

OWNERSHIP CHAIN



INVESTOR (YOU)

You own a share of the portfolio of disability housing properties. When you invest, your funds go directly into the Unit Trust - the legal owner of the properties

THE FUND (Unit Trust Structure)

The beneficial owner of all disability housing properties. Your investment buys units in this trust, giving you ownership in the property portfolio. Rent and capital gains flow to unit holders



CUSTODIAN - Equity Trustees Ltd

Holds property titles on behalf of the fund. ASX-listed, ASIC-regulated custodian. Over 135 yrs experience managing trust assets and currently manage over \$224 billion in funds
Custodian holds titles only - they have no claim on fund assets



Everything above: Your assets

ASSET PROTECTION BARRIER

Everything below: Service providers with zero claim

SERVICE PROVIDERS



FUND MANAGER - Diogenes Funds Management

AFSL holder (ASIC-licensed) contracted to manage operations. Mandatory minimum capital requirements + 3-month operating cash reserves. Separate entity with No claim on fund assets.

INVESTMENT MANAGER Diogenes Investing

\$270m+ in disability housing projects delivered. Sources properties and manages construction/improvements.

**Replaceable service provider
No claim on fund assets**

FUND ADMINISTRATOR Ascent Fund Services

\$24B+ managed across 576 funds globally. ASIC-regulated. Manages unit registry, financial reporting, and compliance.

**Replaceable service provider
No claim on fund assets**

OTHER SERVICE PROVIDERS Independent & Qualified Professionals

Valuers, Auditors, Property Managers. ASIC/industry licensed and regulated. Contracted for specific services only.

**Replaceable service providers
No claim on fund assets**

ASSET SEPARATION BY LAW

Australian law requires that all fund assets - your properties and cash - must be held completely separate from the fund manager's own assets. This means that regardless of what happens to Diogenes Funds Management, the fund's assets always remain protected in the trust structure.

The fund manager acts as a service provider to unit holders. If necessary, a new manager can be appointed without any impact on the fund's assets or their value.

INDEPENDENT CUSTODIAN STRUCTURE

The fund uses Equity Trustees Limited as its independent custodian - the gold standard for asset protection in funds management. Equity Trustees is an ASX-listed company (market cap \$665M) that has operated as a trusted custodian for 137 years. They currently safeguard over \$254 billion across more than 400 investment schemes in Australia.

As custodian, Equity Trustees:

- Holds legal title to all properties
- Controls all fund bank accounts
- Executes all transactions (no money moves without their approval)
- Operates completely independently from the fund manager

This structure makes the fund's properties "bankruptcy remote" - even if the fund manager had debts, creditors cannot touch the fund's assets.

THE ASSET PROTECTION BARRIER

The fund structure creates a clear separation between assets and service providers:

Above the barrier (your assets):

- Properties and cash owned by the fund
- Held by Equity Trustees as custodian
- ASIC-mandated restriction: fund can only hold these two asset types

Below the barrier (service providers):

- Fund Manager (Diogenes Funds Management) – Responsible Entity
- Fund Administrator (Ascent Fund Services) – \$24B across 576 funds
- Investment Manager (Diogenes Investing) – \$270M in disability housing delivered

All service providers below the barrier have zero claim on fund assets and are completely replaceable with no impact on asset values.

FUND-LEVEL PROTECTION

Conservative Financial Structure:

- Maximum gearing: 70% LVR (loan-to-value ratio)
- Interest cover requirement: rental income must exceed interest costs by at least 25%
- Result: cash-flow positive structure (not negatively geared like many property investments)

Capital Protection: For the fund to experience negative equity on any property, values would need to drop by more than 30%. During the GFC - one of the worst property market shocks this century—average capital city prices fell only 7.6%, and recovered within 12-18 months.

Asset Characteristics:

- Cash: held in high-interest accounts with major Australian banks, growing monthly
- Properties: residential disability housing generating high rental yields, performing like standard residential property tied to the Australian market

The fund is designed for long-term holding, avoiding forced sales during market downturns.

What Is a Custodian and Why Are They the Gold Standard for Protecting Your Investment?

Think of a custodian like a **safety deposit box** at a bank. Equity Trustees (our custodian) holds the box - their name appears on property titles. But **you own everything inside** - all rental income, capital growth, and tax benefits.



Legal title =
Equity Trustees' name on property titles



Beneficial ownership =
You receive 100% of economic benefits

THE BANKRUPTCY FIREWALL

- 1 If Diogenes Funds Management faces bankruptcy**
Your properties remain safe because we don't legally own them - Equity Trustees does. Our creditors cannot touch assets we don't own.
- 2 If Equity Trustees faces bankruptcy**
Your properties remain safe because they hold them separately from their own business assets, in trust for investors.
- 3 If any service provider faces bankruptcy**
Your properties remain safe because they're held in a separate legal structure that no service provider's creditors can access.

SEPARATION OF DUTIES

How the Structure Works
The custodian structure protects you through separation of duties:

ADIOGENES FUNDS MANAGEMENT
Makes investment decisions
Identifies properties
Negotiates purchases
Manages portfolio

ISSUES INSTRUCTION

EQUITY TRUSTEES
Controls execution
Holds properties
Executes transactions only on proper instructions

HOLDS IN TRUST

INDEPENDANT OVERSIGHT
We cannot unilaterally sell properties or move money

 This makes it virtually impossible for a fund manager to misappropriate assets.

REGULATORY PROTECTION

Why This Structure Exists
Under the Corporations Act 2001, ASIC requires managed investment schemes to keep investor assets completely separate from the fund manager's own assets.

Using an independent custodian is the gold standard ASIC recognizes for investor protection.

WHO HOLDS YOUR PROPERTIES

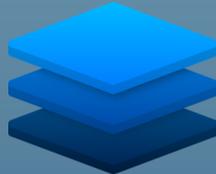
Equity Trustees
One of Australia's largest custodians

ASX-Listed Public company, fully regulated		\$254B+ Assets under custody	
137 Years Financial services experience		Major Super Used by major superannuation funds	

WHAT THIS MEANS FOR YOU

Multiple Layers of Protection
Your investment sits behind multiple layers of protection:

- Properties held by an independent, ASX-listed custodian
- Legal separation from all service providers' business risks
- Regulatory oversight by ASIC
- Same custodian structure used by major superannuation funds



Even in a worst-case scenario where every service provider faced bankruptcy, your properties remain protected in the custodian structure.