

Target Market Determination

For Sandhurst Trustees Commercial Term Loan - Principal & Interest (Fixed Rate)

STL-COMM-P&I-F

Product

This target market determination (TMD) applies to Sandhurst Trustees Limited Commercial Term Loan - Principal & Interest (Fixed Rate).

Issuer

Sandhurst Trustees Limited ABN 16 004 030 737 AFSL 237906 (Sandhurst) is a wholly owned subsidiary of Bendigo and Adelaide Bank Limited ABN 11 068 049 178 AFSL/ACL 237879 (Bendigo Bank). Sandhurst is making this product available as the responsible entity of the Sandhurst Select Mortgage Fund or the Sandhurst Investment Term Fund.

Date from which this target market determination is effective

5 October 2021.

1. Target market for this product

Target Market

This TMD only concerns one type of borrower who might require this product, i.e. borrowers who are 'retail clients' within the meaning of the Design and Distribution Obligations (DDO) legislation. For the avoidance of doubt, this document does not apply to and may be ignored in respect of other types of borrowers who are not 'retail clients' for the purpose of the DDO legislation, such as borrowers who require credit for business purposes.

The retail clients to whom the DDO legislation applies and for whom this product has been designed, include:

- Individuals who require credit of more than \$5 million, wholly or predominantly to:
 - purchase, renovate or improve more than one residential investment property;
 - refinance credit provided to them to purchase, renovate or improve more than one residential investment property; and
- Individuals who require credit to finance or refinance the acquisition, renovation or improvement of other types of real property (other than residential real property);
- Certain types of small businesses (specifically, companies, partnerships and trusts) who require a real property loan,

who in each case:

- do not propose to use the loan wholly or predominantly for business purposes;
- want a term loan wholly or predominantly to finance or refinance the acquisition of an investment property;
- want to make principal and interest payments over the term of the loan;
- want the certainty of a fixed interest rate and fixed repayments for a fixed period, with limited ability to make additional repayments;
- can afford the loan;
- can provide unencumbered real property as security for the loan; and
- appreciate that if referred to Sandhurst by a third party, will primarily be dealing with Sandhurst through that third party.

The retail clients for whom this product has not been designed are individuals or strata corporations who:

- require credit wholly or predominantly for personal, domestic or household purposes;
- require credit of \$5 million or less, wholly or predominantly to purchase, renovate or improve a residential property for investment purposes;
- require credit of \$5 million or less, wholly or predominantly to refinance credit that had been provided to them to purchase, renovate or improve a residential property for investment purposes.

Product Description

Sandhurst Commercial Term Loan – Principle & Interest (Fixed Rate) is a term loan up to 20 years (If preceded by an interest only facility the total term cannot exceed 25 years combined. For example, 7 years interest only plus 18 years principal and interest total 25-year loan term). It may be used to finance or refinance, wholly or predominantly, the acquisition, renovation or improvement of real property for an investment purpose. The applicable fixed interest rate(s) will apply for the agreed period (of 1 to 5 years). At the end of the period, the retail client can nominate a new fixed interest rate period, capped at no more than five years and within the remaining term of the loan otherwise the facility will switch to a variable interest rate facility – as to which, please see the applicable variable rate principal and interest facility TMD. Retail clients have limited ability to make additional repayments without incurring early repayment costs. Monthly principal and interest repayments are required over the term of the loan.

Product key attributes

The key attributes of this product that make it likely to be consistent with the target market described above, include:

Attribute	Appropriate for
Term loan	Retail clients that want to repay their loan over a period of up to 20 years.
Minimum Loan Amount	Retail clients who generally want to borrow a minimum amount of \$100,000
Property Investment	Retail clients looking to finance or refinance the acquisition of real property (excluding individuals who are outside the target market, e.g., individuals who wish to use the loan for a personal purpose, such as buying a property to live in). Additional cash out is permitted for approved purposes within credit policy. This product is not suitable for National Credit Code regulated facilities.
Suitable applicants	Suitable applicants include retail clients who are: <ul style="list-style-type: none"> • Individuals within the target market described above • Partnerships • Companies • Trusts <p>Strictly for lending that is not regulated by the National Credit Code. For the purchase or approved renovation of or re-finance of debt relating to investment in real property where a first registered mortgage is offered as security for the said facility.</p>
Regular repayments of principal and interest	Retail clients who want to make regular scheduled principal and interest repayments over the term of the loan. Repayments are required monthly.
Fixed interest rate	A fixed interest rate means the interest rate will remain the same for a nominated period. At the end of the period, the retail client can nominate a new fixed interest rate period, capped at no more than five years and within the remaining term of the Fixed Rate facility. When the Fixed Rate facility comes to an end, the facility will convert to a variable rate loan.
Early repayments and redraw	Additional repayments during the fixed rate period are capped at 20% of principal amount at the commencement of a fixed rate period. Repayments above this cap, or changes to the fixed rate period (e.g. ending it early), may incur in additional fees or charges (e.g. break costs). Retail clients can access additional repayments through redraw. A minimum redraw amount of \$5,000 applies, this is completed upon written request and a fee applies to this service. (1 repayment amount is preserved and not accessible)
Security over real property	All facilities must be secured by a first mortgage against real property security, within the maximum prescribed Loan to Valuation limits.

2. How this product is to be distributed

Sandhurst applies certain conditions and restrictions to the distribution of this product so that distribution is likely to be to retail clients within the target market for this product. The conditions and restrictions are:

Channel	<p>This product is to be distributed only through the following channels:</p> <ul style="list-style-type: none">• By Sandhurst accredited mortgage brokers or aggregators• Bendigo Bank and Community Bank branches;• Bendigo Bank's Mobile Relationship Managers; and• Bendigo Bank's Business Bankers.
Additional conditions or restrictions	<p>The following additional conditions and restrictions also apply to the distribution of this product:</p> <ul style="list-style-type: none">• Sandhurst will not lend for transactions governed by the National Credit Code.• Only prospective retail clients who meet Sandhurst's minimum eligibility criteria for the product should submit an application for this product; and• This product can only be issued (or arranged to be issued) by persons who are appropriately trained and accredited.

3. Reviewing this target market determination

Sandhurst will review this TMD as set out below:

Initial review	Within the first year of the effective date.
Periodic reviews	At least every 12 months from the initial review.
Review triggers or events	<p>Any event or circumstances arising that would reasonably suggest the TMD is no longer appropriate. This may include (but is not limited to):</p> <ul style="list-style-type: none">• a material change to the design or distribution of the product, including related documentation;• occurrence of a significant dealing;• distribution conditions found to be inadequate in ensuring that the product is issued to retail clients who are likely to be in the target market;• relevant changes in the law or its application, a change in an industry code or decision of a court or other body (including through regulatory guidance) that materially affects the product;• significant changes in metrics, including, but not limited to:<ul style="list-style-type: none">○ a material increase in the number of complaints in relation to a product or aspect of a product;○ the level of consumers experiencing hardship such as falling into arrears; and○ an increase in early termination of the product; and○ any other event occurs, or information is received that reasonably suggests this TMD is no longer appropriate.

4. Reporting and monitoring this target market determination

Sandhurst third-party distributors who are regulated persons will need to collect, keep and report the following information to Sandhurst:

Type	Description of information	Frequency of reporting
Complaints	Customer complaints made in relation to this product. This includes: <ul style="list-style-type: none">written details of the complaint; andthe number of complaints during the reporting period.	Reporting period: Monthly When does the regulated person have to report: Within 10 business days of the end of the reporting period
Sales data	Sales and customer data in relation to this product as requested by Sandhurst.	If sales and customer data is requested by Sandhurst: Reporting period: Monthly When does the regulated person have to report: Within 10 business days of the end of the reporting period.
Significant dealings	The following information: <ul style="list-style-type: none">details of the significant dealing;the date (or range) on which the significant dealing occurred;why the distributor considers the dealing to be significant (including why it is inconsistent with this TMD); andhow the dealing was identified.	When does the regulated person have to report: Within 10 business days of the distributor becoming aware of the dealing.

