

Ellerston Capital Limited as Responsible Entity for  
**Ellerston GEMS Fund – Investment Loan**

Frequently Asked Questions

**The following Q&A's are specific to the Ellerston Gems Fund Investment Loan. The answers are intended as a guide only and as a summary of the Investment Loan Agreement.**

<b>Interim Instalment</b> - Due and payable by Geared Investors on the Interim Instalment Date	\$1.00 per Unit
<b>Final Instalment</b> Due and payable by Geared Investors on the Final Instalment Date	\$1.00 per Unit

What is the Investment Loan?	<p>ANZ provided the Investment Loan to certain approved investors (Geared Investors) who applied for the Investment Loan using the Loan Application form from the PDS.</p> <p>The Investment Loan was only available to Australian investors (other than residents of Tasmania) who applied for Units under a registered address in Australia and approved by the Lender. Superannuation funds and partnerships were also not able to apply for the Investment Loan.</p> <p>Under the Investment Loan a fixed amount of \$2.00 per Unit (or 80% of the Issue Price) was financed by ANZ with repayments scheduled in two equal instalments on 30 September 2008 and 31 March 2009 (refer Sections 5.2.5 of the PDS).</p> <p>As security for the Investment Loan, the Units allocated to a Geared Investor were subject to a mortgage in favour of ANZ (refer Section 5.5 of the PDS). Any Units allocated to a Geared Investor under the Dividend Reinvestment Plan (DRP) are also subject to the Mortgage.</p>
How much was payable upon Application?	The minimum application size for a Geared Investor was \$25,000, requiring an Initial Investment Amount of \$6,650 for 10,000 Units (refer Section 5.1.2 of the PDS).
Who is the lender?	ANZ
Do I receive Distributions on my Geared Unitholding?	Yes. Geared Investors are entitled to receive Distributions. However, Geared Investors are required to participate 100% in the DRP until the Investment Loan is repaid in full. Any Units issued to a Geared Investor under the DRP will become part of the security under the Mortgage (Refer Section 5.5.4 of the PDS).
What security must I provide for the Investment Loan?	<p>The Unitholding of each Geared Investor (Geared Unitholding) is mortgaged in favour of ANZ.</p> <p>The Investment Loan is non-recourse to the Geared Unitholder and limited recourse to the Geared Unitholding. This means that in the event of a default by the Geared Unitholder, the Lender's only right to security is the Geared Unitholding.</p>

<p>When do I repay the principal on the Investment Loan?</p>	<p>Subject to acceleration in certain circumstances, the principal of \$2.00 per Unit on the Investment Loan is repayable in two instalments:</p> <ul style="list-style-type: none"> <li>- an Interim Instalment of \$1.00 per Unit, payable on 30 September 2008 (Interim Instalment Date); and</li> <li>- a Final Instalment of \$1.00 per Unit, payable 31 March 2009 (Final Instalment Date)</li> </ul>
<p>What interest must I pay on the Investment Loan?</p>	<p>Interest on the Investment Loan is fixed at 8.25% for the term of the Investment Loan with pre-paid interest:</p> <ul style="list-style-type: none"> <li>- upon Application, for the period from the Issue Date to and including 26 June 2008;</li> <li>- on 26 June 2008 for the period from 27 June 2008 to but excluding either 30 September 2008 or 31 March 2009, depending on the election made by the Geared Unitholder; and</li> <li>- in the case where the Geared Unitholder only elected to pre-pay Interest up to 30 September 2008, interest will be payable on 30 September 2008 for the period from and including 30 September 2008 to 31 March 2009.</li> </ul>
<p>Can I trade my Units if I am a Geared Investor?</p>	<p>You may trade your Units if the Investment Loan is repaid in full either before trading or through the net proceeds of selling the Units.</p> <p>You may trade some of your Units if you</p> <ul style="list-style-type: none"> <li>- trade at least 10,000 Units;</li> <li>- will have at least 10,000 Units after the trade; and</li> <li>- repay \$2.00 (or \$1.00 at any time after the Interim Instalment Date) to the Lender for each Unit traded.</li> </ul> <p>In the event that there is a sale by a Geared Investor of a part or all of a Geared Unitholding and there are insufficient net sale proceeds to repay the Investment Loan or the relevant proportion, the Geared Unitholding will not be released from the Mortgage. In this case, the Geared Investor will have to provide their own funds to settle the sale of the Geared Unitholding or the Units will not be available for the party that has acquired the Unitholding under the sale.</p>
<p>Can I repay my Investment Loan early?</p>	<p>Yes. Geared Investors may repay their Investment Loan in whole, or in part, at any time prior to the Final Instalment Date whether by arranging their own refinance or sale of their Geared Unitholding (refer Sections 5.3.1 and 5.3.4 of the PDS).</p>
<p>Can I transfer my Investment Loan?</p>	<p>Your Investment Loan cannot be transferred.</p>
<p>Have I been sponsored into CHESS?</p>	<p>The Investment Loan Agreement included provisions which provide for the Geared Investor to be sponsored into CHESS by ANZ Securities Limited (Refer explanation on page 10 of the Loan Application Form).</p>

<p>What information will I receive regarding my units and Investment Loan?</p>	<p>ANZ has written to Geared Investors after the units were allotted confirming details of the loan, how the loan can be repaid and details on how personal details can be changed.</p>
<p>Can ANZ accelerate payment of the Investment Loan?</p>	<p>ANZ can accelerate payment of the Final Instalment if:</p> <ul style="list-style-type: none"> <li>- on any day from and including 30 September 2008 to and including 28 February 2009, the closing price of Units quoted on the ASX falls below \$1.70; or</li> <li>- on any day from and including 1 March 2009, the closing price of Units quoted on the ASX falls below \$1.70.</li> </ul> <p>ANZ may also accelerate the Investment Loan upon the occurrence of an event of default, including insolvency, breach of obligation and other common defaults.</p>
<p>Can I make a partial prepayment?</p>	<p>If you wish to make a partial prepayment, you must arrange for your stockbroker to fill out the "Intention to Sell" form, available on the Ellerston web site, and fax it to ANZ in accordance with the instructions on the form, giving at least 3 Business Days notice of the proposed prepayment date. If there are insufficient net sale proceeds to prepay the required amount, your Units will not be released from the Mortgage unless you provide additional funds. You must also have at least 10,000 Units subject to the Mortgage after the trade.</p>
<p>How do I discharge the Mortgage?</p>	<p>The Mortgage will be discharged upon full and final payment of all moneys outstanding in respect of the Investment Loan.</p> <p>ANZ will only provide a partial discharge of the Mortgage in respect of certain Units if:</p> <ul style="list-style-type: none"> <li>- you have made a partial prepayment in accordance with the Investment Loan Agreement;</li> <li>- no default is subsisting;</li> <li>- immediately following the release, there will be at least 10,000 Units subject to the Mortgage;</li> <li>- no amount will subsequently become an outstanding amount due to an avoidance; and</li> <li>- no Units issued under the DRP will be released.</li> </ul>
<p>Will interest be refunded if I prepay the Investment Loan?</p>	<p>If you prepay all or part of the Investment Loan during a period for which you have paid interest in advance, you may receive a refund of prepaid interest.</p> <p>The refund amount, if any, will be calculated by ANZ on a proportionate basis after deducting the interest that has been paid in advance and is attributable to:</p> <ul style="list-style-type: none"> <li>- the month in which you repay all or part of the Investment Loan; and</li> <li>- the following month.</li> </ul> <p>You will not receive a refund of prepaid interest if an accelerated final instalment notice is issued on or after 1 March 2009.</p>

<p>Can I trade Units I have received under the DRP?</p>	<p>You cannot trade Units you have received under the DRP whilst moneys are outstanding in respect of the Investment Loan. If you want to trade Units you have received under the DRP, you must repay the Investment Loan in full.</p>
<p>Can I combine the Investment Loan with an ANZ margin loan I have?</p>	<p>No. The Investment Loan cannot be combined with an ANZ margin loan(s) you may have. This is consistent with the limited recourse nature of the Investment Loan.</p>
<p>Can I change my HIN?</p>	<p>You cannot change your HIN while moneys are outstanding in respect of the Investment Loan. If you want to change your HIN, you must repay the Investment Loan in full.</p>
<p>What happens if ANZ sells my Units as mortgagee and the proceeds aren't enough to repay the Investment Loan?</p>	<p>The Investment Loan is limited recourse. You will not be liable for any shortfall in sale proceeds if ANZ sells your Units as mortgagee.</p>
<p>What does the election regarding interest periods mean?</p>	<p>Not less than 15 Business Days before the Interest Prepayment Date, ANZ will notify you of your options under clause 3.2(b) of the Investment Loan Agreement.</p> <p>Not less than 5 Business Days before the Interest Prepayment Date, you must notify ANZ whether you elect the Three Month Interest Period or the Nine Month Interest Period.</p> <p>If you elect the Three Month Interest Period, you must prepay 3 months' interest on the Interest Prepayment Date and a further 6 months' interest on the Interim Instalment Date. If you elect the Nine Month Interest Period, you must prepay 9 months' interest on the Interest Prepayment Date.</p> <p>If you do not make an election, you will be deemed to elect the Nine Month Interest Period.</p>