



Target Market Determination

For GP Mortgage Corporation Limited (ACN 103 532 403) Product: Credit Facilities from the GP Mortgage Fund (ARSN 108 290 526). Loans regulated by the *National Consumer Credit Act 2009 (Cth) (the Act)*

1. About this document

This target market determination (TMD) seeks to offer consumers, brokers and staff with an understanding of the class of consumer for which this product has been designed, having regard to the objectives, financial situation and needs of the target market.

This document is not to be treated as a full summary of the product's terms and conditions and is not intended to provide financial advice. GP Mortgage Corporation Limited's (GPMC) powers to issue the product are granted under the GP Mortgage Fund Constitution, dated 3 March 2004 as amended from time to time (Constitution).

In accordance with the terms of the Constitution GPMC has entered into a custody agreement with Certane CT Pty Ltd under which Certane CT Pty Ltd (Certane) enters into loan and security documentation with customers on its behalf.

This TMD is issued by GPMC as a credit provider as defined in the Act and to the extent that Certane is also a credit provider, is issued by GPMC on their behalf.

In this document consumers of the product are referred to as borrowers.

Effective date

This TMD is effective from 5 October 2021 and is made in compliance with ASIC RG 274.

2. Class of borrowers that fall within this target market determination

The GPMF credit facility (the Facility or the Mortgage) has been designed for borrowers whose likely objectives, financial situation and needs (as listed below) are aligned with the product (including the key attributes). GPMF's target market for this product are borrowers who:

- are individuals seeking finance for personal, domestic or household purposes or for residential investment where the provision of such finance is regulated by the Act;
- require funding from non-bank lenders secured against property;
- are able to provide real estate security at conservative LVRs (Loan to Value Ratios); and
- meet the key eligibility requirements of the product.

The eligibility requirements are set out in GPMC's Lending Manual and include a loan approval process requiring a prospective borrower to provide documentation such that GPMC can make an assessment based on all of the information before it that the borrower will be able to meet payment of interest and repayment of principal without substantial hardship.

3. Product description and key attributes

The key eligibility requirements and product attributes of the GP Mortgage Fund, in relation to borrowers, are:

- Targeted minimum loan size is between \$50,000 and \$5.0 million.
- Loans are made available to individuals for the purpose of:
 - acquiring or refinancing residential real estate for personal or investment purposes;
 - to acquire other assets for personal use; or
 - to meet living expenses.
- Loan term is from 3 months up to 3 years.

- Interest only at a fixed rate payable monthly in arrears.
- Loans may be paid out in full before the expiry date subject to payment of an early repayment fee and other associated fees.
- Borrowers may apply to have their loan renewed at current interest rates.
- GPMC is the responsible entity for the Fund and manages each mortgage loan.

Objectives, financial situation, and needs of borrowers

The following are some reasons borrowers will seek this product:

- Approval and or settlement is required within a tight time frame.
- Other non-bank finance is more expensive.
- Interest only finance is required.
- Applicants past financial reports and tax returns do not confirm loan servicing but loan servicing can be confirmed when other factors are taken into account, such as forecast income and the capacity to raise funds from existing assets.
- The borrower and/or security fall outside bank lending guidelines.
- Proposed income is reasonably assured but not guaranteed.
- To raise or redraw funds against a real estate asset without having to make a detailed case for how the loan funds will be used.
- Borrower requires consent to a second mortgage to complete the transaction.
- Applicant does not want the loan totally cross-collateralised with other security, group assets and income.
- Large borrowers find additional borrowing from their current lender time consuming and difficult.
- Credit Reference checks reveal minor default/s, which can be adequately explained.

Consistency between target market and the product

Based on GPMC's assessment of the description, key attributes and objectives of the product, it is likely the product is suitable and meets the objectives of the class of consumer in the target market.

The key attributes of the product are designed to accommodate the objectives of obtaining interest only finance at a fixed rate so as to provide the funding required to meet the needs of the borrower and to provide that funding at a fixed rate of interest.

GPMC's direct approach and contact with its borrowers allows it to obtain the necessary information about their financial situation to assess whether they fit within the class of consumers in the target market determination.

4. How this product is to be distributed

Distribution channels

This product is designed to be distributed using the following means:

- Referrals from directors, staff, brokers and investors. GPMC does not fully outsource distribution of its product to external parties, instead working on a referral basis. Distribution of the product is always overseen and approved by GPMC.

Distribution conditions

This product should only be distributed to borrowers who understand the basic asset classes, product attributes and fit the key eligibility criteria. All borrowers are required to show capacity to service their loan interest and to provide an identifiable source of repayment.

GPMC does not use Distributors and on that basis must ensure itself that the distribution conditions are satisfied.

In order to meet the distribution conditions, it must be clear to GPMC that the borrower:

1. Understands the asset class and product attributes, which may include the borrower:
 - a. Obtaining legal advice in relation to the documents, unless they demonstrate to GPMC's satisfaction, past experience in the mortgage market, or have had previous financing arrangements similar to the GPMF credit facility product;
 - b. Providing information on previous loans if the borrower is refinancing; or
 - c. confirming understanding in writing;
2. Fits the eligibility criteria, which is assessed using key controls in GPMC's lending manual;
3. Is able to provide or procure suitable real estate security for the loan where the loan to value ratio does not exceed 66.66% (including, where applicable, the amount secured by any prior ranking mortgage)
4. Can show capacity to service loan interest, which is assessed by GPMC's experienced team based on key controls in place in GPMC's lending manual and may include the borrower providing:
 - a. financial statements, security property leasing arrangements, reliable projections, prepayment of interest; and/or
 - b. a guarantee.
5. Can provide an identifiable source of repayment, which is assessed based on key controls in place in GPMC's lending manual and may include:
 - a. providing financial statements, security property valuations and reliable projections;
 - b. providing a strategy for the refinance and/or sale of the security property; and/or
 - c. identifying a specific source of funds to repay the loan and its reliability.

Adequacy of distribution conditions and restrictions

The small-scale, direct approach that GPMC employs to attract and accept applications into the GPMF, means that borrowers utilising this product are given ample opportunity to assess and confirm if the product is right for them.

GPMC has assessed the distribution conditions and eligibility criteria, and has determined that they are appropriate to direct distribution of the product to the target class of borrower. GPMC employs trained staff who assess each borrower using the distribution conditions as well as internal controls and assessment criteria in its lending manual, to make an assessment as to the suitability of its product. If the borrower does not meet the distribution conditions and eligibility criteria to GPMC's satisfaction, the product will not be issued to them. Therefore, it is likely that borrowers who acquire the product will be in the target market.

6. Reviewing this target market determination

We will review this target market determination in accordance with the below timeframes:

Initial review	Within 2 years of the effective date.
Periodic reviews	At least every 3 years from the initial review.
Review triggers or events	Any information event or circumstances which arise that would reasonably suggest to GPMC, that the TMD is no longer appropriate. This may include, but is not limited to: <ol style="list-style-type: none">1) a material change to, terms and conditions or the manner of distribution of the product which shows the TMD may no longer be appropriate for the product ;2) occurrence of a significant dealing;3) distribution conditions found to be inadequate in preventing borrowers from outside the target market from obtaining the product;

- 4) external events such as adverse media coverage or regulatory attention;
- 5) legislative or other regulatory changes, the issue of guidance from ASIC or other regulators or judgments of any superior court or tribunal that may substantially affect the distribution of the product or its use by a borrower;
- 6) significant changes in internal metrics used to assess the key eligibility criteria and distribution conditions , including, but not limited to, the amount of complaints received, significant shifts in the mortgage lending landscape and significant shifts in the construction financing landscape;
- 7) a change in the loan repayment metrics such that more than 50% of loans are repaid more than 6 months before their due date or 6 months after their due date; and
- 8) significant change in the number of defaulting borrowers such that 20% or more of Borrowers are in default.

The issuer will use its internal records, key controls in its lending manual and any necessary updates on market conditions, as well as complaints, to assess whether a review trigger has occurred. Specifically, GPMC produces monthly reporting on loan defaults and loan ageing and maintains a complaints register. It also monitors any legislative or regulatory changes or significant court decisions that are relevant to its products.

If a review trigger has occurred this target market determination will be reviewed within 10 business days.

7. Reporting and monitoring this target market determination

GPMC may collect the following information from our distributors in relation to this TMD.

Complaints	Distributors will notify GPMC of any complaints in relation to the product(s) covered by this TMD as soon as they occur in compliance with ASIC RG 271. This will include written details of the complaint(s).
Significant dealings	Distributors will notify GPMC if they become aware of a significant dealing in the product that is not consistent with the product's TMD. If a distributor becomes aware of such a dealing, it must notify the issuer in writing as soon as practicable, and in any event within 10 business days after becoming aware.

8. Document Control

Version	Start Date	Comments
1.0	5th October 2021	Determination commenced as a result of the new DDO regime under ASIC RG 274.