should be forwarded to:

Registry Direct

Level 6, 2 Russell Street,
Melbourne VIC 3000
PO Box 18366, Collins
Street East, VIC 8003

Email:
registry@registrydirect.com.au

Enquiries FreeCall:

1300 556 635

Telephone:

+61 3 9020 7935

Facsimile:

+61 3 9111 5652

Web:

www.registrydirect.com.au

Certified Copy of an Original Document

Certified copy means a document that has been certified as a true copy of an original document.

Certified extract means an extract that has been certified as a true copy of some of the information contained in a complete original document by one of the persons described in the sub-paragraphs below.

People who can certify documents or extracts are:

- a **lawyer** - a person who is enrolled on the roll of the Supreme Court of a State or Territory, or High Court of Australia, as a legal practitioner (however described);
- a **judge** of a court;
- a **magistrate**;
- a **chief executive officer** of a Commonwealth court;
- a **registrar** or **deputy registrar** of a court;
- a **Justice of Peace**;
- a **notary public** (for the purposes of the Statutory Declaration Regulations 1993);
- a **police officer**;
- a **postal agent** - an agent of the Australian Postal Corporation who is in charge of an office supplying postal services to the public;
- the **post office** - an **permanent employee** of The Australian Postal Corporation with 2 or more years of continuous service who is employed in an office supplying postal services to the public;
- an **Australian consular officer** or an **Australian diplomatic officer** (within the meaning of the Consular Fees Act 1955);

- an **officer** with 2 or more continuous years of service with one or more **financial institutions** (for the purposes of the Statutory Declaration Regulations 1993);
- a **finance company officer** with 2 or more continuous years of service with one or more financial companies (for the purposes of the Statutory Declaration Regulations 1993);
- an **officer** with, or **authorised representative** of, a **holder of an Australian financial services licence**, having 2 or more continuous years of service with one or more licensees; and
- an **accountant** - a member of the institute of Chartered Accountants in Australia, CPA Australia or the National Institute of Accountants with 2 or more years of continuous membership.

The eligible certifier must include the following information:

- Their full name
- Address
- Telephone number
- The date of certifying
- Capacity in which they are eligible to certify, and
- An official stamp/seal if applicable

The certified copy must include the statement, **"I certify this is a true copy of the original document"**.

For photographic documents, the certified copy must include the statement, **"I certify this is a true copy of the original document and the photograph is a true likeness"**.

Documents that are written in a language that is not English must be accompanied by an English translation prepared by an accredited translator.

Sterling Income Trust

(ARSN 158 828 105)

PLEASE READ CAREFULLY ALL INSTRUCTIONS IN SECTION 15

This Application Form should be read in conjunction with the product disclosure statement dated 27 October 2017 ("PDS") prior to making an Application for Units as the PDS contains important information about the Sterling Income Trust and should not be passed on separately from the PDS. A person who gives another person access to the Application Form must give that person access to the PDS (and any Supplementary or Replacement PDS documents) at the same time and by the same means. Paper copies of the PDS (and any Supplementary or Replacement PDS document) and the Application Form will be provided free on request.

The offer relates to the offer of units in the Sterling Income Trust pursuant to the PDS dated 27 October 2017 issued by Theta Asset Management Ltd ABN 37 071 807 684 AFSL 230920. Unless otherwise specified, terms defined in the PDS have the same meaning in this Application Form.

If you are a new investor, please complete PART A: Investor & Investment Details section (being the first three pages), applicable sections of PART B: Investor Identification, applicable sections of PART C: FATCA Self-declaration and sign at PART D: Declaration and Signature.

Please send your completed Application Form and Identification Documents to:

Registry Direct

PO Box 18366

or

Collins Street East, VIC 8003

Registry Direct

Level 6, 2 Russell Street

Melbourne VIC 3000

PART A: INVESTOR & INVESTMENT DETAILS

SIT Investor Number (for existing unitholders)

If you are an existing investor, have there been any significant changes in your circumstances or Identification Documents since your last application?

Significant Changes - **No** - please complete your SIT Investor Number and the amount you wish to apply for on this page and PART D only.

Significant Changes - **Yes** - please complete each section of the Application Form as applicable to changes and complete PART D.

I/We apply for - Please note the minimum initial investment amount is \$2,000 and thereafter in \$500 increments (unless otherwise agreed by the Responsible Entity)

A\$

Income Units

A\$

Growth Units

Full Name of Applicant / Company

Joint Applicant #2

Joint Applicant #3

Account Designation (e.g.: THE SMITH SUPER FUND A/C)

<

>

NEW APPLICANTS OR EXISTING UNITHOLDERS WHOSE DETAILS HAVE CHANGED, PLEASE ENTER YOUR ADDRESS DETAILS HERE:

Unit	Street Number	Street Name or PO Box
-------------	----------------------	------------------------------

Suburb/Town	State	Post Code
--------------------	--------------	------------------

Country

Contact Name	Contact Number ()
---------------------	------------------------------

Email Address

Application Form (Cont.)

PAYMENT DETAILS

Electronic Funds Transfer (EFT) to:

Bank:	NAB
BSB:	082-080
Account:	14-595-6791
Account Name:	Theta Asset Mgt Ltd atf SIT Application Account

TAX DETAILS

You are not obliged to provide either your TFN or ABN but if you do not provide either your TFN or ABN and unless you claim a TFN exemption, you should be aware that the Responsible Entity will be required to deduct tax at the highest marginal tax rate (plus Medicare levy). By inserting the ABN and signing this Application Form, you declare that this investment is made in the course or furtherance of your enterprise. Collection of TFN information is authorised and its use and disclosure are strictly regulated by the tax laws and the Privacy Act 1988 (Cth).

Where the investment in the Fund is held jointly by 2 or more unitholders taxation details for each unitholder need to be provided. If there are more than 2 investors provide details on a separate sheet of paper and attach it to your Application Form. If you do not wish to disclose your TFN to a joint applicant, a separate form obtained from the Australian Tax Office to be used by you to provide this information to us or you may copy the section below including your investor number.

All applicants must complete Part C: Foreign Account Tax Compliance Act (FATCA) & Common Reporting Standard (CRS)

Joint Applicant #1

Are you a resident of Australia for taxation purposes? (Select one of the following options)

<input type="checkbox"/>	Yes – please complete the below	
<input type="checkbox"/>	No – please provide country of tax residence:	

Tax File Number (TFN) or Australian Business Number (ABN):

Please indicate to whom this TFN or ABN belongs:

<input type="checkbox"/>	Company	<input type="checkbox"/>	Trust or Superannuation Fund	<input type="checkbox"/>	Individual
<input type="checkbox"/>	Other – please specify:				

Exemption Number (if applicable):

Joint Applicant #2

Are you a resident of Australia for taxation purposes? (Select one of the following options)

<input type="checkbox"/>	No – please provide country of tax residence:	
<input type="checkbox"/>	Yes – please complete the below	

Tax File Number (TFN) or Australian Business Number (ABN):

Please indicate to whom this TFN or ABN belongs:

<input type="checkbox"/>	Company	<input type="checkbox"/>	Trust or Superannuation Fund	<input type="checkbox"/>	Individual
<input type="checkbox"/>	Other – please specify:				

Exemption Number (if applicable):

If there are more than 2 joint applicants, provide details on a separate sheet of paper and attached it to your Application Form.

Application Form (cont.)

DISTRIBUTIONS AND WITHDRAWAL PROCEEDS

Distributions and withdrawal proceeds are generally only paid to an Australian bank account and cannot be paid by cheque. By completing this section you confirm that any distributions and withdrawal proceeds sent by EFT to a designated bank account are sent at your risk insofar as the onus to provide bank account details rests solely on you.

Please pay distributions and withdrawal proceeds to the following bank account:

Bank	
Bank Branch	
BSB	Account Number
Account Name	

PART B: INVESTOR IDENTIFICATION

If your investor type does not fall into any of the three investor categories in sections 1 - 3 below of this form, please contact SCS to enquire about what information and documentation is required for identification purposes under Anti-Money Laundering/Counter Terrorism Financing legislation.

Our verification procedure and requirements (including certified identification evidence) is included for your reference. If you are an existing investor making an additional investment, you may email your instruction to investor@sterlingfirst.com.au. Existing investors whose details have changed must also complete the Identification Documentation section and send all documents to the SCS at the address below.

SECTION 1 - INVESTOR TYPE: INDIVIDUAL

Individual Joint Applicant 1 - Applicants name must match investors ID exactly

Full given name(s)	Surname	Date of Birth
--------------------	---------	---------------

Residential Address (PO Box NOT acceptable)

Unit	Street Number	Street Name	
Suburb/Town	State	Post Code	Country

Individual Joint Applicant 2 - Applicants name must match investors ID exactly

Full given name(s)	Surname	Date of Birth
--------------------	---------	---------------

Residential Address (PO Box NOT acceptable)

Unit	Street Number	Street Name	
Suburb/Town	State	Post Code	Country

If there are more than 2 joint individual applicants, provide details on a separate sheet of paper and attached it to your Application Form.

SECTION 2 - INVESTOR TYPE: AUSTRALIAN & FOREIGN COMPANY

Please note, if you are an Australian Company acting as trustee of a fund, please also complete Section 3.

SECTION 2.1 - General Information

Full Name (as registered by ASIC or foreign registration body)
--

Registration Number - complete as appropriate

ACN	ABRN	Foreign body registration number
If foreign registration - Country		Name of foreign registration body

Registered Office Address (PO Box NOT acceptable)

Unit	Street Number	Street Name	
Suburb/Town	State	Post Code	Country

Principal Place of Business (if any) (PO Box NOT acceptable)

Unit	Street Number	Street Name	
Suburb/Town	State	Post Code	Country

Application Form (Cont.)

SECTION 2.2 - Regulatory/Listing Details (select from the following categories which apply to the company and provide the information requested)

☐ **Regulated company** (licensed by an Australian Commonwealth, State or Territory statutory regulator, such as Australian Financial Services Licensees, Australian Credit Licensees or Registrable Superannuation Entity Licensees)

Regulator Name

Licence Number

☐ **Australian listed company or Foreign listed company as defined in the FSC Guidelines**

Name of market/exchange

☐ **Majority-owned subsidiary of a listed company**

Listed Company Name

Name of market/exchange

SECTION 2.3 - Company Type (select only one of the following categories)

☐ **Public - Regulated/listed-**
Section 2 now complete

☐ **Public - Other** - Go to Section
2.4 and 2.5 below

☐ **Proprietary/Private** - Go to
Section 2.4 and 2.5 below

☐ **Other** - Go to Section 2.4 and
2.5 below

SECTION 2.4 - Directors (for public - other, proprietary/private and foreign companies only)

Please provide the full name of each director

Director 1 - Title (e.g.: Dr, Mrs) Given Name(s) and Surname

Director 2 - Title (e.g.: Dr, Mrs) Given Name(s) and Surname

Director 3 - Title (e.g.: Dr, Mrs) Given Name(s) and Surname

If there are more directors, provide details on a separate sheet of paper and attached it to your Application Form.

Regulated company (as selected in 1.2 above) *section is now completed, continue to Section 4.*

SECTION 2.5 - Shareholders/Beneficial Owners (for public - other, proprietary/private and foreign companies only)

Provide details of ALL individuals who are beneficial owners through one or more shareholdings of more than 25% of the company's issued capital. (Through direct or indirect shareholding)

Shareholder 1

Full given name(s)

Surname

Residential Address (PO Box NOT acceptable)

Unit

Street Number

Street Name

Suburb/Town

State

Post Code

Country

Shareholder 2

Full given name(s)

Surname

Residential Address (PO Box NOT acceptable)

Unit

Street Number

Street Name

Suburb/Town

State

Post Code

Country

Application Form (Cont.)

SECTION 2.6 - Controlling Persons - If there are no individuals who meet the requirement of 2.5, provide the names of the individuals who directly or indirectly control* the company.

* includes exercising control through the capacity to determine decisions about financial or operating policies; or by means of trusts, agreements, arrangements, understanding & practices; voting rights of 25% or more; or power of veto. If no such person can be identified then the most senior managing official/s of the company (such as the managing director or directors who are authorised to sign on the company's behalf).

Controlling Person 1

Full given name(s)	Surname
--------------------	---------

Residential Address (PO Box NOT acceptable)

Unit	Street Number	Street Name		
Suburb/Town		State	Post Code	Country

Controlling Person 2

Full given name(s)	Surname
--------------------	---------

Residential Address (PO Box NOT acceptable)

Unit	Street Number	Street Name		
Suburb/Town		State	Post Code	Country

If there are more beneficial owners, provide details on a separate sheet of paper and attached it to your Application Form. For each beneficial owner or controlling person please provide documentation required for individuals.

If the company is an Australian company or Foreign company registered with ASIC the form is now **COMPLETE**.

If the company is a **Foreign company not registered with ASIC** please also attach certified copy of the certification of registration issued by the relevant foreign registration body. - For the definition of certified copy and list of people that can certify documents refer to page 56.

SECTION 3 - INVESTOR TYPE: ALL TRUSTS (INCLUDING SUPERANNUATION FUNDS)

SECTION 3.1 - General Information

Full Name of Trust
Trustee 1 - Title (e.g.: Dr, Mrs) Given Name(s) and Surname or Company Name
Trustee 2 - Title (e.g.: Dr, Mrs) Given Name(s) and Surname or Company Name
Country where Trust established

If there are more trustees, provide details on a separate sheet of paper and attached it to your Application Form.

SECTION 3.2 - Type of Trust (select only one of the following trust types and provide the information requested)

<input type="checkbox"/>	Registered managed investment scheme
ARSN	
<input type="checkbox"/>	Regulated trust (e.g. Self Managed Superfund)
Name of regulator (ASIC, APRA or ATO)	
ABN or registration/licence details	
<input type="checkbox"/>	Government superannuation fund
Name of Legislation establishing fund	

Application Form (Cont.)

☐

Other types of trust

Trust description (e.g. discretionary, family, unit)

For **other types of Trust**, please also provide the following documentation:

- Certified copy (see page 56) or certified extract of the trust deed; or
- Notice of assessment or certified copy of assessment issued by the ATO in the last 12 months.

Full Name of Settlor(s) *

* Provide name of settlor of the trust where the initial asset contribution to the trust was greater than \$10,000 (unless settlor is now deceased). Verification of the settlor will be required.

For all trust types please complete the following additional sections:

- If you are completing this form as an Individual Trustee please complete 'Section 1 - Investor Type: Individual' for at least ONE of the trustees in addition to completing applicable sections 3.1 and 3.3.
- If you are completing this form as a Corporate Trustee please complete 'Section 2 - Investor Type: Company' in addition to completing applicable sections 3.1 and 3.3.
- If you are completing this form both as Individual and Corporate Trustee please complete 'Section 1 - Investor Type: Individual' and 'Section 2 - Investor Type: Company' in addition to completing applicable sections 3.1 and 3.3.

SECTION 3.3 - Beneficiaries (only complete if "Other type of Trust" is selected in 3.2 above)

Do the terms of the trust identify the beneficiaries by reference to membership of a class?

☐

Yes: Provide details of the membership class(es)
(e.g. Unitholders, family members of named person, charitable purpose)

Membership Class(es)

☐

No: How many beneficiaries are there

Number

Provide full name of beneficiary below

Beneficiary 1 - Title (e.g.: Dr, Mrs) Given Name(s) and Surname and Residential Address (PO Box NOT acceptable)

Beneficiary 2 - Title (e.g.: Dr, Mrs) Given Name(s) and Surname and Residential Address (PO Box NOT acceptable)

Beneficiary 3 - Title (e.g.: Dr, Mrs) Given Name(s) and Surname and Residential Address (PO Box NOT acceptable)

Beneficiary 4 - Title (e.g.: Dr, Mrs) Given Name(s) and Surname and Residential Address (PO Box NOT acceptable)

If there are more beneficiaries, provide details on a separate sheet of paper and attach it to your Application Form.

For each beneficial owner please provide documentation required for individuals.

Note that if a settlor of a trust did not settle AU\$10,000 or more on establishment of the trust (refer to the trust deed), you do not need to provide the certified documents in respect of the settlor.

SECTION 3.4 - Beneficial Ownership Details (only complete if "Other type of Trust" is selected in 3.2 above)

Please provide the names and details of any beneficial owner of the trust. A beneficial owner of a trust is any individual who has a 25% or more interest in the trust or who directly or indirectly controls* the trust.

* includes control by acting as trustee; or by means of trusts, agreements, arrangements, understandings and practices; or exercising control through the capacity to direct the trustees; or the ability to appoint or remove the trustees.

Beneficial Owner 1 - Title (e.g.: Dr, Mrs) Given Name(s) and Surname and Residential Address (PO Box NOT acceptable)

Beneficial Owner 2 - Title (e.g.: Dr, Mrs) Given Name(s) and Surname and Residential Address (PO Box NOT acceptable)

Application Form (Cont.)

PART C: FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA) & COMMON REPORTING STANDARD (CRS)

Self-Certification Form - Australia

SECTION 1 - Individuals

Please fill this Section 1 only if you are an individual. If you are an entity, please fill Section 2.

a Are you a US citizen or resident of the US for tax purposes?

☐

Yes: Provide your Taxpayer Identification Number (TIN) below. Continue to question 2

TIN

☐

No: Continue to question b

b Are you a tax resident of any other country outside of Australia?

☐

Yes: Provide the details below and skip to part E. If resident in more than one jurisdiction please include details for all jurisdictions

Country of Tax Residence 1	TIN or equivalent	Reason Code if no TIN provided
Country of Tax Residence 2	TIN or equivalent	Reason Code if no TIN provided
Country of Tax Residence 3	TIN or equivalent	Reason Code if no TIN provided

If TIN or equivalent is not provided, please provide reason from the following options:

- **Reason A:** The country/jurisdiction where the entity is resident does not issue TINs to its residents
- **Reason B:** The entity is otherwise unable to obtain a TIN or equivalent number (Please explain why the entity is unable to obtain a TIN in the below table if you have selected this reason)
- **Reason C:** No TIN is required. (Note. Only select this reason if the domestic law of the relevant jurisdiction does not require the collection of the TIN issued by such jurisdiction)

If Reason B has been selected above, explain why you are not required to obtain a TIN

☐

No: Skip to part E

SECTION 2 - Entities

Please fill this Section 2 only if you are an entity. If you are an individual, please fill Section 1.

c Are you an Australian Retirement Fund?

☐

Yes: Skip to part E

☐

No: Continue to question d

A. FACTA

d Are you a US Person?

☐

Yes: Continue to question e

☐

No: Skip to question f

e Are you a Specified US Person?

☐

Yes: Provide your Taxpayer Identification Number (TIN) below. Continue to question 7

TIN

☐

No: Please indicate exemption type and skip to question g

Exemption Type

Application Form (Cont.)

f Are you a Financial Institution for the purposes of FATCA?

☐ **Yes:** Provide your GIIN below and continue to question g

GIIN

If you do not have a GIIN, please provide your FATCA status below and continue to question g

☐ Exempt Beneficial Owner

Type

☐ Deemed-Compliant FFI (other than a Sponsored FI or a Trustee Documented Trust)

Type

☐ Non-Participating FFI

Type

☐ Sponsored Financial Institution. Please provide the Sponsoring Entity's name and GIIN.

Sponsoring Entities Name

GIIN

☐ Trustee Documented Trust. Please provide your Trustee's name and GIIN.

Trustee Name

GIIN

☐ Other

Details

☐ **No:** Continue to question g

B. CRS

g Are you a tax resident of any country outside of Australia?

☐ **Yes:** Provide the details below and skip to part E. If resident in more than one jurisdiction please include details for all jurisdictions

Country of Tax Residence 1	TIN or equivalent	Reason Code if no TIN provided
Country of Tax Residence 2	TIN or equivalent	Reason Code if no TIN provided
Country of Tax Residence 3	TIN or equivalent	Reason Code if no TIN provided

If TIN or equivalent is not provided, please provide reason from the following options:

- **Reason A:** The country/jurisdiction where the entity is resident does not issue TINs to its residents
- **Reason B:** The entity is otherwise unable to obtain a TIN or equivalent number (Please explain why the entity is unable to obtain a TIN in the below table if you have selected this reason)
- **Reason C:** No TIN is required. (Note. Only select this reason if the domestic law of the relevant jurisdiction does not require the collection of the TIN issued by such jurisdiction)

If Reason B has been selected above, explain why you are not required to obtain a TIN

☐ **No:** Skip to part E

h Are you a Financial Institution for the purposes of CRS?

☐ **Yes:** Specify the type of Financial Institution below and continue to question i

☐ Reporting Financial Institution

☐ Non-Reporting Financial Institution: Specify the type of Non-Reporting Financial Institution below

☐ Trustee Documented Trust

☐ Other: Please Specify

☐ **No:** Skip to question j

Application Form (Cont.)

i Are you an Investment Entity resident in a Non-Participating Jurisdiction for CRS purposes and managed by another Financial Institution?

☐

Yes: Skip to question k

☐

No: Skip to part E

C. NON-FINANCIAL ENTITIES

j Are you an Active Non-Financial Entity (Active NFE)?

☐

Yes: Specify the type of Active NFE below and skip to part E

☐

Less than 50% of the Active NFE's gross income from the preceding calendar year is passive income and less than 50% of its assets during the preceding calendar year are assets held for the production of passive income

☐

Corporation that is regularly traded or a related entity of a regularly traded corporation

☐

Governmental Entity, International Organisation or Central Bank

☐

Other: Please Specify

☐

No: You are a Passive Non-Financial Entity (Passive NFE). Continue to question k

D. CONTROLLING PERSONS

k Does one or more of the following apply to you:

- Is any natural person that exercises control over you (for corporations, this would include directors or beneficial owners who ultimately own 25% or more of the share capital) a tax resident of any country outside of Australia?
- If you are a trust, is any natural person including trustee, protector, beneficiary, settlor or any other natural person exercising ultimate effective control over the trust a tax resident of any country outside of Australia?

☐

Yes: Complete details below and continue to part E

Name 1	Date of Birth	Residential Address	Country Tax Res.	TIN	Reason no TIN
Name 2	Date of Birth	Residential Address	Country Tax Res.	TIN	Reason no TIN
Name 3	Date of Birth	Residential Address	Country Tax Res.	TIN	Reason no TIN

If TIN or equivalent is not provided, please provide reason from the following options:

- Reason A:** The country/jurisdiction where the entity is resident does not issue TINs to its residents
- Reason B:** The entity is otherwise unable to obtain a TIN or equivalent number (Please explain why the entity is unable to obtain a TIN in the below table if you have selected this reason)
- Reason C:** No TIN is required. (Note. Only select this reason if the domestic law of the relevant jurisdiction does not require the collection of the TIN issued by such jurisdiction)

If Reason B has been selected above, explain why you are not required to obtain a TIN

☐

No: Skip to part E

E. DECLARATION

l Signature (on next page)

I undertake to provide a suitably updated self-certification within 30 days of any change in circumstances which causes the information contained herein to become incorrect.

I declare the information above to be true and correct.

PRIVACY NOTICE - AET

AET collects your personal information primarily for the purpose of providing custodial services to the SIT responsible entity and for ancillary purposes detailed in the Privacy Policy. AET may disclose your personal information, such as, your name and contact details, along with your account information to its related bodies corporate, the responsible entity, professional advisers, the land titles office and/or as otherwise instructed by the responsible entity. We are also permitted to collect and disclose your personal information when required or authorised to do so by law. AET is not likely to disclose your personal information to overseas recipients. Your personal information will be used in accordance with AET's Privacy Policy. The Privacy Policy contains information about how you may access or correct your personal information held by AET and how you may complain about a breach of the Australian Privacy Principles. You may obtain a copy of the Privacy Policy at www.aetlimited.com.au/privacy

Application Form (Cont.)

PART D: DECLARATION AND SIGNATURE

I/We acknowledge declare and agree that by signing this Application Form:

- I/We have personally received (or accessed an electronic copy) and read and understood the PDS to which this Application Form applies and have agreed to be bound by the terms and conditions of the current PDS and of the Constitution of the Sterling Income Trust, as amended, reissued or replaced from time to time.
- I/We am/are at least 18 years of age.
- All details provided and statements made by me/us in this Application Form are complete and accurate.
- None of the Responsible Entity, the Investment Manager or any other person guarantees the repayment of capital invested in the Sterling Income Trust, the performance of nor any particular return from the Sterling Income Trust and I/we understand the risks involved in investing in the Sterling Income Trust.
- If investing as a trustee, on behalf of a superannuation fund or trust I/we confirm that I/we am/are acting in accordance with my/our designated powers and authority under the trust deed. In the case of a superannuation fund, I/we also confirm that it is a complying fund under the Superannuation Industry (Supervision) Act.
- An investment in the Sterling Income Trust is illiquid in nature and my/our units may not be able to be redeemed.
- I/we have had the opportunity to seek independent professional advice regarding legal, tax and financial implications of subscribing to the Sterling Income Trust, and acknowledge that the information contained in the PDS is not investment advice or a recommendation that the Units are suitable having regard to my/our investment objectives, financial situation or particular needs. No one promises me/us that I/we will earn any return on my/our investment or that my/our investment will retain its value.
- Once the Application Form has been received by Theta, it cannot be withdrawn. No cooling off rights apply.
- I/We authorise Theta to complete and execute any documentation necessary to effect the issue of Units to me/us.
- That the Responsible Entity is authorised to apply the TFN or ABN provided above to all future applications for units, including reinvestments, unless I/we notify the Responsible Entity otherwise.
- Theta reserves the right to reject any application.
- Theta may accept or reject the Application in whole or in part, and the Sterling Income Trust has the discretion to issue or transfer Units as it sees fit under the terms of the Offer.
- I/We acknowledge that returning the Application Form will constitute my/our offer to subscribe for Units in the Sterling Income Trust and that no notice of acceptance of the Application will be provided.
- I/We acknowledge that the Responsible Entity may be required to pass on information about me/us or my/our investment to the relevant regulatory authority in compliance with the AML laws (AML Act). I/We will provide such information and assistance that may be requested by the Responsible Entity to comply with its obligations under the AML Act and I/we indemnify it against any loss caused by my/our failure to provide such information or assistance.
- The monies used to fund my/our investment in the Sterling Income Trust are not derived from or related to any money laundering, terrorism financing or other illegal activities, whether prohibited under Australian law, international law or convention ('illegal activity') and the proceeds of my/our investment in the Sterling Income Trust will not be used to finance any illegal activities.
- I/We am/are not a 'politically exposed' person or organisation for the purpose of any AML law.
- I/We confirm that I/we have read and understood the privacy section contained in the PDS.
- I/We consent to details about my/our application and holdings being disclosed in accordance with the Privacy section of the PDS.
- I/We confirm that the Responsible Entity and Administrator are authorised to accept and act upon any instructions in respect of this application and the units to which it relates given by me/us by facsimile. If instructions are given by facsimile, the onus is on me/us to ensure that such instructions are received in legible form and I/we undertake to confirm them in writing. I/We indemnify the Responsible Entity, Registry Direct and the Investment Manager against any loss arising as a result of any of them acting on facsimile instructions. The Responsible Entity, Registry Direct and the Investment Manager may rely conclusively upon and shall incur no liability in respect of any action taken upon any notice, consent, request, instruction or other instrument believed, in good faith, to be genuine or to be signed by properly authorised persons.
- I/We acknowledge that Theta will send me/us a paper copy of the PDS and any Supplementary or Replacement PDS (if applicable) free of charge of I/we request so during the currency of the PDS.

Account operating instructions (if no selection is made, all individuals to sign will be assumed)

<input type="checkbox"/>	Any individual to sign
<input type="checkbox"/>	Any two individuals to sign
<input type="checkbox"/>	All individuals to sign
<input type="checkbox"/>	Other (please specify): <input type="text"/>

Authorised Signature	Name and title (block letters please)	Date
<input type="text"/>	<input type="text"/>	<input type="text"/>
Authorised Signature	Name and title (block letters please)	Date
<input type="text"/>	<input type="text"/>	<input type="text"/>



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