FAWKNER
PROPERTY
COMMERCIAL PROPERTY SYNDICATORS

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Fawkner Property Consolidated Disclosure Document

Please see disclosed below the current RG46 Benchmarks and Disclosure Principles and how they are met.

Benchmarks:

Benchmark	Fawkner Disclosure
Gearing Policy	- The Fund uses borrowed monies (see 2.7 below) to partly fund the acquisition of the Properties. This is known as Gearing. - Gearing increases the effect on the value of Units from positive or negative changes in the capital value of the Properties and the effect on the income available for distribution of increases or decreases in the net income from the Properties. These effects are commonly referred to as "leverage" – the greater the amount of borrowing, measured by the Gearing Ratio, the greater the leverage. - The policy of the Manager is that the Gearing, of the Fund, measured by the Gearing Ratio, should not exceed 55%.
Interest cover policy	- The Fund uses borrowed monies to partly fund the acquisition of the Properties. - The Loan facility is likely to require a minimum Interest Cover Ratio (ICR) of 1.80 times. The Manager expects that the ICR will be not less than 3 times during the three-year term of the Loan. The income from the Properties would have to fall by more than 50% before the Fund would breach an ICR covenant of 1.80 times. - It is the policy of the Manager to ensure that the ICR remains at or above 2 times.
Interest capitalisation	- Interest is paid as it is accrued and is not capitalised.
Valuation policy	- Please see Valuation Policy, located on our website.
Related party transactions	- See Related party transactions policy, located on our website.
Distribution Practices	- The Responsible Entity intends to make monthly payments to Investors from the distributable income of the Fund. It is the policy of the Responsible Entity to make distributions only out of funds from operations and realised capital gains. The Manager considers this to be a sustainable distribution practice till 30 June 2021. - Distribution payments for a month are made approximately 21 days after the end of that month. The holder of a Unit on the last day of a month is entitled to the distribution in respect of that Unit for the month. - Distributions will be paid into the bank account nominated by each Investor on the Application Form, unless a change has been notified in writing by the Investor. - The Responsible Entity must distribute an amount not less than the

	taxable income of the Fund. If the Fund requires additional cash resources and the Responsible Entity considers that it is in the best interests of all existing Investors to do so, the Responsible Entity may require some of the cash to which Investors are entitled to be temporarily loaned back to the Fund on a pro rata basis without interest.

Disclosure Principles

Disclosure Principle	Fawkner Disclosure
Gearing Ratio	- The policy of the Manager is that Gearing, measured by the Gearing Ratio, should not exceed 55% - The Gearing Ratio of the Fund as at the end of each accounting period is disclosed in the annual financial statements - Gearing Ratio is defined as a ratio that measures the amount of borrowing used in the acquisition of real estate assets of the Fund. The Gearing Ratio is calculated as follows and stated as a percentage: - $gearing\ ratio = \frac{\text{total interest-bearing liabilities}}{\text{total assets}}$
Interest cover ratio	- The Loan facility also entails a minimum Interest Cover Ratio of 1.80 times. It is the policy of the Manager to ensure that the ICR remains at or above 2 times. - The ICR of the Fund for each accounting period is disclosed in the annual financial statements. - The Interest Cover Ratio, in the context of loans and borrowings or the Internal Cost Ratio, in the context of fees and costs. - Defined in the Glossary as A ratio that measures the ability of the Fund to pay interest on loans in a period, as and when the interest payments fall due, or a covenant agreed with a lender. If the Interest Cover Ratio in a period is less than the covenant agreed with the lender, the loan may be in default. The Interest Cover Ratio is calculated as follows and is stated as a number of times (eg “1.8 times” means the income is 1.8 times the interest payable): - $ICR\ for\ a\ period = \frac{income\ before\ tax - unrealised\ gains\ and\ losses}{interest\ expense}$
Scheme Borrowing	- The Manager is in advanced negotiations with a major Australian bank for an interest-only finance facility with a limit of $26,070,000 for the purpose of acquiring the Initial Portfolio. The facility entails a maximum LVR of 65%, with the Loan drawn to 55% of the value of the Properties. The term of the facility is to be five years. The value of the Properties would have to fall by 16% before the Fund would breach a 65% LVR covenant. - Interest payments to the lender must be made before distributions can be paid to Investors and a lender has priority over Investors in repayment of the Loan principal. The lender is not required to consider the interests of Investors. - If the LVR reaches 60%, the Responsible Entity may have to cease distributions until the LVR is reduced below 60%. The Responsible Entity expects that the LVR will not reach 60% during the five-year term of the Loan. - The Loan will initially have a floating base rate. The Manager will monitor interest rate markets and consider whether the base rate for

		some or all of the Loan should be subject to hedging.
	-	Interest on the Loan is paid as it is accrued and is not capitalised.
Portfolio Diversification	-	The Responsible Entity does not purport to provide portfolio diversification under this Offer. Investors seeking diversification in a commercial property portfolio should hold other investments in addition to the Fund.
	-	The portfolio includes the following properties: 2 Cowle Street, Landsdale WA 125 Kalyang Loop, Byford WA 324 The Broadway, Ellenbrook WA 7958-7960 Goulburn Valley Highway, VIC 73 Sayers Road, Williams Landing VIC 501-509 Bells Line of Road, Kurmond NSW
Related Party Transactions	-	Property acquisition - The Manager is entitled to an additional management fee
	-	Property disposal - The Manager is entitled to a fee on disposal
	-	Property management - Where no external agent is appointed and the Manager provides property management or leasing services, the Manager is entitled to receive industry standard fees for these services
	-	Accounting - The Manager charges a fee for providing a service including, financial control, preparation of financial statements, preparation and lodgement of business activity statements and preparation and lodgement of income tax returns
	-	Registry and administration - The Manager does not charge a fee for this service.
	-	Temporary financing - The Manager or related parties of the Manager may subscribe for Special Units to assist the Fund in the acquisition of real estate assets and receives distributions in respect of the Special Units on issue.
	-	Broking: The Manager engages Garnaut Finance Broking (ACL 238326) to arrange borrowing for the Fund. Garnaut Finance Broking, a related party of the Manager, may be paid fees for arranging the debt. These fees are equivalent to arms-length finance broker fees for arranging commercial loans.
Distribution practices	-	The Responsible Entity intends to make monthly payments to Investors from the distributable income of the Fund. It is the policy of the Responsible Entity to make distributions only out of funds from operations and realised capital gains. The Manager considers this to be a sustainable distribution practice till 30 June 2021.
	-	Distribution payments for a month are made approximately 21 days after the end of that month. The holder of a Unit on the last day of a month is entitled to the distribution in respect of that Unit for the month.
	-	Distributions will be paid into the bank account nominated by each Investor on the Application Form, unless a change has been notified in writing by the Investor.
	-	The Responsible Entity must distribute an amount not less than the taxable income of the Fund. If the Fund requires additional cash resources and the Responsible Entity considers that it is in the best interests of all existing Investors to do so, the Responsible Entity may require some of the cash to which Investors are entitled to be temporarily loaned back to the Fund on a pro rata basis without

	interest.
Withdrawal arrangements	- On or about the 7th anniversary of the Settlement of the purchase of the Landsdale land on 24 September 2019, the Responsible Entity will either give notice of termination of the Fund or make an Exit Offer in accordance with clause 24 of the Constitution. - The Exit Offer will be dated and set out the right of each Investor to elect to exit the Fund and the relevant obligations of the Responsible Entity. The Exit Offer will state the Exit Price, being the Fair Value of the Units determined by the Responsible Entity in accordance with the Constitution, and be accompanied by: • a report of the Manager setting out the investment strategy and financial prospects of the Fund and a recommendation that the Fund be extended for a specified period; and • a form by which an Investor can elect to sell some or all of the Units of that Investor at the Exit Price determined by the Responsible Entity in accordance with the Constitution. - If, within 20 business days of the Exit Offer, no Investor submits a form electing to sell Units, the Fund will be extended for the specified period recommended in the report accompanying the Exit Offer. - If, within 20 business days of the Exit Offer, Investors holding 75% or more of the Units submit forms electing to sell some or all of their Units, the Responsible Entity will proceed to terminate the Fund in accordance with the Constitution. - If, within 20 business days of the Exit Offer, Investors holding less than 75% of the Units submit the form electing to sell some or all of their Units, the Responsible Entity will: • make an offer to existing Investors of the Units for sale at the Exit Price; and • if existing Investors do not offer to purchase all the Units for sale within 20 business days, make an offer to persons who are not existing Investors at the Exit Price. - If, within six months of the date of the Exit Offer, there are remaining Units for sale, the Responsible Entity will proceed to terminate the Fund in accordance with the Constitution. Otherwise, the Fund will continue for the period specified in the report accompanying the Exit Offer. - At the end of the specified extension period (and any further extension period), the Responsible Entity will adopt a similar procedure.
Net tangible assets	- The value of the Fund's assets other than intangible assets such as unamortised borrowing costs, less the Fund's borrowings, accrued expenses & other liabilities. - The Net Tangible Asset will be calculated every 30 June based on the performance of the trust.