

Information Memorandum

Issued by Waterhouse VC Pty Limited

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Waterhouse VC

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LEGAL DISCLAIMER

This Information Memorandum is issued by Waterhouse VC Pty Limited ("we", "our", "us").

This document is provided only to Wholesale Investors. This Information Memorandum has not been lodged, and is not required to be lodged, with ASIC.

The offer of interests in the Fund is available to persons receiving this Information Memorandum in Australia but does not constitute an offer of interests in any jurisdiction where, or to any persons to whom, it would be unlawful to make the offer. It is the responsibility of any overseas applicant to ensure compliance with all laws of any country relevant to the offer. The return of a duly completed application will be taken to constitute a representation and warranty that there has been no breach of such laws and that all approvals and consents have been obtained.

The information in this Information Memorandum has not been audited or independently verified, it does not constitute financial product advice and the information in the Information Memorandum is general in nature and is not tailored to the individual needs or financial circumstances of any particular investor. Recipients should conduct their own enquiries and seek professional advice before deciding whether to invest. Neither nor any of its directors, officers, employees, advisers or consultants warrant or represent that all information which is relevant to the making of an investment in the Fund has been provided in this Information Memorandum. To the maximum extent permitted by law, neither nor any of its directors, officers, employees, advisers or consultants accept any liability or responsibility for any loss or damage (however caused including without limitation for negligence) arising from reliance placed on the information contained within this Information Memorandum.

Investments in the Fund are not deposits with or liabilities of Waterhouse VC. No rate of return is guaranteed from the Fund, nor does the Fund guarantee the repayment of initial capital. Past performance of any business venture of an executive or employee of the Fund does not guarantee future performance of the Fund. Investors should read the entire Information Memorandum before making any decision to invest in the Fund. In particular it is important that investors consider the risks outlined in section 6 (Risks) that could affect the performance of an investment.

Recipients are wholly responsible for their own decision-making in relation to their participation in this Fund. No refund or indemnification is provided or implied where an application for investment has been accepted by the trustee of the Fund.

No cooling-off period is provided to investors after an application has been submitted and under no circumstances will an investor be entitled to a refund or compensation.

To the maximum extent permitted by law, recipients expressly waive any right they may have to rely upon the contents of this Information Memorandum to sue or hold and its advisers liable in any respect.

This Information Memorandum must be read in conjunction with the Trust Deed for the Fund. In the event of any inconsistency between the Trust Deed and this Information Memorandum, then the Trust will prevail to the extent of the inconsistency.

Waterhouse VC is a corporate authorised representative (CAR No 1278656) of Sandford Capital Pty Ltd (ABN 82 600 590 887, AFSL 461981) (Sandford Capital) and is authorised to provide advisory, dealing and custodial services in connection with the Fund to wholesale clients only.

Waterhouse VC has appointed Sandford Capital as its agent to arrange for the offer to issue, vary or dispose of units in the Fund under sections 911A(2)(b) of the Corporations Act, 2001 (Cth). Waterhouse VC may only issue, vary or dispose of the units in accordance with Sandford Capital's offer, subject to acceptance.

Sandford Capital consents to being named in the IM in the manner described above and, as at the date of the IM, has not withdrawn its consent to be named. Sandford Capital does not take any responsibility for the contents of this IM or for the performance of the Fund. Please note that past performance may not be indicative of future performance and that no guarantee of performance, the return of capital or a particular rate of return is given by Sandford Capital, the Waterhouse VC or any other person. To the maximum extent possible, Sandford Capital, Waterhouse VC or any other person do not accept any liability for any statement in this IM.

This IM is for an offer of units in the Fund (the Offer) to investors who qualify as wholesale clients under section 761G of the Corporations Act or to any other person who is not required to be given a regulated disclosure document under the Corporations Act. This IM has not been and will not be lodged with the Australian Securities and Investments Commission (ASIC). It does not constitute a product disclosure statement, prospectus or other disclosure document within the meaning of the Corporations Act.

This offer may be made available to select persons in other jurisdictions at the Trustee's discretion, provided the offer is in accordance with applicable securities laws in those jurisdictions. Neither the Trustee, Sandford Capital or any other person represent that this IM may be lawfully offered in compliance with any applicable legislation or other requirements in any jurisdiction outside Australia, or assume any responsibility for facilitating any such distribution or offering. It is your obligation to seek any advice on, and observe any legal restriction on investment in the Fund which may apply to you.

Executive summary of the Fund

Waterhouse VC Pty Limited ("Waterhouse VC") is pleased, as trustee of the Waterhouse VC Fund, to bring this offer to Wholesale Investors. The Waterhouse VC Fund brings investors the opportunity to invest in and hold assets through a unit trust structure with a focus on long-term investment in Gambling assets and businesses that offer services related to the gambling industry. Our focus is on long-term opportunities in Australia, the USA and Asia and are either business to consumer or business to business. We aim to leverage our expertise and our existing assets to generate yield and capital growth for investors over the long-term. The key elements of the Fund and the offer are set out in summary below and further detail can be found throughout this Information Memorandum.

An application pack for investors is included in the appendix.

Name of Fund	Waterhouse VC Fund
Trustee	Waterhouse VC Pty Limited
Investment Strategy	Long-term investment in both listed and non-listed entities that are either offering a gambling service to consumers directly or are linked to the gambling industry by either offering a service to them or in some other way, and other assets (such as gold or other listed or non-listed securities or investments), to generate yield and capital growth for investors
Investor Type	Wholesale Investors
Structure	Unlisted unit trust and unregistered managed investment scheme available to wholesale investors only
Minimum Investment*	\$500,000
Outlook	Long-term investment
Entry Price	Net Asset Value + 1%
Redemption Price/Exit Price	Net Asset Value – 1%
Entry Mechanism	Entry to the Fund occurs monthly on the first day of the month, subject to a duly completed application accepted by Waterhouse VC and receipt of cleared application funds.
Redemption Mechanism	Monthly redemptions with a 25% gate per investor holding with 20 days' prior written notice before the redemption date (subject to scale-back)
Management Fee/Performance Fee**	2% Management Fee calculated and charged monthly. Recoverable expenses at cost. Performance Fee of 20% if the fund shows a positive return calculated and charged monthly, subject to a High-Water Mark (on a unit by unit basis). These fees may be waived for particular investors on the basis of their level of investment or other criteria determined by the Trustee in its absolute discretion.
Unit Pricing	Monthly
Risks	Investments in the Fund are subject to varying degrees of risk. Refer to section VI (Risks) for more information.

*Waterhouse VC may accept applications below the Minimum Investment in its absolute discretion.

** All fees are exclusive of GST.

I. About

Waterhouse VC is a unit trust set up by Waterhouse VC Pty Ltd which is a vehicle controlled by Tom Waterhouse. Waterhouse VC will act as the manager of the fund.

The Waterhouse family has been involved in gambling for over 100 years. Bill Waterhouse was the largest Bookmaker in the world. Rob Waterhouse is part of one of the world's most successful gambling syndicates. Tom Waterhouse was Australia's largest on-course Bookmaker, building up and selling the fastest growing online betting business in Australia. Tom then became CEO of William Hill Australia which had over \$2 billion dollars in turnover and offices in Australia, Philippines and Tel Aviv. Tom now runs TomWaterhouse.com an online tipping service in Australia.

The family's experience, reputation and capital give it access to deals in the market that a normal fund manager would not appreciate or have access to.

II. Benefits of the Waterhouse VC Fund

The Waterhouse VC Fund aims to provide:

- Access to Gambling opportunities globally, both listed and unlisted
- Ability to invest on the same terms as the Waterhouse family

III. Purpose of the Fund

Seek long-term investments in the gambling sector where Waterhouse VC has experience.

Waterhouse VC Pty Ltd established Waterhouse VC unit trust. A vehicle for the Waterhouse family to invest with a primary focus on investing in gambling or related assets.

Tom Waterhouse has been in the gambling industry for 18 years, having bought and sold businesses in the sector and is exposed to exciting deals and opportunities. It's the area that he has experience in and knows.

The fund is being set up to generate long-term yield and capital growth by taking advantage of similar opportunities and also other opportunities both listed and non-listed that are directly or indirectly linked to the gambling sector.

Tom Waterhouse will be a cornerstone investor in the Fund. To this end, Investors would be putting money into deals that Tom is going into and at the same rate. The aim is to take long-term positions in assets where we believe there is opportunity to generate a yield and capital growth. Leveraging Tom and the family's expertise and existing gambling assets, the Fund aims to primarily invest in both listed and non-listed entities that are either offering a gambling service to consumers directly or are linked to the gambling industry.

IV. How the Waterhouse VC Fund works

Part 1 | Investing in the Fund

Investing in the Fund

To invest in the Fund, you should complete the application form at the back of this Information Memorandum ("Application"). Note that applications are only accepted from Wholesale Investors with a minimum investment of \$500,000, unless otherwise determined by Waterhouse VC. Waterhouse VC may accept applications below the minimum investment in its absolute discretion. Entry to the fund will occur monthly or at such other time as may be determined.

Foreign applications

Applications from overseas countries will only be accepted provided that Waterhouse VC is satisfied that accepting such an application does not result in having to offer and/or register any regulated disclosure document in the jurisdiction of that overseas country. Waterhouse VC must be satisfied that all financial and tax reporting obligations in the relevant country have been met. Further, such investors from overseas countries should note that the Waterhouse VC Fund will (at least initially) be denominated in Australian Dollars and in addition to the risks set out in this Information Memorandum, foreign investors will also bear foreign exchange risk.

No cooling-off period

There is no cooling-off period in respect of submitted applications for investment in the Fund. An Application for investment in the Fund constitutes a binding and irrevocable offer for subscription of Units based on the specified dollar amount set out in the Application Form.

Units and unit prices

Application prices will be calculated as follows:

$$AP = (NAV + TC)/U$$

AP: the application price for the unit

NAV: The Net Asset Value of the Fund (calculated as per page 5 of this Information Memorandum)

TC: represents the buy spread on entering the Fund which is expected to be 1% (subject to variation as discussed on page 5)

U: is the total number of Units on issue

Entry to the Fund will occur monthly on the first of the month (or more frequently at the discretion of Waterhouse VC) at the applicable Net Asset Value at that time. Together with a duly completed Application Form accepted by Waterhouse VC, cleared funds must be received three Business Days prior to that month's entry point. Where this date is missed, entry will occur the following month.

Units issued

The number of Units issued to an investor will be the amount invested divided by AP, being the application price calculated above. Certain investors may be charged an entry fee (see above) which would reduce the number of Units to be issued to such investors.

Investors may subscribe for Units in the Fund in other currencies with the prior agreement of as part of the application process, however, issued units will be denominated in Australian Dollars.

Waterhouse VC reserves the right to change the unit of account at its discretion from Australian Dollar to another currency.

Redemptions

Investors may request one redemption per calendar month. Twenty days' written notice is required prior to the end of a month. There is a 25% redemption gate per investor holding. The redemption date is the 15th of the month or the following business day.

So, for example, a redemption request received on 5 May, would be included in the June redemption and processed on or around the 15 June with the Net Asset Value on 1 June being the redemption price.

Waterhouse VC may reduce the number of Units redeemed on a pro rata basis where it receives redemption requests equal to more than 25% of the value of the Fund at that time.

Suspension of redemptions

In circumstances where Waterhouse VC believes suspending redemptions and payments for redemptions is in the interests of the Fund and its investors as a whole, it may do so for a reasonable period.

Such circumstances may include liquidity issues in the market meaning asset prices cannot be fairly determined or closure of (or suspension of operations of) key Exchanges used by the Fund restricting its ability to operate.

Redemption date

Redemptions occur 15 days following the end of the month or the following business day.

Redemption price

The calculation of the redemption price is set out below:

$$RP = (NAV - TC)/U$$

RP: the redemption price for the unit

NAV: The Net Asset Value of the Fund calculated as per page 6 of this Information Memorandum

TC: represents the sell spread on exiting the Fund which is expected to be 1% (subject to variation as discussed on page 5)

U: is the total number of Units on issue

Part 2 | Operations of the Fund

Deployment of funds

New funds available for investment will generally be invested as soon as practicable and within 90 days of receipt unless Waterhouse VC determines otherwise. Interest earned on amounts held prior to deployment will accrue to investors. The primary focus of the Fund is to make long-term investments in both listed and non-listed entities that are either offering a gambling service to consumers directly or are linked to the gambling industry by either offering a service to them or in some other way, however if suitable opportunities with such focus are not found then Waterhouse VC intends to invest in other assets (such as gold or other listed or non-listed securities or investments).

Other powers of Waterhouse VC

Material changes to the Funds investment plan will be advised to investors. Every quarter (and on more regular intervals if required) will fully evaluate the strategy, performance of the Fund.

In addition, Waterhouse VC may in future, and subject to appropriate approvals, extend access to the Fund to accept retail investors and/or list on a securities exchange (but there is no guarantee that this will occur).

Waterhouse VC may provide debt to companies, both listed and unlisted debt. Waterhouse VC may or may not also have an ownership position in that company.

Use of service providers

In order to meet its obligation to administer the Fund, Waterhouse VC may employ the services of both external and related parties. Such services may include, but are not limited to, brokers, unit registry, administration and custodial services. With regard to brokerage, such services may be provided by related parties of; whilst such transactions may naturally be to the profit of that related party.

Investment manager

Waterhouse VC may amend the structure of the Fund such that it employs a long-term investment manager to implement the strategy of the Fund; in which case, the investment manager will be an entity associated with Waterhouse VC. It is contemplated that the term of the investment management agreement would be at least 10 years and would survive any replacement or retirement of Waterhouse VC.

Net Asset Value of the Fund

The net asset value ("NAV") of the Fund will be calculated based on our valuation policy. The unit of account for the Fund will be the Australian Dollar and the NAV will be published in AUD. All listed stocks will be on their current share price and for unlisted businesses we intend to follow the IPEV guidelines (www.privateequityvaluation.com/valuation-guidelines)

V. Fees and expenses of the Fund

Management fee

Management fees of 2% per annum. This fee is accrued and paid monthly in arrears from the Fund's assets. Unitholders will be required to reimburse the Fund for these fees once per annum if their annual profit distribution is not enough to cover their fees. Should the unitholder not wish to make payment in cash for their outstanding fees, the Fund may choose to redeem some of their units, to the value of the outstanding fees. This fee may be waived for particular investors on the basis of their level of investment or other criteria determined by the Trustee.

Performance fee

Performance fee calculated on an individual investor basis. Performance Fee is equal to 20% of the increase in the Unit Net Asset Value and subject to a High-Water Mark on a unitholder by unitholder basis (the initial High-Water Mark being calculated at the time of issue of the relevant Units), after recoverable expenses have been deducted. This fee is accrued and paid monthly in arrears from the Fund's assets. The Performance Fee is payable to Waterhouse VC. Unitholders will be required to reimburse the Fund for these fees once per annum if their annual profit distribution is not enough to cover their fees. Should the unitholder not wish to make payment in cash for their outstanding fees, the Fund may choose to redeem some of their units, to the value of the outstanding fees. This fee may be waived for particular investors on the basis of their level of investment or other criteria determined by the Trustee.

Each Unit will have its own High-Water Mark with the effect that no performance fee will accrue in respect of a Calendar Month on that Unit unless the Unit Net Asset Value at the end of each month is equal to or greater than the highest Unit Net Asset Value since the date of issue of that Unit (known as the High-Water Mark for the Unit).

When the total return of the Fund for a Calendar Month is negative, no performance fee is payable in that Calendar Month. No performance fee is payable in relation to a Unit for a Calendar Month until the Unit Net Asset Value at the end of that month is greater than the High-Water Mark for the Unit.

By way of example: Investor 1 comes in the fund at \$1.00 in month one. His unit value at the end of month one is now \$2.00. He pays a \$0.20 performance fee.

Investor 2 comes in the fund at \$2.00 at the beginning of month two. His unit value at the end of month two is now \$2.50. He pays \$0.10 performance fee.

Investor 1 pays \$0.10 at the end of month two due to the unit value increase from \$2.00 to \$2.50.

In month three, investor three comes in at \$2.50. At the end of the month, the unit price goes back to \$2.00. No investors pay a performance fee.

In month four, Investor 4 comes into the fund at \$2.00. At the end of the month, the unit price goes to \$2.50. Investors 1, 2, & 3 don't pay performance fee as the High-Water Mark was reached in month 2. Investor 4 pays \$0.10.

In month five, the unit price goes to \$3.00. Investors 1,2,3 and 4 each pays \$0.10 (and their High-Water Mark is now \$3.00).

Entry and Redemption Pricing

Transaction costs associated with entering and exiting positions can vary considerably. To ensure existing investors in the Fund do not bear the expenses of the transaction costs that arise from new units being issued or redeemed and the relevant buying or selling, the application and redemption Unit prices include an allowance of 1%, known as a buy and sell spread, to cover these costs. The buy and sell spread will be firstly retained in the Fund and maybe used to cover transaction costs properly incurred by Waterhouse VC. Waterhouse VC may vary the buy and sell spread from time to time in accordance with the Trust Deed.

Fund expenses

Waterhouse VC may seek reimbursement of all expenses, at cost, properly incurred on behalf of the Fund. Expenses may include, but are not limited to, costs connected with the creation, administration and management of the Fund, selection, management and monitoring of Fund investments, legal fees, audit fees and taxes. Extraordinary expenses such as the cost of holding an investors' meeting, not necessarily otherwise incurred in a given year, may also be reimbursed.

VI. Risks

RISKS ASSOCIATED WITH GAMBLING

Valuation risks with gambling

Gambling companies have proven to be highly speculative and may decrease in value significantly and in some instances become worthless, especially those in start-up phase. Volatility in price can often result in speculative behavior. Also, many of the business we will look at investing in are not liquid.

Regulatory risks

Changes in laws or regulations, or interpretation of existing laws and regulations, governing Gambling Assets could have a significant impact on the value of the Fund. These impacts could range from an outright ban on a specific asset or assets to generally increased operating and compliance costs which could also materially impact the value of the Fund.

Gambling Assets can be significantly affected by regulatory disruption.

OTHER RISKS ASSOCIATED WITH GAMBLING

Gambling has high likelihood of additional regulation which may negatively impact the value of the Fund. For example, governments may choose to tax or ban Gambling resulting in losses on the Fund's holdings of those assets.

Opposition by governments

Governments may react negatively to gambling particularly where it is viewed as competing with national totalizers. Such regulation may lead to significant loss of value of the underlying assets of the Fund.

GENERAL RISKS

Market risk

Market risk is the risk of changes in the Funds' value due to changes in the value of stocks worldwide. Market factors that drive the changes in the price of these assets, including government regulation, global economic conditions, government monetary policy, levels of adoption of gambling and general sentiment surrounding the sector can be expected to impact the value of the Fund.

General risks

The performance of the Fund may decline over short or extended periods due to general market conditions including, but not limited to; inflation, foreign currency movements and interest rate fluctuations which may adversely impact on the Fund's value. There may be other factors outside the control of Waterhouse VC, such as economic slowdowns or adverse changes in unemployment rates, GDP and government policy, which may also materially impact on the Fund and its overall performance.

General risks associated with the Fund

The performance of the Fund is not guaranteed as it is dependent on the performance of each individual company which will not necessarily correlate with the performance of the economy in general or other traditional asset classes. In addition, Waterhouse VC reserves the right, as set out in the Trust Deed, to change fees which could negatively impact overall performance. Waterhouse VC also has the right to ultimately terminate the Fund.

Concentration risk

As the Fund will invest in gambling business or businesses that have some relation to gambling, this concentrated exposure to a specific Gambling Assets may lead to additional volatility in the Fund's performance and may increase the risk of poor performance.

Currency risk

To the extent the Fund holds cash in global currencies, including Gold and Gold-backed ETFs, other than the denomination of the Fund, adverse movements in those global currencies versus the Australian Dollar may

negatively impact the performance of the Fund. For example, the Fund may hold cash in other currencies to facilitate the buying or selling of gambling related companies.

Derivative risk

Waterhouse VC reserves the right to use derivative instruments to hedge its exposure to movements in the value of its positions in the Fund. Derivatives valuations can be volatile for a number of reasons including movements in the underlying asset value.

Waterhouse VC is a new entity with no trading history

Waterhouse VC and the Fund are new entities/business operations and are subject to all of the business risks and uncertainties associated with any new businesses. There is a risk that investment objectives are not met, and this will negatively impact the performance of the Fund.

Personnel risk

The skill and performance of Waterhouse VC will have a significant impact on the Fund's valuation. There may be material impacts on the Fund's performance should any changes in key personnel occur.

Tax risks

Taxation risks may arise for investors on investing in the Fund.

VII. Taxation

Investors should seek their own taxation advice prior to investment in the Fund. Non-resident investors should specifically consider the impact of withholding taxes.

VIII. Summary of Trust Deed

The main rules governing the operation of the Fund are set out in the Trust Deed. The Corporations Act 2001, exemptions and declarations by ASIC (if any) and the general laws of trusts are also relevant to the rights of investors and the Fund. Copies of the Trust Deed are available to investors on request.

The main provisions dealing with the rights and obligations of investors are:

Compulsory retirement

While the Fund is not a Registered Scheme, Waterhouse VC must be removed as trustee if required to do so by a resolution passed by all investors who are entitled to vote on the Resolution. For the avoidance of any doubt, for so long as the Fund is not a Registered Scheme, its associates are entitled to vote their interest on such a (and any other) resolution.

Indemnity

Waterhouse VC is entitled to be fully indemnified out of the Fund's assets for any liability incurred by it in properly performing or exercising any of its powers or duties in relation to the Fund.

Limitation of liability

While the Fund is not a Registered Scheme, if Waterhouse VC acts without fraud, negligence or willful default, it is not liable in contract, tort or otherwise to investors for any loss suffered in any way relating to the Fund.

Powers of

Subject to the Trust Deed, Waterhouse VC has all the powers in respect of the Fund that it is possible under law to confer on as though it were the absolute owner of the Fund's assets acting in its personal capacity. In its capacity as trustee of the Fund has power to borrow or raise money and to lend or advance money (whether or not on security) and to incur all types of obligations and liabilities.

Rights of

Waterhouse VC may charge the fees and recover the expenses (set out in section 5) from the Fund's assets. Waterhouse VC can change the IM and the Trust Deed from time to time at its discretion with written notice to unit holders and in some circumstances only with the written consent of Unit Holders.

Transfer

An investor may transfer some or all of its Units subject to pre-emptive rights procedures being complied with. All transfers must be in a form approved by Waterhouse VC and be presented for registration duly stamped. A transfer is not effective until registered.

Investor's liability

The liability of an investor is limited to the amount, if any, which remains unpaid in relation to the investor's subscription for their Units.

Units

Investors are entitled to the benefit of the Fund's assets in the proportion in which they are registered as holding Units from time to time.

IX. Glossary

Applicant The person or persons whose name appears on the application form.

Assets means all the property, rights and income of the Fund, but not application money or property in respect of which Units have not yet been issued, proceeds of redemptions that have not yet been paid or any amount in the distribution account.

AFSL means Australian financial services license.

ASIC means the Australian Securities and Investments Commission.

AUD means the Australian Dollar.

Investment means an asset held in respect of the Fund for the benefit of Investors.

Liabilities means all present liabilities of the Fund including any provision which determines should be taken into account.

Net Asset Value (NAV), in respect of Net Asset Value of the Fund, means the value of assets as calculated by as laid out on page 6 of this Information Memorandum.

Performance Fee means the performance fee payable to out of the Assets of the Fund in respect of a month set out in the Trust Deed and described in section 5 "Fees and Expenses of the Fund".

Registered Scheme means a managed investment scheme that is registered with ASIC under section 601EB of the Corporations Act 2001. The Waterhouse VC Fund is not a registered scheme.

Trust Deed means the trust deed for the Fund, as amended from time to time.

Unitholder or Investor means an investor in the Fund and therefore the person registered as the holder of a Unit in the Fund.

Unit Net Asset Value (UNAV) means Unit Net Asset Value of the Fund determined according to the Fund's Trust Deed.

Units means ordinary issued units in the Fund.

Wholesale Investor means a 'wholesale client' as defined under the Corporations Act 2001.