



# 333 EXHIBITION STREET PROPERTY FUND

**1 MARCH 2018**

Product Disclosure Statement

- 6.5% forecast distribution yield for FY18 and FY19
- Melbourne CBD location
- 100% leased to the University of Melbourne

Placer Property Limited ACN 164 635 885 | AFSL 442806

## Important information

### Product Disclosure Statement

This Product Disclosure Statement (**PDS**) relates to an offer to invest in 333 Exhibition Street Property Fund (ARSN 624 418 051) (**Fund**). The Fund is a registered managed investment scheme under the Corporations Act 2001.

This PDS is dated 1 March 2018. ASIC takes no responsibility for the contents of this PDS and expresses no view regarding the merits of the investment set out in this PDS.

This is an important document that needs your attention. You should read this PDS in full before deciding whether to invest in the Fund. If you are in doubt as to how to interpret or deal with this document you should consider obtaining professional advice (such as from a financial adviser).

### Responsible Entity and issuer of this PDS

Placer Property Limited (ACN 164 635 885, AFSL 442806) in its capacity as Responsible Entity of the Fund (Responsible Entity) is the issuer of this PDS and the Units offered under this PDS.

### Eligibility

The Offer of Units made in this PDS (**Offer**) is available only to those persons receiving this PDS (electronically or otherwise) within Australia. No action has been taken to register Units or otherwise permit a public offering of Units in any jurisdiction outside Australia.

This PDS does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

The distribution of this PDS in jurisdictions outside Australia may be restricted by law. Persons who come into possession of this PDS who are not in Australia should seek advice on, and observe any such restrictions in relation to, the distribution or possession of this PDS. Any failure to comply with any such restrictions may constitute a violation of applicable securities law.

Other than as permitted by law, investments in the Fund will only be accepted following receipt of a properly completed Application Form.

### No cooling off period

No cooling off rights apply to an application for Units.

### Wrap Accounts

The Responsible Entity authorises the use of this PDS as disclosure to Indirect Investors who access the Fund through an IDPS or IDPS-like scheme (commonly known as a Wrap Account) or nominee or custody service (**Wrap Account**) and those investors (**Indirect Investors**) may rely on this PDS.

Indirect Investors do not become, or have the same rights as, direct investors. The Operator or custodian of the Wrap Account (**Operator**) will

be recorded as the Unitholder in the Fund's unit register and will be the person who may exercise the rights and receive the benefits of a Unitholder. Reports and documentation relating to the Fund will be sent to the Operator instead of the Indirect Investor.

Indirect Investors may be subject to different rules and conditions from those set out in this PDS, particularly in relation to:

- the application and transfer of Units;
- fees and expenses; and
- distribution calculation and timing of payments.

Indirect Investors should contact their adviser or Operator with any queries relating to an investment in the Fund using a Wrap Account.

### General information only

The information contained in this PDS is not financial product advice. The information contained in this PDS is general information only and does not take into account your investment objectives, financial situation and particular needs. It is therefore important that you read this PDS in full before deciding whether to invest in the Fund and take into consideration your investment objectives, financial situation and particular needs. If you are in any doubt, you should consider consulting your financial adviser or other professional advisers.

### Disclaimer

An investment in Units is not an investment in, or a deposit with, or other liability of, the Responsible Entity and is subject to investment and other risks including possible delay in repayment and loss of income and capital invested. None of the Responsible Entity or any of its directors, officers or associates gives any guarantee or assurance as to the performance of the Fund or the underlying assets of the Fund, or the repayment of capital from the Fund or any particular rate of capital or income return.

You should only rely on the information in this PDS when deciding whether to invest in the Fund. No person is authorised to give any information, or to make any representation, in connection with the Fund that is not contained in this PDS. Any information or representation not contained in this PDS may not be relied upon as having been authorised by the Responsible Entity in connection with the Fund.

### PDS availability

This PDS may be viewed online at, or downloaded from, the Responsible Entity's website [placerproperty.com.au](http://placerproperty.com.au). If you access the electronic version of this PDS, you should ensure that you download and read this PDS in full.

A paper copy of this PDS is available free of charge to any person in Australia by calling the Responsible Entity on 1300 132 099.

### Updated information

The information in the PDS is current as at the issue date but may change from time to time. Where information that changes is not materially adverse to investors, the Responsible Entity will update this information by publishing changes at [placerproperty.com.au](http://placerproperty.com.au). A paper copy of any updated information is available free of charge on request. The Responsible Entity will update the PDS if there is a materially adverse change to information contained in the PDS.

### Continuous disclosure

In accordance with ASIC Regulatory Guide 198 "Unlisted disclosing entities: Continuous disclosure obligations", the Responsible Entity advises that it will fulfil its continuous disclosure requirements by way of website disclosure which complies with ASIC's good practice guidance. Unitholders may access material information regarding the Fund from the Responsible Entity's website at [placerproperty.com.au](http://placerproperty.com.au).

### Date of information

Unless otherwise specified, all financial and operational information contained in this PDS is stated as at the date of this PDS.

### Forward-looking statements

This PDS contains forward looking statements which are subject to known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Fund to be materially different from those expressed or implied in such forward looking statements. Past performance is not a reliable indicator of future performance. The FY18 and FY19 distribution forecasts are subject to the assumptions set out in Section 6.4.

### Cover photograph

The cover photograph shows 333 Exhibition Street, Melbourne. The Fund has not acquired all parts of the building shown in the photograph.

### Photographs

Unless stated otherwise, all of the photographs in this PDS show all or part of the 333 Exhibition Street building. The Fund has only acquired the commercial office part of the building.

### Defined terms

Definitions of certain terms used in this PDS appear in the glossary at Section 12.

References to currency are to Australian currency unless otherwise specified.



# Chairman's Letter

1 March 2018

Dear investors

We are pleased to offer you the opportunity to invest in 333 Exhibition Street Property Fund (**Fund**). The Fund owns the commercial office component of 333 Exhibition Street, Melbourne (**Property**). The Property is a six-level commercial office building leased to the University of Melbourne, located at the corner of Exhibition and La Trobe Streets in Melbourne.

The investment opportunity offers applicants units in the Fund with the following key features:

## Attractive yield

Forecast annualised distribution yield of 6.5% in FY18 and FY19.<sup>1</sup>

## The University of Melbourne as sole tenant

100% of the rental income is to be sourced from the Property's sole tenant, the University of Melbourne, underpinned by six year leases, each with a four year option.

## CBD location

Located in the central business district of Melbourne, Australia's fastest growing state capital, in a precinct undergoing substantial transformation with forthcoming landmark residential projects, hotel and convention facilities.

## High starting NTA

Initial Net Tangible Assets of the Fund are estimated at \$0.93 per unit.<sup>2</sup>

## Managed debt strategy

The initial loan to value ratio is forecast to be 47.1%<sup>3</sup>, with the interest rate exposure substantially hedged for the term of the loan.

## Experienced management team

Placer Property, the Responsible Entity, draws on the skills and experience of its senior management team who on average have more than 19 years property or funds management experience.

## Defined investment and exit strategy

The Property is the only asset the Fund will own, and the investment term is scheduled to run to 30 June 2024. It is expected that the Property will be marketed for sale before or around that time, or the investment term will continue with Unitholder approval.

## WALE

The weighted average lease expiry of the Property is 4.9 years from the date of this PDS.

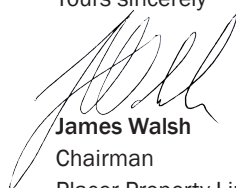
The Property is located on a prominent corner site at the intersection of Exhibition and La Trobe Streets in Melbourne with sweeping views of the world heritage listed Carlton Gardens.

The Property forms part of a mixed-use strata titled building that also includes the Mantra on the Park apartment complex and a commercial car park. The Fund only owns the commercial office component of the development.

It is important that you read this PDS carefully, including Section 4 on key risks relating to investing in the Fund, before making your decision to invest. You should consider seeking your own advice from a financial, taxation or other professional adviser.

We commend this offer to you and look forward to welcoming you as an investor in the Fund.

Yours sincerely



**James Walsh**  
Chairman  
Placer Property Limited

<sup>1</sup> Subject to the assumptions in Section 6.4.

<sup>2</sup> As at the Minimum Subscription Date. Refer to Section 6.2 for relevant assumptions.

<sup>3</sup> Immediately following the Minimum Subscription Date, based on drawn debt.

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# 1. Investment overview and important dates



333 Exhibition Street Melbourne (front view). The Fund has acquired the commercial office areas of the building shown in the photograph.

## 01 Investment overview and important dates

| Important dates  | Detail   | Section |
|--|--|---------|
| Offer opening date   | 1 March 2018   | 2.2     |
| Minimum Subscription Date  | 31 October 2018, or such other date as determined by the Responsible Entity at its discretion <sup>4</sup> ( <b>Minimum Subscription Date</b> ).   | 2.2     |
| Offer Closing Date   | The Offer will remain open until the Total Offer Amount is reached. <sup>5</sup>   | 2.2.    |
| Issue of Units   | Units will generally be issued within five business days of receipt of a valid and complete application.   | 2.2     |
| First distribution   | The first distribution will be for the period ending 30 June 2018 and is anticipated to be paid on or around 8 August 2018. <sup>6</sup> Distributions will normally be paid within six weeks following the end of a quarter.  | 2.4     |
| Key offer details  | Detail   | Section |
| Total Offer Amount   | \$23,479,194   | 2.2     |
| Minimum subscription   | A minimum subscription of \$5.89 million ( <b>Minimum Subscription Amount</b> ) must be raised by the Minimum Subscription Date.   | 2.4     |
| Issue Price  | <p>The Issue Price for Units offered under this PDS is \$1.00 per Unit. This is the amount you are required to pay when you submit an Application Form.</p> <p>Prior to the Minimum Subscription Date, Units will be issued on a partly paid basis, initially paid up to \$0.01 per Unit. The remaining \$0.99 per Unit paid by investors (<b>Instalment Monies</b>) will be held separately by a related body corporate of the Custodian, as security for the final instalment.</p> <p>If the Minimum Subscription Amount has been raised by the Minimum Subscription Date, the Instalment Monies will be transferred to the Fund and all partly paid Units will become fully paid.</p> <p>If the Minimum Subscription Amount is not raised by the Minimum Subscription Date, all partly paid Units will be redeemed and the initial payment of \$1.00 per Unit will be returned to each Applicant. Applicants are forecast to receive a distribution at a rate of 6.5% per annum calculated on a pro rata basis for the period from the date of issue of the relevant Units to their date of redemption.</p> <p>Any Units issued under this PDS on or after the Minimum Subscription Date will be issued on a fully paid basis at an Issue Price of \$1.00 per Unit.</p> | 2.2     |
| Minimum Application Amount per investor  | 20,000 Units (\$20,000) and in multiples of 5,000 Units (\$5,000) thereafter. <sup>7</sup>   | 2.2     |
| Key fund features  | Detail   | Section |
| Investment objective   | The Fund aims to provide investors with regular, reliable and considerably tax deferred income with the potential for capital growth through an investment in the commercial office component of 333 Exhibition Street, Melbourne.   | 2.1     |
| Fund type  | A single asset, closed-end, unlisted property trust.   | 2.4     |
| Distributions in relation to Units issued prior to the Minimum Subscription Date | Investors who apply for Units prior to the Minimum Subscription Date are forecast <sup>8</sup> to receive a distribution at a rate of 6.5% per annum, calculated from the date of issue of the relevant Units, for FY18 and FY19.  | 2.4     |
| Forecast distributions   | The Responsible Entity has forecast distributions from the Fund of 6.5% per annum during the Forecast Period, subject to the assumptions set out in Section 6.4 of this PDS.   | 2.4     |

## The Responsible Entity has forecast annualised distributions from the Fund at 6.5% per annum during the Forecast Period.<sup>8</sup>

| Key fund features                     | Detail   | Section |
|---------------------------------------|--|---------|
| <b>Distribution frequency</b>         | <p>The first distribution will be made for the period ending 30 June 2018. Thereafter, distributions will be paid quarterly in arrears.</p> <p>Investors will receive distributions calculated from the date of issue of their Units (usually within five days of receipt of a valid and complete application) up to the next quarterly distribution date.</p>   | 6.1     |
| <b>Tax deferred</b>                   | The Responsible Entity anticipates that the Fund's distributions for the Forecast Period will be 100% tax deferred in FY18 and 98% tax deferred in FY19.   | 2.4     |
| <b>Forecast Period</b>                | 1 March 2018 to 30 June 2019.  | 6       |
| <b>Term of the Fund</b>               | <p>The investment term is scheduled to run to 30 June 2024. It is expected that the Property will be marketed for sale before or around that time, or that the investment term will continue with Unitholder approval.</p> <p>The Responsible Entity may terminate the Fund earlier if it considers that would be in the best interests of Unitholders, for example taking advantage of a selling opportunity.</p> <p>The Responsible Entity can extend the term of the Fund only if it receives Unitholder approval under the following circumstances:</p> <ul style="list-style-type: none"> <li>Fund term extension – a meeting of Unitholders passes a Special Resolution to extend the Fund term. Any extension will not exceed two years.</li> <li>Fund term renewal (as an alternative to or in addition to the above Fund term extension) – a meeting of Unitholders passes a Special Resolution to renew the Fund term for up to another six years. A condition of renewal is that all Unitholders who wish to exit the Fund are able to do so at the prevailing NAV per Unit (less Transaction Charges).</li> </ul> <p>The Fund should be considered illiquid. Except as set out above, the Responsible Entity does not intend to provide for any redemption or withdrawal facility to be available during the term of the Fund.</p> | 2.3     |
| <b>Responsible Entity and Manager</b> | Placer Property Limited is the Responsible Entity ( <b>Placer Property</b> ). Placer Property has outsourced a number of fund and property administration functions to the Manager, Placer Property Management Pty Ltd ( <b>Manager</b> ). The Manager is a related party of the Responsible Entity.   | 10      |
| <b>Investment strategy</b>            | <p>To achieve the Fund's investment objective, the Responsible Entity proposes to, where possible:</p> <ul style="list-style-type: none"> <li>Actively manage the Property and its relationships with the tenant and stakeholders such as the owners corporation members and the property manager, to maximise the Property's income and capital growth potential.</li> <li>Seek to retain the University of Melbourne beyond the initial six year term of its leases or facilitate a smooth transition to a suitable new tenant or tenants.</li> <li>Ensure the Property is well presented and maintained.</li> <li>Minimise the operating costs of the Property to improve net property income.</li> <li>Actively seek value adding opportunities for the Property.</li> <li>Regularly review the Property's performance to determine if it is appropriate to market the Property for sale in order to maximise returns to investors.</li> </ul>   | 2.1     |

<sup>4</sup> This date may not exceed 12 months from the date of this PDS.

<sup>5</sup> The Responsible Entity may close the Offer at an earlier time in its discretion.

<sup>6</sup> Investors who apply for Units prior to 30 June 2018 will receive a pro rata distribution at the FY18 forecast rate of 6.5% per annum, calculated from the date of issue of their Units.

<sup>7</sup> The Responsible Entity may waive or vary the minimum Application Amount in its discretion.

<sup>8</sup> Subject to the assumptions in Section 6.4.

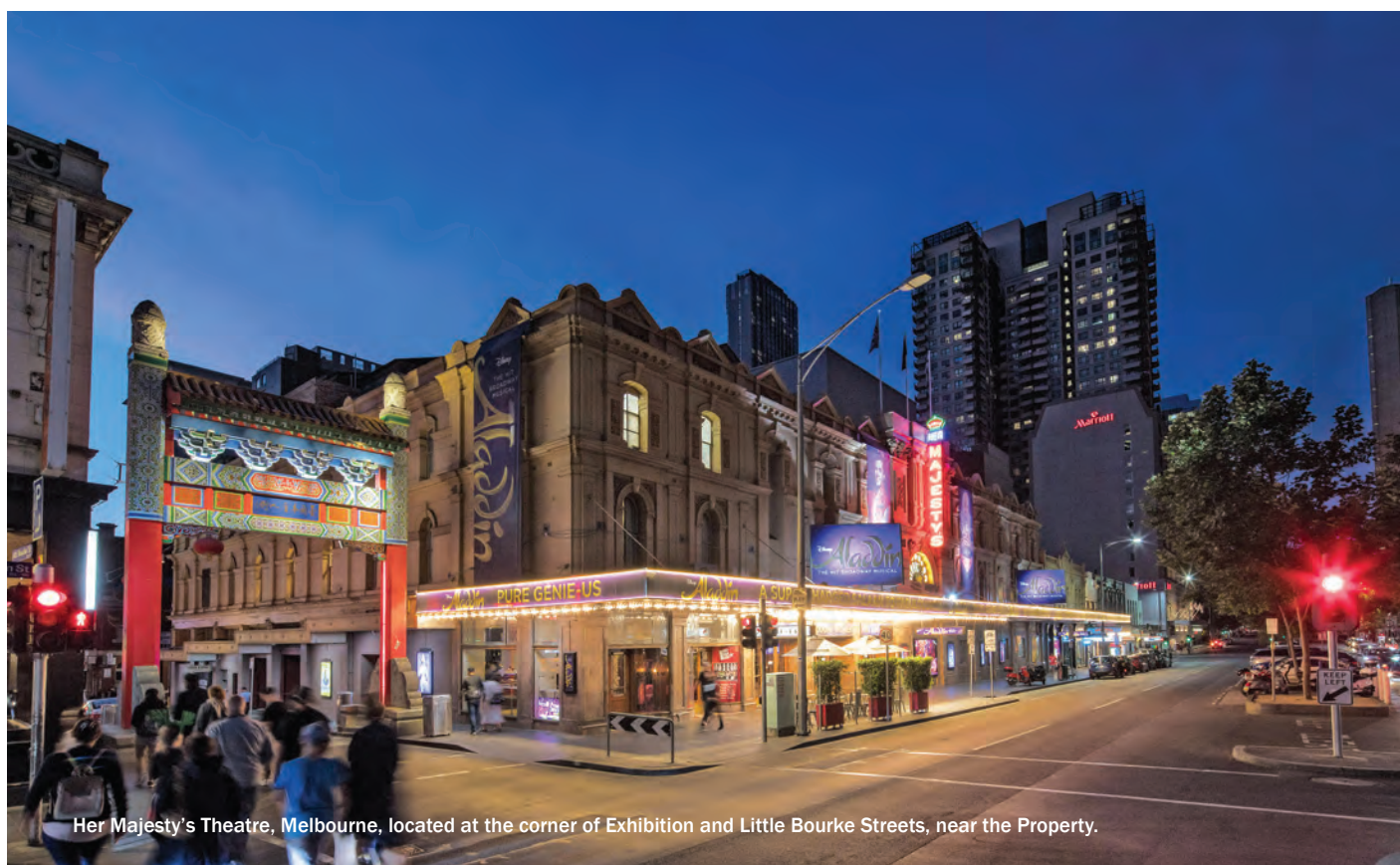


## 01 Investment overview and important dates

| Key fund features                | Detail   | Section                  |
|----------------------------------|--|--------------------------|
| <b>Debt finance</b>              | The Responsible Entity on behalf of the Fund has secured a \$25.025 million loan from National Australia Bank Limited ( <b>Bank</b> ) for a period of approximately five years to 12 December 2022 ( <b>Debt Facility</b> ). Directly following the Minimum Subscription Date, the Debt Facility will be paid down to less than 50% of the Property's Bank approved valuation at the time. Based on the current valuation the Debt Facility is forecast to reduce to \$19.6 million. The Debt Facility is estimated to be drawn to \$18.9 million at that time, leaving \$750,000 of debt undrawn to carry out identified capital works ( <b>Capital Works Facility</b> ). Including the undrawn Capital Works Facility, the Bank LVR at that time would be 49.0%.   | 2.4                      |
| <b>Interest rate hedging</b>     | The strategy for the Fund is to minimise interest rate risk by using interest rate hedges. The Responsible Entity has entered into an interest rate swap over \$19.1 million of the Debt Facility to substantially hedge the Fund's interest rate exposure for the term of the Debt Facility that matures on 12 December 2022. As the Capital Works Facility is undrawn it is not currently fully hedged.  | 2.4                      |
| <b>NTA per unit</b>              | The initial Net Tangible Asset ( <b>NTA</b> ) per Unit is forecast to be \$0.93 as at the Minimum Subscription Date. <sup>9</sup>  | 2.4                      |
| Property overview                | Detail   | Section                  |
| <b>The Property</b>              | The commercial office component of the Building, a mixed use strata titled building located at 333 Exhibition Street, Melbourne.   | 3.2                      |
| <b>Location</b>                  | The Property is located at the corner of Exhibition and La Trobe Streets, Melbourne.   | 3.2                      |
| <b>Asset type</b>                | An office comprising part ground level plus five upper levels of commercial office building.   | 3.3                      |
| <b>Net Lettable Area</b>         | The Property has a Net Lettable Area of 6,528 square metres.   | 3.2                      |
| <b>Tenant</b>                    | The Property's sole tenant is the University of Melbourne, which is consistently ranked among the leading universities in the world, and in the top two in Australia.  | 3.3                      |
| <b>Occupancy and WALE</b>        | The Property is 100% leased with a weighted average lease expiry ( <b>WALE</b> ) profile of 4.9 years as at the date of the PDS. See Sections 3.3 and 11.9 for individual lease expiry and option dates.   | 3.3                      |
| <b>Lease and option to renew</b> | The University of Melbourne has a separate lease over each floor with each lease having an initial term of six years. In addition to the initial term, the University of Melbourne has an option to extend the initial lease term of each lease for a further four years.  | 3.3                      |
| <b>Valuation</b>                 | \$40.0 million as assessed under an independent valuation performed by Knight Frank Valuations dated 1 February 2018.  | 8                        |
| <b>Risk types</b>                | As with most investments, the future performance of the Fund can be influenced by a number of factors that are outside the control of the Responsible Entity. The key risks are discussed in Section 4 and include: <ul style="list-style-type: none"> <li><b>General investment risks</b> – including a down turn in general economic and market conditions, unfavourable movements in interest rates, employment rate or inflation, changes to the law and natural disasters, including terrorist attack or war.</li> <li><b>General property investment risks</b> – including the risk that property values decline and the risk that there is a decrease in Fund income.</li> <li><b>Specific property and tenancy risks</b> – including risks associated with the University of Melbourne partially or fully vacating at the end of the initial six year lease term, leasing of any vacancy, exercise of any future lease renewal options, abatement of rent, termination of lease, tenancy renewals, unforeseen operating or capital expenditure, lease default and variation, insurance risk and new competition.</li> <li><b>Fund risks</b> – including risks associated with debt financing, use of counterparties and gearing, interest rate exposure, legal, taxation and stamp duty changes, other regulatory changes, lack of portfolio diversification and unexpected litigation.</li> </ul> | 4.1<br>4.2<br>4.3<br>4.4 |

**The Property's sole tenant is the University of Melbourne, which is consistently ranked among the leading universities in the world.**

| <b>Fees<sup>10</sup></b> | <b>Details</b>  | <b>Section</b> |
|--------------------------|---|----------------|
| <b>Management Fee</b>    | 0.65% per annum of the Gross Asset Value ( <b>GAV</b> ) of the Fund.  | 5.1 and 5.2    |
| <b>Performance Fee</b>   | 20% of the portion of outperformance of the Fund over an internal rate of return ( <b>IRR</b> ) of 10.0% per annum.   | 5.1 and 5.2    |
| <b>Transaction Fee</b>   | 2.0% of the Property valuation.   | 5.2            |
| <b>Disposal fee</b>      | Up to 1.5% of the sale price of the Property. Payments and commissions to external parties such as real estate agents involved in the sale of the Property are included in this fee and will not be an additional cost to the Fund. | 5.2            |
| <b>Other expenses</b>    | Estimated at 0.20% per annum of the GAV.  | 5.2            |



Her Majesty's Theatre, Melbourne, located at the corner of Exhibition and Little Bourke Streets, near the Property.

<sup>9</sup> Refer to Section 6.2 for relevant assumptions.

<sup>10</sup> Net of the effect of GST (i.e. inclusive of GST less any input tax credits including reduced input tax credits).



## 2. Fund offer and structure



Carlton Gardens – Close proximity to the property.



## 2.1 Investment objective

The Fund's aim is to provide Unitholders with regular, reliable and considerably tax deferred income, with the potential for capital growth through an investment in the office component of 333 Exhibition Street, Melbourne.

The Responsible Entity believes that the Property meets the Fund's investment objective with:

- **Quality lease covenants** – 100% of the Property's forecast rental income is contracted under a series of six year leases to the University of Melbourne – see Section 3.1.
- **Prime location** – The Property is located at the corner of Exhibition and La Trobe Streets in the Melbourne CBD, with close proximity to public transport, world heritage listed Royal Exhibition Building and Carlton Gardens, accommodation and renowned restaurants and cafes. The immediate precinct is undergoing substantial transformation, with forthcoming landmark residential projects, hotel and convention facility developments.
- **WALE** – the Property's weighted average lease expiry (**WALE**) by rental income is 4.9 years, with a four year option at each lease's expiry. A long WALE helps deliver regular and reliable income for investors.

To achieve the Fund's investment objective, the Responsible Entity will:

- Actively manage the Property and its relationships with the tenant and stakeholders such as the owners corporation and property manager, to maximise the Property's income and capital growth potential.
- Seek to retain the University of Melbourne beyond the initial six year term of its leases or facilitate a smooth transition to a suitable new tenant or tenants.
- Ensure the Property is well presented and maintained.
- Minimise the operating costs of the Property to improve net property income.
- Actively seek value adding opportunities for the Property.
- Regularly review the Property's performance to determine if it is appropriate to market the Property for sale in order to maximise returns to investors.

333 Exhibition Street Property Fund is a single asset, closed-end, unlisted property trust. To support income reliability for investors and add predictability to the Fund's future income stream, the Responsible Entity has hedged interest rate

risk on the Fund's borrowings by entering into an interest rate swap with the Bank. The interest rate hedging and debt position will also be actively managed; refer to Section 2.4.

## 2.2 The Offer

The Offer comprises 23.48 million Units at an Issue Price of \$1.00 per Unit (**the Offer**). The Offer will open on 1 March 2018. The proceeds of the Offer will be used to reduce the Bank LVR to 49.0%, meet initial Fund expenses and redeem the Acquisition Units.

KordaMentha Investments (Exhibition Street) Trust, a related party of the Responsible Entity and the Manager is the sole holder of the Acquisition Units.<sup>11</sup> The purpose of the Acquisition Units was to partly fund the acquisition of the Property and establish the Fund, with the remaining funding provided under a loan from the Bank.

KordaMentha Investments Pty Ltd as trustee for the KordaMentha Investments (Exhibition Street) Trust may continue to hold an investment of up to 20% of the Units in the Fund following the Offer Closing Date.<sup>12</sup>

### Minimum Subscription Amount

The Minimum Subscription Amount is \$5.89 million. The Minimum Subscription Amount must be raised by 31 October 2018 or other such date (not later than 12 months after the date of this PDS) as determined by the Responsible Entity at its discretion.

The Minimum Subscription Amount ensures there will be sufficient funds raised under the Offer to reduce the Fund's Gearing Ratio to below 50%.

### Offer Closing Date

This is expected to be the date the Responsible Entity has raised the Total Offer Amount. However the Responsible Entity may close the Offer at an earlier time.

### Investment prior to the Minimum Subscription Date

The Issue Price for ordinary Units under the Offer is \$1.00 per Unit. This is the amount you are required to pay when you submit an Application Form. The \$1.00 per Unit you pay is made up of the initial Application Amount of \$0.01 per Unit and the remaining \$0.99 per Unit (**Instalment Monies**), which will be held separately by a related body corporate of the Custodian (Perpetual Corporate Trust Limited) as security for

<sup>11</sup> See description of related party transactions in Section 2.4.

<sup>12</sup> Any remaining Acquisition Units on issue at the Offer Closing Date automatically convert to ordinary Units.

## 02 Fund offer and structure

the second and final instalment. If the Minimum Subscription Amount is raised by the Minimum Subscription Date, the Instalment Monies will be transferred to the Custodian on the Minimum Subscription Date.

### If the Minimum Subscription Amount is not raised

If the Minimum Subscription Amount is not raised by the Minimum Subscription Date all Units (except Acquisition Units) will be redeemed and the full amount paid by investors will be returned. Investors are forecast<sup>13</sup> to receive a distribution at a rate of 6.5% per annum calculated from the date of issue on the relevant Units up to the date of redemption.

### Investment after the Minimum Subscription Date and before the Offer Closing Date

If the Minimum Subscription Amount is raised by the Minimum Subscription Date but the Total Offer Amount has not been raised by then, the Responsible Entity expects that the Offer will remain open until the Total Offer Amount has been raised. During this period all new Units will be issued on a fully paid basis.

### Acquisition Units

KordaMentha Investments (Exhibition Street) Trust is the sole holder of the 16,904,194 Acquisition Units on issue as at the date of this PDS. Acquisition Units are redeemable at a redemption price of the higher of \$1.00 and NAV per Unit. The Responsible Entity expects that the relevant redemption price for Acquisition Units will be \$1.00 per Acquisition Unit (less Transaction Charges), which totals \$16,904,194 for all Acquisition Units. Following the Minimum Subscription Date, application monies received under the Offer will be used to fund the ongoing redemption of the Acquisitions Units. Any remaining Acquisition Units on issue at the Offer Closing Date will automatically convert to ordinary Units.

### Minimum investment

A minimum of 20,000 Units (\$20,000) must be applied for under the Offer. Applications in excess of 20,000 Units must be made in multiples of 5,000 Units (\$5,000).

The Responsible Entity may waive the minimum Application Amount requirements at its discretion. It does not intend to accept additional applications once the Total Offer Amount

has been raised and may scale back any application for Units or reject in full any application pursuant to this Offer.

### Cooling off rights

As the Fund will be 'illiquid' for the purposes of the Corporations Act, no cooling off rights are available to investors.

### Transferring units

There is no redemption or withdrawal facility for Unitholders and therefore an investment in the Fund should be considered illiquid.

Unitholders will be able to transfer their Units to a third party in accordance with the Constitution. Transfers will not be effective until registered by or on behalf of the Responsible Entity. The Responsible Entity may refuse to register any transfer of Units.

## 2.3 Term of the Fund and exit strategy

The Initial Term of the Fund is expected to end on or about 30 June 2024 (**Initial Term**). It is expected that the Property will be marketed for sale before or around that time, or continue with Unitholder approval.

The Responsible Entity may terminate the Fund earlier if it considers that would be in the best interests of Unitholders, for example taking advantage of a selling opportunity.

The Responsible Entity can extend the term of the Fund only if it receives Unitholder approval under the following circumstances:

- **Fund term extension** – a meeting of Unitholders passes a Special Resolution to extend the Fund term. Any extension will not exceed two years.
- **Fund term renewal** (as an alternative to or in addition to the above Fund term extension) – a meeting of Unitholders passes a Special Resolution to renew the Fund term for up to another six years. A condition of renewal is that all Unitholders who wish to exit the Fund are able to do so at the prevailing NAV per Unit (less Transaction Charges).

A Special Resolution requires at least 75% of the votes cast by Unitholders entitled to vote, to be voted in favour of the resolution.

<sup>13</sup> The forecast is limited to FY18 and FY19 and is subject to the assumptions in Section 6.4.

## The Initial Term of the Fund is expected to end on or about 30 June 2024.

### 2.4 The Fund

The Fund is a unit trust. Investors' money is pooled and used by the Responsible Entity on behalf of the Fund to own the Property and other assets. The Fund has used debt to assist in the purchase of the Property. Each Unit will provide a beneficial interest in the Fund's net assets, including the Property.

#### Responsible Entity

Placer Property is the Responsible Entity of the Fund, and the issuer of this PDS and the Units to be issued under this PDS.

The board of Placer Property comprises five directors: three executive directors and two non-executive directors, including the Chairman.

For further information on Placer Property and each director, see Section 10.

#### Distribution policy

The Responsible Entity intends that the Fund will make distributions every quarter, with the record dates for such distributions being 31 March, 30 June, 30 September and 31 December each year. The first distribution is anticipated to be made after the period ending 30 June 2018. Distributions will normally be paid within six weeks following the end of a quarter.

Investors will receive a pro-rata distribution calculated from the date of issue of their Units (usually within five business days of receipt of a valid and complete application) up to the next quarterly distribution date. Distribution entitlement for a Unitholder is calculated by reference to the number of Units held by the Unitholder and the number of days in the distribution period that the Units were on issue.

Thereafter, distributions will be paid quarterly in arrears to all Unitholders, who are on the register at the distribution calculation date.

The forecast annualised cash distributions during the Forecast Period are based on the assumptions set out in Section 6.4 and are:

|  |                                  |
|--|----------------------------------|
| <b>FY18 (1 March 2018 to 30 June 2018)</b> | 6.5 cents per Unit <sup>14</sup> |
| <b>FY19 (1 July 2018 to 30 June 2019)</b>  | 6.5 cents per Unit               |

The above forecasts apply to both partly paid Units (up to the

Minimum Subscription Date) and fully paid Units (after the Minimum Subscription Date).

All distributions will be paid by electronic funds transfer direct into a nominated Australian bank account or an account with a financial institution (where there is a branch in Australia). Distributions will not be paid by cheque.

The Responsible Entity intends that distributions will generally be made in line with the Fund's cash from operations that are available for distribution. However, in accordance with the Constitution, distributions may include a return of capital, or a portion of the cash from operations that is available for distribution may be withheld in one period to smooth distributions and/or provide working capital for future periods.

The Responsible Entity will provide Unitholders each year with an annual tax statement, which will summarise the distributions paid/payable in respect of that income year and the tax components, including any tax deferred component of that distribution.

Changes in interest rates, the level of gearing and other risk factors may influence the actual distribution or the tax deferred component of a distribution. Neither the Responsible Entity, nor the Custodian, or their directors guarantee returns from the Fund. See Section 6 for further details on distributions and Section 4 on the key risks associated with distributions.

It is expected that Fund income will be primarily derived from rental income<sup>15</sup> from the Property.

#### Tax deferred

The tax deferred portion of the forecast distribution for the Forecast Period is estimated to be<sup>16</sup>:

|  |      |
|--|------|
| <b>FY18 (1 March 2018 to 30 June 2018)</b> | 100% |
| <b>FY19 (1 July 2018 to 30 June 2019)</b>  | 98%  |

See Section 4.4 (taxation and stamp duty) and Section 7 (tax information).

#### Risks

As with most investments, the future performance of the Fund can be influenced by a number of factors that are outside the control of the Responsible Entity. Important information regarding the risks associated with an investment in the Fund is set out in Section 4.

The key risks include:

<sup>14</sup> Pro-rata for the period.

<sup>15</sup> Including the Rental Guarantee.

<sup>16</sup> Assuming that KordaMentha (Exhibition Street) Trust's interest in the Fund is not reduced by more than 50% in FY18 and no change in tax law or its interpretation during the Forecast Period.



## 02 Fund offer and structure

- **General investment risks:** including a down turn in general economic and market conditions, unfavourable movements in interest rates, the employment rate or inflation, changes to the law and natural disasters, including terrorist attack or war.
- **General property investment risks:** including the risk that property values decline and the risk that there is a decrease in Fund income.
- **Specific property and tenancy risks:** including risks associated with the tenant vacating at the end of the lease term in part or whole, leasing of any vacancies, exercising of any future lease renewal options, abatement of rent, termination of leases, vacancies, tenancy renewals, unforeseen operating or capital expenditure, lease default and variation, insurance risk and issues arising from the owners corporation which may be beyond the Fund's control.
- **Fund risks:** including risks associated with debt financing, use of counterparties and gearing, interest rate exposure, legal, taxation and stamp duty changes, other regulatory changes, lack of portfolio diversification and unexpected litigation.

### Valuation and valuation policy

The Responsible Entity has, and complies with, a Valuation Policy for the Fund. The Valuation Policy requires:

- Any valuer be independent and appropriately licensed.
- Rotation and diversity of valuers.
- Procedures for dealing with any conflicts of interest.

The Responsible Entity intends that, commencing 30 June 2019, the Property will be independently valued annually by a qualified valuer.

The Responsible Entity may have the Property independently revalued at other times when it believes there has been a significant change in the value or it is required under the Debt Facility.

The Property was independently valued at \$40.0 million on 1 February 2018 by Knight Frank Valuations. The valuation has been determined using a combination of the capitalisation of net income, discounted cash flow analysis and direct comparison. The capitalisation rate used by Knight Frank Valuations was 6.25%. A summary of this valuation is set out in Section 8 and the risks associated with the valuation are outlined in Section 4.

A copy of the Responsible Entity's Valuation Policy can be obtained by contacting the Responsible Entity.

### Net Tangible Assets

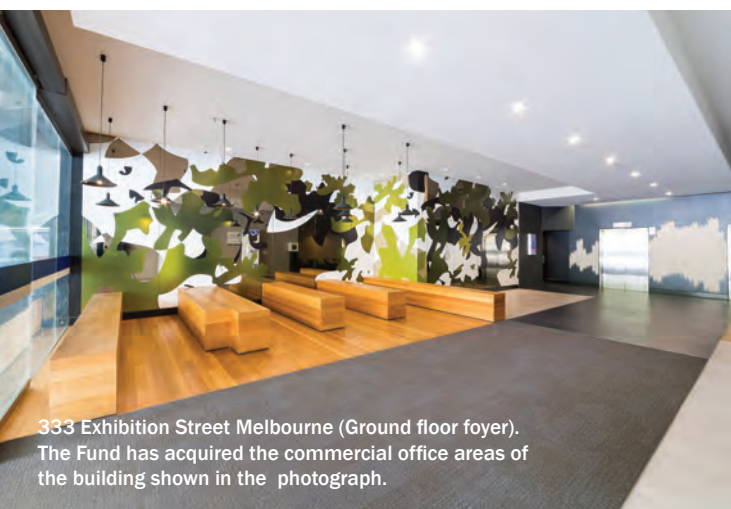
The Net Tangible Asset (NTA) calculation can help investors understand the value of the assets and the risks of the investment.

The NTA is calculated as the total assets of the Fund, minus any intangible assets, less all liabilities. The Fund's NTA is shown on a per Unit basis. The NTA is calculated in accordance with the following formula:

$$\text{NTA} = \frac{\text{Net assets} - \text{intangible assets} + / - \text{other adjustments}}{\text{Number of Fund units on issue}}$$

NTA is calculated using information contained in the pro forma balance sheet of the Fund (Section 6).

The Fund has a forecast NTA per Unit of \$0.93 following the Minimum Subscription Date.<sup>17</sup>



333 Exhibition Street Melbourne (Ground floor foyer). The Fund has acquired the commercial office areas of the building shown in the photograph.

<sup>17</sup> Refer to Section 6.2 for relevant assumptions.

## Debt facility

Under the Debt Facility, the Responsible Entity, on behalf of the Fund, has initially borrowed \$25.025 million from the Bank. Part of the capital raising proceeds will be used to reduce the Debt Facility to a Bank LVR of less than 50%, estimated to be \$19.6 million on or shortly after the Minimum Subscription Date, equating to a 49.0% Bank LVR. This ratio includes the Capital Expenditure Facility, which is currently undrawn.

The borrowings are secured by a mortgage over the Property and a general security over the assets of the Fund. Further details of this loan are set out below in this Section and in Section 11.10.

The initial borrowings are structured on an interest only basis. The principal is not due to be repaid until the end of the loan term other than the debt repaid at the Minimum Subscription Date. The loan term is for approximately 5 years and matures on 12 December 2022. Interest payments will be paid from income generated by the Property. On maturity, the loan is anticipated to be refinanced or repaid from proceeds from the sale of the Property.

## Gearing

The amount of debt the Fund has borrowed compared to the gross assets of the Fund is referred to as gearing. Gearing both increases the potential returns to Unitholders, as well as potential losses. The higher the gearing, the greater the potential risk.

The Gearing Ratio and Interest Cover Ratio (see below) both indicate the potential risks faced by the Fund as a result of its borrowings due to, for example, an increase in interest rates or a decrease in property value.

The repayment of loan principal and interest ranks ahead of investors' equity in the Fund and payment of interest on borrowings must be funded before any distributions to investors. As a result, the borrowing terms and conditions are important factors to consider.

The risks associated with gearing are further set out in Section 4.

## Gearing ratio

The Gearing Ratio at the Minimum Subscription Date is forecast to be 43.6% using the following formula and the financial information found in Section 6:

$$\text{Gearing Ratio} = \frac{\text{Total interest bearing liabilities}}{\text{Total assets}}$$

Under the Debt Facility, the Bank's gearing requirements differ to the above Gearing Ratio as the Bank adopts a loan to value ratio (**Bank LVR**) covenant instead. The Bank LVR is estimated to be 49.0% as at the Minimum Subscription Date. The Bank LVR is calculated by dividing the Debt Facility limit by the Bank approved valuation of the Property, with the result expressed as a percentage. It does not take into account other assets and liabilities which are included in the Gearing Ratio. For further information on the Bank LVR refer to Section 11.10.

The Fund expects both the Gearing Ratio and the Bank LVR to be maintained below 50% during the Forecast Period. This compares favourably against the Bank LVR covenant of 60% that steps down to 55% from 31 October 2020. A copy of the gearing policy and interest cover ratio policy can be obtained by contacting the Responsible Entity.

## Interest Cover Ratio

During the term of the Debt Facility, interest is paid on the principal amount of the loan from the earnings of the Fund. The ratio between earnings and interest is called the interest cover ratio (**ICR**). The lower the ICR the greater the associated risk.

The ICR at the Minimum Subscription Date is estimated to be above 3 times using the following formula and based on the financial information found in Section 6.

$$\text{Interest Cover Ratio} = \frac{\text{EBITDA} - \text{unrealised gains} + \text{unrealised losses}}{\text{Interest expense}}$$

The EBITDA (earnings before interest, tax, depreciation, straight lining of rentals and amortisation) and interest expense used in the calculation are based on a number of assumptions set out in the financial information in Section 6.

The ICR measures the ability of the Fund to meet its interest payments on borrowings from its earnings.

The Fund expects the ICR to be maintained above 2.9 times during the Forecast Period.

It is noted that the ICR is different to the interest cover ratio required by the Bank under the Debt Facility covenant. The Debt Facility uses a different interest cover ratio, being the ratio of net rental income (including the Rental Guarantee) from the Property to the interest expense. The ICR based on the Bank's calculation is estimated to be in excess of 3.0 times at 30 June 2018 compared to a covenant of 2.0 times specified in the Debt Facility. Please see Section 11.10 for more information.

## 02 Fund offer and structure

### Interest rates and hedging

The Responsible Entity intends to actively manage interest rate risk in order to reduce interest expense volatility as part of its capital management strategy.

The Responsible Entity has entered into an interest rate swap over \$19.1 million of the Debt Facility to substantially hedge the Fund's interest rate exposure for the term of the Debt Facility. As the Capital Works Facility is undrawn it is not currently fully hedged. The Responsible Entity may also engage in interest rate hedging at other times.

After hedging, the effective interest rate payable by the Fund for FY18 is 3.9% per annum and for FY19 is 4.0% per annum.

Interest expenses are not capitalised. Further information about the interest rate is set out under Finance Costs in Section 6.4.

### Related party transactions

The Responsible Entity must:

- Act in the best interests of its Unitholders and meet its other fiduciary obligations.
- Act on a commercial arm's length basis at all times, particularly if the counterparty to a transaction is a related party.
- Comply with all legal and compliance requirements.

KordaMentha Investments (Exhibition Street) Trust has provided acquisition funding for the Property and is the sole Unitholder of the Acquisition Units. The purpose of the Acquisition Units was to assist with funding the acquisition of the Property and establishment of the Fund. The remaining funding was provided under a loan from the Bank.

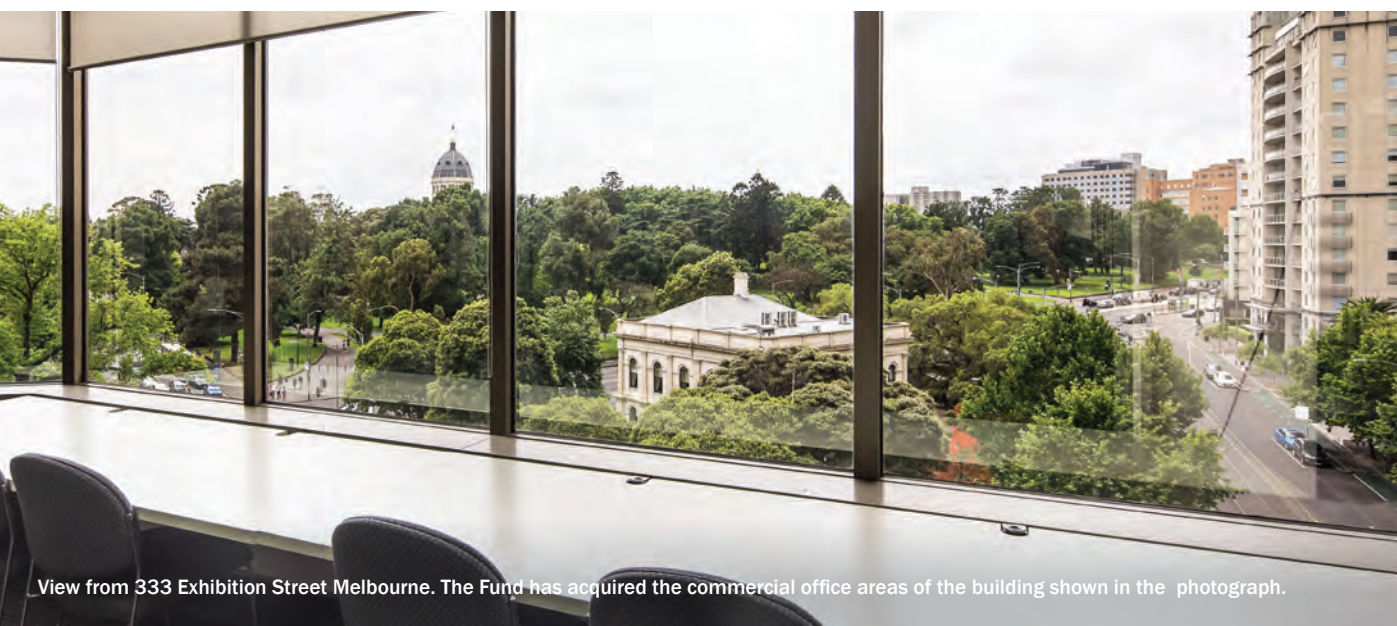
The Acquisition Units are to be redeemed using funds raised under this PDS and the Offer.

A related party of KordaMentha Investments (Exhibition Street) Trust, KM Custodians Pty Ltd, is the sole owner of the Responsible Entity and the Manager.

The Responsible Entity has a written policy with regard to related party transactions and complies with this policy. The policy covers, amongst other things, the assessment and approval process for related party transactions, how these transactions are documented and monitored, as well as how the risk of any actual or perceived conflict of interest is managed.

For more detail on the Responsible Entity's policy and procedures for related party transactions, please contact the Responsible Entity. Information about the risks of related party transactions can be found in Section 4.4.

In accordance with its powers under the Constitution, the Responsible Entity has appointed a related party, Placer Property Management Pty Ltd (**Manager**) to provide fund and asset administration services in relation to the Fund.



View from 333 Exhibition Street Melbourne. The Fund has acquired the commercial office areas of the building shown in the photograph.



These services may include asset sourcing and disposal, funds administration, reporting, compliance, management of external service providers to the Fund and accounting activities. The appointment may be terminated on 12 months' notice from either party (or such lesser agreed notice period).

The Responsible Entity has policies and processes in place to manage the risk of any actual or perceived conflict of interest as a result of a related party transaction.

The terms of appointment of the Manager are in the opinion of the Responsible Entity, having regard to those policies and processes, reasonable in the circumstances and what would be expected if the Responsible Entity and the Manager had been dealing at arm's length. Accordingly, this related party transaction does not require Unitholder approval.

The fees for these services will be payable out of the Responsible Entity's own fee entitlements and resources. The value of the fees will not exceed the value of the Responsible Entity's own fee entitlements. There will not be an additional charge to the Fund, unless the Manager undertakes additional work that would have been performed by another agent of the Fund, such as a real estate agent. Any remuneration will be determined at the relevant time of appointment and will be at normal commercial rates and on arm's length terms.

There are currently 16,904,194 Acquisition Units on issue and they are redeemable at a redemption price of the higher of \$1.00 and NAV per Unit (less Transaction Charges). The Responsible Entity expects that the relevant redemption price for Acquisition Units will be \$1.00 per Acquisition Unit, which totals \$16,904,194 for all Acquisition Units. Following the Minimum Subscription Date, application monies received under the Offer will be used to fund the payment of the Transaction Fee and the ongoing redemption of the Acquisitions Units.

## Unitholder communications

If you invest directly into the Fund, and not through a Wrap Account, the Fund's Registry will provide you with a:

- **Confirmation Statement** – specifying details relating to your initial investment.
- **Distribution Statement** – a quarterly distribution statement detailing the distribution amount and payment date.
- **Regular Reporting** – annual and half yearly reports updating the Fund's operations and updates on any important Fund activities. The annual reports will include financial reports including audited financial statements for the 12 month period ending 30 June.
- **Tax Statement** – an annual tax statement setting out the Fund's tax position following completion of the annual accounts in September of the following year.

If you invest through a Wrap Account, the Operator will determine the communications you will receive.

The Fund's Registry, Boardroom (Victoria) Pty Limited, provides Unitholders with information online at **boardroomlimited.com.au**, which is a secure website. This website allows each Unitholder to view and update details of their unitholding in the Fund, such as banking instructions and contact details to obtain online statements.

Regular reporting, including the Annual Report and Audited Financial Accounts, will be available on the Responsible Entity's website, **placerproperty.com.au**, and will be sent electronically to you if you have elected to receive it by email. Paper copies of these reports will not be sent out unless you have requested this on the Application Form or in writing to us.

## 02 Fund offer and structure

### 2.5 Summary of ASIC Disclosure Principles and Benchmarks

ASIC has established eight disclosure principles and six benchmarks that responsible entities of unlisted property schemes are required to disclose against. These principles and benchmarks are set out in ASIC Regulatory Guide 46 (**RG 46**).

These disclosure principles were introduced to help investors to understand the key characteristics of unlisted property schemes and assess associated risks by clarifying the disclosure requirements of the law.

The Responsible Entity aims to provide clear, concise and effective disclosure in this PDS. The table below summarises the information required under RG46 and provides a PDS cross reference for more detailed information in relation to the relevant benchmarks and disclosure principles. Information about associated risks can be found in Section 4.

| Benchmark and Disclosure Principles   | Description  | Section |
|---|--|---------|
| <b>Gearing</b>  | The Fund meets this benchmark.   |         |
| Benchmark 1 addresses a scheme's policy on gearing at an individual credit facility level.  | The Responsible Entity has adopted and complies with a gearing policy.   | 2.4     |
| Disclosure principle 1 addresses disclosure of the Gearing Ratio of the scheme, the calculation of the ratio and its explanation.                               | The Responsible Entity expects the Fund's Gearing Ratio as at the Minimum Subscription Date to be 43.6%.   | 6.2     |
|   | The Debt Facility has a Bank LVR covenant of 65% until the Minimum Subscription Date and 60% after that to 31 October 2020, and 55% thereafter.                                    | 11.10   |
|   | The initial Bank LVR is estimated to be 49.0% at the Minimum Subscription Date, including the undrawn Capital Works Facility.  | 6.2     |
|   | The calculation of the Gearing Ratio is in accordance with ASIC guidelines.  | 6.2     |
| <b>Interest cover</b>   | The Fund meets this benchmark.   |         |
| Benchmark 2 addresses a scheme's policy on the level of interest cover at an individual credit facility level.  | The Responsible Entity has adopted and complies with an Interest Cover Ratio ( <b>ICR</b> ) policy.  | 2.4     |
| Disclosure principle 2 addresses disclosure of the Interest Cover Ratio of the scheme, the calculation of the ratio and its explanation.                        | The Responsible Entity expects that the ICR for the Fund during the Forecast Period will be in excess of 2.9 times. The Debt Facility has an ICR covenant of 2.0 times.            | 2.4     |
|   | The calculation of this ratio is in accordance with ASIC guidelines.   | 6.1     |
| <b>Interest capitalisation</b>  | The Fund meets this benchmark.   |         |
| Benchmark 3 addresses whether the interest expense of a scheme is capitalised.  | It is not the intention of the Responsible Entity to capitalise interest expenses of the Fund.   | 2.4     |
|   | The interest expenses from the Debt Facility incurred by the Fund will not be capitalised.   | 6.4     |
| <b>Scheme borrowing</b>   | The Fund has borrowed \$25.0 million from the Bank under the Debt Facility.  | 11.10   |
| Disclosure principle 3 addresses disclosure of the scheme's credit facilities, including the circumstances in which credit facility covenants will be breached. | As part of the successful capital raising, the Debt Facility limit is expected to be reduced to \$19.6 million at the Minimum Subscription Date.                                   | 11.10   |
|   | The initial borrowings are structured on an interest only basis. The current loan term expiry date is 12 December 2022.  | 11.10   |
| <b>Portfolio diversification</b>  | The Fund owns the commercial office component of 333 Exhibition Street, Melbourne. The Fund does not intend to acquire additional real estate unless it is adjoining the Property. | 3.2     |
| Disclosure principle 4 addresses disclosure of the scheme's assets, including specific information about development assets.                                    |  |         |

| Benchmark and Disclosure Principles   | Description  | Section                         |
|---|--|---------------------------------|
| <b>Valuations</b>   | The Fund meets this benchmark.   |                                 |
| Benchmark 4 addresses the way in which valuations are carried out by a responsible entity in relation to the scheme's assets.                               | The Responsible Entity has adopted and complies with its Valuation Policy. The Responsible Entity is required to have the Property independently valued annually under its Valuation Policy and the Debt Facility.   | 2.4<br>8.0<br>11.2              |
| <b>Related party transactions</b>   | The Fund meets this benchmark.   |                                 |
| Benchmark 5 addresses a responsible entity's policy on related party transactions.  | The Responsible Entity has adopted, complies with and makes available its Related Party and Conflicts of Interest Policy.  | 2.4<br>11.4                     |
| Disclosure principle 5 addresses disclosure about related party transactions.   |  |                                 |
| <b>Distribution practices</b>   | The Fund meets this benchmark.   |                                 |
| Benchmark 6 addresses a scheme's practices for paying distributions from cash from operations available for distribution.                                   | During the Forecast Period, the Responsible Entity expects that all distributions are sourced from realised income (including the Rental Guarantee and interest earned on the Rental Guarantee and instalment monies).   | 2.4<br>4.4<br>6.1<br>6.4<br>6.5 |
| Disclosure principle 6 addresses where distributions are sourced from and whether forecast distributions are sustainable.                                   |  |                                 |
| <b>Withdrawal arrangements</b>  | The Fund is illiquid. The Initial Term is expected to end on or about 30 June 2024, unless the term is extended with the approval of Unitholders (by Special Resolution). Because the Fund is illiquid, there will be no 'cooling off' period relating to applications or any right to withdraw during the term of the Fund. | 2.2<br>2.3                      |
| Disclosure principle 7 addresses disclosure of the withdrawal arrangements within the scheme and risk factors that may affect the unit price on withdrawal. | Except in the case of certain Fund extensions approved by Special Resolution, Unitholders will not be able to withdraw from the investment until the Property is sold and the Fund wound up.   |                                 |
| <b>Net Tangible Assets</b>  | The Net Tangible Asset backing of the Fund is expected to be \$0.93 per Unit as at the Minimum Subscription Date. <sup>18</sup>  | 2.4<br>6.2                      |
| Disclosure principle 8 addresses disclosure of the Net Tangible Asset (NTA) backing per unit of the scheme.   |  |                                 |

Updates about any material changes to the matters listed in this table will be provided at [placerproperty.com.au](http://placerproperty.com.au).

<sup>18</sup> Refer to Section 6.2 for relevant assumptions.



### 3. Property overview



333 Exhibition Street Melbourne (view from Exhibition Street).  
The Fund has acquired the commercial office areas of the building shown in the foreground of the photograph.

### 3.1 Property highlights

#### A leading Australian university

Established in 1853, the University of Melbourne is a public institution that makes distinctive contributions to society in research, learning and teaching and engagement. It is consistently ranked among the leading universities in the world, and in the top two in Australia.

#### Melbourne CBD location

333 Exhibition Street Melbourne is positioned in a core location at the north-eastern corner of the Melbourne CBD, within the Victorian Parliamentary precinct. The Property overlooks the world heritage listed Carlton Gardens and Royal Exhibition building.

Victoria leads the nation for population growth, with 144,400 new residents (+2.3%) in the 12 months to June 2017, significantly above the 1.6% national average growth rate. Further, greater Melbourne's population grew by 555,950 residents, 25.4%, between 2011 and 2016.

#### Lease terms

The Property has a weighted average lease expiry of 4.9 years by rental income. The Property is 100% leased to the University of Melbourne. The University of Melbourne has a separate lease over each floor with each lease having an initial term of six years. In addition to the initial term, the University of Melbourne has an option under each lease to extend the lease for a further four year term.

The office space has exclusive use of two lifts that are accessed through a lobby on Exhibition Street that services the five upper levels of office. To the rear of the lobby is 525 sq.m of additional office space that includes recently completed end of trip showering facilities and bike storage. Two dedicated chillers, two boilers and air-handling units on each floor service the building.

The Property forms part of a mixed-use strata-titled development constructed in 1988, which includes the Mantra on The Park hotel accommodation, ground floor retail and a multi-level car park facility. A series of owners corporations ('OC') afford the strata-title owners with respective common area rights and obligations.

The purchase price of \$38.385 million (after including the value of the Rental Guarantee) represents a 4.0% discount to the final valuation of \$40.0 million. The sound asset metrics include 100% occupancy and a WALE of 4.9 years (each as at the date of the PDS).

333 Exhibition Street, Melbourne is located at the north-eastern fringe of the Melbourne CBD with uninterrupted views of the world heritage listed Carlton Gardens and the Royal Exhibition Building. Surrounding properties include multi tenanted offices, hotel and apartment complexes, commercial car parks and residential towers. The site is within close proximity to Melbourne's renowned theatre district and public and private hospitals.

The Property is used by the University of Melbourne for research and administrative purposes.

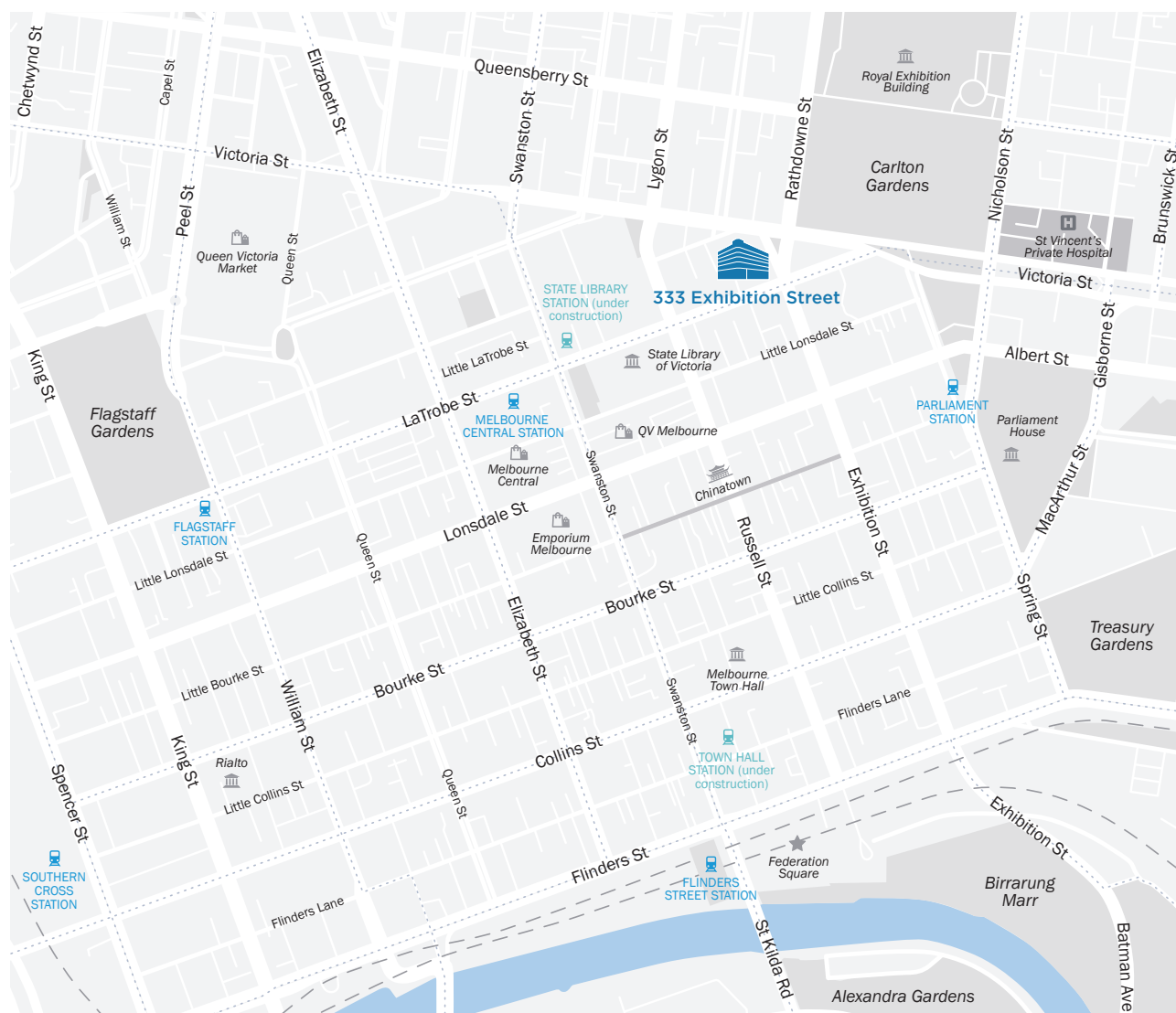
### 3.2 Property description and location

333 Exhibition Street is located at the corner of Exhibition and La Trobe Streets, in Melbourne. The Property is a six-level office building leased to the University of Melbourne for six years, with an average expiry of January 2023. Each lease has an option to extend the term by a further four years.

The Net Lettable Area of the building is approximately 6,528 sq.m, with upper level floor areas of approximately 1,200 sq.m each. The central core design of the office space maximises views towards the Carlton Gardens and back towards the city and La Trobe Street.



### 03 Property overview



333 Exhibition Street location map.

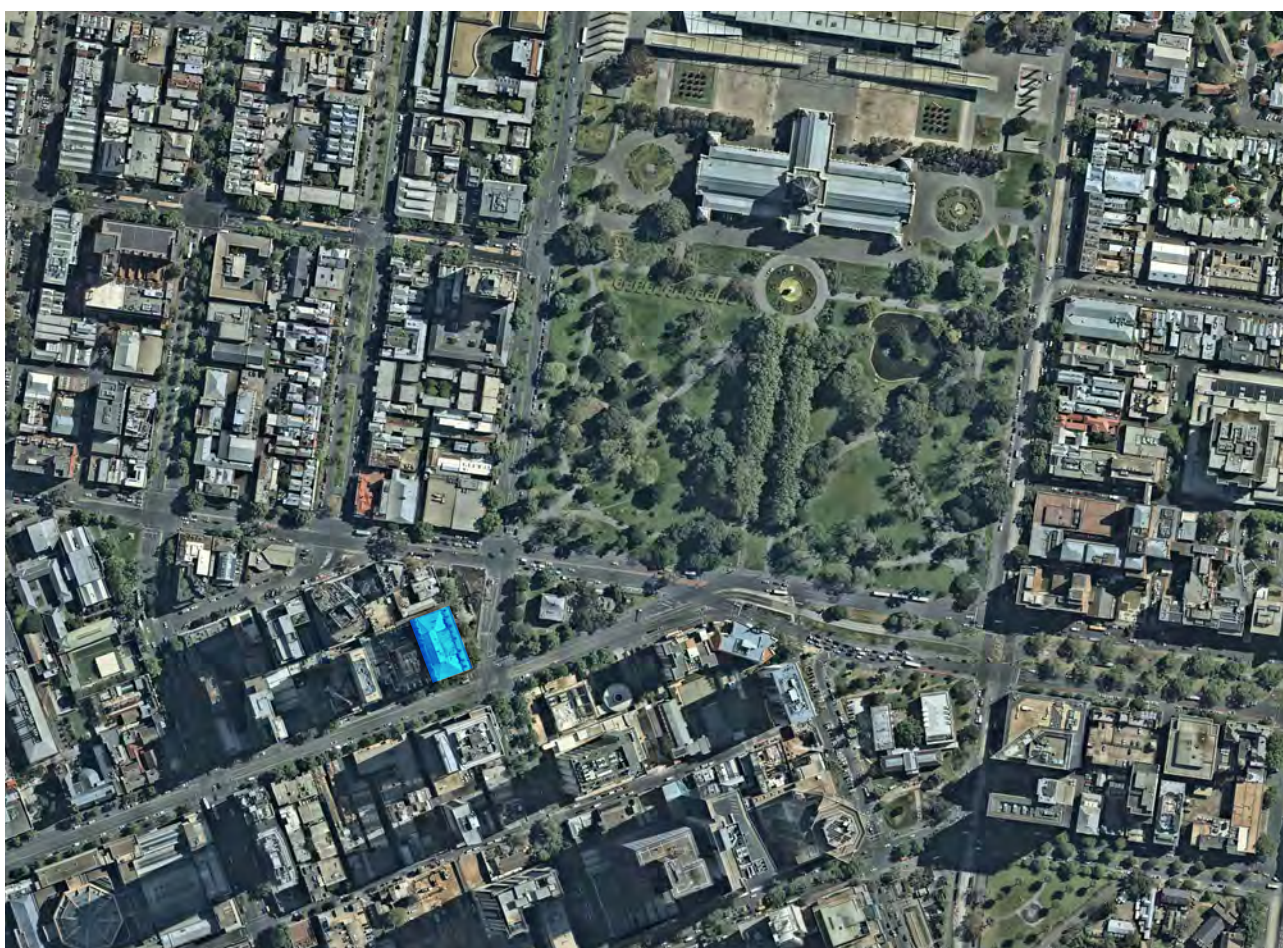


Parliament Station, near the Property.



Parliament House, near the Property.





Aerial view of 333 Exhibition Street Melbourne. The Fund has acquired the commercial office areas of the building, highlighted in blue in the photograph.

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**Diagonally opposite the Property, at 308 Exhibition Street, Melbourne, is a new two tower hotel and apartment development expected for completion in 2022 and designed by award winning architects, Cox and Fender Katsalidis.**

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When completed, the development at 308 Exhibition Street is expected to include a luxury five star Shangri-La Hotel featuring an estimated 500 guest rooms and three levels of amenities, including a sky lobby, restaurants, spa, fitness centre, pool and a state of the art ballroom.

The second tower is expected to include some 300 luxury residential apartments as well as office space. A sky bridge will connect the two towers and retail space will occupy the lower levels of the development.

## 03 Property overview

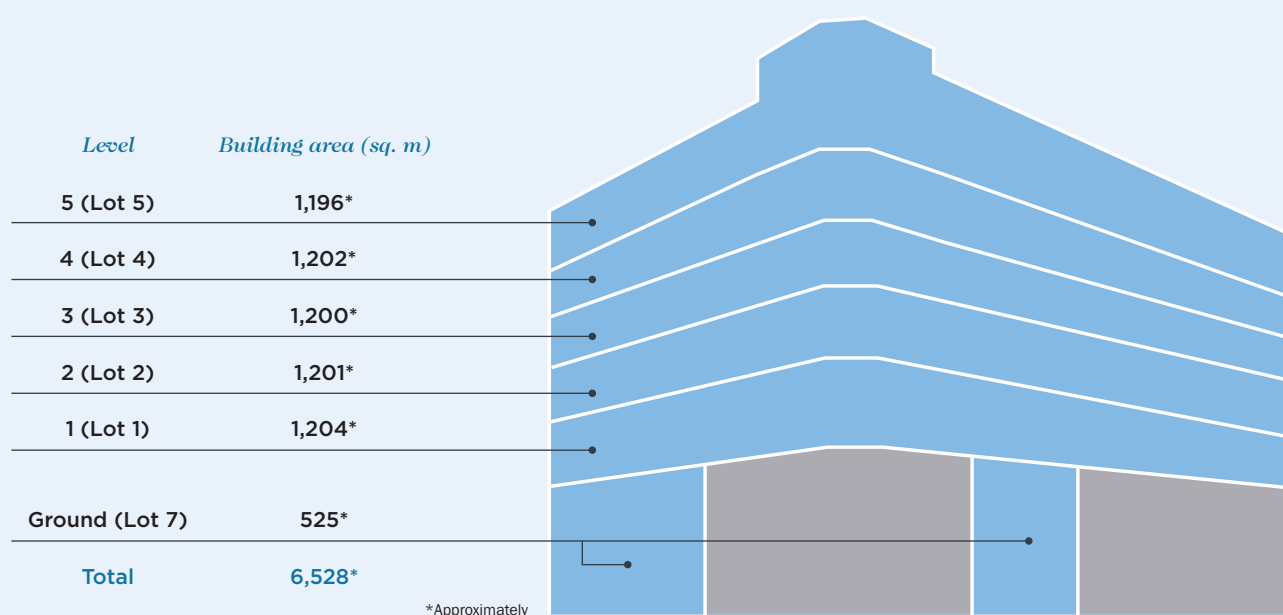
### 3.3 Tenancy and lease information

The major terms of the leases are summarised as follows:

Further information on the University of Melbourne's leases can be found in Section 11.9.

| Level                   | Ground  | Level 1   | Level 2   | Level 3   | Level 4   | Level 5   |
|-------------------------|---|-----------|-----------|-----------|-----------|-----------|
| Area (sq.m)             | 525   | 1,204     | 1,201     | 1,200     | 1,202     | 1,196     |
| Lease commencement date | 01-Feb-17   | 01-Feb-17 | 01-Mar-17 | 13-Dec-16 | 15-Jan-17 | 15-Jan-17 |
| Lease terms             | Six years   |           |           |           |           |           |
| Option for further term | The University of Melbourne has an option for a further term of four years for each lease. If the option is exercised, the commencing rental for the new term is reset to market rates.   |           |           |           |           |           |
| Rent review             | Fixed annual 3.65% increases on each anniversary of lease commencement.   |           |           |           |           |           |
| Outgoings               | <p>The University of Melbourne is required to pay the owner their share of outgoings for the building, estimated under the terms of the lease as \$90.33 per sq.m for the first year of the term.</p> <p>Outgoings are payable by the University of Melbourne in addition to rent. Outgoings are defined widely in the leases and include statutory charges, body corporate levies, maintenance and operation costs, insurance administration and management.</p> |           |           |           |           |           |

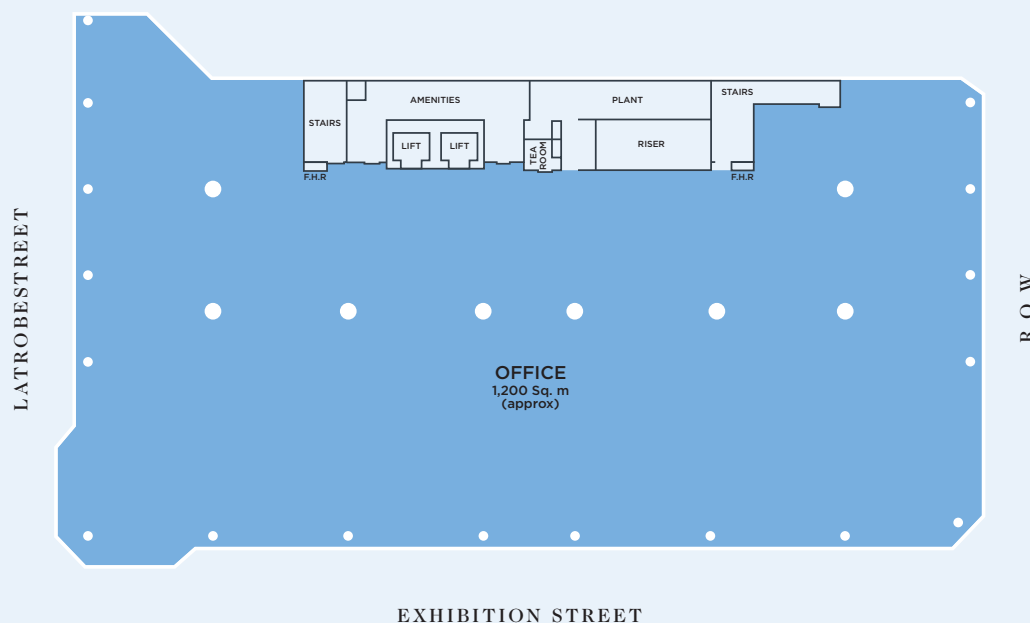
Further information on the University of Melbourne's leases can be found in section 11.9.



Illustrative purposes only, not to scale. Does not accurately reflect locations of ground floor units.

The typical upper floor plan illustrates efficient and versatile design, which maximises views and opportunity for future subdivision if and where required.

**The Property has a weighted average lease expiry of 4.9 years by rental income. The Property is 100% leased to the University of Melbourne.**



Typical floorplan of levels 1-5 of 333 Exhibition Street Melbourne.

### 3.4 Planning

Planning Certificate (dated 7 March 2017) provides that the Property is:

- Located in the municipality of Melbourne and the responsible authority is the City Council of Melbourne;
- Subject to the Melbourne Planning Scheme;
- Located in a mixed-use zone; and
- Subject to Parking Overlay – Precinct 12.

### 3.5 Title particulars

The Property comprises six separate strata Certificate of Titles. The title particulars are:

- Volume 10545 folio 057
- Volume 10545 folio 058
- Volume 10545 folio 059
- Volume 10545 folio 060
- Volume 10545 folio 061
- Volume 10545 folio 063

The Property's land descriptions are

- Lot 1 on Plan of Subdivision 430269E
- Lot 2 on Plan of Subdivision 430269E
- Lot 3 on Plan of Subdivision 430269E
- Lot 4 on Plan of Subdivision 430269E
- Lot 5 on Plan of Subdivision 430269E
- Lot 7 on Plan of Subdivision 430269E



### 03 Property overview

## 3.6 Owners Corporation

The Property includes an interest in the following two owners corporations:

1. Lots 1-5 and 7 on Plan of Subdivision 430269E are affected by membership of Owners Corporation 1 (**OC1**) (16.4% unit entitlement); and
2. Lots 1-5 on Plan of Subdivision 430269E are also affected by membership of Owners Corporation 2 (**OC2**).

OC2 represents the space leased by the University of Melbourne. Accordingly, the Fund is the sole member of OC2 and controls 100% of the unit entitlement.

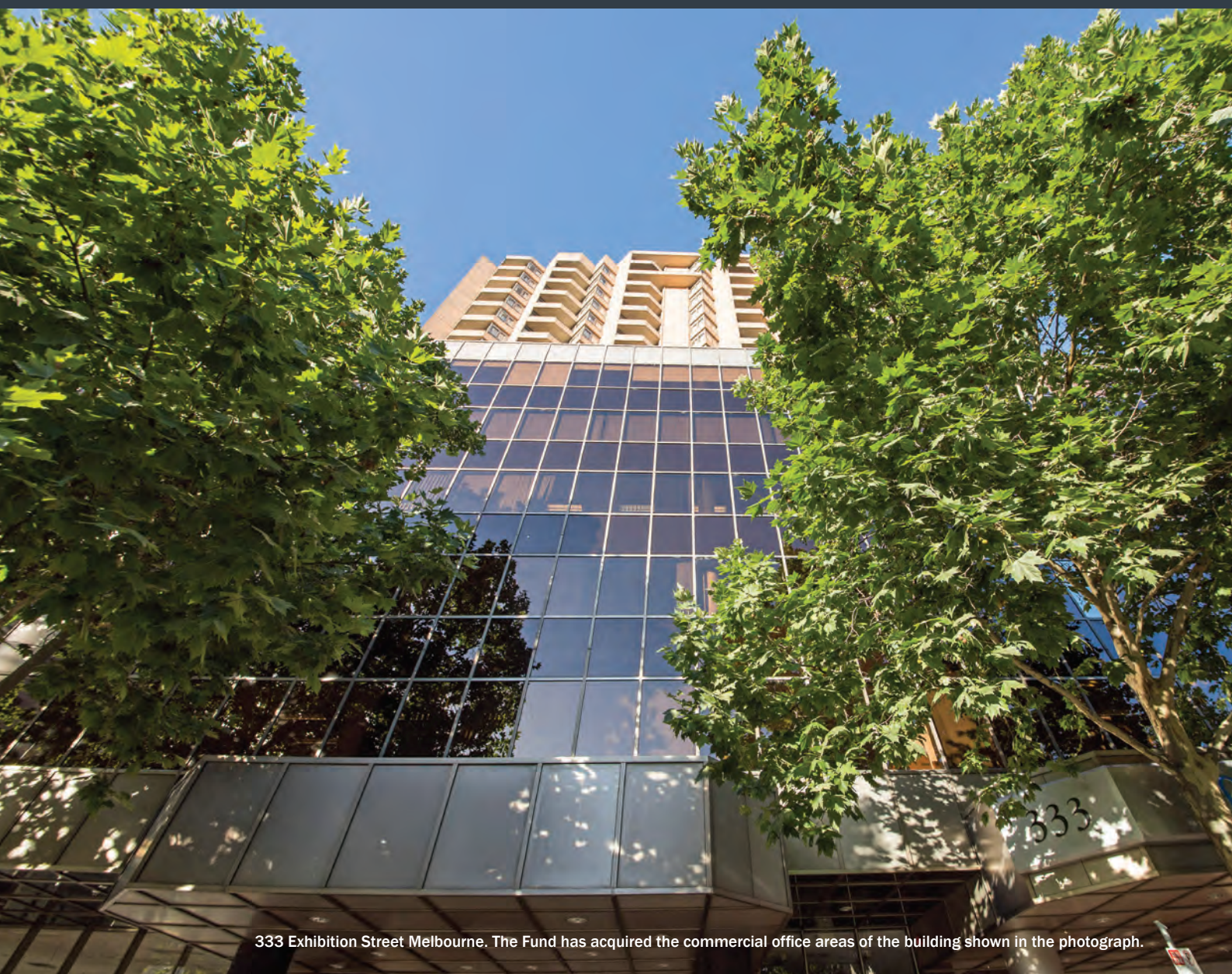
OC1 rights extend over a common area, including some plant rooms. The Fund holds 16.4% of the unit entitlement and voting rights. In OC1, some expenses are apportioned on a unit entitlement basis and some on a user basis. These proportions have been considered in the Forecast. Further information on OC1 and OC2 can be found in section 11.8.



View from 333 Exhibition Street Melbourne of the Royal Society of Victoria building, the Carlton Gardens, and the Royal Exhibition Building.



## 4. Risks



333 Exhibition Street Melbourne. The Fund has acquired the commercial office areas of the building shown in the photograph.

## 04 Risks

As with all investments, the future performance of the Fund can be influenced by a number of factors that are outside the control of the Responsible Entity.

The level of future distributions, the value of the Property and the value of Unitholders' Units may be influenced by any of these risk factors, which include, without limitation, the following:

### 4.1 General investment risks

General investment risks include:

- A downturn in general economic and market conditions in the Australian and/or the global economy.
- Unfavourable movements in interest rates or inflation.
- Unfavourable movements in the unemployment rate.
- Changes to the law (including tax laws) and accounting.
- Natural disasters, including earthquakes, fire, storm, social unrest, terrorist attack or war in Australia or overseas.

### 4.2 General property risk

There are a number of risks associated with an investment in property. These include, without limitation:

#### Movements in valuation

The value of the Property may be adversely affected by a downturn in real estate market conditions or the underlying performance of the Property. There is no guarantee that the Property or Unitholders will achieve a capital gain or that the Property will not fall in value relative to the current valuation.

#### Property revenue and diversification

Generally, the more diverse a portfolio, the lower the impact that an adverse event affecting one asset in the portfolio will have on the income or capital value of the overall portfolio. The Fund is invested in a single property so there is no property diversification.

The forecasts for the Fund in this PDS are significantly reliant on the performance of the sole tenant and running costs of the Property.

The Fund's revenue may decrease as a result of:

- Default by the tenant (or owner) under the terms of the leases or the insolvency of the tenant.
- Unforeseen vacancies may result in a reduction in the income of the Fund or cessation of rental during the releasing period.
- Change in real estate market conditions either reducing the demand for office space or increasing supply from new or existing competing property that adversely affects the market rental of the Property.
- Property running costs may exceed forecast, including but not limited to rates and taxes and insurance premiums.

#### Property sales/liquidity

Real estate, by its nature, is an illiquid investment. Depending on prevailing conditions it may be difficult for the Responsible Entity to dispose of the Property either prior to or at the end of the investment term in a timely manner or at an optimal sale price.

This may affect the Responsible Entity's ability to return capital to Unitholders and may reduce the Unit value.

#### Property contamination

As a property owner, the Fund is exposed to the risk that under various Federal, State and local environmental laws, it may be liable for the cost of removal or remediation of hazardous or toxic substances on, under, in or emanating from the Building. In common with all other owners of property, there is a risk that environmental laws may become more stringent in the future or that environmental conditions on or near the Building may have a materially adverse effect on the Property in the future.

#### Force majeure risk

Force majeure is the term generally used to refer to an event beyond the control of a party claiming that the event has occurred, including acts of God, fire, flood, earthquakes, war, acts of terrorism and labour strikes. Some force majeure risks are uninsurable or are unable to be insured economically. A force majeure event may adversely affect the Responsible Entity's ability to perform its obligations until it is able to remedy the force majeure event. Should such events occur in respect of the Fund or the Property, they may adversely impact the Property and the ability of tenants to service their obligations under the leases.



## Insurance

The Building is covered by the Owners Corporation's (Section 3.6) insurance including Industrial Special Risk (Building, Plant and Machinery and Business Interruption) and Public and Products Liability. However the insurance may not cover all events or claims and is subject to deductible excesses.

## 4.3 Specific property and tenancy risks

Property income and potentially the Property's value depend on the tenant continuing to comply with the terms and conditions of its leases. The ability to lease or re-lease on expiry of the tenant's current leases, and the rent achieved, will depend upon prevailing market conditions at the time, and these may be affected by economic conditions, competitive forces or other factors. Additionally, the Fund is exposed to the creditworthiness and performance of the Property's sole tenant, the University of Melbourne. Lack of diversification in tenancies may magnify the impact of Fund losses should the sole tenant default in its lease obligations.

Specific property risks can occur from time to time and the following specific property risks have been identified in respect of the Fund:

### Owners Corporations OC1

Most of the Property's plant and equipment sits in OC2 where the Fund holds a 100% interest. There is some plant including the air conditioning boilers that are located in OC1. The Fund holds 16.4% of the unit entitlement and voting rights in OC1 however it is responsible on a user pays percentage for any repair or replacement of equipment. The Fund has a minority interest in OC1.

### Leasing, tenancy renewal or vacancy assumptions

There is a risk that the income of the Fund will decrease and the value of the Property may be adversely affected if leasing, tenancy renewal, occupancy or vacancy assumptions are not met. The Fund may also need to pay lease incentives to attract tenants, commission to leasing agents who introduce tenants and marketing expenses.

A Rental Guarantee of \$2,461,020 has been provided by KordaMentha Investments Pty Ltd in its capacity as trustee of the KordaMentha Investments (Exhibition Street) Trust. The effect of the Rental Guarantee is to cancel out the effect of certain rental reductions agreed by the previous Property owner under the existing leases. The risk of KordaMentha Investments Pty Ltd defaulting on its obligations under the Rental Guarantee is mitigated by the full amount of the Rental Guarantee being held in cash by the Custodian on behalf of the Fund.

### The University of Melbourne lease renewal

The University of Melbourne is the sole tenant of the Property and has separate leases over each floor with each lease having an initial term of six years. In addition to the initial term, the University of Melbourne has an option to extend the initial lease term of each lease for a further four years.

On average, the University of Melbourne's leases represent a weighted average lease expiry (**WALE**) profile of 4.9 years as at the date of the PDS. See Section 11.9 for individual lease expiry and option dates. The University of Melbourne leases expire during the Initial Term of the Fund.

Whilst each of the University of Melbourne's leases has a four year option there is no guarantee that any or all of the options will be exercised by the tenant. If the option is exercised, the University of Melbourne must give at least three months, but no more than nine months' notice before the expiry date of the lease. If the option is exercised the commencing rental will be based on market rent.

The Responsible Entity, acting in the best interests of Unitholders after considering all relevant circumstances, may reduce or withhold distributions leading up to the option period as a vacancy of part or all of the Property is a risk to investor distributions, property valuation and bank financial covenants.

### Unforeseen capital expenditure

Regardless of reasonable care being taken during due diligence enquiries on the Property, unforeseen capital expenditure over the Forecast Period may also adversely impact on the financial forecasts in this PDS.

## 04 Risks

### 4.4 Fund risks

#### Gearing

The Fund involves an investment in an income producing Property funded partly by invested capital (equity) and partly by money that has been borrowed under the Debt Facility (borrowings). When a property investment is geared (i.e. purchased with borrowings) the potential for gains and losses are greater. This also exposes the Fund to increased costs if, for example, interest rates rise. To reduce the risk of unfavourable interest rate movements, the Responsible Entity has engaged in interest rate hedging.

Gearing also has the effect that acquisition costs, charges and fees represent a higher percentage of the equity in the purchase than they would if there were no borrowings and the Property was purchased entirely with equity.

#### Borrowings

A fall in the value of the Property or net property income could result in a breach of a borrowing condition. If there is a default under the Debt Facility, the Bank may enforce its security against the Property and, amongst other things, sell the Property. The borrowings of the Fund are limited recourse, meaning recourse extends only to assets of the Fund.

The Fund will be subject to the terms and conditions of the Debt Facility, including key covenants. Breaches of these covenants or any other default of terms may enable the Bank to enforce its rights against the Fund and/or the Property (see Sections 2.4 and 11.10).

#### Refinancing risk

Upon expiry of the Debt Facility, the Bank has no obligation to roll over (i.e. extend or renew) the Debt Facility. In the event that the Fund requires refinancing, there is no certainty that debt funding to replace the Debt Facility at the end of the term will be obtained or will be obtained on comparable terms. In such an event, the Property and any other Fund asset may have to be sold at short notice and in a market that may not be conducive to a quick sale.

#### Interest rate hedging

The Responsible Entity has entered into an interest rate swap (a financial derivative) over \$19.1 million of the estimated \$19.6 million Debt Facility to substantially hedge

the Fund's interest rate exposure for the term of the Debt Facility, effectively swapping floating interest rate cost to fixed interest rate cost. This is to protect against an adverse movement in the interest rate payable under the Debt Facility. The Responsible Entity may hedge the Fund's interest rate exposure at other times.

If the Property and/or other assets were sold before the end of any interest rate swap, the Fund may incur hedging termination or 'break' costs, particularly if interest rates have fallen from the date they were first hedged. There is also a risk that further interest rate hedging cannot be secured by the Responsible Entity.

#### Liquidity

An investment in the Fund should be viewed as a medium to long-term investment, and should be considered illiquid as it is unlikely that there will be a secondary market for Units. No holder of Units issued under this PDS has the right to have their Units redeemed or withdrawn from the Fund, however this does not restrict a Unitholder's right to sell the Units (but the Responsible Entity may, in certain circumstances, refuse to register any transfer of Units).

#### Taxation and stamp duty

The effect of taxation on Unitholders is complex and the summary in Section 7 is general in nature. Prospective investors should seek professional taxation advice specific to their own circumstances.

It is expected that the Fund will enjoy significant tax deferred income as outlined in Section 7. It is noted that should KordaMentha (Exhibition Street) Trust's interest in the Fund be reduced by more than 50% in FY18, it is possible that the Fund may not be 100% and 98% tax deferred in FY18 and FY19 as forecasted respectively due to the operation of the Trust loss recoupment rules. In addition, as with all tax legislation, it is possible that the relevant rules may change in the future.

Taxation and stamp duty considerations taken into account by the Responsible Entity in preparing this PDS are based upon relevant legislation, regulations, court decisions and rulings and pronouncements of relevant taxation and revenue authorities now in effect, all of which are subject to change or differing interpretations. Prospective investors should note that any such change could have retroactive application so as to result in taxation and stamp duty consequences different from those taken into account

by the Responsible Entity. The Responsible Entity has not sought any ruling from relevant taxation or revenue authorities with respect to these considerations and there can be no assurance that relevant taxation or revenue authorities will not assert, or that a court will not sustain, a contrary position.

### Stamp duty was payable by the Fund at settlement

If the Fund does not qualify as a “public unit trust scheme” within the meaning of the Duties Act 2000 (Vic) (**Duties Act**), and an acquisition of Units exceeds the 20% acquisition threshold under the Duties Act, the acquiring Unitholder will be liable to stamp duty. In determining whether the 20% threshold is reached, the Unitholder’s Units are aggregated with other acquisitions by the Unitholder, a person associated with the acquirer or any other person in an associated transaction.

If at the time of the acquisition of Units, the Fund is a “widely held trust” and therefore a “public unit trust scheme” within the meaning of the *Duties Act 2000* (Vic), the acquisition threshold for stamp duty to be payable would be 90% or more.

### Unit price risk

The Issue Price per Unit under this PDS is \$1.00. The Net Tangible Asset per Unit is expected to be \$0.93 as at the Minimum Subscription Date.<sup>19</sup> Based on these figures, the NTA per Unit will need to increase by 7.2% before it equates to the Issue Price of \$1.00 per Unit.

### No guarantee of investment returns

Neither the performance of this investment nor the repayment of Unitholder contributions is guaranteed by the Responsible Entity, the Custodian or any other person.

### Legal risk

The Fund may, in the ordinary course of business, be involved in possible litigation and disputes, for example, tenancy disputes, environmental and occupational health and safety claims, industrial disputes and any legal claims or third party claims.

A material or costly dispute or litigation may affect the value of the assets or the expected income of the Fund. The cost of any potential or actual litigation is borne by the Fund.

### Related party risk

The Fund has entered into, and may in the future enter into, legal documents and contracts in relation to numerous aspects of the Fund’s operation, for example, property management arrangements, custody arrangements, debt financing arrangements, and tenancy arrangements. The Fund may be adversely affected where a party fails to perform under these agreements.

There is potentially additional counterparty risk when a related party is involved. For example, the related parties may not have the same incentive to perform obligations and to monitor performance. The Responsible Entity has procedures in place to mitigate this risk.

### Due diligence and use of experts

In acquiring the Property, the Responsible Entity has engaged appropriate experts to investigate the environmental, operational, structural and legal soundness of the Property. However, despite such investigations, the Responsible Entity cannot guarantee the identification and mitigation of all risks associated with the Property.

### Distribution risk

As a result of the inherent risk in any property investment there is no guarantee that the Fund will pay distributions at the rate forecast in the financial information or at all.

The tax deferred component of the distribution will depend on the Fund satisfying various requirements. If the Fund does not satisfy these requirements, the tax deferred component of the distribution could be materially different.



Internal office tenancy – 333 Exhibition Street Melbourne.

<sup>19</sup> Refer to Section 6.2 for relevant assumptions.



## 5. Fees and other costs



Rooftop view from 333 Exhibition Street Melbourne of the Carlton Gardens.  
The Royal Society of Victoria (lower right), Royal Exhibition Building, Melbourne Museum.

### DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns. For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

### TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC) website** ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed funds fee calculator to help you check out different fee options.

## 5.1 Fees associated with an investment in the Fund

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the Fund as a whole.

Taxation information is set out in Section 7.

You should read all of the information about fees and costs, as it is important to understand their impact on your investment.

All fees and costs in Section 5.1 are net of the effect of GST, i.e. inclusive of GST less any input tax credits (including reduced input tax credits).

### 333 Exhibition Street Property Fund

| Type of Fee or Cost  | Amount | How and When Paid |
|--|--------|-------------------|
| <b>Fees when your money moves in or out of the Fund</b>                          |        |                   |
| Establishment fee<br><i>The fee to open your investment.</i>                     | Nil    | Not applicable    |
| Contribution fee<br><i>The fee on each amount contributed to your investment</i> | Nil    | Not applicable    |
| Withdrawal fee<br><i>The fee on each amount you take out of your investment</i>  | Nil    | Not applicable    |

## 05 Fees and other costs

| Type of Fee or Cost   | Amount  | How and When Paid  |
|---|---|--|
| Exit fee<br><i>The fee to close your investment</i>   | Nil   | Not applicable   |
| <b>Management costs</b>   |   |  |
| The fees and costs for managing your investment<br><i>The amount you pay for your investment is shown at Section 5.2.</i> | <b>Management Fee</b>   |  |
|   | Management Fee of 0.65% per annum of the Gross Asset Value ( <b>GAV</b> ) of the Fund for the Initial Term.       | Payable monthly in arrears directly from the Fund's assets.        |
|   | <b>Costs and expenses</b>   |  |
|   | Costs and expenses estimated at 0.20% per annum of the GAV.   | Payable directly from the Fund's assets as they are incurred.      |
|   | <b>Performance Fee</b>  |  |
|   | 20% of the portion of outperformance of the Fund over an internal rate of return ( <b>IRR</b> ) of 10% per annum. | Payable directly from the Fund's assets as set out in Section 5.2. |
|   | <b>Indirect costs</b>   |  |
|   | Nil   |  |
| <b>Service fees</b>   |   |  |
| Switching fee<br><i>The fee for changing investment options</i>   | Nil   | Not applicable   |

The table below gives an example of how the fees and costs for this product can affect your investment over a one-year period. You should use this table to compare this product with other managed investment products.

### Example of annual fees and costs – 333 Exhibition Street Property Fund

| Example – 333 Exhibition Street Property Fund |  | Balance of \$50,000  |
|---|--|--|
| Contribution Fee                              | Nil  | For every additional \$5,000 you put in, you will not be charged a contribution fee. <sup>20</sup>   |
| PLUS Management Costs                         | 1.46% per annum of the Fund's Net Asset Value. <sup>21</sup> | <b>And</b> , for every \$50,000 you have in the Fund, you will be charged \$730 each year.   |
| EQUALS Cost of Fund                           |  | If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you will be charged a fee of \$730. <sup>22</sup><br><br><b>What it costs you will depend on the investment option you choose and the fees you negotiate.</b> |

Additional fees and expense may apply including Performance Fees, transaction fee and transactional and operational costs. For more details see Sections 5.2 and 6. Performance Fees have not been included because they are generally not payable, and do not accrue, during the term of the Fund. Whether or not they are ultimately payable depends on the IRR at the end of the Initial Term.

<sup>20</sup> After the Offer Closing Date, Unitholders are not able to make ongoing contributions to their investment during the term of the Fund.

<sup>21</sup> As required by regulation, in the table example shown above, 333 Exhibition Street Property Fund uses the indirect cost ratio for the Fund, which is based on Net Asset Value. Please note that management fees and reimbursable expenses are, in practice, estimated to be charged at a total of 0.85% of GAV. The 0.85% figure is the sum of the Management Fee of 0.65% and estimated recoverable expenses of 0.20%.

<sup>22</sup> The above example assumes that the additional \$5,000 is contributed at the end of the year. As noted above, ongoing contributions are not permitted during the term of the Fund.



## 5.2 Additional explanation of fees and costs

### Management fees

This is an ongoing fee paid to the Responsible Entity for general administration, operation and management of the Fund. The Management Fee is calculated by reference to the value of the Fund's gross assets.

### Costs and expenses

The Fund will incur ongoing administration costs including accounting fees, audit costs, Registry fees, custodial fees, Compliance Committee costs, tax and legal advice fees, investor reporting costs, bank charges and postage. These costs are estimated to be 0.20% per annum of the GAV. This amount is an estimate only and actual costs may be more or less than this amount.

The Responsible Entity is entitled, under the Constitution, to be reimbursed for all costs and expenses (which include the ongoing administration costs and abnormal expenses referred to above) that it may incur in the proper performance of its duties under the Constitution.

These costs and expenses include (but are not limited to) costs, disbursements and expenses associated with:

- The establishment and termination of the Fund and amending or replacing the Constitution.
- The production and circulation of the product disclosure statement and marketing and the promotion of the Fund.
- Fund assets and income.
- Borrowing money.
- Convening and holding meetings of Unitholders and implementing any resolutions passed at the meetings.
- Registry and accounting services, Fund tax returns, postage, confirmation advices, notices, reports and other documents.
- The Fund's Compliance Committee and its members.
- Auditing the Fund and the Compliance Plan.
- Establishment and administration of the complaints handling procedures for the Fund.
- Complying with any law and any request, policy or requirement of ASIC or any other regulatory authority.
- Any agent or delegate of the Responsible Entity (including associates).

### Transactional and operational costs

The Responsible Entity does not charge a buy spread when you invest in the Fund. However, the Fund does incur transactional and operational costs, such as stamp duty, derivative costs, registration fees and settlement costs, property management costs, the costs of rates, utilities and other property operating costs (excluding those costs recovered from tenants). These costs are payable when incurred out of the Fund. Transactional and operational costs are not payable to the Responsible Entity or the Manager. They are an additional cost to you and are ultimately reflected in the value of your investment in the Fund.

For the first financial year of the Fund ending on 30 June 2018, the Responsible Entity estimates the Fund's transactional and operational costs described above to be approximately 10.51% of the Net Asset Value, calculated on an annualised basis. Based on a six year term this would average to 1.75% per annum of the Net Asset Value.

Applied to an investment in the Fund of \$50,000, transactional and operational costs of 10.51% would be equal to \$5,253 per annum. When transactional and operational costs of 10.51% are added to management costs of 1.46%, as per the above worked example, the total cost would be 11.96%. Applied to an investment of \$50,000, the total cost would equal \$5,979 per annum. However, if applied over a six year term the total cost would be 3.20% per annum, or \$1,601 per annum if applied to an investment of \$50,000.

## 05 Fees and other costs

### Performance fee

As an incentive to maximise investor returns, the Responsible Entity is entitled to a Performance Fee of 20% of the portion of outperformance of the Fund over an internal rate of return (IRR) of 10% per annum (**Performance Fee**).

Each of the following is a '**Calculation Date**' for the purposes of calculating the Performance Fee:

- The winding up of the Fund following its termination.
- If the term of the Fund is extended beyond the Initial Term, the end of the Initial Term.
- If the term of the Fund is extended beyond any extension period, the end of that extension period.
- The date the Responsible Entity is removed or replaced as responsible entity of the Fund.

The initial Performance Fee period will be from the Minimum Subscription Date until the first 'Calculation Date'. Any subsequent Performance Fee period will be from the previous Calculation Date until the next Calculation Date.

The first Performance Fee period will use an opening balance of \$1.00 per Unit. The opening balance for any subsequent Performance Fee period will be reset to the Net Asset Value per Unit in the Fund (**NAV per Unit**) at the commencement of that period.

If any Calculation Date occurs before the winding up of the Fund and a Performance Fee is payable to the Responsible Entity as at that Calculation Date, the Responsible Entity may do one or more of the following:

- Pay itself the Performance Fee in cash, which may be funded by available cash and/or further Fund borrowings.
- Pay itself the Performance Fee by issuing Fund units to itself (or its nominee) at an issue price of NAV per Unit (plus Transaction Charges).

### Example of performance fee

To illustrate how the Performance Fee is calculated the following example is provided. It is for information purposes only and it is not intended to be a forecast. Actual results may vary significantly from the example.

For example, if:

- The Fund raises \$23.48 million at an Issue Price of \$1.00 per Unit.
- Over the term of 6.0 years, the Fund paid an average distribution of 6.7 cents per Unit per annum (paid on a quarterly basis).
- At completion of the winding up of the Fund, the Fund returned \$1.30 per Unit (this assumes property capital growth of 4.5% per annum).
- The Fund's equity IRR based on this series of cash flows is calculated to be 10.5%.
- The outperformance amount above the hurdle IRR of 10.0% per annum would be \$0.94 million, being the amount that, if included in the Fund IRR cash flows as an outflow at the wind up of the Fund, reduces the Fund IRR to 10.0% per annum.
- Therefore, the Performance Fee payable will be \$0.188 million (being 20.0% of \$0.94 million for the Fund, or \$0.008 per Unit).

Applying this example to a Unitholder with an initial \$50,000 investment, this would equate to a Performance Fee of \$403, and reduction to the IRR from 10.5% to 10.4%.

### Transaction fee

This is the fee charged by the Responsible Entity for the identification and analysis of the Property, negotiating its acquisition, managing the due diligence process, negotiating and procuring debt and establishing the purchasing entity, structuring the overall investment and raising capital by way of the Units. The Transaction Fee is equal to 2.0% of the Property valuation and is payable from the assets of the Fund on the Minimum Subscription Date (assuming the Minimum Subscription Amount has been raised).

The Property was independently valued at \$40.0 million as at 1 February 2018 by Knight Frank Valuations, therefore the Transaction Fee payable to the Responsible Entity will be \$800,000.

### Disposal fee

This is the fee charged by the Responsible Entity in respect of coordinating the sale of the Property (and/or any other real estate asset of the Fund). This fee is 1.5% of the sale price of the relevant property. Any commissions to real estate agents involved in the sale are included in this fee and **will not be**

**an additional cost to the Fund.** The Manager is expected to perform this work on behalf of the Responsible Entity. If this occurs the Responsible Entity will pay a disposal fee to the Manager. The fee will be payable from the assets of the Fund upon settlement of the sale of the relevant property.

For example, if a property sold for \$50 million, the disposal fee would be a maximum of \$750,000. However, all external agents' sale fees will be paid from this amount.

### Professional services fees

The Responsible Entity may seek professional services for the Fund from qualified providers including related parties. The fees for these services will be charged at normal commercial rates to the Fund. The Manager may arrange the provision of these services.

The Responsible Entity expects to retain external property managers and leasing agents to perform some property management functions. The Responsible Entity may however appoint a related entity (including the Manager) to undertake some or all of these functions. Should this occur any fees for these services would be charged at normal commercial rates and comply with the Responsible Entity's Related Party and Conflicts of Interest Policy.

For more detail on the policy, refer to Section 11.4.

### GST

Unless otherwise stated, all fees in this section of the PDS show the net effect of GST (i.e. inclusive of GST less any input tax credits including reduced input tax credits). Where the Fund is entitled to an input tax credit or reduced input tax credit under the GST legislation for GST paid in respect of the services provided to it, the cost to the Fund of paying GST will be reduced proportionally. For additional information in relation to the taxation implications of an investment in the Fund please see Section 7.

### Differential fees

The Responsible Entity may negotiate special fee arrangements with Unitholders who are wholesale clients pursuant to the Corporations Act under which it reduces or rebates fees to those Unitholders. Such special fee arrangements will not adversely impact upon the fees that are paid by other Unitholders as set out in the previous table.

### Adviser remuneration

The Responsible Entity does not pay any commission to financial advisers and other intermediaries. If investors have arrangements with their financial advisers, investors are able to direct the Responsible Entity to pay an amount on their behalf to their adviser out of their application monies. To do so, investors need to nominate the payment amount on their Application Form.

### Maximum fee entitlements and other fees

Under the Constitution, the Responsible Entity is entitled to the following maximum fees:

- Management Fee of 2.0% pa of Gross Asset Value. However, the Responsible Entity has set the Management Fee at 0.65% for the Initial Term of the Fund. Any increase to this fee after the Initial Term will be disclosed to Unitholders before they are required to vote or otherwise approve an extension of the Fund's term.
- A capital raising fee of 3% of the value of the application monies in respect of any issue of units occurring after completion of the Offer (other than Units issued by way of distribution reinvestment). This fee is not applicable to Units issued under this Offer.

### Indirect costs

The Fund does not invest in 'interposed vehicles' or use derivatives (other than for hedging purposes). Other than Fund expenses described in the fee table and under 'Costs and Expenses', the Fund does not incur any indirect costs.



## 6. Financial information



333 Exhibition Street Melbourne (Ground Floor foyer).

**This section provides details of the:**

- Forecast income and distribution statements for the period commencing 1 March 2018 and ending 30 June 2018 and the 12 months ending 30 June 2019 (**Forecast Period**).
- Pro forma balance sheet after the issue of Units representing the Total Offer Amount.
- Sources and application of funds from this Offer.

The forecast financial information in this section should be read in conjunction with the statement of significant accounting policies and the best estimate assumptions as set out in this section.

Key assumptions upon which the forecast income and distribution statements and pro forma balance sheet are based include that:

- the Minimum Subscription Amount has been achieved at the date of the forecast financial information; and
- there are no Acquisition Units on issue.

Future returns from an investment in the Fund are not guaranteed. The Responsible Entity's forecasts have been prepared on best estimate assumptions. While the directors of the Responsible Entity believe the assumptions used are appropriate and reasonable at the date of this document, some factors that may affect the actual results cannot be foreseen or accurately predicted and many of these factors are beyond the control of the directors of the Responsible Entity. As such, actual results may differ from these forecasts. Consequently, the Responsible Entity and its directors cannot guarantee that the results in the prospective financial information will be achieved.

The forecast financial information has been prepared in accordance with the measurement and recognition criteria of the Australian Accounting Standards.

The forecast financial information has been presented in an abbreviated form and does not contain all of the disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act.



## 06 Financial information

### 6.1 Forecast income and distribution statement

Set out below is the forecast income and distribution statement of the Fund for the Forecast Period assuming the Minimum Subscription Amount has been raised by the Minimum Subscription Date. The forecast income and distribution statement displays the net income available for distribution to Unitholders by adjusting the forecast net income for a number of non-cash and significant items.

#### Forecast income and distribution statement<sup>23</sup>

| Forecast income statement              | Notes      | 1 March<br>2018 to 30<br>June 2018 | Year<br>Ending 30<br>June 2019 |
|--|------------|------------------------------------|--------------------------------|
|  |            | \$'000                             | \$'000                         |
| <b>Revenue</b>                         |            |                                    |                                |
| Net property income                    | 1          | 857                                | 2,600                          |
| Straight line rental income            | 2          | 313                                | 917                            |
| Incentives and leasing costs amortised |            | -                                  | -                              |
| Total property income                  |            | 1,170                              | 3,517                          |
| Interest income                        |            | 21                                 | 46                             |
| <b>Total Income</b>                    |            | <b>1,191</b>                       | <b>3,563</b>                   |
| <b>Expenses</b>                        |            |                                    |                                |
| Management Fee                         |            | (88)                               | (266)                          |
| Administrative costs                   |            | (27)                               | (83)                           |
| Finance costs                          | 3, 5 and 6 | (279)                              | (859)                          |
| Fair value adjustments                 | 4          | (405)                              | (1,317)                        |
| <b>Net Profit</b>                      |            | <b>392</b>                         | <b>1,038</b>                   |

| Forecast distribution statement                       | Notes | 1 March<br>2018 to 30<br>June 2018 | Year<br>Ending 30<br>June 2019 |
|---|-------|------------------------------------|--------------------------------|
|   |       | \$'000                             | \$'000                         |
| <b>Net Profit</b>                                     |       | <b>392</b>                         | <b>1,038</b>                   |
| <b>Adjustments</b>                                    |       |                                    |                                |
| Straight line rental income                           | 2     | (313)                              | (917)                          |
| Incentives and leasing costs amortised                |       | -                                  | -                              |
| Amortisation of borrowing costs                       | 3     | 29                                 | 88                             |
| Fair value adjustments                                | 4     | 405                                | 1,317                          |
| <b>Adjusted net profit available for distribution</b> |       | <b>513</b>                         | <b>1,526</b>                   |
| Less distribution rounding                            |       | (3)                                | -                              |
| <b>Net Distribution</b>                               |       | <b>510</b>                         | <b>1,526</b>                   |
| Net distribution per Unit (cents)                     |       | 2.17                               | 6.50                           |
| Annualised distribution yield                         |       | 6.50%                              | 6.50%                          |
| Interest cover ratio (times)                          | 7     | 3.06                               | 2.98                           |

#### Notes

- The net property income forecast includes drawing on the Rental Guarantee for \$0.43 million for the period ending 30 June 2018, and \$1.31 million for the year ending 30 June 2019 for income purposes. The full value of the Rental Guarantee is \$2.46 million. See Section 11.11.
- Straight line rental income represents the impact of bringing fixed rent review increases to account evenly over the life of the leases. This is a non-cash item included in the adjusted net profit and is not available for distribution. Straight line rental income is therefore not taken into consideration when calculating the net profit available for distribution.
- Borrowing costs relating to the Debt Facility are amortised over the remaining term to 12 December 2022, commencing from the start of the Debt Facility.
- Fair value adjustments have arisen primarily due to the recognition of straight line rental and movements in the balance of leasing incentives and leasing costs. The fair value adjustments are non-cash items and are therefore not taken into consideration when calculating the net profit available for distribution.
- Over the Forecast Period, \$491,440 is estimated to be drawn down from the debt facility for capital expenditure purposes.
- Finance costs are estimated as at the Minimum Subscription Date. All other items are based on estimated amounts as at 1 March 2018.
- Calculated in accordance with ASIC Regulatory Guide 46. See Section 2.5.

<sup>23</sup> The statements have been prepared on the basis that the Minimum Subscription Amount has been raised and there are no Acquisition Units on issue.



## 6.2 Pro forma balance sheet

The pro forma balance sheet has been prepared to present the Fund's net asset position at the Minimum Subscription Date.

| Pro forma balance sheet        | Notes    | As at Minimum Subscription Date<br>1 March 2018 |
|--------------------------------|----------|---|
| \$'000                         |          |   |
| <b>Assets</b>                  |          |   |
| Cash                           |          | 767   |
| Property                       | 1        | 40,000  |
| Other assets                   | 2        | 2,461   |
| <b>Total Assets</b>            |          | <b>43,228</b>                                   |
| <b>Liabilities</b>             |          |   |
| Borrowings                     | 3 and 10 | 18,850  |
| Capitalised borrowing costs    | 4        | (426)   |
| Other liabilities              | 5        | 2,900   |
| <b>Total Liabilities</b>       |          | <b>21,324</b>                                   |
| <b>Net Assets</b>              |          | <b>21,904</b>                                   |
| <b>Equity</b>                  |          |   |
| Issued Units                   |          | 23,479  |
| Transaction costs              | 6        | (861)   |
| Retained losses                | 7        | (714)   |
| <b>Total Equity</b>            |          | <b>21,904</b>                                   |
| Number of Units issued         | 8        | 23,479,194                                      |
| NTA per Unit                   |          | \$0.93  |
| Gearing                        | 9        | 43.6%   |
| LVR – Drawn debt               | 10       | 47.1%   |
| Bank LVR – Debt Facility limit | 10       | 49.0%   |

### Notes

- The Property is included at fair value based on the independent property valuation prepared by Knight Frank Valuations. See Section 8.
- Other assets include Rental Guarantee.
- Borrowings and Issued Units are calculated as at the Minimum Subscription Date. All other items are based on estimated amounts as at 1 March 2018. Immediately following the Minimum Subscription Date, the Debt Facility is estimated to be drawn to \$18,850,000.
- Represents capitalised costs relating to the preparation and processing of the Debt Facility and interest rate swaps agreements. As outlined in Section 2.4 interest expenses are not capitalised.
- Other liabilities include management fee and other accruals, provision for distributions and interest expense, GST liability and undrawn portion of the Rental Guarantee.
- Transaction costs relating to the Offer include the Responsible Entity's Transaction Fee, legal, accounting and tax review costs, PDS production and distribution costs. Some transaction costs may be paid by KordaMentha Investments (Exhibition Street) Trust and reimbursed from the Fund.

- Retained losses include the fair value write off adjustment in FY18 of property costs and forecast costs for stamp duty advice and property valuation.
- The pro forma balance sheet has been prepared on the basis that the Minimum Subscription Amount has been raised and there are no Acquisition Units on issue.
- Calculated in accordance with ASIC Regulatory Guide 46 as the ratio of interest bearing liabilities to total assets. See Section 2.5.
- The Fund has secured a \$25.025 million loan from the Bank. Directly following the Minimum Subscription Date, the Debt Facility will be paid down to less than 50% of the Property's Bank approved valuation. Based on the current valuation the Debt Facility limit is forecast to reduce to \$19.6 million. The Debt Facility is estimated to be drawn to \$18.85 million, leaving \$750,000 of debt undrawn for the Capital Works Facility. Including the undrawn Capital Works Facility, the Bank LVR directly following the Minimum Subscription Date would be 49.0%.

## 6.3 Source and application of funds

The forecast source and application of funds has been prepared to present the Fund's net asset position at the Minimum Subscription Date.

| Sources and uses                 | Notes | As at Minimum Subscription Date<br>1 March 2018 <sup>4</sup> |
|----------------------------------|-------|--|
| \$'000                           |       |  |
| <b>Application of funds</b>      |       |  |
| Property                         |       | 38,385   |
| Stamp duty                       |       | 2,156  |
| Property costs                   |       | 135  |
|                                  |       | <b>40,676</b>  |
| Fund establishment costs         | 2     | 328  |
| Debt establishment costs         |       | 175  |
| Transaction Fee                  | 3     | 800  |
| Cash reserve for working capital |       | 350  |
|                                  |       | <b>42,329</b>  |
| <b>Source of funds</b>           |       |  |
| Debt                             | 4     | 18,850   |
| Equity                           |       | 23,479   |
| <b>Total</b>                     |       | <b>42,329</b>  |

### Notes

- The forecast source and application of funds has been prepared on the basis that the Minimum Subscription Amount has been raised and there are no Acquisition Units on issue.
- Fund establishment costs relating to the Offer include legal, accounting and tax review costs, PDS production costs, and distribution costs. Any Fund establishment costs paid prior to 1 March 2018 will be reimbursed to KordaMentha Investments (Exhibition Street) Trust as the sole unit holder of the Acquisition Units.
- The Responsible Entity is entitled to charge a Transaction Fee of \$800,000, being 2% of the Property valuation of \$40.0 million.
- Assumes drawn debt has been reduced to \$18.85 million as at the Minimum Subscription Date resulting in a Bank LVR of 49.0%.

## 06 Financial information

### 6.4 Best estimate assumptions

Applicants are advised to review the assumptions and financial information and make their own independent assessment of the future performance and prospects of the Fund.

The Responsible Entity has adopted the forecast financial information based on its knowledge of the Property, the property industry and the key assumptions set out below.

#### Assumption as to capital raising amount

The financial information assumes that:

- the Minimum Subscription Amount of \$5.89 million is raised by the Minimum Subscription Date;
- the Total Offer Amount of \$23,479,194 is raised by the Offer Closing Date; and
- there are no Acquisition Units on issue as at the Minimum Subscription Date.

#### Debt facility

The terms of the Debt Facility are set out in Section 11.10 and there is no event of default under or breach of the Debt Facility terms during the Forecast Period.

#### Net property income

Net property income comprises rental income, including amounts drawn on the Rental Guarantee, from the Property and recoverable outgoings charged to tenants less property expenses. The main assumptions underlying the Fund's forecast net property income are:

- Income reflects lease terms and conditions.
- Income increases in accordance with lease provisions.
- As the Property is fully leased, there are no allowances for leasing costs or vacancy periods as no leases expire during the Forecast Period.
- There are no tenant defaults during the Forecast Period.

#### Management fee

The Management Fee is payable from the Fund to the Responsible Entity and charged based on the value of the Fund's Gross Asset Value as set out in Sections 5.1 and 5.2.

#### Administrative costs

Normal administrative and operational costs such as accounting, audit, legal, compliance, Custodian, and Registry fees are paid by the Fund. These amounts have been forecast relative to the size of the Fund.

#### Transaction fee

The Responsible Entity is entitled to a Transaction Fee of \$800,000, being 2.0% of the Property value as set out in Section 5.2.

#### Distributions

Distributions are expected to be made quarterly in arrears as at the end of March, June, September and December, apart from the first distribution. The first distribution will be paid for the distribution period ending 30 June 2018.

The distribution entitlement for a Unit is calculated from the date of issue of the Unit (usually within five business days of receipt of the application).

Distributions are expected to be paid to Unitholders within six weeks from the end of each distribution quarter.

#### Tax deferred distributions

The Responsible Entity anticipates that the Fund's distributions for the Forecast Period will be 100% tax deferred in FY18 and 98% tax deferred in FY19, primarily due to tax deductions for capital allowances on depreciating assets and capital works deductions for buildings and assuming that KordaMentha (Exhibition Street) Trust's interest in the Fund is not reduced by more than 50% in FY18 and no change in tax law or its interpretation during the Forecast Period.

Please refer to Section 7 for further details on the tax treatment of tax deferred distributions.

#### Property costs

Property acquisition costs represent estimated costs for legal, accounting, tax, property valuation and property condition advice.

Capital expenditure does not exceed the Forecast amount.

## Litigation and change of law

The Fund is not involved in any material dispute or litigation during the Forecast Period and there is no change of law or interpretation which affects the Fund or the Responsible Entity during the Forecast Period.

## Finance costs

Finance costs include interest and other costs incurred in connection with the establishment of the Debt Facility.

The Debt Facility specifies that the interest expense is made up of the sum of interest, all financial charges and line fees. The line fee is payable on the Facility Limit.

The Responsible Entity has entered into an interest rate swap (a financial derivative) over \$19.1 million of the Debt Facility to substantially hedge the Fund's interest rate exposure for the term of the Debt Facility (see Sections 2.4, 4.4, 6.5 and 11.10). As the Capital Works Facility is undrawn it is not currently fully hedged.

Interest expenses are not capitalised.

## Fair value adjustments

The Forecast Period does not include future revaluations or changes in fair value of the Property or movements in the market values of derivatives as required by Australian Accounting Standards as it is believed that there is not any reasonable basis to make forecasts in relation to future capitalisation rates, property yields, interest rates or general market conditions, all of which are outside the control of the Responsible Entity. For these reasons, it is not possible to accurately quantify the impact on the forecast financial information of these matters.

## 6.5 Statement of Significant Accounting Policies

The principal accounting policies that have been adopted in the preparation of the financial forecasts are outlined below:

### Basis of preparation

The forecast income and distribution statement and pro forma balance sheet have been prepared on a going concern basis adopting the accruals and historical cost basis of accounting (except for investment properties and derivative financial instruments, which are at fair value) and in accordance with the recognition and measurement principles

of Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the Corporations Act.

## Investment property

The Property will be recognised at fair value (being the valuation amount) at 1 February 2018. Any change resulting from revaluation will be recorded in the income statement. The carrying value of the Property recorded in the balance sheet will include components relating to capitalised lease incentives, straight lining of rental income in respect of fixed increases in rentals in future periods and any outstanding balance under the Rental Guarantee.

## Distributions

A distribution payable is recognised when the Unitholders' right to receive the payment is established. Distributions determined will be payable quarterly in arrears.

## Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Rental income is brought to account on a straight-line basis over the lease term for leases with fixed rent review increases. In all other circumstances, rental income is brought to account on an accruals basis.

Lease incentives granted are considered part of total rental revenue and are recognised as a reduction in rental income over the non-cancellable term of the lease agreement on a straight-line basis. In all other circumstances, rental income is brought to account on an accruals basis.



333 Exhibition Street Melbourne (Ground Floor foyer).



## 06 Financial information

Prospective lessees may be offered incentives as an inducement to enter into leases. Incentives may take various forms including upfront cash payments, rent free periods, or a contribution to certain lessee incurred costs such as fit-out and/or relocation. The value of the incentives offered are recognised in the pro forma balance sheet as a component of the carrying value of the Property and amortised on a straight-line basis over the non-cancellable term of the lease agreement.

Direct leasing costs incurred by the Fund in negotiating and arranging leases are recognised in the pro forma balance sheet as a component of the carrying value of the Property and amortised on a straight-line basis over the non-cancellable term of the lease agreement.

Interest revenue is recognised as the interest accrues using the effective interest method.

### Expenses

Expenses are brought to account on an accruals basis.

Ongoing fees payable to the Responsible Entity are recognised as expenses when the services are received. A Performance Fee is only recognised once it is assessed as probable that the amount will be payable in the future based on the Fund's performance.

### Taxation

Under current income tax legislation, the Fund is not liable to pay tax provided Unitholders are presently entitled to all of the income of the Fund in each income year.

### Borrowings

Borrowings are initially recognised at fair value. Interest expense is accrued over the period when it becomes due and is recorded in the income statement with the offsetting amount recorded as part of payables in current liabilities.

### Derivatives

Interest rate swaps are used to hedge the interest rate payable under the Debt Facility and are recorded at fair value in the balance sheet, with movements reflected in the income statement.

### GST

Revenues and expenses are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

## 6.6 Sensitivity analysis

The forecasts in this PDS have been based on certain economic and business assumptions about future events. The forecast distribution payable during the Forecast Period is sensitive to a number of factors, including payment of rental by the Property's tenant.

A summary of the possible impact on different outcomes in key assumptions underlying the forecasts is set out in the table below. However, the disclosed movements in these key assumptions are not intended to be indicative of the complete variations that may occur. Interest rate sensitivity is not addressed because hedging has been implemented for the Fund's interest rate exposure for the term of the Debt Facility.

#### Property rental risk

Forecast distributions are based on an assumption that Property rental and tenant recoverable property operating costs (**Gross Rent**) are paid in accordance with the relevant leases. If the Gross Rent varied by +/-5% per annum to the leases during the Forecast Period this would have +/-0.55 cents per Unit, per annum impact on cash available for distribution.

#### Property non-recoverable or capital expenses

Regardless of reasonable care taken during due diligence enquiries on the Property, unforeseen capital expenditure over the Forecast Period may adversely impact the financial forecasts in this PDS. For every \$100,000 per year of additional non-recoverable or capital expenditure during the Forecast Period, this would have 0.43 cents per Unit per annum impact on cash available for distribution.

## 7. Tax information



333 Exhibition Street Melbourne (Exhibition St view). The Fund has acquired the commercial office areas of the building shown in the photograph.

## 07 Tax information

### 7.1 Taxation for Australian residents

The information in this section is of a general nature and is not, nor is it intended to be, tax advice, and cannot be relied upon as such. Each investor must take full and sole responsibility for their investment in the Fund, the associated taxation implications arising from that investment and any changes in those taxation implications during the course of the investment. Accordingly, prospective investors should seek personal tax advice to take into account their individual circumstances.

This summary provides an outline of the principal Australian tax consequences relating to the acquisition, holding and disposal of Units for an Australian tax resident Unitholder who holds their investment in the Fund on capital account.

The summary does not address the tax implications for Unitholders that:

- hold their Units on revenue account or as trading stock
- make an election under the Taxation of Financial Arrangements (TOFA) provisions that affects the recognition of income in respect of units
- are exempt from Australian tax
- are non-residents, or
- are temporary residents of Australia.

The summary does not address the tax implications for persons that invest in the Fund indirectly.

Taxation issues are complex and taxation laws, their interpretation and associated administrative practices may change over the term of an investment in the Fund. The information contained in this section is of a general nature only. It is based on, and limited to, Australian tax law and practice in effect at the date of this PDS.

### 7.2 Tax treatment of the Fund

Broadly, the Fund should not be liable to pay Australian income tax or capital gains tax (**CGT**) provided Unitholders are presently entitled to the Fund's income in each year and the Fund limits its activities to undertaking or controlling 'eligible investment business' for Australian taxation purposes. It is intended that the Fund will be administered to achieve these outcomes.

On the basis that the Fund meets the requirements for being an eligible Managed Investment Trust (**MIT**) for tax purposes,

the Responsible Entity intends to make an election under the MIT provisions to treat the Fund's assets, such as real property, as being held on capital account.

If the Fund qualifies as an Attribution Managed Investment Trust (**AMIT**) and elects into this regime, its Unitholders will be taxed on a fair and reasonable basis (rather than on the basis of present entitlement to trust income), having regard to their interest in the Fund. This potentially means that in some cases, Unitholders may be liable to pay tax on amounts they have not received. The new regime also deems MITs as fixed trusts for tax purposes. We would not expect the AMIT regime to materially change the tax treatment of Unitholders outlined below.

### 7.3 Tax treatment of Unitholders

#### Taxation of distributions

Provided that the Unitholders have a present entitlement to the income of the Fund, Unitholders will broadly be liable for income tax on their share of the Fund's net income (taxable income) for each year ending 30 June, at the tax rate applicable to the Unitholder.

If the actual cash distribution to a Unitholder exceeds that Unitholder's share of the Fund's taxable income, the excess (known as a 'tax deferred distribution') will generally not be assessable to the Unitholder. This is expected to occur as a result of the availability of certain non-cash tax deductions such as capital allowances on depreciating assets and capital work on buildings. However, any such distribution will reduce the Unitholder's CGT cost base. Once the cost base of the Units has been reduced to nil, further tax deferred amounts are assessable as capital gains to the Unitholder under CGT event E4 (or CGT event E10 if the Fund is an AMIT).

Under the tax system for AMITs, if the Unitholder's share of the Fund's taxable income exceeds the actual cash distribution received by the Unitholder, the excess will increase the Unitholder's CGT cost base under CGT event E10.

The Responsible Entity will provide an annual tax statement to each Unitholder setting out details of any taxable income components, non-assessable components and capital gains paid by way of distribution in the financial year.



## Tax losses incurred by the Fund

The Fund will not be able to distribute any tax losses incurred in an income year. However, provided the relevant tax loss carry forward rules that currently apply are satisfied, the Fund will be able to carry forward those losses and use them in a future income year to offset assessable income.

Net capital losses of the Fund may be carried forward to offset future capital gains made by the Fund.

## Disposal of the Property

The disposal of the Property will be subject to the CGT rules on the basis that the Property will be held on capital account or a MIT election has been made. The capital gain on the sale of the Property will be determined as the difference between the capital proceeds from its disposal and the cost base of the Property.

Under current tax laws any capital gain made by the Fund upon the disposal of the Property can generally be reduced by 50% if the Property has been held for longer than 12 months. Where the Fund is entitled to the 50% CGT discount, Unitholders who are individuals or trusts will generally be assessable on 50% of their share of the capital gain. Unitholders who are complying superannuation funds will generally be assessable on 66.7% of their share of the capital gain.

The distribution of the 50% CGT discount to the Unitholder will be tax free and will not require a reduction in the cost base of their Units or trigger a capital gain under CGT event E4.

## Tax implications of disposing of Units

Generally, on disposal of Units, a 'CGT event' will happen and the Unitholder will need to determine whether a capital gain or capital loss has been realised. As a general rule, where the capital proceeds on disposal of the Units are greater than the cost base of those Units, the Unitholder will realise a capital gain.

The cost base of the Unitholder's Units will essentially be the purchase price or Issue Price paid for the Units, plus any incidental costs on acquisition or disposal, less any tax deferred distributions received.

Under current tax laws any capital gain made by an individual or trust can generally be reduced by 50% if the individual or trust has held the Units for longer than 12 months. Similarly, any capital gain made by a complying superannuation fund

can generally be reduced by 33.3% if the fund has held the Units for longer than 12 months. Companies are not entitled to this CGT discount.

A Unitholder will incur a capital loss if the capital proceeds on disposal are less than the CGT 'reduced cost base' of the Units disposed. The reduced cost base of a Unit is usually, but not always, the same as the cost base. Any capital loss incurred on the disposal can be used to offset capital gains realised from other sources.

If a capital loss cannot be utilised in the year in which it is realised, the loss may be carried forward and used to offset capital gains realised in future income years. Capital losses cannot be used to offset ordinary income or gains.

## Capital distributions

A return of capital by the Fund will reduce the cost base of the Unitholder's Units. Where the return of capital exceeds the cost base of the units, the excess is assessable as capital gains to the Unitholder under CGT event E4.

## Other issues

### Tax File Number or Australian Business Number Declaration

It is not compulsory for a Unitholder to provide his or her tax file number (TFN). However, if a Unitholder does not provide their TFN (or in certain circumstances an Australian Business Number) or claim a valid exemption, then the Responsible Entity will be required to withhold tax from any distribution from the Fund at the highest marginal rate plus Medicare Levy.

### GST

Under current legislation GST should not be payable in respect of the acquisition, disposal or withdrawal of Units, nor in respect of any distributions paid by the Fund.

The Fund will not be entitled to claim input tax credits for the full amount of the GST component of some expenses.

However, for some of these expenses, a reduced input tax credit may be claimed. The non-recoverable part of the GST component of any expenses is taken into account as an expense of the Fund.

## 8. Independent valuation of the Property



Melbourne Museum, located in the Carlton Gardens, near the Property.



8th February, 2018

The Directors  
Placer Property Limited as Trustee / Responsible Entity of  
the 333 Exhibition Street Property Fund.

Dear Sirs,

**Re: Valuation**  
**Lots 1, 2, 3, 4, 5 and 7 on Plan of Subdivision 430269E**  
**known as 333 Exhibition Street, Melbourne**

#### Instructions

We refer to your instructions requesting Knight Frank Valuations to prepare a market valuation of the In One Line Value of the freehold strata interests in the abovementioned property subject to the existing leases for inclusion in a Product Disclosure Statement (PDS) as at 1st February, 2018.

**Market Value** as defined by the IVSC as adopted by the API and RICS as:

*"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."*

**Sale In One Line Value** is defined as:

*"The market value of the lots presuming the lots are sold in a single transaction to a single buyer."*

In formulating our valuation, we have relied upon property information provided by the instructing party (Placer Property Limited) and selling agent (Jones Lang LaSalle), including, but not limited to the following:

- Current lease documents.
- Tenancy schedules, outgoing budgets and related tenancy information.
- Draft Cost Plan and Recommendations prepared by Facility Operations Pty Ltd who were engaged by Placer Property.

Where draft documents have been sighted we acknowledge the subsequent settlement of the property and therefore assume such documents were executed as sighted.

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Placer Property Limited as Trustee / Responsible Entity of  
the 333 Exhibition Street Property Fund



Where possible, within the scope of our retainer and limited to our expertise as valuers, we have reviewed this information including by analysis against industry standards. Based upon that review, we have no reason to believe that the information is not fair and reasonable or that material facts have been withheld. However, our enquiries are necessarily limited by the nature of our role and we do not warrant that we have identified or verified all of the matters which a full audit, extensive examination or "due diligence" investigation might disclose.

Our valuation is conditional on the following:

- There is an outstanding half rent free incentive applicable under the leases in the form of a Reduced Rent Period of thirty six (36) months from the commencement date. During this period, the rent the Tenant is required to pay will be reduced by 50% of the base rent. There is also an obligation on the Landlord to reimburse the cost of Tenant's Works. The Contract of Sale provides that the Vendor is responsible for all Outstanding Amounts. These amounts are defined in the Contract of Sale as Incentives or Rental Guarantees. We have been advised that Outstanding Amounts referred to in the Contract of Sale have been paid by the Vendor and our valuation has been undertaken on this basis;
- There are no encumbrances or interests in Title which materially affect the value, marketability and continued utility of the property;

We have disregarded the presence of any mortgage or other financial liens pertaining to the property.

We also note that the valuation is current as at the date of valuation only. We can give no guarantee that the property or valuation has not altered since the date of valuation.

For further information, reference should also be made to our Valuation Report dated 1st February, 2018 which can be inspected at the office of Placer Property Limited during normal business hours. This correspondence is subject to and should be read in conjunction with all qualifications, assumptions, conditions and disclaimers contained within that report.

#### **Valuation Summary**

We have assessed the market value of the property subject to the existing leases, as at 1st February 2018, at **\$40,000,000 (GST Exclusive)**.

#### **Brief Description of Property**

The property comprises 6 strata titled allotments situated to the ground, Level 1, Level 2, Level 3, Level 4 and Level 5 of the property known as 333 Exhibition Street and forming part of a larger 18 storey building including Mantra on the Park hotel and a 705 space car park. The hotel and car park do not form part of this valuation. The nature of the property as strata titles means that there are shared services operating from common plant rooms. The property is located in a mixed use commercial and residential precinct on the CBD fringe with a corner aspect offering good exposure to Exhibition Street, La Trobe Street and Victoria Street, within close proximity to public transport and enjoying panoramic views across the Carlton Gardens to the Royal Exhibition Building and the Melbourne Museum. The property is located within close proximity to RMIT. The improvements comprise ground and five upper levels of circa 1988 constructed office accommodation, which has been substantially refurbished in 2017, providing good quality modern premises. The combined Lots have a total net lettable area of approximately 6,528 square metres of office accommodation, including the ground floor being also suitable for retail uses, albeit retail demand in the location is limited. The property has benefited from various recent upgrades and refurbishments.

Placer Property Limited as Trustee / Responsible Entity of  
the 333 Exhibition Street Property Fund



### Tenancy Overview

The property is currently leased to The University of Melbourne under six separate leases, with an income weighted WALE of 5.0 years at the date of valuation.

The expiry pattern of the leases is staged over the period from December 2022 to February 2023. Each lease has an option of one further term of four (4) years.

### Income Profile

We have assessed the net passing income for the property as at the date of valuation to be \$2,554,525 per annum plus GST.

The passing income is based on our review and analysis of the tenancy information and leases provided. We note that should any of the information provided be found erroneous or has varied, we reserve the right to review and if necessary, amend our valuation.

### Base Building Capital Expenditure

We have been provided with draft Cost Plan and Recommendations prepared by Facility Operations Pty Ltd who were engaged by Placer Property during the due diligence period. Based on the estimated costs, we have adopted a capital expenditure budget of \$620,352 for the purposes of our valuation.

### Valuation Analysis & Assumptions

The following schedule summarises relevant comparable sales which have been considered in the preparation of our valuation.

| Property                              | Sale Price | Sale Date | Initial Yield | Core Market Yield* | IRR  | \$/m <sup>2</sup> of NLA | Comments     |
|---------------------------------------|------------|-----------|---------------|--------------------|------|--------------------------|--------------|
| 312 St Kilda Road, Melbourne          | \$74.14 M  | Nov-17    | 4.8%          | 4.3%               | 6.0% | \$7,524                  | WALE 4.2 yrs |
| 187 Todd Road, Port Melbourne         | \$43.50 M  | Dec-17    | 6.2%          | 6.3%               | 6.7% | \$4,721                  | WALE 4.1 yrs |
| 533 Little Lonsdale Street, Melbourne | \$35.25 M  | Mar-16    | 5.8%          | 6.3%               | 7.1% | \$5,356                  | WALE 2.8 yrs |
| 15-31 Pelham Street, Carlton          | \$37.05 M  | Oct-16    | 5.5%          | 6.1%               | 6.2% | \$6,175                  | WALE 4.4 yrs |
| 324 St Kilda Road, Melbourne          | \$42.00 M  | Oct-17    | 5.8%          | 5.9%               | 6.6% | \$5,914                  | WALE 4.8 yrs |

The valuation for Lots 1, 2, 3, 4, 5 and 7 on Plan of Subdivision 430269E known as 333 Exhibition Street, Melbourne has been determined via reconciliation between the Capitalisation and Discounted Cash Flow (10 year) methods of valuation, with support from Direct Comparison methodology.

In our Capitalisation approach, we derived a fully leased estimated net market rental income based on face rents. The net market rental was capitalised to arrive at the estimated market value before adjustment and allowances.

We have adopted a capitalisation rate of 6.25% in the Capitalisation approach, which has been applied to the assessed net market income of \$2,571,183 per annum.

Placer Property Limited as Trustee / Responsible Entity of  
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We have then made the following adjustment:

- An adjustment for a capital expenditure budget of \$620,352.

In our Discounted Cash Flow (DCF), we have estimated future annual cash flows over a 10 year investment horizon from the valuation date by reference to expected rental growth rates, ongoing capital expenditure, terminal sale value and acquisition and disposal costs. The present value of future cash flows is then determined by the application of an appropriate discount rate (target IRR), which in this instance is 7.0%, to derive a Net Present Value for the property as at the valuation date.

The assessed value of **\$40,000,000 (GST exclusive)** reflects the following investment parameters:

| Initial Yield % | Core Market Yield % | IRR Rate (%) | Rate/m <sup>2</sup> NLA |
|-----------------|---------------------|--------------|-------------------------|
| 6.39%           | 6.32%               | 6.92%        | \$6,127                 |

#### Qualifications & Disclaimers

Knight Frank Valuations has prepared this summary which appears in this PDS for Placer Property Limited as Trustee / Responsible Entity of the 333 Exhibition Street Property Fund. Knight Frank Valuations were involved only in the preparation of this summary and the valuation report referred to therein, and specifically disclaim liability to any party in the event of any omission from, or false or misleading statement included in, the PDS or other document, other than in respect of our valuations and this letter.

Knight Frank Valuations has consented to this summary being included in this PDS, but Knight Frank Valuations is not providing advice about a financial product, nor the suitability of the investment set out in this PDS. Such an opinion can only be provided by a person that holds an Australian Financial Services Licence. Knight Frank Valuations does not hold such a licence and is not operating under any such licence in providing its opinions of value as detailed in this summary and our valuation report.

In the case of advice provided within this report which is of a projected nature, we must emphasise that specific assumptions have been made which appear reasonable based upon current market perceptions. It follows that any one of the assumptions set out in the text of this summary may be proved incorrect during the course of time and no responsibility can be accepted in this event.

This valuation is current at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements, or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above, we do not assume any responsibility or accept any liability in circumstances where this valuation is relied upon after the expiration of 90 days from the date of valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.

Knight Frank Valuations has prepared this letter based upon information provided. We have no reason to believe that the information is not fair and reasonable or that material facts have been withheld and for the purpose of this valuation we have assumed that the information is correct.

This valuation does not purport to be a site or structural survey of the improvements, nor was any such survey undertaken. Overall, we have assumed that detailed reports with respect to the structure and service installation of the improvements both would not reveal any defects or inadequacies requiring significant capital expenditure.



Placer Property Limited as Trustee / Responsible Entity of  
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Knight Frank Valuations has received fees of \$16,500 (inclusive of GST and disbursements) in connection with the preparation of our valuation report and this summary. The fee is not in any way linked to nor has it influenced the opinion of value noted and Knight Frank Valuations does not have any pecuniary interest in Placer Property Limited or the 333 Exhibition Street Property Fund. and has provided this report solely in its capacity as independent professional advisor.

Yours faithfully,  
**Knight Frank Valuations**

A blue ink signature of Joseph A. Perillo, consisting of stylized, overlapping loops and lines.

**JOSEPH A. PERILLO FAPI CPV CPV (Bus)**  
Director  
API Member No. – 62209

A blue ink signature of David T. Way, featuring a large, prominent loop and a series of smaller, connected strokes.

**DAVID T. WAY**  
Joint Managing Director

Encl.

333 Exhibition PDS Feb 2018 KFV

## 9. Melbourne office market overview



Parliament House, Melbourne.



## Melbourne Office Market Overview

### Key Points – CBD Market Overview

- a. The CBD office market is experiencing a groundswell of rental growth as tenants trend to improving office accommodation with decreasing availability of quality stock in the short term.
- b. Total CBD vacancy of 4.6% as at January, 2018 down from 6.4% in January, 2017 on the back of strong take up of A grade stock.
- c. The historic Docklands supply (800,000m<sup>2</sup> over the last decade) which capped rental growth in Melbourne is largely exhausted and will not affect the next decade.
- d. Economic and population growth in Victoria is spurring office demand. Total employment in Victoria led the country at 3.2% to July 2016 (93,000 people) and was underpinned by full time employment. Whilst some tenants continue to contract, other tenants are expanding with no clear trend along these lines. For the CBD however (versus the entire Melbourne metro market) there is strong medium term trend of large tenant relocations from the suburbs to the CBD and this appears to be outstripping CBD supply and back fill at this point. Compounding the demand in the A grade and premium grade sector is a continuing flight to quality trend. The relocation of David Jones' head office from Sydney to Melbourne is another example of the intrinsic attractions of Melbourne as the country's most affordable capital city office market and the country's migration capital.
- e. At the same time residential development pressure is removing sites and low grade office stock. There is also 98,000m<sup>2</sup> of occupied St Kilda Road office stock purchased for residential development and the tenant trends infer these tenants will either remain in St Kilda Road or move to the B grade CBD market (currently around 7% effective vacancy).
- f. Overall vacancy rates are considered to have largely peaked at present. Total forecast uncommitted supply and backfill is around 300,000m<sup>2</sup> to 2020 but weighted to 2019/20. This means the immediate future should see the CBD vacancy trend down to around 4%-5% and then peak again around 7%. 7% to 8% is regarded as equilibrium and below that creates rental growth opportunities, and in a low yield environment, potentially latent supply. Generally, on current tenant demand traits and historic take up, the outlook appears positive.
- g. Incentives have reduced over the last 12 months from 30% to 35% to 25% to 30%, generally speaking but only for prime single floor stock. There has been face rental growth evident in the preferred prime eastern sector which did starve the less preferred western sector of demand in 2014/2015. The historically unusual vacancy in the east has now been largely soaked up and this will now assist the western and central precincts. The foreseeable outlook for the next few years appears to be for some moderate steady rental growth but incentives are likely to remain at current levels as landlords tend to take rental growth ahead of incentive compression.
- h. Yield compression over the last few years appears to have been driven by the medium to long term correlation to a new international prolonged low growth / low interest rate / low inflation economic paradigm. More recently the Sydney and Melbourne office markets have created a rental growth outlook which aligns to current cap rates. Total returns at 7% for prime office appear to reflect potential for further cap rate and IRR compression against bonds at 2% (assuming cap rates are a function of IRR's), however this barrier is yet to be clearly broken.



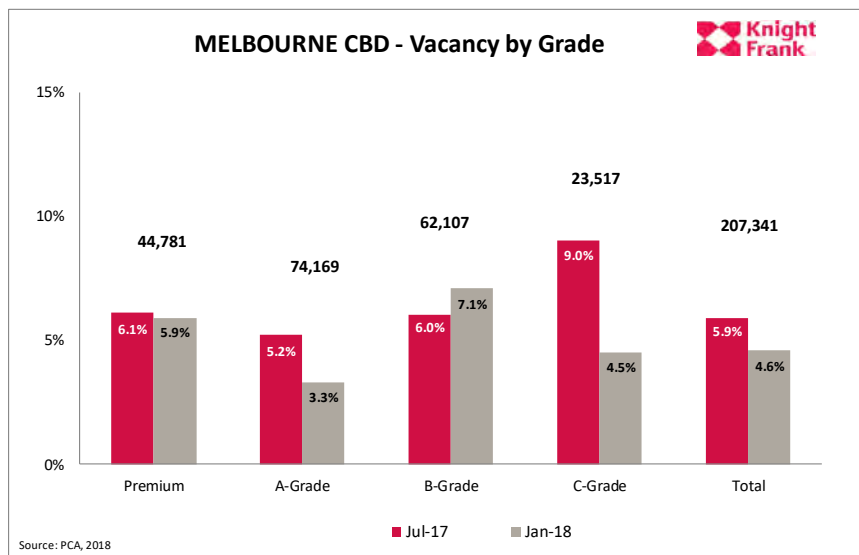
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- i. The yield fall was led in prime, however this is now evident in the secondary office market. Cap rates and IRR's have now compressed to a point where they may be sensitive to interest rate movement if the interest rate increases are not occasioned by an improving economy inferring improving effective rents.

### Melbourne CBD Office Vacancy

Vacancy across the Melbourne CBD has fallen over the last three year period, from 9.1% in January, 2015 to 6.4% at January, 2017 and 4.6% as at January, 2018. Each grade has seen a fall in vacancy over this period, however more particularly the B Grade sector has fallen from 12.5% to 7.1%. This fall in vacancy is largely attributable to withdrawal of stock, in particular 383 King Street (13,000m<sup>2</sup>) for an education use (bought by Haileybury College) and 555 Collins Street (22,000m<sup>2</sup>) proposed for residential conversion.



Some key fundamentals to rents and tenant behaviour are:

- The preferred sectors of the CBD are on Collins Street and particularly the eastern sector of Collins from Queen Street (the western boundary of the finance precinct) up to Spring Street near Parliament. In the last 12 to 24 months these precincts, which similarly have very limited stocks, have had unusual supply and tenants have been trading up, and drawing demand away from the western precincts. This has provided rental growth in the eastern sector. This supply is now being soaked up and there is potential for upward rental pressure in other areas of the CBD.
- Tenants have indicated a trend toward relocation into the CBD from the suburbs and this is absorbing supply.
- Tenants are trading up to superior accommodation at present in the current incentive environment and this puts the higher quality stock in a stronger position moving forward.
- There are current tenant requirements in the order of 150,000m<sup>2</sup> of which around 40,000 m<sup>2</sup> comprises tenants relocating to the CBD.
- Residential conversion of CBD B and C grade buildings largely occurred in the last cycle however the new apartment boom is bringing about demolition of some C and B grade buildings, and St

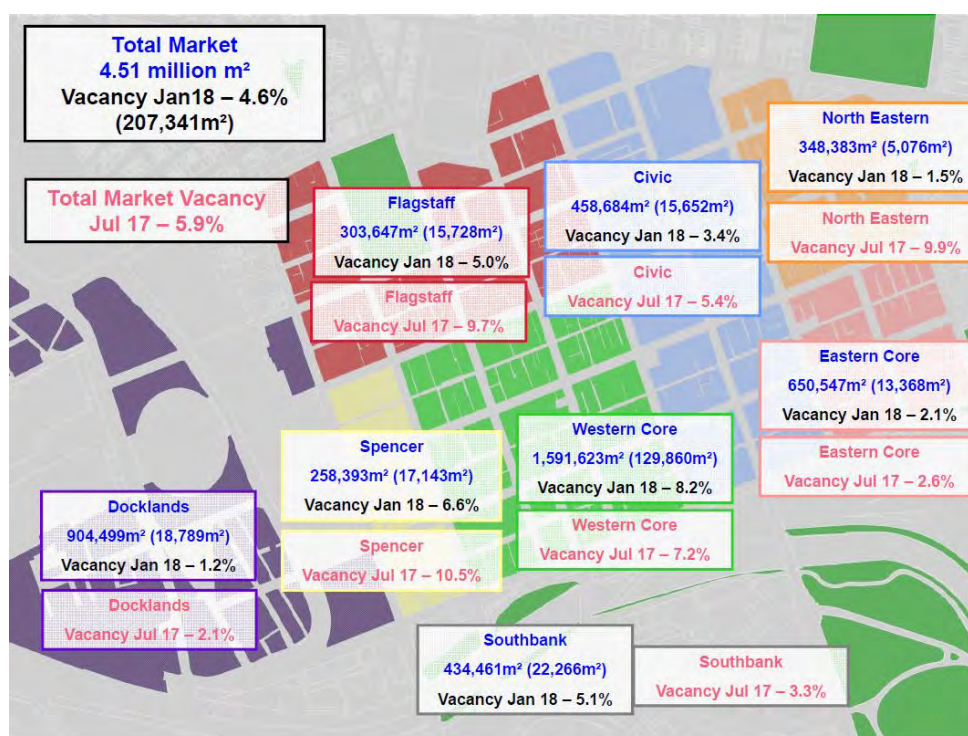
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Kilda Road is also experiencing stock loss from this trend. Tenants in these CBD and St Kilda Road buildings are likely to retain their CBD position.

- There are a dwindling number of office development sites left in Docklands. Historically cheap Docklands land entry prices afforded low pre-commitment rents which artificially restricted underlying rental growth. This opportunity is now coming to end and construction driven rents should provide the platform for superior rental growth elsewhere.
- Victorian population growth is improving, as is Victorian average hours worked (soaking up under capacity in office employment), and both these economic statistics are drivers for economic growth which office demand feeds off.

The west holds most of the stock across the grades, and most of the development sites. Docklands, which is underpinned by predominantly pre-committed stock, will remain tight for the foreseeable future. The east remains the preferred location and the area with the more limited supply, which continues to drive a rental difference, particularly around the "Paris End". The western end of Collins Street is being rejuvenated by the recent construction of a new high-grade office tower at 567 Collins Street and 568 Collins Street comprising a new 65 level residential tower, as well as the upgrade works at Rialto and 477 Collins Street – CBUS's large scale redevelopment incorporating office, residential, hotel, retail and public space uses.



Over the 12 months to December, 2017 the B grade rental market has seen a strong increase in face and effective rental levels. Leasing transactions in the range \$385/m² to \$430/m² provide support for the current lease rentals. Incentives remain steady in the order of 15% to 25% with the upper end reflecting softer locations which reflects the broader trend in the office market in Melbourne. There are some strong positive drivers in the CBD market which do set up a platform for rental growth (tenant migration to the CBD, over 100,000m² of predominantly occupied stock in St Kilda Road earmarked

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for residential) and the B grade market is well positioned to enjoy some potential benefits – provided the economy remains stable.

Since 2012, there has been a trend of compressing yields in the B Grade market alongside the A Grade market and the demand for B grade office towers is as buoyant as it was in 2007, with private money dominating investments up to around \$50m, and significant institutional demand for investments over \$50m. At this point with the current total returns (IRR's) at around 6.0% to 6.5% and cap rates at 5.5% to 6.0%, this is new ground for the B grade market historically – and in fact yields are now below peak yields in 2007. Current yields reflect a significantly lower interest rate environment and the current yields in the B grade market do reflect a similar trend to the A grade market. Total returns for B grade are very similar to the A grade market. This says that in a correction the B grade market will soften more significantly than the A grade sector. Clearly, the general investment market has reached a point where it will be sensitive to any sustained material interest rate increases unless it is occasioned by some unpredicted higher economic growth.

### **Melbourne CBD Strata Office Market**

Favourable conditions in both the capital and leasing markets are driving strata office prices in the Melbourne CBD to record levels. The average strata sale rate (excluding car parking) currently measures \$8,359/m<sup>2</sup> with the upper end of the market ranging from \$10,000/m<sup>2</sup> to \$11,500/m<sup>2</sup>. This represents an increase of approximately 21% over the 12 months to July 2017.

The Melbourne CBD strata office market is well established, with total stock increasing by 10.3% over the last 10 years to measure 267,697m<sup>2</sup> as at July 2017. Nevertheless, since the addition of 517 Flinders Lane, 140 Bourke Street and 41 Exhibition Street in 2014, new strata supply in the Melbourne CBD has been subdued. With the absence of any major strata developments, total vacancy rates fell from 3.7% to 2.6% in the 12 months to July 2017, the lowest level since the PCA began tracking the market in 1994.

An expected capital appreciation for strata office space will be underpinned by strong rental growth, limited supply and positive tenant demand in the sub-500m<sup>2</sup> office category. Secondary net effective rents in the Melbourne CBD have increased by 11.3% over the 12 months to July 2017. This was due to a lack of prime grade options available which resulted in face rental growth of 9.3% in the secondary market. With no major office developments scheduled for completion until mid-2018, combined with limited space available across the Melbourne CBD market for sub-500m<sup>2</sup> space, will continue to put pressure on effective rents.

The low interest rate environment remains a major influence on property values. Monetary policy remains largely accommodative with the cash rate being unchanged at the record low of 1.50% for the 17th consecutive month in February, 2018. As interest rates remain low and demand for renting office space in the CBD remains high, the attractiveness for tenants to purchase office space rather than lease is expected to increase demand for strata suites over the next 12 months.

333 Exhibition PDS Market Commentary KFV



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## 10. The Responsible Entity



333 Exhibition Street Melbourne (La Trobe St view). The Fund has acquired the commercial office areas of the building shown in the photograph.

Placer Property was established in July 2013 and has been issued with an Australian Financial Services License (AFSL 442806) by the Australian Securities and Investment Commission. In August 2017, Placer Property was acquired by KordaMentha and now forms part of the Investment division of its Real Estate group.

Placer Property is the Responsible Entity for NewActon East Property Fund and The Stables Property Fund. NewActon East Property Fund was successfully launched in 2014 to acquire the commercial precinct of NewActon East in Canberra. The NewActon East Property Fund has over 400 investors and the property is currently valued at \$50.75 million. The Stables Property Fund, which owns a shopping centre in Adelaide, was successfully launched in May 2016 and has over 270 investors. That Centre is currently valued at \$28.8 million.

Placer Property draws on the skills and knowledge of senior management who are specialists in unlisted property funds management and the extensive experience of its directors. Senior management have on average over 19 years each of property related experience.

## 10.1 KordaMentha Real Estate

Placer Property is a part of KordaMentha Real Estate. KordaMentha Real Estate is the real estate division of KordaMentha; one of Australia's leading investment and advisory firms with over 380 staff across Australia, New Zealand and Southeast Asia. Drawing on the expertise of its more than 32 real estate professionals, in addition to the capability across the broader KordaMentha group, KordaMentha Real Estate advises and partners with Australian banks, companies, governments and investors across real estate investments, development projects and recovery of residual value from distressed assets. Since 2007, KordaMentha Real Estate has advised or transacted on over \$14.0 billion of property.

## 10.2 Investment philosophy

The primary objective of Placer Property is to facilitate quality commercial property investment opportunities for investors seeking regular and reliable income.

Placer Property is focused on Australian property investment opportunities, primarily in the office and retail sectors. When identifying investment opportunities, Placer Property identifies quality investment opportunities that are:

- Anchored by financially strong tenants; for example:
  - retail property: Australia's leading supermarkets
  - office property: Commonwealth or State government bodies or quality corporate businesses.
- Underpinned by tenants with long lease terms that provide regular and reliable cash flows.
- Located in prime locations.

Placer Property also considers that its property investments should be managed with gearing levels at 50% or lower and that appropriate interest rate hedging strategies be adopted to manage risk and returns for its investors.

Placer Property actively manages its real estate portfolio, maintains strong relationships with its tenants and continually looks for value enhancing opportunities.

## 10.3 Board and management

**James Walsh**  
Non Executive Chairman



James was appointed to the Board of Placer in March 2018 and is a member of Placer's Audit, Risk Management and Compliance Committee.

James has over 28 years' experience as a company director and has considerable expertise across a diverse range of industrial and service businesses and particularly in the areas of strategy, M&A, risk management, financing and the management of growth.

James is currently the Chairman of GMHBA Limited and Non Executive Director of A.G. Coombs Group Pty Ltd.

James holds a Bachelor of Commerce from Deakin University, a Master of Business Administration from Melbourne Business School and is a graduate from the Australian Institute of Company Directors. James is a Fellow member of the Institute of Chartered Accountants in Australia.



## 10 The Responsible Entity

**Janette Kendall**  
Non Executive Director



Janette was appointed to the Board of Placer in March 2018. Janette has more than 23 years' board experience across public, private and not-for-profit organisations, spanning a range of industries including marketing and technology, advertising, digital media, supermarkets and the arts.

Janette has significant expertise in strategic planning, digital innovation, marketing, operations and leadership across a number of industry sectors including digital and technology, marketing and communications, media, retail, fast-moving consumer goods, hospitality, gaming, property and manufacturing.

Janette is currently a Non-Executive Director of Nine Entertainment Co Holdings Ltd, Vicinity Centres, Costa Group, Wellcom Worldwide and Melbourne Theatre Company.

Janette holds a Bachelor of Business – Marketing, and is also a Fellow of the Australian Institute of Company Directors.

**Tom Davis**  
Executive Director



Tom is an Executive Director and was appointed a director of the Responsible Entity in August 2017. Tom is a Partner with KordaMentha Real Estate. He has worked with KordaMentha for 12 years. During that time, Tom has worked on complex strategic property portfolio reviews, asset divestment, investment analysis and management, as well as operational and turnaround management.

Tom's responsibilities at KordaMentha Real Estate include real estate investment advisory, principal investment and structured finance investment, transaction and asset management.

Tom holds a Bachelor of Business (Property) with Distinction from RMIT University and a Graduate Diploma of Applied Finance and Investment from the Financial Services Institute of Australasia. Tom is also a Licenced Real Estate Agent.

**David Omond**  
Joint Managing Director



David was appointed Joint Managing Director in September 2013. David has more than 25 years' experience in commercial property management, development, funds management and corporate finance.

David is well versed in managed investment schemes and has specialised in unlisted property funds management. Prior to forming Placer Property, David has held numerous senior management positions in unlisted funds management, corporate finance and asset management at Heine Management, MCS Property and Centro Properties Group.

David holds a Bachelor of Business (Property) from the University of South Australia.

**Mario Papaleo**  
Joint Managing Director



Mario is a co-founder of Placer Property and was appointed Joint Managing Director in September 2013. Mario has more than 20 years' experience in direct real estate, listed and unlisted property investment and funds management. He is responsible for acquisitions.

Before establishing Placer Property, Mario worked in various property and funds management roles including fund manager of Centro Retail Trust through its restructure and aggregation to form part of Federation Centres (now Vicinity Centres). Mario was an Analyst and Syndicate Fund Manager for Heine Management Limited. Before joining Heine, Mario obtained direct property and asset management experience working for McDonald's Australia Limited Store Development Group.

Mario holds a Bachelor of Business (Property) from RMIT University and a Graduate Diploma of Applied Finance and Investment from the Securities Institute of Australia.

**Bernadette Spiteri**  
Head of Investment Services



Bernadette joined Placer Property in January 2015. Bernadette has more than 25 years of experience in financial services and has previously held senior executive management roles with national responsibility for distribution, marketing, product development and investor relations. She is responsible for investor services and capital raising.

Prior to joining Placer Property, Bernadette worked with Bankers Trust Australia, MCS Property, Centro Properties Group, Portfolio Partners Limited, and Orchard Funds Limited.

Bernadette is a senior associate of the Financial Services Institute of Australasia (FINSIA).

**Mary Barnett**  
Chief Financial Officer



Mary was appointed Chief Financial Officer in December 2017. Mary is a Director with KordaMentha and has worked with the firm for 9 years. Prior to this Mary worked for the United Group as the Financial Controller of their Real Estate Services division.

In a career spanning Australia and Singapore, Mary has amassed 20 years' experience in managing bid pricing, consolidations, forecasts, budgets, tax and reporting obligations.

Mary holds a Bachelor of Science Education, Mathematics from the University of Melbourne and Masters in Practising Accounting, Monash University. Mary is a Chartered Accountant.

**Relationship of the Executive Directors to the Manager and KordaMentha**

The executive directors of Placer Property perform executive roles for the owners of Placer Property and the Manager.

## 10.4 The Manager

The Responsible Entity has appointed Placer Property Management Pty Ltd as the manager of the Fund. The Manager is a related party to Placer Property and has been established to:

- Identify the property.
- Undertake due diligence investigation.
- Assist in the formation of the Fund.
- Monitor the performance of the Fund.
- Undertake all fund administration and reporting services as requested by the Responsible Entity.
- Carry out additional duties as required by the Responsible Entity. These services may include development and asset management.

The board of the Manager consists of James Walsh (Chairman), Janette Kendall (Non-Executive Director), Tom Davis (Executive Director), David Omond (Joint Managing Director) and Mario Papaleo (Joint Managing Director).

The appointment of the Manager complies with Placer Property's Related Party and Conflicts of Interest Policy.

## 11. Additional information



333 Exhibition Street Melbourne (Ground Floor foyer).



## 11.1 Fund constitution

The Fund is governed by a Constitution dated 17 October 2017 and amended by deed poll on 8 December 2017, 12 February 2018 and 28 February 2018. The Constitution and amendments have been lodged with ASIC.

The Responsible Entity cannot amend the Constitution without the consent of Unitholders (at a meeting convened in accordance with the Corporations Act) unless the Responsible Entity reasonably believes that such amendment will not adversely affect the rights of Unitholders.

In summary, the Constitution addresses the following matters:

- **Unitholders' rights and obligations**

The beneficial interest in the Fund is divided into Units. Each Unit confers on the Unitholder a beneficial interest in the Fund as a whole and does not confer an interest in a particular part of the Fund or the Fund's assets.

- **Issue of Units**

The Responsible Entity may issue units in accordance with the Constitution. The Responsible Entity may accept or refuse, in whole or in part, any application for Units without being bound to give a reason.

- **Classes of Units**

Under the Constitution, the Responsible Entity may issue ordinary units (partly or fully paid) and Acquisition Units. The units offered under this PDS are ordinary Units.

Acquisition Units have been issued to an associated party of the Responsible Entity for the purposes of partly funding the acquisition of the Property.

Acquisition Units rank in all respects equally or 'pari passu' with holders of ordinary Units (including Units issued in accordance with this PDS) except that on winding up of the Fund, holders of Acquisition Units have the right to receive \$1.00 per unit in priority to the holders of Ordinary Units. If there are no partly paid Units on issue at the time of winding up, the winding up entitlement of Acquisition Units is capped at \$1.00.

An Acquisition Unit may only be issued at an Issue Price of \$1.00. The Responsible Entity has no intention to issue any further Acquisition Units.

The Responsible Entity may redeem an Acquisition Unit at a price equal to the greater of \$1.00 and the Net Asset

Value per unit (less any applicable Transaction Charges). Upon written request from the holder of an Acquisition Unit, the Responsible Entity must convert that Acquisition Unit into a fully paid Unit. Any conversion of Acquisition Units to ordinary Units will take place at a rate of one Acquisition Unit for one ordinary Unit. Any remaining Acquisition Units on issue at the Offer Closing Date automatically convert to ordinary Units.

Under the Constitution, the Responsible Entity may issue ordinary Units (partly or fully paid).

- **Issue Price of Units**

The Constitution contains provisions for calculating the Issue Price of Units. The Issue Price of Units issued under this PDS will be \$1.00 per Unit. At other times, the Responsible Entity may issue Units at NAV per Unit (plus Transaction Charges).

- **Redemption and transfer**

The Constitution allows the Responsible Entity to redeem Units upon request, at its discretion. Except as expressly set out in this PDS, the Responsible Entity does not intend to redeem Units during the term of the Fund.

Unitholders have no right to withdraw their investment in the Fund other than in accordance with the terms of a withdrawal offer made by the Responsible Entity. The Responsible Entity is under no obligation to make Unitholders a withdrawal offer.

Subject to applicable stamping and registration requirements, Units may be transferred by a written document in the form required by the Responsible Entity. The Responsible Entity may suspend registration of transfers for any period and in some circumstances may refuse to register a transfer.

- **Liability of Unitholders**

Subject to any agreement to the contrary with the Responsible Entity and also subject to any obligation to pay instalments on partly paid Units, the liability of each Unitholder in its capacity as such is limited to its investment in the Fund.

- **Responsible Entity's powers and duties**

The Responsible Entity has all the powers that it is possible to confer on a trustee or responsible entity, and

## 11 Additional information

has all the powers that are incidental to ownership of the Fund's assets as though it were the absolute and beneficial owner of those assets.

The Responsible Entity may, without limitation, acquire, dispose of or otherwise deal with any real or personal property, borrow or raise money, encumber or secure any asset, incur any liability, enter into derivatives, grant any indemnity or guarantee or fetter any power.

The Responsible Entity may appoint delegates or agents (including the Manager) to perform any act or exercise any of its powers, as well as advisers to assist it with its duties and functions.

- **Valuation of assets**

The Responsible Entity may, at any time, arrange for a Fund asset to be valued and must also do so as and when required by the Corporations Act. The Responsible Entity is not to be regarded as having the knowledge of a valuer or any other expertise in respect of the valuation of assets. Each asset must be valued at its market value current at the time of valuation unless the Responsible Entity determines that:

1. There is no market in respect of the asset; or
2. The market value does not represent the fair value of the asset.

- **Responsible Entity's limitation of liability**

Except where the Corporations Act expressly provides otherwise, the Responsible Entity and each director and officer of the Responsible Entity are not personally liable to a Unitholder or any other person in connection with the office of Responsible Entity or director or officer of the Responsible Entity.

The Responsible Entity will not be liable to any Unitholder or any other person to any greater extent than the extent to which it is indemnified out of the Fund assets to which it has access.

- **Indemnities**

The Responsible Entity has all the rights of indemnity of a trustee at law. In addition to any other right of indemnity which it may have under the Constitution or at law, the Responsible Entity is indemnified for and entitled to be reimbursed out of or to have paid from the Fund assets all costs and liabilities incurred in the proper performance of its duties, in the exercise of its powers, in

the course of its office or in relation to the administration or management of the Fund. The Constitution also provides for certain indemnities to be provided in favour of Compliance Committee members.

- **Unitholder meetings**

The Responsible Entity may at any time convene a meeting of Unitholders.

If the Responsible Entity proposes to extend or renew the term of the Fund (see Section 2.3 of this PDS), the Responsible Entity will convene a meeting for that purpose.

- **Voting rights**

On a show of hands, each Unitholder present in person or by proxy will have one vote. On a poll, each Unitholder will be entitled to one vote for each dollar of the value of their Unit holding.

- **Rights on winding up**

Under the Constitution, the Responsible Entity may terminate the Fund at any time. On winding up of the Fund following its termination, the net proceeds of realisation of the assets of the Fund, after discharging or providing for all liabilities of the Fund, must (subject to any rights of any partly paid Unit terms) be distributed pro-rata to Unitholders according to the number of Units held.

## 11.2 Corporate Governance and Compliance

### Role as Responsible Entity

The Responsible Entity's main responsibilities are to operate and manage the Fund in accordance with the Constitution and the Corporations Act.

In carrying out its duties the Responsible Entity must:

- Act honestly and in the best interests of Unitholders.
- Exercise care and diligence.
- Treat Unitholders of the same class equally and Unitholders of different classes fairly.

### Board composition

The board of the Responsible Entity meets on a regular basis and is required to discuss pertinent business developments

and review the operations and performance of the Fund. The board of the Responsible Entity currently comprises five directors: three executive and two non-executive directors.

### The Compliance Plan

As required by law, the Responsible Entity has prepared and lodged with ASIC a Compliance Plan that sets out the measures which the Responsible Entity will apply in operating the Fund to ensure compliance with the Corporations Act and the Constitution. A copy of the Compliance Plan is available upon request, free of charge, from the Responsible Entity's offices.

### Continuous disclosure

As a disclosing entity under the Corporations Act, the Fund is subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC in relation to the Fund may be obtained from, or inspected at, an ASIC office. Unitholders have a right to obtain a copy of the following documents:

- The annual financial report for the Fund most recently lodged with ASIC.
- Any half-year financial report for the Fund lodged with ASIC.
- Any continuous disclosure notices for the Fund given to ASIC.

The Responsible Entity's main method of communicating with Unitholders will be through its website **placerproperty.com.au**. All important information will be placed on the website in a timely manner. Unitholders will also be provided the option to receive information updates by email. Fund updates will be placed on the website at least every six months.

## 11.3 Escrow Deed

The Escrow Deed is between the Responsible Entity, the Escrow Agent and the Custodian. The Escrow Agent is a related body corporate of the Custodian.

Under the Escrow Deed, the Escrow Agent is required to open an interest bearing bank account (escrow account) into which it will deposit amounts received from the Custodian, such amounts being the \$0.99 per Unit paid by investors as security for the second and final instalment on their partly paid Units.

If the Responsible Entity notifies the Escrow Agent that the Minimum Subscription Amount has been raised by the Minimum Subscription Date, the Escrow Agent must promptly transfer the balance in the escrow account to the Custodian (to be held as a Fund asset). If the Responsible Entity notifies the Escrow Agent that the Minimum Subscription Amount has not been raised by the Minimum Subscription Date, the Escrow Agent must transfer the escrow account balance to the Registry, for the purposes of on payment to the investors who paid the \$0.99 per Unit.

Under the Escrow Deed:

- The Responsible Entity (as responsible entity of the Fund) indemnifies the Escrow Agent and the Custodian for performing their respective roles under the Escrow Deed.
- Neither the Escrow Agent nor the Custodian will be liable to anyone except in the case of their respective fraud, gross negligence or wilful default.

## 11.4 Related party and conflicts of interest policy

Related party transactions can carry a risk that they could be assessed and monitored less rigorously than arm's length third party transactions. It is important for investors to be able to assess whether the Responsible Entity takes an appropriate approach to related party transactions. A significant number or value of such transaction may mean that investors should consider the financial position of the related group as a whole and the risk of potential conflicts of interest.

All transactions in which the Responsible Entity may have a potential or actual conflict of interest will be conducted in accordance with the Responsible Entity's related party transactions policy 'Related Party and Conflicts of Interest Policy'. Under this policy, the Responsible Entity may be required to disclose conflicts of interest to Unitholders and to ensure that its disclosure is timely, prominent, specific and meaningful, and contains enough detail to understand and assess the potential impact on the service provided by the Responsible Entity. These conflict situations will be assessed and evaluated by the compliance manager for the Responsible Entity and, if the compliance manager considers it necessary, the matter will be referred to the Responsible Entity's legal counsel and board, with steps outlined to ensure that the conflict is managed in an appropriate manner.



## 11 Additional information

To fund the initial acquisition of the Property by the Fund, the Responsible Entity has arranged for KordaMentha Investments (Exhibition Street) Trust to subscribe and pay for 'Acquisition Units' in the Fund.

KordaMentha Investments (Exhibition Street) Trust is the sole holder of the Acquisition Units. The remaining funding was provided under a loan from the Bank.

KordaMentha Investments (Exhibition Street) Trust and its trustee are associated entities of the Manager and the Responsible Entity.

There are currently 16,904,194 million Acquisition Units on issue and they are redeemable at the greater of \$1 per unit and NAV per unit (less Transaction Charges). Following the Minimum Subscription Date, application monies received under the Offer will be used to fund the ongoing redemption of the Acquisition Units.

KordaMentha Investments (Exhibition Street) Trust has indicated that it may hold up to 20% of Units after the Offer Closing Date.

For more detail on the Responsible Entity's policy and procedures for related party transactions, please contact the Responsible Entity or visit [placerproperty.com.au](http://placerproperty.com.au).

### 11.5 Complaints handling

If you have a complaint about a product or service offered by the Responsible Entity, please contact:

#### Investor Services

Placer Property Limited  
GPO Box 2985, Melbourne VIC 3001  
Telephone: 1300 132 099  
Email: [info@placerproperty.com.au](mailto:info@placerproperty.com.au)

The Responsible Entity will use its best endeavours to resolve the complaint to your satisfaction.

If your complaint relates to a financial product or financial service offered by the Responsible Entity, and you are still not satisfied with our response, you may contact the Financial Ombudsman Service (FOS).

FOS's contact details are:

#### Financial Ombudsman Service Limited

GPO Box 3  
Melbourne VIC 3001  
Telephone: 1800 367 287  
Fax : (03) 9613 6399  
Email : [info@fos.org.au](mailto:info@fos.org.au)  
Website: [www.fos.org.au](http://www.fos.org.au)

### 11.6 Privacy statement

Placer Property respects your right to privacy. In completing the Application Form and communicating with us, you provide the Responsible Entity with your personal contact details. The disclosed personal information will only be used for the purpose for which it was disclosed. Your personal information will be used to identify you, process your application, establish and manage your investment and maintain our records or a related purpose, which would reasonably be expected without your permission. The Responsible Entity may not be able to do these things without your personal information. Some personal information is collected as required or authorised by laws such as the Corporations Act and the Anti-Money Laundering and Counter-Terrorism Financing Act.

From time to time the personal information may be used to inform you on an ongoing basis of investment opportunities or to provide information about products and services, which the Responsible Entity considers may be of interest to you. By completing the Application Form, you consent for the purpose of the Spam Act 2003 (Cth) to receiving commercial electronic messages and other promotional communications from the Responsible Entity or any other entity associated with the Responsible Entity. However, if you wish to request no information of that nature be sent to you, please contact the Privacy Officer (contact details below) and the Responsible Entity will not send this information to you.

#### The Privacy Officer

Placer Property Limited  
GPO Box 2985  
Melbourne VIC 3001  
Email: [privacyofficer@placerproperty.com.au](mailto:privacyofficer@placerproperty.com.au)  
Telephone: 1300 132 099

Your personal information may be disclosed to tax and regulatory authorities, service providers who provide services in connection with your investment to the Responsible Entity (e.g. Registry, technology, administration and mailing services) or the Responsible Entity may provide information about you to your nominated financial adviser.

The Responsible Entity takes all reasonable steps to protect your personal information. Under the Australian Privacy Principles, you may access personal information about you held by the Responsible Entity. If you have any queries or concerns about privacy or wish to access or correct any personal information the Responsible Entity may hold about you, please contact our Privacy Officer as set out above.

The Responsible Entity may need to verify your identity. In the case of access and correction requests, please provide as much detail as you can about the particular information you seek, in order to help the Responsible Entity locate it. The Responsible Entity will provide its reasons if it denies any request for access to or correction of personal information. The Responsible Entity takes your privacy concerns seriously. Where you express any concerns that it has interfered with your privacy, the Responsible Entity will respond to let you know who will be handling your matter and when you can expect a further response.

## 11.7 Custodian

The Responsible Entity has appointed Perpetual Corporate Trust Limited to act as custodian of the Fund's assets.

The Custodian is indemnified under the Custody Agreement by the Fund for a range of matters, including for liabilities incurred for acting as custodian and holding the Fund assets. The Custodian is also indemnified for the Responsible Entity's breaches and other misconduct. Either party may terminate the Custody Agreement on 60 days' notice.

The Custodian's role is limited to holding assets of the Fund as agent of the Responsible Entity. The Custodian has no supervisory role in relation to the operation of the Fund and is not responsible for protecting the interests of the Unitholders. The Custodian has no liability or responsibility to the Unitholders for any act done or omission made in accordance with the terms of the Custody Agreement.

## 11.8 Owners Corporation structure

Owners Corporation 1 (OC1) is an unlimited owners corporation, which affects all of the lots on Plan of Subdivision 430269E, whereas Owners Corporation 2 (OC2) is a limited owners corporation that only affects lots 1-5 on Plan of Subdivision 430269E. The members of each owners corporation are entitled to access and use the common property allocated to each relevant owners corporation. As OC1 is an unlimited owners corporation, all of the lots on Plan of Subdivision 430269E are entitled to access and use the common property allocated to OC1. As OC2 is a limited owners corporation, only the Responsible Entity and the University of Melbourne (or any replacement tenant) are entitled to access and use the common property allocated to OC2.

## OC Fees

Owners corporation fees are payable for OC1 and OC2 based on the lot liability allocated to each lot, unless agreed on a user/benefits basis.



Royal Exhibition Building. Not part of the Fund.

## 11 Additional information

### 11.9 The University of Melbourne Lease information

|   |  |                                    |                                  |                                      |                                    |                                    |
|---|--|------------------------------------|----------------------------------|--------------------------------------|------------------------------------|------------------------------------|
| <b>Documents</b>                        | Six executed leases (standalone).  |                                    |                                  |                                      |                                    |                                    |
| <b>Tenant</b>                           | The University of Melbourne ABN 84 002 705 224.  |                                    |                                  |                                      |                                    |                                    |
| <b>Term</b>                             | Six years.   |                                    |                                  |                                      |                                    |                                    |
| <b>Option term and exercise window</b>  | For each lease, one option of four years with rent review to market. The option must be exercised by the Tenant at least three months but no more than nine months before the expiry date of the lease.  |                                    |                                  |                                      |                                    |                                    |
| <b>Level</b>                            | Ground   | 1                                  | 2                                | 3                                    | 4                                  | 5                                  |
| <b>Commencement/ expiry dates</b>       | 1 February 2017 to 31 January 2023   | 1 February 2017 to 31 January 2023 | 1 March 2017 to 28 February 2023 | 13 December 2016 to 12 December 2022 | 15 January 2017 to 14 January 2023 | 15 January 2017 to 14 January 2023 |
| <b>Premises area (sq. m)</b>            | 525  | 1,204                              | 1,201                            | 1,200                                | 1,202                              | 1,196                              |
| <b>Rent review</b>                      | Annual increase by 3.65%, but market review at exercise of option.   |                                    |                                  |                                      |                                    |                                    |
| <b>Rent reduction</b>                   | Reduction of rent by 50% for first three years.  |                                    |                                  |                                      |                                    |                                    |
| <b>Outgoings</b>                        | <p>Outgoings are defined in each lease to include (but are not limited to):</p> <ul style="list-style-type: none"> <li>• Rates, levies, and assessments imposed by any relevant authorities, including fire services levies and body corporate charges.</li> <li>• Cost of maintaining and repairing the building and the Owner's installations (excluding amounts recovered by the Owner from its insurer in respect of that maintenance or repair).</li> <li>• Taxes (including land tax on the basis that the land is the only land of the Owner).</li> <li>• Premiums and charges for insurance policies held by the Owner, (including damage and destruction of premises for the risks) outlined in each lease, removal of debris, breakdown of machinery, breakage of glass and public risk for \$20,000,000).</li> <li>• Costs incurred in connection with operation of services to the premises including, cleaning, pest control, waste collection and storage, maintenance of indoor and outdoor plants in the building, indoor and outdoor landscaping and gardening, security and fire prevention, detection and control.</li> <li>• Costs incurred in relation to signage.</li> <li>• Costs incurred by the Owner in connection with the administration, management or operation of the building and the car park.</li> </ul> <p>Forecast outgoing increases are capped for the first three years of each lease at a rate of \$90.33 per sq.m with the cap increasing annually by 3.65% in years two and three.</p> |                                    |                                  |                                      |                                    |                                    |
| <b>Other costs payable by Tenant</b>    | The Tenant must pay for separately metred services and after hours services costs at a rate of \$60 per hour per floor.  |                                    |                                  |                                      |                                    |                                    |
| <b>Bank guarantee/ security</b>         | No bank guarantee is required whilst the University of Melbourne is the tenant.  |                                    |                                  |                                      |                                    |                                    |
| <b>Assignment</b>                       | If the Tenant assigns the lease, the Owner is entitled to request financial and business references to ensure the proposed assignee can meet the Tenant's financial obligations under the lease.   |                                    |                                  |                                      |                                    |                                    |
| <b>Tenant to make good on departure</b> | If the Tenant does not renew the lease, it must return the premises to the Owner clean and tidy, fair wear and tear excepted, and with any damage repaired and with removal of its own equipment and property.   |                                    |                                  |                                      |                                    |                                    |
| <b>GST</b>                              | All \$ amounts referenced above are GST exclusive.   |                                    |                                  |                                      |                                    |                                    |

## 11.10 Debt Facility details

A cash advance facility has been secured with the Bank on the following terms (Debt Facility):

|   |  |
|---|--|
| <b>Borrower</b>   | Placer Property Limited as Responsible Entity for 333 Exhibition Street Property Fund.   |
| <b>Total Facility Limit</b>   | \$25,025,000.  |
| <b>Undrawn amount</b>   | \$750,000 (Capital Works Facility).  |
| <b>Term</b>   | Five years until 12 December 2022.   |
| <b>Reduced Debt Facility limit</b>  | The Debt Facility limit reduces to 50% of the Bank approved valuation at or before 31 October 2018. The current Debt Facility limit is \$25,025,000 and is estimated to reduce to \$19,600,000 on the Minimum Subscription Date, including the Capital Expenditure Facility.   |
| <b>Loan to value covenant</b>   | <p>The Bank LVR at loan establishment and draw down in December 2017 was 65%, being the ratio of the initial Debt Facility limit of \$25,025,000 to the most recent bank approved valuation of \$38,500,000. Following the Minimum Subscription Date, the Bank loan to valuation ratio (LVR) must not exceed 60%, which LVR requirement is reduced to 55% on 31 October 2020.</p> <p><b>Bank LVR</b> means, at any time, the Facility Limit divided by the bank approved valuation of the Property at that time (expressed as a percentage).</p> <p><b>Covenant testing</b></p> <p>The Property would need to fall by more than 18.3% in value from the 1 February 2018 valuation for the Bank LVR covenant to be breached.</p>            |
| <b>Interest cover ratio covenant</b>  | <p>Following the Minimum Subscription Date, the interest cover ratio (<b>ICR</b>) is to be no less than 2.00 times. <b>ICR</b> means, for a period, the ratio of net rental income for that period to the interest expense for that period. <b>ICR</b> is based on the net rental income and interest expense of the 12-month period preceding the reporting date.</p> <p><b>Covenant testing</b></p> <p>For the ICR covenant to be breached, and based on the FY19 forecast:</p> <ul style="list-style-type: none"> <li>• Rental income generated by the Property would need to fall by 29.5%; or</li> <li>• Interest (finance charges) would need to increase in the order of 52.3%.</li> </ul>  |
| <b>Security</b>   | <p>The Debt Facility is 'limited recourse' in that the Bank will only have recourse to the assets of the Fund. The Responsible Entity and the Custodian have granted security for the obligations under the Debt Facility. These securities include:</p> <ul style="list-style-type: none"> <li>• First ranking registered mortgage over the Property granted by the Custodian.</li> <li>• General security arrangement between the Custodian, Responsible Entity and the Bank.</li> <li>• General security agreement over the assets and undertakings of the Responsible Entity (as responsible entity of the Fund).</li> </ul> <p>The Responsible Entity considers these securities to be appropriate for a facility of this nature.</p> |
| <b>Hedging</b>  | The Responsible Entity has entered into an interest rate swap over \$19,100,000 of the Debt Facility to substantially hedge the Fund's interest rate exposure for the term of the Debt Facility. As the Capital Works Facility is undrawn it is not currently fully hedged.  |
| <b>Terms which can be invoked if Unitholders exercise rights under the Constitution</b> | <p>Certain events initiated by Unitholders without the consent of the Bank will be an event of default under the Debt Facility. If an event of default occurs, the loan will become repayable and the securities may be enforced by the Bank (unless the Bank waives the event of default or consents to the relevant event occurring). These events include:</p> <ul style="list-style-type: none"> <li>• Unitholders calling a meeting to remove the Responsible Entity; or</li> <li>• A Unitholder applying to the Court for appointment of a temporary responsible entity.</li> </ul>  |



## 11 Additional information

### 11.11 Rental Guarantee

The Fund has entered into a Rental Guarantee Agreement (RGA) with KordaMentha Investments (Exhibition Street) Trust. Under the RGA the Fund will receive up to a maximum amount of \$2,461,020 which is the amount applicable from 1 March 2018 until expiry. This amount offsets the reduced rent granted to the tenant by the previous owner of the Property during the reduced rent period. The Rental Guarantee effectively tops up the rental over the first three years of each lease so that the Fund receives the amount it would have if the reduced rental period did not occur. Under the Rental Guarantee Agreement:

- the full value of the guarantee is held by the Custodian in an 'RGA account';
- funds can be drawn monthly from the RGA account to make whole the base rent under the tenant's leases; and
- the Rental Guarantee expires three years from the lease commencement dates.

### 11.12 Valuation Policy

The Responsible Entity has a Valuation Policy that describes the processes involved to ensure that Fund real estate assets are properly valued in a manner appropriate to the nature of the asset. This includes the frequency of valuation and the appointment of independent valuers. A copy of the Responsible Entity's Valuation Policy is available on request by contacting the Responsible Entity.

The policy requires only valuers who have appropriate qualifications and experience to be appointed. It also contains procedures for rotating valuers and for related party transactions.

The intention is that the Property will be independently valued each year by a qualified valuer. An independent valuation is also to be obtained within two months after the directors of the Responsible Entity form the view there is likelihood that there has been a material change in the value of the Property.

Knight Frank Valuations independently valued the Property on 1 February 2018 for \$40.0 million. A summary of the valuation is set out in Section 8.

### 11.13 Naming consents

Each of the following parties have given their written consent to be named in this PDS in the form and context in which they are named and they have not withdrawn that consent:

- Registry
- Custodian
- Escrow Agent
- Manager
- KordaMentha Investments Pty Ltd
- Bank

In addition to consenting to being named in the PDS, Knight Frank Valuations has given its written consent to the inclusion of the valuation summary in Section 8, and the Melbourne Office Market Review in Section 9.

The Bank has not made any statement that is included in this PDS or any statement on which a statement made in this PDS is based (including, without limitation, in relation to any calculations of the Bank LVR or any other covenant under the Debt Facility in the future). All calculations or references in the PDS to the Bank LVR or any other covenant under the Debt Facility have been calculated by the Responsible Entity. The Bank's calculation of these covenants may differ and will be subject to conditions (including the valuation of the Property) which are not currently known. This may have consequences under the Debt Facility which may change the conclusions set out in the PDS.

### 11.14 Anti-money laundering and counter terrorism financing

The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (**AML/CTF Act**) requires us to conduct identification and verification checks prior to accepting your investment. You will be required to provide the identification information set out in the Application Form. We will not issue you with Units unless satisfactory identification documents are provided.

The Responsible Entity is required to collect and verify 'Know Your Customer' information, which may vary by investor type. In some instances, we may be required to conduct enhanced due diligence before being able to proceed with your application.

### 11.15 Labour standards, environmental, ethical considerations

The Responsible Entity does not take into account labour standards, environmental, social or ethical considerations when making or realising an investment of the Fund.

### 11.16 Future issues of Units

The Responsible Entity may issue further units (this does not include any Units issued under this PDS) if it considers to do so would be in the best interest of Unitholders. Any further issue of units is to be supported by an independent expert's report confirming that the raising is 'fair and reasonable'. The Responsible Entity may raise further equity by a number of methods, including:

- The issue of fully or partly paid units.
- Discounted or non-discounted pro-rata rights offer to all Unitholders; or
- The issue of separate classes of units.

The Responsible Entity may enter into arrangements with underwriters or other entities to support a further issue of units. Any fees payable to underwriters or other entities to acquire the units will be paid for by the Fund.

### 11.17 Unitholder enquiries and additional information

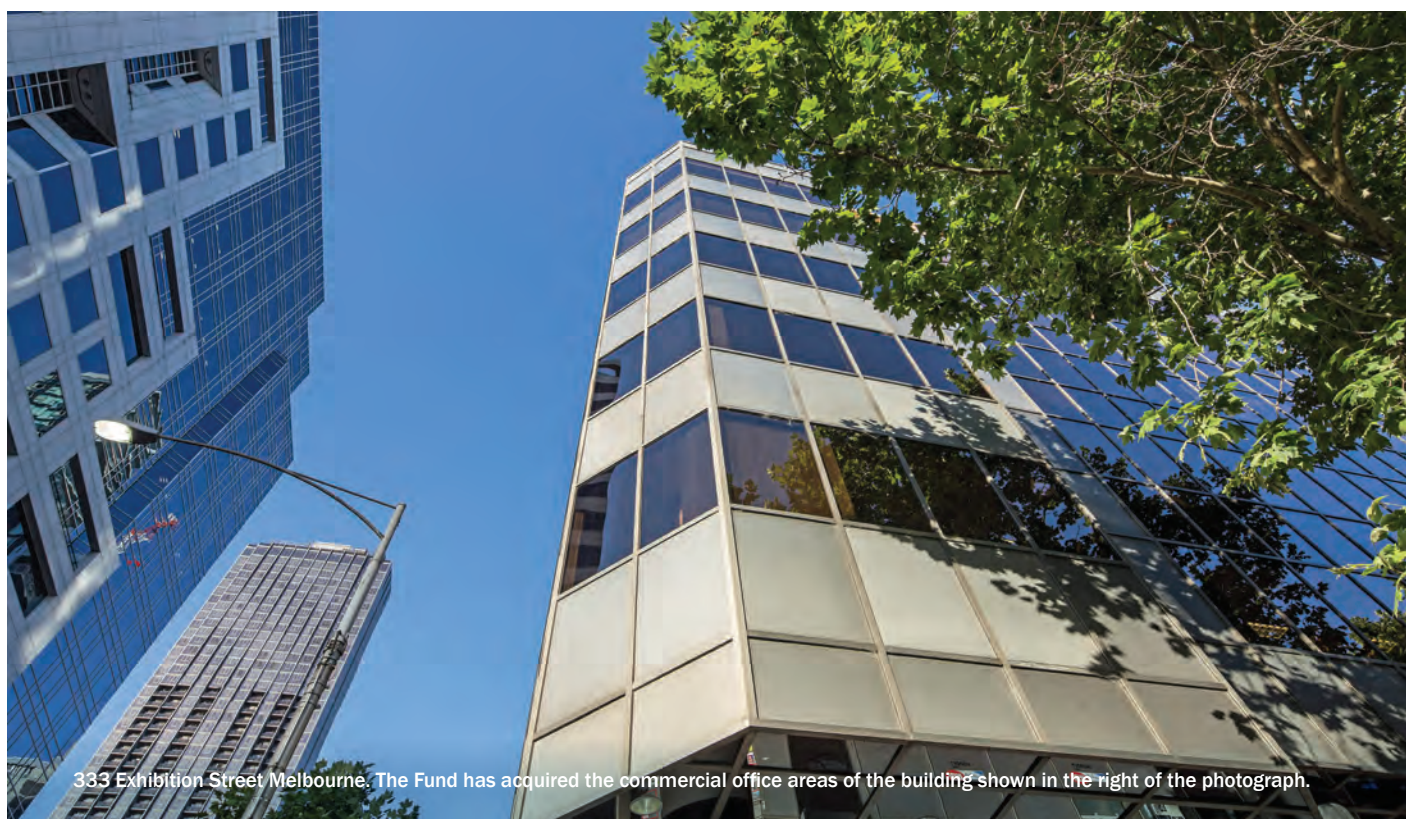
Unitholders can call Investor Services on 1300 132 099 during normal business hours.

Alternatively, you may write to the Responsible Entity at the following address:

#### Investor Services

Placer Property Limited  
GPO Box 2985,  
Melbourne Victoria 3001  
Email: [info@placerproperty.com.au](mailto:info@placerproperty.com.au)

Information regarding the Fund will be available on the Responsible Entity's website: [placerproperty.com.au](http://placerproperty.com.au).



333 Exhibition Street Melbourne. The Fund has acquired the commercial office areas of the building shown in the right of the photograph.



## 12. Glossary



Royal Exhibition Building located in the Carlton Gardens, near the Property.

| Term                               | Description   |
|------------------------------------|---|
| ABN                                | Australian Business Number.   |
| ACN                                | Australian Company Number.  |
| Acquisition Units                  | A class of units in the Fund on issue as at the date of this PDS.   |
| AFSL                               | Australian financial services licence.  |
| AML/CTF Act                        | Anti-Money Laundering and Counter-Terrorism Financing Act 2006.   |
| Application Amount                 | For partly paid Units under the Offer (Units issued on or before the Minimum Subscription Date) \$0.01.<br>For fully paid Units (if any) under the Offer (Units issued after the Minimum Subscription Date and on or before the Offer Closing Date) \$1.00. |
| Application Form                   | The application form attached to this PDS.  |
| ASIC                               | Australian Securities and Investments Commission.   |
| Bank                               | National Australia Bank Limited or NAB.   |
| Bank LVR                           | The loan to value ratio calculated under the Debt Facility, being the ratio of the Debt Facility limit to the Bank approved valuation of the Property.  |
| Building                           | The strata titled building includes the Property, the Mantra on the Park Apartment Complex and a commercial car park.   |
| CBD                                | Central business district.  |
| Capital Expenditure Facility       | An amount of \$750,000 under the Debt Facility, which is allocated for capital improvement and replacement work.  |
| CGT                                | Capital gains tax.  |
| Compliance Committee               | The compliance committee of the Responsible Entity as required under the Corporations Act.  |
| Compliance Plan                    | The compliance plan for the Fund lodged with ASIC, as amended from time to time.  |
| Constitution                       | The Constitution for 333 Exhibition Street Property Fund dated 17 October 2017 and amended by deeds poll on 8 December 2017, 12 February 2018 and 28 February 2018.   |
| Corporations Act                   | Corporations Act 2001 (Cth).  |
| Custodian                          | Perpetual Corporate Trust Limit ABN 99 000 341 533.   |
| Debt Facility                      | The secured loan facility provided by the Bank to the Responsible Entity for a period of five years.  |
| EBITDA                             | Earnings before interest, tax, depreciation, straight lining of rentals and amortisation of borrowing costs.  |
| Escrow Agent                       | Perpetual Nominees Limited ACN 000 733 700.   |
| Escrow Deed                        | The agreement between Placer Property, the Escrow Agent and the Custodian as described in Section 11.3.   |
| Facility Limit                     | The amount that can be drawn under the Debt Facility. The initial facility limit was \$25,025,000. On and from the Minimum Subscription Date the facility limit is estimated to be \$19,600,000.  |
| Financial Ombudsman Service or FOS | Means the Financial Ombudsman Service Limited<br>GPO Box 3, Melbourne VIC 3001<br>Telephone: 1800 367 287<br>Fax: (03) 9613 6399.   |
| Forecast Period                    | 1 March 2018 to 30 June 2019.   |



## 12 Glossary

| Term   | Description   |
|--|---|
| <b>Fund</b>  | The unit trust named 333 Exhibition Street Property Fund (ARSN 624 418 051) established by the Constitution.  |
| <b>FY18</b>  | The period commencing on 1 March 2018 and ending on 30 June 2018.   |
| <b>FY19</b>  | The 12-month period ending 30 June 2019.  |
| <b>Gearing Ratio</b>                                     | The ratio as set out in Section 2.4.  |
| <b>Gross Asset Value or GAV</b>                          | The gross value of the Fund's assets.   |
| <b>GST</b>   | Goods and services tax.   |
| <b>Indirect Investors</b>                                | Investors who access the Fund through a Wrap Account.   |
| <b>Initial Term</b>                                      | The initial term of the Fund will end on or about 30 June 2024.   |
| <b>Instalment Monies</b>                                 | \$0.99 per Unit.  |
| <b>Interest Cover Ratio or ICR</b>                       | The ratio as set out in Section 2.4.  |
| <b>IRR</b>   | Internal rate of return.  |
| <b>Issue Price</b>                                       | Fixed price at which an interest in the Fund is offered to the public. The issue price per Unit issued under this PDS is \$1.00.  |
| <b>KordaMentha Investments (Exhibition Street) Trust</b> | KordaMentha Investments (Exhibition Street) Trust as established by the trust deed dated 20 October 2017.   |
| <b>KordaMentha Investments Pty Ltd</b>                   | KordaMentha Investments Pty Ltd ACN 163 035 121.  |
| <b>Knight Frank Valuations</b>                           | Valuation Services (Vic) Pty Ltd ABN 74 098 875 211 trading under licence as Knight Frank Valuations.   |
| <b>Management Fee</b>                                    | The management fee set out in Sections 5.1 and 5.2 of this PDS.   |
| <b>Manager</b>   | Placer Property Management Pty Ltd – ACN 165 750 078.   |
| <b>Minimum Subscription Amount</b>                       | A minimum subscription of \$5.89 million.   |
| <b>Minimum Subscription Date</b>                         | 31 October 2018, or other such date as determined by the Responsible Entity at its discretion. This date may not exceed 12 months from the date of this PDS.  |
| <b>Net Asset Value or 'NAV'</b>                          | The value of the assets of the Fund less the following: <ul style="list-style-type: none"> <li>• all amounts required to repay any borrowings and to meet all liabilities (including the amount of any provisions the Trustee determines) but excluding liabilities (if any) to Unitholders in respect of Units;</li> <li>• following any distribution calculation date, and without double counting, the amount of any distributable income payable but not paid to Unitholders on the day on which the Net Asset Value is determined; and</li> <li>• any amount paid in advance of a call on a partly paid Unit.</li> </ul> |
| <b>NAV per Unit</b>                                      | NAV calculated under the Constitution divided by the number of Units on issue in the Fund.  |
| <b>Net Lettable Area or NLA</b>                          | Net lettable area has the meaning as that set out in 'Method of Measurement for Lettable Area 1997' published by the Property Council of Australia.   |

| Term  | Description   |
|---|---|
| <b>Net Tangible Assets or NTA</b>                     | The net tangible assets of the Fund as set out in Section 2.4 of this PDS.  |
| <b>Offer</b>  | The offer of ordinary Units under this PDS.   |
| <b>Offer Closing Date</b>                             | The date the Total Offer Amount is reached unless the Responsible Entity closes the Offer at an earlier time in its discretion.   |
| <b>Operator</b>                                       | The operator or custodian of the Wrap Account.  |
| <b>PDS</b>  | Product Disclosure Statement.   |
| <b>Performance Fee</b>                                | The performance fee set out in Section 5.1 and 5.2 of this PDS.   |
| <b>Placer Property</b>                                | Placer Property Limited ACN 164 635 885 (AFSL 442806).  |
| <b>Property</b>                                       | The commercial office component of the building located at 333 Exhibition Street, Melbourne, being the corner of Exhibition and La Trobe Streets in Melbourne.  |
| <b>Registry</b>                                       | Boardroom (Victoria) Pty Limited ACN 110 851 333.   |
| <b>Related Party and Conflicts of Interest Policy</b> | Placer Property's related party and conflicts of interest policy as described in section 11.4.  |
| <b>Rental Guarantee</b>                               | The rental guarantee of \$2,461,020. See Section 11.11.   |
| <b>Responsible Entity</b>                             | Placer Property Limited (ACN 164 635 885, AFSL 442806). See Section 9.  |
| <b>RG 46</b>  | ASIC Regulatory Guide 46: Unlisted property schemes—improving disclosure for retail investors.  |
| <b>Special Resolution</b>                             | A resolution passed at a meeting of Unitholders by at least 75% of the votes cast by Unitholders entitled to vote on the resolution.  |
| <b>sq.m</b>   | square metres.  |
| <b>psq.m</b>  | per square metre.   |
| <b>TFN</b>  | Tax file number.  |
| <b>Total Offer Amount</b>                             | \$23,479,194.   |
| <b>Transaction Charges</b>                            | Transaction Charges for a Unit means an amount which may be nil, determined by the Responsibility Entity: <ul style="list-style-type: none"> <li>• in calculating the issue price of Units, as the estimated cost of acquiring the Funds assets on the issue of the relevant Units; and</li> <li>• in calculating the redemption price of Units, as the estimated cost of selling or disposing of the Fund assets on the redemption of the relevant Units.</li> </ul> |
| <b>Transaction Fee</b>                                | The transaction fee set out in Sections 5.2 and 6.4 of this PDS.  |
| <b>Unit</b>   | A unit in the Fund. Unless the context otherwise requires, 'Unit' includes an Acquisition Unit.   |
| <b>Unitholder</b>                                     | A holder of Units.  |
| <b>Valuation Policy</b>                               | Placer Property's valuation policy as described in section 11.12.   |
| <b>WALE</b>   | Weighted average lease expiry as set out in Section 3.1.  |
| <b>Wrap Account</b>                                   | Means an investor directed portfolio service (IDPS) or IDPS-like scheme.  |

## 13. Application forms



333 Exhibition Street Melbourne. The Fund has acquired the commercial office areas of the building shown in the photograph.



# Application Form

## 333 Exhibition Street Property Fund

ARSN 624 418 051



This Application Form is to be used for the purchase of Units in 333 Exhibition Street Property Fund (ARSN 624 418 051) (**Fund**), under the Offer set out in the Product Disclosure Statement dated 1 March 2018 (**PDS**) issued by Placer Property Limited (ABN 69 164 635 885, AFSL 442806) (**Responsible Entity**).

The Responsible Entity has the sole discretion whether to accept or reject an application. The Responsible Entity will reject an Application Form if the Gross Payment Amount is not received in full and in cleared funds. If your Application Form is rejected, wholly or in part, then the Responsible Entity will notify you in writing and return the relevant Gross Payment Amount, within 30 business days. By sending a completed Application Form you are making an offer to become an investor in the Fund and you are agreeing to be legally bound by the Constitution and the terms of the PDS. A summary of the Constitution is included in Section 11.1 of the PDS to which this Application Form is attached.

|  |  |  |   |
|--|--|--|---|
|  | <b>Read the PDS</b>                          | PDS available from:  | placerproperty.com.au<br>Tel: 1300 132 099<br>email enquiries: info@placerproperty.com.au |
|  | <b>Complete this Application Form</b>        | Application Form on pages 80 to 82.  |   |
|  | <b>Complete Investor Identification Form</b> | All person(s) or legal entities named on the Application Form, must complete the relevant Investor Identification Form. Refer to page 83.  |   |
|  | <b>Payment</b>                               | <p>Cheque: Cheques should be either Australian bank cheques or drawn on an Australian domiciled account in the name of the applicant and made out to: 333 Exhibition Street – Application Account</p> <p>Electronic Transfer: If you would like to direct deposit the Gross Payment Amount via electronic transfer, please send your payment to the following bank account:</p> <p><b>Account name:</b> Perpetual Corporate Trust Limited ACF 333 Exhibition Street Property Fund - Application Account</p> <p><b>Bank:</b> NAB</p> <p><b>BSB Number:</b> 083-054</p> <p><b>Account Number:</b> 927672945</p> <p><i>Reference: Please ensure the application name is placed in this field to allow us to match your application fund with your Application Form.</i></p> |   |
|  | <b>Post</b>                                  | Mail your Application Form/s to the Registry:  | <b>Boardroom (Victoria) Pty Limited</b><br><b>GPO Box 3993, Sydney NSW 2001</b>           |

## Correct format of Registerable Titles

Only legal entities are allowed to hold Units in the Fund. Applications must be in the name(s) of natural person(s), companies or other legal entities acceptable to the Fund. At least one full given name and the surname are required for each individual. The name of the beneficiary or any other non-registerable name may be included by way of an account designation if completed exactly as described in the example of correct forms of registerable title shown below.

| Type of Investor  | Correct format of Registerable Name         | Incorrect format                            |
|---|---|---|
| <b>Individual</b><br>Use given names, not initials  | John Alfred Smith                           | J A Smith                                   |
| <b>Company</b><br>Use company name, not abbreviations. Director(s) names must be completed within the Applicant(s) Details section                                  | ABC Pty Ltd                                 | ABC P/L or ABC Co                           |
| <b>Trust<sup>1</sup></b><br>Use trustee(s) names<br>Use name of the trust in the account designator section   | Sue Smith<br>Sue Smith Family Trust         | Sue Smith Family Trust<br>Sue Smith         |
| <b>Superannuation Fund</b><br>Use name of trustee of fund<br>Use name of fund in the account designator section   | Jane Smith Pty Ltd<br>Jane Smith Super Fund | Jane Smith Super Fund<br>Jane Smith Pty Ltd |
| <b>Deceased Estate<sup>2</sup></b><br>Use executor(s) names<br>Use name of the deceased in the account designator section   | Sue Lennon<br>Estate of the Late Jon Lennon | Estate of the Late Jon Lennon               |
| <b>A Minor (less than 18 years old)<sup>3</sup></b><br>Use Trustee, parent or guardian(s) personal names<br>Use name of the Minor in the account designator section | Sue Smith<br>Junior Smith                   | Junior Smith<br>Sue Smith                   |

1 If there are two or more trustees, please name each. All trustees should sign.

2 A copy of the grant of probate or letters of administration, certified as being a true and accurate copy of the original by a Justice of the Peace, a lawyer or a commissioner of declarations should be attached.

3 If the Minor does not hold a TFN, please supply the TFN of one of the trustees.



Fill out this Application Form if you want to apply for Units in 333 Exhibition Street Property Fund. Please complete this Application Form using **BLACK INK** and write clearly within the boxes in **CAPITAL LETTERS**. Mark **appropriate** answer boxes with a cross (X). You should read the whole of the PDS dated 1 March 2018, issued by the Responsible Entity, before completing this Application Form. Capitalised terms in this Application Form will have the same meaning as given to them in the PDS (unless otherwise defined in this Application Form).

## Complete Application Form

### PART 1

#### Investor identification

If you have invested in a Placer Property fund previously, we already have your Investor Identification information on record and you will only need to complete the Application Form.

Please mark with a cross (X) one of the boxes to indicate who is making the investment.

Has the person/entity investing in the Fund invested in a Placer Property managed fund previously?

- ☐ Yes. Please provide your investor number.
- ☐ No. You also need to complete the Investor Identification Form appropriate to the type of investor you are, as detailed below.
- ☐ Individuals/Sole Traders If "NO" above, also complete Investor Identification Form 1
- ☐ Australian Companies If "NO" above, also complete Investor Identification Form 2
- ☐ Trusts, Trustees and SMSFs If "NO" above, also complete Investor Identification Form 3
- ☐ Executors of an Estate If "NO" above, also complete Investor Identification Form 3

### PART 2

#### Gross payment amount at \$1.00 per unit and applicant(s) details

**A** The Gross Payment Amount is the sum of:

- Application Amount; and
- Adviser Fee (if any, see Part 5).

Application Amount is the number of Units being applied for, multiplied by \$1.00.

\$0.01 per Unit of the Application Amount, is the application money for each Unit.

The remaining \$0.99 per Unit is to be held by the Escrow Agent as security for payment of the second and final instalment of the Issue Price.

Minimum Application Amount is 20,000 Units (\$20,000).

**B** Please include your TFN in the space provided to ensure tax is not deducted from distributions.

**C** Please fill in this section if you are investing on behalf of a Company.

**D** Individual investors may designate an investment on behalf of another individual. The Responsible Entity is only required to act on instructions from the investors listed in 2A or 2C.

**A**

Application Amount:

\$

,  , 0 0 0 . 0 0

Adviser fee (if applicable)

\$

,  , 0 0 0 . 0 0

Gross Payment Amount:

\$

,  , 0 0 0 . 0 0

**Individual Investor, Joint Investor 1, Company Director 1, Executor 1 or Trustee 1**

Title

Given name(s)

Surname

Date of birth (day/month/year)

/  /

**Joint Investor 2, Company Director 2, Executor 2 or Trustee 2**

Title

Given name(s)

Surname

Date of birth (day/month/year)

/  /

**B**

**Tax File Number(s)** (Individual and Joint Investors only)

1

2

If any of the investors above are exempt from providing a TFN, please provide the reason for the exemption (eg: Sole Parent Benefits, Service Pension, etc.)

**C**

**Name of Investing Company, Association, Body or Trustee Company if applicable**

ABN

TFN

**D**

**Account Designator** (name of Super Fund, Trust, Deceased Estate or other entity or person)

A T F

ABN

TFN

If exempt from providing a TFN and/or ABN, please provide the reason for the exemption

## PART 3

### Applicant(s) contact details *(must not be adviser details)*

Please enter contact details, including phone numbers in case we need to contact you in relation to your application. Adviser details are not acceptable unless your Adviser holds a power of attorney, a certified copy of which must be provided. These contact details will be used for all administration correspondence.

Address

City

State

Postcode

Phone

After hours phone

Mobile

Facsimile

Email

## PART 4

### Communication preferences

Nominating to receive communications electronically reduces administration costs for the Fund.

Would you like Unitholder communications to be sent to the email address nominated in Part 3 above?

Yes ☐ No ☐

Indicate if you would like to be sent Annual Financial Reports.

Yes ☐ No ☐

Tick this box if you **do not** want to receive marketing related material or calls from the Responsible Entity.

☐

## PART 5

### Financial adviser details

If you use a financial adviser, please have them sign this section and stamp the Application Form to confirm they hold a current AFSL and are authorised to deal in and/or advise on managed investment products. If an Adviser Fee is nominated we will deduct this amount from your Gross Payment Amount and pay this fee to your financial adviser. This amount is in addition to the Application Amount.

Adviser given name

Adviser surname

Adviser company (if applicable)

Adviser email

Licensed Dealer

License No:

Initial Adviser Fee (if applicable):

(Including GST)

Adviser SIGNATURE

## PART 6

### Distribution payments

You are required to provide your bank account details for payment of distributions. Distributions will not be paid by cheque. We can only accept Australian bank account details.

Account Name

Financial Institution

BSB

Account Number



## PART 7 Declaration and authorisation

**I/we represent and warrant that:**

1. I/we have received and read the PDS to which this Application Form applies and agree to be bound by it and the Constitution (each as amended from time to time).
2. I/we have received and accepted the Offer to invest in Australia.
3. All information in this Application Form is true and correct.
4. I/we indemnify the Responsible Entity against any liabilities whatsoever arising from acting on any information I/we provide in connection with this Application Form.
5. I/we have legal power to invest in accordance with this Application Form and have complied with all applicable laws in doing so.
6. In the case of joint applications, the joint applicants agree that unless otherwise indicated on the Application Form, the Units will be held as joint tenants and either investor is able to operate the account and bind the other investor for future transactions.
7. If this Application Form is signed under Power of Attorney, the Attorney declares that I/we have not received notice of revocation of the power.
8. I/we have read and understood the 'Privacy Statement' in the current PDS.
9. Until I/we inform the Responsible Entity otherwise, I/we will be taken to have consented to all uses of our personal information (including marketing) contained under the heading Privacy Statement and to our Adviser providing further personal information to the Responsible Entity as required or reasonably deemed necessary by the Responsible Entity.
10. I/we understand that if we fail to provide any information requested or do not agree to any of the possible uses or disclosure of our information as detailed in the PDS, our application may be rejected by the Responsible Entity and the Responsible Entity is released and indemnified in respect of any loss or liability arising from its inability to accept an Application Form due to inadequate or incorrect details having been provided.
11. I/we agree that the Responsible Entity may provide details of our investment to the Adviser group or Adviser nominated by the means and in the format that they direct.
12. I/we agree to the provision of confirmations, reporting and other communications, as set out in Section 2.4 of the PDS.
13. If the Application Form is received prior to the Minimum Subscription Date, I/we authorise and direct the Responsible Entity, to direct the Escrow Agent to transfer the \$0.99 per Unit held in escrow, to the Custodian on the Minimum Subscription Date (if sufficient equity is raised by that date), as payment of the second and final instalment of the \$1.00 Issue Price per Unit.
14. The monies used to fund my investment in the Fund are not derived from or related to any money laundering, terrorism financing or other illegal activities, whether prohibited under Australian law, international law or convention ("illegal activity") and the proceeds of my investment in the Fund will not be used to finance any illegal activities.
15. I am not a "politically exposed" person or organisation for the purpose of any AML/CTF Act.
16. I/we will provide such information and assistance that may be requested by the Responsible Entity to comply with its obligations under the AML/CTF Act and I/we will indemnify the Responsible Entity against any loss caused by my/our failure to provide any information or assistance required to comply with our obligations under the AML/CTF Act.
17. I/we confirm that the Responsible Entity and the Registry are authorised to accept and act upon any instructions in respect of this Application Form and the Units to which it relates given by me by facsimile or email. If instructions are given by facsimile or email, the onus is on me to ensure that such instructions are received in legible form and I undertake to confirm them in writing. I indemnify the Responsible Entity and the Registry against any loss arising as a result of any of them acting on facsimile or email instructions. The Responsible Entity and the Registry may rely conclusively upon and shall incur no liability in respect of any action taken upon any notice, consent, request, instruction or other instrument believed, in good faith, to be genuine or to be signed by properly authorised persons.

**I/we acknowledge that:**

1. Once the Application Form has been received by the Responsible Entity, it cannot be withdrawn.
2. I/we understand that the Adviser Fee cannot be refunded once paid.
3. Any Application Form can be accepted or rejected by the Responsible Entity.
4. Neither the Responsible Entity nor any Unitholder of 333 Exhibition Street Property Fund (including its directors and employees) guarantee the Fund's performance, the repayment of capital, any particular rate of return or any distribution.
5. The assumptions, and therefore the forward looking statements, are subject to factors which are outside the control of the Responsible Entity and its directors, or which are not predictable on a reliable basis and that the actual results may vary materially from the forward looking statements.
6. The Responsible Entity may be required to pass on information about me or my investment to the relevant regulatory authority in compliance with the AML/CTF Act.
7. Should an Adviser whose details appear in Part 5 of this Application Form be appointed, the Responsible Entity may supply my Adviser with information about my account unless I instruct the Responsible Entity not to do so.

If the Application Form is signed by more than one person, who will operate the account: Any to sign ☐ All to sign together ☐

|  |  |
|--|--|
| <div style="border: 1px solid black; height: 40px; margin-bottom: 5px;"></div> <p style="text-align: center; color: #ccc;">SIGNATURE A</p> <p>Date <span style="border: 1px solid black; display: inline-block; width: 20px; height: 20px;"></span> / <span style="border: 1px solid black; display: inline-block; width: 20px; height: 20px;"></span> / <span style="border: 1px solid black; display: inline-block; width: 20px; height: 20px;"></span></p> <p>Name <span style="border: 1px solid black; display: inline-block; width: 380px; height: 20px;"></span></p> <p>If a Company Officer or Trustee, you MUST specify your title:</p> <p>Director <input type="checkbox"/> Sole Director and Company Secretary <input type="checkbox"/></p> <p>Trustee <input type="checkbox"/> Other <span style="border: 1px solid black; display: inline-block; width: 200px; height: 20px;"></span></p> | <div style="border: 1px solid black; height: 40px; margin-bottom: 5px;"></div> <p style="text-align: center; color: #ccc;">SIGNATURE B</p> <p>Date <span style="border: 1px solid black; display: inline-block; width: 20px; height: 20px;"></span> / <span style="border: 1px solid black; display: inline-block; width: 20px; height: 20px;"></span> / <span style="border: 1px solid black; display: inline-block; width: 20px; height: 20px;"></span></p> <p>Name <span style="border: 1px solid black; display: inline-block; width: 380px; height: 20px;"></span></p> <p>If a Company Officer or Trustee, you MUST specify your title:</p> <p>Director <input type="checkbox"/> Sole Director and Company Secretary <input type="checkbox"/></p> <p>Trustee <input type="checkbox"/> Other <span style="border: 1px solid black; display: inline-block; width: 200px; height: 20px;"></span></p> |
|--|--|

## PART 8 Payment details

These details are required so your payment can be matched to your Application Form. Please refer to page 1 of Application Form and comment below for further details.

Please indicate which payment method you've used:

- Cheque ☐ Made payable to 333 Exhibition Street Property Fund – Applications Account
- Electronic Transfer ☐ Reference\*

**\*Reference:** Please place the application name in this field to allow us to match your electronic funds transfer with your Application Form. This reference will be used to identify your application and MUST match the reference you enter with your funds transfer. If we are not able to match your application to a payment, your application may not be processed. Note that your application cannot be processed until the direct credit has been processed by your financial institution, and your Application Form has been received by the Investor Registry.

## Investor Identification Forms

In 2006 the Federal Government enacted the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (**AML/CTF Act**). The purpose of this legislation is to enable Australia's financial sector to maintain international business relationships, detect and prevent money laundering and terrorism financing by meeting the needs of law enforcement agencies and to bring Australia in line with international standards.

### Why does this legislation affect Placer Property?

As Placer Property is the Responsible Entity for investment products, we have to meet stringent investor identification and verification requirements. This means that prior to Units in the 333 Exhibition Street Property Fund being issued, we must be 'reasonably satisfied' that investors are who they claim to be.

### What do you need to do?

If you invest in the Fund through a financial adviser or an IDPS facility then they will request and collect any verification materials. If you are investing directly, you need to complete the identification form which relates to the type of entity making the investment.

### Which identification form do I need to complete?

| Type of Entity Investing   | Forms to be completed                               | Pages |
|--|---|-------|
| Individuals and Sole Traders (each applicant must complete a form) | IDENTIFICATION FORM 1: Individuals and Sole Traders | 84–85 |
| Australian Companies   | IDENTIFICATION FORM 2: Australian Companies         | 86–87 |
| Trusts, Trustees and Self Managed Super Funds                      | IDENTIFICATION FORM 3: Trusts, Trustees and SMSFs   | 88–92 |

#### Not on the list?

If you are investing through a type of entity not listed above, please phone Boardroom on 1300 737 760 to discuss which form is appropriate for your needs.

We may request additional information from you where we reasonably consider it necessary to satisfy our obligations under the AML/CTF Act, and applications will not be processed until the necessary information is provided.

### Who is allowed to certify AML/CTF Identification documents?

|  |
|--|
| a Justice of the Peace   |
| a member of the Institute of Chartered Accountants in Australia, CPA Australia or the National Institute of Accountants  |
| a person who is enrolled on the roll of the Supreme Court of a State or Territory, or High Court of Australia, as a legal practitioner (however described)   |
| a judge of a court or a magistrate   |
| a permanent employee of Australia Post employed in an office supplying postal services to the public with 5 years continuous service, a full time teacher at a school or tertiary institution  |
| a police officer   |
| a person who, under a law in force in a State or Territory, is currently licenced or registered to practice one of the following occupations: Chiropractor, Dentist, Medical practitioner, Nurse, Optometrist, Pharmacist, Physiotherapist, Psychologist, Veterinary surgeon |
| an officer with, or authorised representative of, a holder of an Australian financial services licence, having 2 or more continuous years of service with one or more licensees  |
| any other persons mentioned in Part 1 and Part 2 of the Statutory Declarations Regulations 1993 – Schedule 2   |

#### IMPORTANT

Please note that, if you are completing Form 1 or Form 3, you are required to attach a **certified**, legible copy of the ID documentation that you are relying upon (and any required translation) to confirm your identity.

Identification Form 1:  
Individuals and Sole Traders



**GUIDE TO COMPLETING THIS FORM**

- ☐ Complete one form for each individual nominated on your Application Form.
- ☐ Complete all applicable sections of this form in BLOCK LETTERS.

**Section 1A: Personal details/Individual 1**

|  |                                |                      |                      |
|--|--------------------------------|----------------------|----------------------|
| Surname  | Date of birth (day/month/year) |                      |                      |
|  | <input type="text"/>           | <input type="text"/> | <input type="text"/> |
| Full Given Name(s)                             |                                |                      |                      |
| Residential Address (PO Box is NOT acceptable) |                                |                      |                      |
| Street   |                                |                      |                      |
| Suburb   | State                          | Postcode             | Country              |

**COMPLETE THIS PART IF INDIVIDUAL IS A SOLE TRADER**

|   |              |          |         |
|---|--------------|----------|---------|
| Full Business Name (if any)                                     | ABN (if any) |          |         |
| Principal Place of Business (if any) (PO Box is NOT acceptable) |              |          |         |
| Street  |              |          |         |
| Suburb  | State        | Postcode | Country |

**Section 1B: Personal details/Individual 2**

|  |                                |                      |                      |
|--|--------------------------------|----------------------|----------------------|
| Surname  | Date of birth (day/month/year) |                      |                      |
|  | <input type="text"/>           | <input type="text"/> | <input type="text"/> |
| Full Given Name(s)                             |                                |                      |                      |
| Residential Address (PO Box is NOT acceptable) |                                |                      |                      |
| Street   |                                |                      |                      |
| Suburb   | State                          | Postcode             | Country              |

**COMPLETE THIS PART IF INDIVIDUAL IS A SOLE TRADER**

|   |              |          |         |
|---|--------------|----------|---------|
| Full Business Name (if any)                                     | ABN (if any) |          |         |
| Principal Place of Business (if any) (PO Box is NOT acceptable) |              |          |         |
| Street  |              |          |         |
| Suburb  | State        | Postcode | Country |

**GUIDE TO COMPLETING THIS FORM**

- ☐ Please complete Part I (if you do not own a document from Part I, then complete Part II or III.)

**Section 2: identification documents** (*certified copies to be provided*)

**PART I – PRIMARY DOCUMENTS**

Tick Select **ONE** valid option from this section only

- ☐ Australian State / Territory driver's licence containing a photograph of the person
- ☐ Australian passport (a passport that has expired within the preceding 2 years is acceptable)
- ☐ Card issued under a State or Territory for the purpose of proving a person's age containing a photograph of the person
- ☐ Foreign passport or similar travel document containing a photograph and the signature of the person\*

**PART II – ACCEPTABLE SECONDARY ID DOCUMENTS** – *should only be completed if you do not own a document from Part I*

Tick Select **ONE** valid option from this section

- ☐ Australian birth certificate
- ☐ Australian citizenship certificate
- ☐ Pension card issued by Centrelink
- ☐ Health card issued by Centrelink

Tick **AND ONE** valid option from this section

- ☐ A document issued by the Commonwealth or a State or Territory within the preceding 12 months that records the provision of financial benefits to the individual and which contains the individual's name and residential address.
- ☐ A document issued by the Australian Taxation Office within the preceding 12 months that records a debt payable by the individual to the Commonwealth (or by the Commonwealth to the individual), which contains the individual's name and residential address.
- ☐ A document issued by a local government body or utilities provider within the preceding 3 months which records the provision of services to that address or to that person (the document must contain the individual's name and residential address).

**PART III – ACCEPTABLE FOREIGN DOCUMENTS** – *should only be completed if the individual does not own a document from Part I*

- ☐ If under the age of 18, a notice that: was issued to the individual by a school principal within the preceding 3 months; and contains the name and residential address; and records the period of time that the individual attended that school.

Tick **BOTH** documents from this section must be presented

- ☐ Foreign driver's licence that contains a photograph of the person in whose name it issued and the individual's date of birth\*
- ☐ National ID card issued by a foreign government containing a photograph and a signature of the person in whose name the card was issued\*

\*Documents that are written in a language that is not English must be accompanied by an English translation prepared by an accredited translator.

**IMPORTANT:**

Please attach a **certified**, legible copy of the ID documentation you are relying upon to confirm your identity (and any required translation).



## Identification Form 2: Australian Companies



### GUIDE TO COMPLETING THIS FORM

- ☐ Complete all applicable sections of this form in BLOCK LETTERS.
- ☐ Foreign Companies are not permitted to invest in the 333 Exhibition Street Property Fund.
- ☐ Only send the completed sections of this form with the Application Form.

### Section 1A: Australian Company details (to be completed if company is an Australian Company)

#### 1.1 General Information

Full name as registered by ASIC

ACN

**Registered office address** (PO Box is NOT acceptable)

Street

Suburb

State

Postcode

Country

**Principal place of business** (if any) (PO Box is NOT acceptable)

Street

Suburb

State

Postcode

Country

#### 1.2 Regulatory/Listing Details (if applicable, select from the following categories which apply to the company and provide the information requested)

- ☐ **Regulated company** (licensed by an Australian Commonwealth, State or Territory statutory regulator)

Regulator name

Licence details

- ☐ **Australian listed company**

Name of market / exchange

- ☐ **Majority-owned subsidiary of an Australian listed company**

Australian listed company name

Name of market / exchange

#### 1.3 Company Type (select only ONE of the following categories)

- ☐ **Public**                      **The form is now COMPLETE.**
- ☐ **Proprietary**                Go to Section 1.4.

## Identification Form 2: (continued)

### Australian Companies



#### 1.4 Directors *(only needs to be completed for proprietary companies)*

**This section does NOT need to be completed for public companies.**

How many directors are there? Provide full name of each director.

| Full given name(s) | Surname |
|--------------------|---------|
| 1                  |         |
| 2                  |         |
| 3                  |         |
| 4                  |         |

*If there are more directors, provide details on a separate sheet.*

#### 1.5 Shareholders *(only needs to be completed for proprietary companies that are not regulated companies as selected in Section 1.2)*

Provide details of **ALL individuals** who are beneficial owners through one or more shareholdings of more than 25% of the company's issued capital.

##### Shareholder 1

| Full given name(s)                                    | Surname |          |         |
|---|---------|----------|---------|
| Residential address <i>(PO Box is NOT acceptable)</i> |         |          |         |
| Street  |         |          |         |
| Suburb  | State   | Postcode | Country |

##### Shareholder 2

| Full given name(s)                                    | Surname |          |         |
|---|---------|----------|---------|
| Residential address <i>(PO Box is NOT acceptable)</i> |         |          |         |
| Street  |         |          |         |
| Suburb  | State   | Postcode | Country |

##### Shareholder 3

| Full given name(s)                                    | Surname |          |         |
|---|---------|----------|---------|
| Residential address <i>(PO Box is NOT acceptable)</i> |         |          |         |
| Street  |         |          |         |
| Suburb  | State   | Postcode | Country |

##### Shareholder 4

| Full given name(s)                                    | Surname |          |         |
|---|---------|----------|---------|
| Residential address <i>(PO Box is NOT acceptable)</i> |         |          |         |
| Street  |         |          |         |
| Suburb  | State   | Postcode | Country |

**GUIDE TO COMPLETING THIS FORM**

Complete the following in BLOCK LETTERS:

- Section 1 (all parts) – all trusts.
- **AND** select and complete one of the following sections for **ONLY ONE** of the trustees:
  - Section 2 (applicable parts) – selected trustee is an Individual; or
  - Section 3 (applicable parts) – selected trustee is an Australian Company.

Only send the **completed sections** of this form with the Application Form.

**Section 1A: Trust details**

**1.1 General Information**

Full name of trust

Full business name (if any)

**1.2 Type of Trust** (select only one of the following trust types and provide the information requested)

☐ **Registered managed investment scheme**

Provide Australian Registered Scheme Number (ARSN)

(Go to Section 1B)

☐ **Regulated trust (e.g. a SMSF)**

Provide name of the regulator (e.g. ASIC, APRA, ATO)

Provide the trust's ABN or registration/licensing details

(Go to Section 1B)

☐ **Government superannuation fund**

Provide name of the legislation establishing the fund

(Go to Section 1B)

☐ **Other trust type**

Trust description (e.g. Family, unit, charitable, estate)

(Complete Section 1.3 and 1.4)

**1.3 Beneficiary Details** (only complete if "Other trust type" is selected in section 1.2 above)

Do the terms of the trust identify the beneficiaries by reference to membership of a class?

☐ **Yes** Provide details of the membership class/es (e.g. unit holders, family members of named person, charitable purpose)

(Go to Section 1.4)

☐ **No** How many beneficiaries are there? \_\_\_\_\_ Provide full name of each beneficiary below

Full given name(s)

Surname

1

2

3

4

If there are more directors, provide details on a separate sheet.

## Identification Form 3: (continued)

### Trusts, Trustees and SMSFs



#### 1.4 Trustee Details *(only complete if "Other trust type" is selected in section 1.2)*

**DO NOT complete if the trust is a registered managed investment scheme, regulated trust (e.g. SMSF) or government superannuation fund.**

How many trustees are there? \_\_\_\_\_ Provide full name and address of each trustee below.

##### Trustee 1

|  |         |          |         |
|--|---------|----------|---------|
| Full given name(s) or Company name   | Surname |          |         |
| Residential address if an individual trustee or company registered office address (PO Box is NOT acceptable) |         |          |         |
| Street   |         |          |         |
| Suburb   | State   | Postcode | Country |

##### Trustee 2

|  |         |          |         |
|--|---------|----------|---------|
| Full given name(s) or Company name   | Surname |          |         |
| Residential address if an individual trustee or company registered office address (PO Box is NOT acceptable) |         |          |         |
| Street   |         |          |         |
| Suburb   | State   | Postcode | Country |

##### Trustee 3

|  |         |          |         |
|--|---------|----------|---------|
| Full given name(s) or Company name   | Surname |          |         |
| Residential address if an individual trustee or company registered office address (PO Box is NOT acceptable) |         |          |         |
| Street   |         |          |         |
| Suburb   | State   | Postcode | Country |

##### Trustee 4

|  |         |          |         |
|--|---------|----------|---------|
| Full given name(s) or Company name   | Surname |          |         |
| Residential address if an individual trustee or company registered office address (PO Box is NOT acceptable) |         |          |         |
| Street   |         |          |         |
| Suburb   | State   | Postcode | Country |

##### Trustee 5

|  |         |          |         |
|--|---------|----------|---------|
| Full given name(s) or Company name   | Surname |          |         |
| Residential address if an individual trustee or company registered office address (PO Box is NOT acceptable) |         |          |         |
| Street   |         |          |         |
| Suburb   | State   | Postcode | Country |

##### Trustee 6

|  |         |          |         |
|--|---------|----------|---------|
| Full given name(s) or Company name   | Surname |          |         |
| Residential address if an individual trustee or company registered office address (PO Box is NOT acceptable) |         |          |         |
| Street   |         |          |         |
| Suburb   | State   | Postcode | Country |

If there are more trustees, provide details on a separate sheet.



### Section 1B: Trust identification documents *(certified copies to be provided)*

No Trust documentation is required for a registered managed investment scheme, regulated trust (e.g. SMSF) or government superannuation fund (as selected in section 1.2) AND if the Trust has an Australian Business Number (ABN).

If "Other trust type" (as selected in section 1.2) OR the Trust does not have an Australian Business Number (ABN), then an Acceptable Document needs to be provided.

| Tick                  | Acceptable Documents (use one of the following to verify the Unincorporated Association)                |
|-----------------------|---|
| <input type="radio"/> | A certified copy or certified extract of the Trust Deed.  |
| <input type="radio"/> | A notice issued by the Australian Taxation Office within the last 12 months (eg a Notice of Assessment) |
| <input type="radio"/> | A letter from a solicitor or qualified accountant that confirms the name of the trust.                  |

Documents that are written in a language that is not English, must be accompanied by an English translation prepared by an accredited translator.

#### IMPORTANT:

Please attach a **certified**, legible copy of the ID documentation you are relying upon to confirm your identity (and any required translation).

**Complete ONLY ONE of the following sections, as required, to collect the additional information about the identity of ONLY ONE of the trustees:**

- **Section 2 (applicable parts) – where the selected trustee is an individual.**
- **Section 3 (applicable parts) – where the selected trustee is an Australian Company.**

### Section 2: Individual details *(to be completed if selected trustee is an Individual)*

|  |                                |                      |                      |   |                      |                      |   |                      |                      |                      |                      |
|--|--------------------------------|----------------------|----------------------|---|----------------------|----------------------|---|----------------------|----------------------|----------------------|----------------------|
| Surname  | Date of Birth (day/month/year) | <input type="text"/> | <input type="text"/> | / | <input type="text"/> | <input type="text"/> | / | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| Full Given Name(s)   |                                |                      |                      |   |                      |                      |   |                      |                      |                      |                      |
| Residential Address (PO Box is NOT acceptable) <b>Only provide address details if not provided in Section 1.4.</b> |                                |                      |                      |   |                      |                      |   |                      |                      |                      |                      |
|  |                                |                      |                      |   |                      |                      |   |                      |                      |                      |                      |
| Suburb   | State                          | Postcode             | Country              |   |                      |                      |   |                      |                      |                      |                      |

**Complete Part I (or if the trustee does not own a document from Part I, then complete either Part II or III).**

#### PART I – ACCEPTABLE PRIMARY ID DOCUMENTS

| Tick                  | Select <b>ONE</b> valid option from this section only   |
|-----------------------|---|
| <input type="radio"/> | Australian State/Territory driver's licence containing a photograph of the person.                                      |
| <input type="radio"/> | Australian passport (a passport that has expired within the preceding 2 years is acceptable).                           |
| <input type="radio"/> | Card issued under a State or Territory for the purpose of proving a person's age containing a photograph of the person. |
| <input type="radio"/> | Foreign passport or similar travel document containing a photograph and the signature of the person*.                   |

#### PART II – ACCEPTABLE SECONDARY ID DOCUMENTS – should only be completed if the individual does not own a document from Part I

| Tick                  | Select <b>ONE</b> valid option from this section only |
|-----------------------|---|
| <input type="radio"/> | Australian birth certificate.                         |
| <input type="radio"/> | Australian citizenship certificate.                   |
| <input type="radio"/> | Pension card issued by Centrelink.                    |
| <input type="radio"/> | Health card issued by Centrelink.                     |

| Tick                  | Select <b>ONE</b> valid option from this section only  |
|-----------------------|--|
| <input type="radio"/> | A document issued by the Commonwealth or a State or Territory within the preceding 12 months that records the provision of financial benefits to the individual and which contains the individual's name and residential address.  |
| <input type="radio"/> | A document issued by the Australian Taxation Office within the preceding 12 months that records a debt payable by the individual to the Commonwealth (or by the Commonwealth to the individual), which contains the individual's name and residential address. <i>Block out the TFN before scanning, copying or storing this document.</i> |
| <input type="radio"/> | A document issued by a local government body or utilities provider within the preceding 3 months which records the provision of services to that address or to that person (the document must contain the individual's name and residential address).  |

**PART III – ACCEPTABLE FOREIGN ID DOCUMENTS** – *should only be completed if the individual does not own a document from Part I*

| Tick                  | <b>BOTH</b> documents from this section must be presented  |
|-----------------------|--|
| <input type="radio"/> | Foreign driver's licence that contains a photograph of the person in whose name it issued and the individual's date of birth.*           |
| <input type="radio"/> | National ID card issued by a foreign government containing a photograph and a signature of the person in whose name the card was issued* |

\*Documents that are written in a language that is not English must be accompanied by an English translation prepared by an accredited translator.

**IMPORTANT:**

Please attach a **certified**, legible copy of the ID documentation you are relying upon to confirm your identity (and any required translation).

**If the selected trustee is an individual, the form is now COMPLETE.**

**Section 3: Australian Company details** *(to be completed if selected trustee is an Australian Company)*

**3.1 General Information**

Full name as registered by ASIC

ACN

Registered office address *(PO Box is NOT acceptable)*

Street

Suburb

State

Postcode

Country

Principal place of business (if any) *(PO Box is NOT acceptable)*

Street

Suburb

State

Postcode

Country

**3.2 Regulatory/Listing Details** *(select the following categories which apply to the trustee company and provide the information requested)*

☐ **Regulated company** (licensed by an Australian Commonwealth, State or Territory statutory regulator)

Regulator name

Licence details

☐ **Australian listed company**

Name of market/exchange

☐ **Majority-owned subsidiary of an Australian listed company**

Australian listed company name

Name of market/exchange

## Identification Form 3: (continued) Trusts, Trustees and SMSFs



### 3.3 Company Type (select only ONE of the following categories)

- ☐ **Public** If the trust is a registered managed investment scheme, regulated trust (e.g. SMSF) or government superannuation fund, the form is now **COMPLETE**.  
If 'Other trust type' is selected in Section 1.2, complete Sections 3.4 and 3.5 below.
- ☐ **Proprietary** Continue to Section 3.4

### 3.4 Directors (only needs to be completed for proprietary companies)

**This section does NOT need to be completed for public and listed companies.**

How many directors are there?

Provide full name of each director below

Full given name(s)

Surname

1

2

3

4

If there are more directors, provide details on a separate sheet.

**If the company is a regulated company (as selected in Section 3.2) AND the trust type selected in Section 1.2 is:**

- **a registered managed investment scheme, regulated trust (e.g. SMSF) or government superannuation fund, the form is now COMPLETE.**

**Otherwise, continue to Section 3.5 below.**

### 3.5 Shareholders (only needs to be completed for proprietary companies that are not regulated companies as selected in Section 3.2)

Provide details of ALL individuals who are beneficial owners through one or more shareholdings of more than 25% of the company's issued capital.

#### Shareholder 1

Full given name(s)

Surname

Residential address (PO Box is NOT acceptable)

Street

Suburb

State

Postcode

Country

#### Shareholder 2

Full given name(s)

Surname

Residential address (PO Box is NOT acceptable)

Street

Suburb

State

Postcode

Country

#### Shareholder 3

Full given name(s)

Surname

Residential address (PO Box is NOT acceptable)

Street

Suburb

State

Postcode

Country

**Responsible Entity**

Placer Property Limited

ACN 164 635 885

AFSL 442806

**Melbourne Office**

Rialto South Tower

Level 31, 525 Collins Street, Melbourne VIC 3000

GPO Box 2985

Melbourne VIC 3001

Telephone: 1300 132 099

Email: [info@placerproperty.com.au](mailto:info@placerproperty.com.au)

Website: [placerproperty.com.au](http://placerproperty.com.au)

**Directors**

James Walsh (Non Executive Chairman)

Janette Kendall (Non Executive Director)

Tom Davis (Executive Director)

David Omond (Joint Managing Director)

Mario Papaleo (Joint Managing Director)

**Custodian**

Perpetual Corporate Trust Limited

ACN 000 341 533

Angel Place, Level 18, 123 Pitt Street Sydney NSW 2000

Telephone: 1300 730 862

**Registry**

Boardroom (Victoria) Pty Limited

ACN 110 851 333

Level 12, 225 George Street

Sydney NSW 2000

GPO Box 3993, Sydney NSW 2001

Telephone: 1300 737 760





333 Exhibition Street Melbourne. The Fund has acquired the commercial office areas of the building shown in the photograph foreground.







