



**Consolidated Disclosure Document -  
Essential Services Trust No. 15**

**30 September 2021**

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## Scope of this Disclosure Document

This document contains disclosure about the 6 benchmarks and 8 disclosure principles described by the Australian Securities and Investments Commission (ASIC) in Regulatory Guide 46 (RG 46) and how they are met. RG 46 aims to improve disclosure to retail investors to help them compare risks and returns across investments in the unlisted property sector. As with all investment types, the business model of unlisted property funds can create risk for investors. There are several common risks associated with investments in unlisted property funds, and disclosure relating to them can help investors make informed decisions, including comparing the risks and returns across investments in the sector.

The information in this document is as at 30 September 2021 unless stated otherwise.

## Benchmarks:

Benchmark	Fawkner Disclosure
<p><b>Benchmark 1: Gearing policy.</b></p> <p>The Fund maintains and complies with a written policy that governs the level of gearing.</p> <p><b>The Fund meets the benchmark.</b></p>	<ul style="list-style-type: none"> <li>The Fund uses borrowed monies to partly fund the acquisition of the Properties. This is known as Gearing.</li> <li>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.</li> <li>The Gearing Ratio indicates the extent to which the Fund's assets are funded by interest-bearing liabilities. The Gearing Ratio gives an indication of the potential risks the Fund faces in terms of its level of borrowings due to, for example, an increase in interest rates or a reduction in property values (see section 7 Risk Factors of the PDS).</li> <li>The Gearing Ratio as at 30 September 2021 was 49%. The policy of the Responsible Entity is that the Gearing, of the Fund, measured by the Gearing Ratio, should not exceed 55%, except when temporary financing is in use (see section 2.6 Temporary financing of the PDS).</li> <li>The Fund does not have off- balance sheet financing.</li> </ul>
<p><b>Benchmark 2: Interest cover policy.</b></p> <p>The Fund maintains and complies with a written policy that governs the level of interest cover.</p> <p><b>The Fund meets the benchmark.</b></p>	<ul style="list-style-type: none"> <li>The Fund uses borrowed monies to partly fund the acquisition of the Properties.</li> <li>The Interest Cover Ratio (ICR) measures the ability of the Fund to service interest on debt from earnings. It is therefore a critical indication of the financial health of the Fund and key to analysing the sustainability and risks associated with the level of borrowing in the Fund.</li> <li>It is the policy of the Responsible Entity to ensure that the ICR remains at or above 2.75 times.</li> <li>The income from the Properties would have to fall by more than 50% before the Fund would breach an ICR covenant of 2.3 times.</li> <li>The ICR is 6.26.</li> </ul>

<p><b>Benchmark 3: Interest capitalisation.</b></p> <p>The interest expense of the Fund is not capitalised.</p> <p><b>The Fund meets the benchmark.</b></p>	<ul style="list-style-type: none"> <li>• Interest on the Loan is paid as it is accrued and is not capitalised.</li> </ul>
<p><b>Benchmark 4: Valuation policy.</b></p> <p>The Fund maintains and complies with a written valuation policy about valuing the real estate assets of the Fund.</p> <p><b>The Fund meets the benchmark</b></p>	<ul style="list-style-type: none"> <li>• The Responsible Entity will ensure that the Properties are valued in accordance with the valuation policy forming part of the Management Agreement. Under that policy, an assessment by an independent expert Valuer is required: <ul style="list-style-type: none"> <li>• before the contract for the purchase of a real estate asset is settled;</li> <li>• at least every three years thereafter;</li> <li>• before any of the Properties is sold;</li> <li>• before an Exit Offer occurs; and</li> <li>• at any time where the Responsible Entity is of the opinion that the fair value of a real estate asset in accordance with Accounting Standards may vary materially from the carrying value.</li> </ul> </li> <li>• At the end of each financial year, each of the Properties will be valued in accordance with Accounting Standards by the Responsible Entity if there is no current independent valuation.</li> </ul>
<p><b>Benchmark 5: Related party transactions.</b></p> <p>The Fund maintains and complies with a written policy on related party transactions.</p> <p><b>The Fund meets the benchmark.</b></p>	<ul style="list-style-type: none"> <li>• The requirements relating to dealings with related parties are set out in the Corporations Act. The Responsible Entity maintains and complies with a written policy on related party transactions, which deals with the assessment and approval of such transactions and arrangements to manage conflicts of interest. This policy is available on the website of the Responsible Entity. Compliance with the policy is a requirement of the Compliance Plan, which is audited annually.</li> <li>• The Responsible Entity is not aware of any relevant related party transactions or conflicts of interest that have not been disclosed in the PDS and does not expect to enter any such transactions or arrangements.</li> <li>• In addition to investment management activities, the Responsible Entity provides the services to the Fund which are set out in section 10.2 Related party transactions of the PDS.</li> <li>• All payments to the Responsible Entity are subject to measures in the Compliance Plan, which is audited annually.</li> </ul>
<p><b>Benchmark 6: Distribution practices.</b></p> <p>The Fund maintains and complies with a written policy on making distributions only from funds from operations or realised capital gains.</p> <p><b>The fund meets the benchmark.</b></p>	<ul style="list-style-type: none"> <li>• 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 proceeds of sale. The Responsible Entity considers this to be a sustainable distribution practice for the next 12 months.</li> <li>• Distributions are expected to be 7.00 cents per Unit per annum to June 2021 and 7.00 cents per Unit per annum to June 2022 (see section 6 Financial Information of the PDS).</li> <li>• By paying out less than the total funds from operations, the Responsible Entity can accumulate cash in the Fund as a defence against contingencies such as unforeseen capital works, tenant incentives and legal fees.</li> <li>• 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.</li> <li>• 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.</li> </ul>

## Disclosure Principles:

Disclosure Principle	Fawkner Disclosure
<b>Disclosure Principle 1: Gearing ratio</b>	<ul style="list-style-type: none"> <li>The expected Gearing Ratio of the Fund is disclosed in the Financial Information. The Gearing Ratio of the Fund as at the end of each accounting period is disclosed in the annual financial statements.</li> </ul>
<b>Disclosure Principle 2: Interest cover ratio</b>	<ul style="list-style-type: none"> <li>The expected ICR of the Fund is disclosed in the Financial Information. The ICR of the Fund for each accounting period is disclosed in the annual financial statements.</li> </ul>
<b>Disclosure Principle 3: Scheme borrowing</b>	<ul style="list-style-type: none"> <li>The debt financing of the Fund is disclosed.</li> </ul>
<b>Disclosure Principle 4: Portfolio diversification</b>	<ul style="list-style-type: none"> <li>The investment strategy of the Fund will provide only limited diversification.</li> <li>The Responsible Entity does not purport to provide broad portfolio diversification under this Offer. Investors seeking diversification in commercial property portfolio should consider holding other investments in addition to Units in the Fund.</li> </ul>
<b>Disclosure Principle 5: Related party transactions</b>	<ul style="list-style-type: none"> <li>Related party transactions are disclosed.</li> </ul>
<b>Disclosure Principle 6: Distribution practices</b>	<ul style="list-style-type: none"> <li>The sources of forecast distributions and the distribution policy are disclosed.</li> </ul>
<b>Disclosure Principle 7: Withdrawal arrangements</b>	<ul style="list-style-type: none"> <li>The terms of future Exit Offers and Limited Redemption Offers are set out in detail in the PDS.</li> <li>As the purpose of the Fund is to invest in real estate assets with limited liquidity, there is no withdrawal or redemption facility until the end of the initial term of the Fund (see 3.1 of the PDS) and there is no secondary market in which the Units can be traded.</li> <li>There will be no opportunity to redeem Units in the initial 7-year term of the Fund. On or about the 7th anniversary of the date on the front cover of the PDS, the Responsible Entity will either give notice of termination of the Fund or make an Exit Offer in accordance with clause 23 of the Constitution.</li> <li>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: <ul style="list-style-type: none"> <li>a report of the Responsible Entity setting out the investment strategy and financial prospects of the Fund and a recommendation that the Fund be extended for a specified period; and</li> <li>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.</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p><b>Disclosure Principle 8: Net tangible assets</b></p>	<ul style="list-style-type: none"> <li>The Net Assets per Unit is disclosed in the Financial Information and in annual tax statements sent to Investors.</li> <li>Net Tangible Assets per Unit has been calculated by dividing the Net Tangible Assets of the Fund by the number of Units on issue, which is the number of Units in the Offer. As the initial period of investment is seven years, the Net Tangible Asset per Unit in the early years is of reduced significance.</li> <li>The Net Tangible Assets at as 30 September 2021 is 0.96.</li> </ul>

## Contact

Fawkner Property Ltd ACN 147 265 281  
AFSL 437334

Level 8,  
468 St Kilda Road  
Melbourne Vic 3004

(03) 9856 4577  
[info@fawknerproperty.com.au](mailto:info@fawknerproperty.com.au)  
[www.fawknerproperty.com.au](http://www.fawknerproperty.com.au)



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