

RF CorVal Property Fund – ASIC Benchmarks and Disclosure Principles

Information provided pursuant to ASIC Regulatory Guide 46

March 2022

RF CorVal Property Fund

ARSN: 656 171 158

APIR CODE: CRV9885AU

Corval Partners Limited

ABN: 86 130 628 830

AFS Licence: 326118

1. Introduction

Corval Partners Limited ABN 86 130 628 830 (**Responsible Entity**) is the responsible entity of the RF CorVal Property Fund ARSN 656 171 158 (**Fund**) and is the issuer of this document. The Responsible Entity issued a Product Disclosure Statement for the Fund on 19 January 2022, which contains an offer to apply for Ordinary Units in the Fund (PDS).

The Australian Securities and Investments Commission (**ASIC**) has developed six benchmarks and eight disclosure principles for unlisted property schemes that are aimed at helping retail investors decide whether an investment in an unlisted property scheme is suitable for them. The benchmarks and disclosure principles are contained in Regulatory Guide 46: *Unlisted property schemes: Improving disclosure for retail investors* (**Regulatory Guide 46**).

As the Fund is an unlisted property scheme, the Responsible Entity is required to disclose against the benchmarks and apply the disclosure principles contained in Regulatory Guide 46.

2. About this document

The information in this document is general information only and does not take into account your objectives, financial situation or needs. This document should be read in conjunction with the Product Disclosure Statement for the Fund dated 19 January 2022 (**PDS**) as well as any updated information in relation to the Fund that is available on the Fund's website, www.corval.com.au/CPF (**Fund Website**).

If you have any doubt as to whether an investment in the Fund is appropriate for you, or whether you should stay invested in the Fund or increase your investment in the Fund, you should consult your financial or other professional adviser.

All information contained in this document is current as at 31 March 2022 unless stated otherwise. The Responsible Entity may update this document from time to time, and it is recommended you refer to the Fund Website for the latest version of this document.

A paper copy of this document is available free of charge to any person in Australia by calling us on +61 2 8203 8400.

3. Disclosure benchmarks

This section overviews the disclosure benchmarks developed by ASIC for unlisted property schemes. This section also indicates where in this document you can find more information as to whether the Fund meets the relevant benchmark.

3.1 **Benchmark 1: Gearing policy**

This benchmark is met if the responsible entity maintains and complies with a written policy that governs the level of gearing at an individual credit facility level.

The Responsible Entity meets this benchmark. Refer to Section 5 for more information.

3.2 **Benchmark 2: Interest cover policy**

This benchmark is met if the responsible entity maintains and complies with a written policy that governs the level of interest cover at an individual credit facility level.

The Responsible Entity meets this benchmark. Refer to Section 5 for more information.

3.3 **Benchmark 3: Interest capitalisation**

This benchmark is met if the responsible entity maintains and complies with a written policy that governs the level of interest cover at an individual credit facility level.

The Responsible Entity meets this benchmark. Refer to Section 5 for more information.

3.4 **Benchmark 4: Valuation policy**

This benchmark is met if the responsible entity maintains and complies with a written valuation policy that requires the following:

- (a) A valuer to be qualified and independent.
 - That is, the responsible entity's valuation policy must require a valuer be independent, and be registered or licensed in the relevant state, territory or overseas jurisdiction in which the property is located (where a registration or licensing regime exists), or otherwise be a member of an appropriate professional body in that jurisdiction.
- (b) Procedures be followed for dealing with any conflicts of interest.
- (c) The rotation and diversity of valuers.
- (d) Valuations be obtained in accordance with a set timetable.
- (e) For each property, an independent valuation be obtained—
 - (i) before the property is purchased—
 - A. for a development property, on an 'as is' and 'as if complete' basis, and
 - B. for all other property, on an 'as is' basis, and
 - (ii) within two months after the directors form a view that there is a likelihood that there has been a material change in the value of the property.

The Responsible Entity meets this benchmark. Refer to Section 6 for more information.

3.5 **Benchmark 5: Related party transactions**

This benchmark is met if the responsible entity maintains and complies with a written policy on related party transactions, including the assessment and approval processes for such transactions and arrangements to manage conflicts of interest.

The Responsible Entity meets this benchmark. Refer to Section 8 for more information.

3.6 Benchmark 6: Distribution practices

This benchmark is met if the scheme will only pay distributions from its cash from operations (excluding borrowings) available for distribution.

The Responsible Entity meets this benchmark. Refer to Section 9 for more information.

4. Disclosure principles

This section overviews the disclosure principles developed by ASIC for unlisted property schemes. This section also indicates where in this document you can find the information disclosed by the Responsible Entity in compliance with those principles.

4.1 Disclosure Principle 1: Gearing ratio

This principle provides a responsible entity should disclose a gearing ratio for the scheme calculated using the following formula:

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

Refer to Section 5 for the information disclosed by the Responsible Entity in compliance with this disclosure principle.

4.2 Disclosure Principle 2: Interest cover ratio

The interest cover ratio gives an indication of an unlisted property scheme's ability to meet the interest payments from earnings. This principle provides a responsible entity should disclose the scheme's interest cover ratio calculated using the following formula and based on the latest financial statements:

$$\text{Interest cover ratio} = \frac{\text{(EBITDA – unrealised gains + unrealised losses)}}{\text{Interest expense}}$$

Refer to Section 5 for the information disclosed by the Responsible Entity in compliance with this disclosure principle.

4.3 Disclosure Principle 3: Scheme borrowing

This principle provides a responsible entity should disclose the following:

- (a) If a scheme has borrowed funds (whether on or off-balance sheet), clearly and prominently disclose—

- (i) for each borrowing that will mature in five years or less—the aggregate amount owing and the maturity profile in increments of not more than 12 months
 - (ii) for borrowings that will mature in more than five years—the aggregate amount owing
 - (iii) the amount (expressed as a percentage) by which either the operating cash flow or the value of the asset(s) used as security for the facility must fall before the scheme will breach any covenants in any credit facility
 - (iv) for each credit facility—
 - A. the aggregate undrawn amount
 - B. the assets to which the facility relates
 - C. the loan-to-valuation and interest cover covenants under the terms of the facility
 - D. the interest rate of the facility, and
 - E. whether the facility is hedged
 - (v) details of any terms within the facility that may be invoked as a result of scheme members exercising their rights under the constitution of the scheme, and
 - (vi) the fact that amounts owing to lenders and other creditors of the scheme rank before an investor's interests in the scheme.
- (b) If borrowings and credit facilities will mature within 12 months, make appropriate disclosure about the prospects of refinancing or possible alternative actions (e.g., sales of assets or further fundraising). If a responsible entity has no reasonable grounds for commenting on the prospect of refinancing or possible alternative actions, it should state this and explain why to investors.
 - (c) Explain any risks associated with their borrowing maturity profile, including whether borrowings have been hedged and, if so, to what extent.
 - (d) Any information about scheme borrowing and breaches of loan covenants that is reasonably required by investors. A responsible entity should update investors about the status of scheme borrowings and any breaches of covenants through ongoing disclosure.

Refer to Section 5 for the information disclosed by the Responsible Entity in compliance with this disclosure principle.

4.4 Disclosure Principle 4: Portfolio diversification

This principle provides a responsible entity should disclose the following:

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- (a) The current composition of the scheme's direct property investment portfolio, including—
 - (i) properties by geographic location by number and value
 - (ii) non-development properties by sector (e.g., industrial, commercial, retail, residential) and development projects by number and value
 - (iii) for each significant property, the most recent valuation, the date of the valuation, whether the valuation was performed by an independent valuer and, where applicable, the capitalisation rate adopted in the valuation
 - (iv) the portfolio lease expiry profile in yearly periods calculated on the basis of lettable area or income and, where applicable, the weighted average lease expiry
 - (v) the occupancy rate(s) of the property portfolio
 - (vi) for the top five tenants that each individually constitute 5% or more by income across the investment portfolio, the name of the tenant and percentage of lettable area or income, and
 - (vii) the current value of the development and/or construction assets of the scheme as a percentage of the current value of the total assets of the scheme.
 - (b) The investment strategy on investing in other unlisted property schemes, whether the scheme's current assets conform to the investment strategy and an explanation of any significant variance from this strategy.
 - (c) A clear description of any significant non-direct property assets of the scheme, including the value of such assets.

This principle also provides if the scheme is involved in property development, then a responsible entity should disclose the following for each significant development asset—

- (a) the development timetable with key milestones
- (b) a description of the status of the development against the key milestones identified
- (c) a description of the nature of the funding arrangements for the development (including the sources of funding and repayment strategies if borrowing is used to fund the development)
- (d) the total amounts of pre-sale and lease pre-commitments, where applicable
- (e) whether the loan-to-valuation ratio for the asset under development exceeds 70% of the 'as is' valuation of the asset, and
- (f) the risks associated with the property development activities being undertaken.

If a scheme has over 20% of its property assets in development based on an 'as if complete' basis, then a responsible entity should ensure that the scheme is clearly identified as a development and/or construction scheme.

Refer to Section 7 for the information disclosed by the Responsible Entity in compliance with this disclosure principle.

4.5 Disclosure Principle 5: Related party transactions

This principle provides a responsible entity that enters into transactions with related parties should describe related party arrangements relevant to the investment decision by disclosing—

- (a) the value of the financial benefit
- (b) the nature of the relationship (i.e., the identity of the related party and the nature of the arrangements between the parties, in addition to how the parties are related for the purposes of the Corporations Act or ASX Listing Rules—for group structures, the nature of these relationships should be disclosed for all group entities)
- (c) whether the arrangement is on 'arm's length' terms, is reasonable remuneration, some other exception applies, or we have granted relief
- (d) whether scheme member approval for the transaction has been sought and, if so, when (e.g., if member approval was obtained before the issue of interests in the scheme)
- (e) the risks associated with the related party arrangement, and
- (f) whether a responsible entity is in compliance with its policies and procedures for entering into related party transactions for the particular related party arrangement, and how this is monitored.

Refer to Section 8 for the information disclosed by the Responsible Entity in compliance with this disclosure principle.

4.6 Disclosure Principle 6: Distribution practices

This principle provides if a scheme is making or forecasts making distributions to investors, a responsible entity should disclose—

- (a) the source of the current distribution (e.g., from cash from operations available for distribution, capital, unrealised revaluation gains)
- (b) the source of any forecast distribution
- (c) whether the current or forecast distributions are sustainable over the next 12 months
- (d) if the current or forecast distribution is not solely sourced from cash from operations (excluding borrowings) available for distribution, the sources of funding and the reasons for making the distribution from these other sources

- (e) if the current or forecast distribution is sourced other than from cash from operations (excluding borrowings) available for distribution, whether this is sustainable over the next 12 months, and
- (f) the impact of, and any risks associated with, the payment of distributions from the scheme from sources other than cash from operations (excluding borrowings) available for distribution.

Refer to Section 9 for the information disclosed by the Responsible Entity in compliance with this disclosure principle.

4.7 Disclosure Principle 7: Withdrawal arrangements

This principle provides if investors are given the right to withdraw from a scheme, a responsible entity should clearly disclose—

- (a) whether the constitution of the scheme allows investors to withdraw from the scheme, with a description of the circumstances in which investors can withdraw
- (b) the maximum withdrawal period allowed under the constitution for the scheme (this disclosure should be at least as prominent as any shorter withdrawal period promoted to investors)
- (c) any significant risk factors or limitations that may affect the ability of investors to withdraw from the scheme, or the unit price at which any withdrawal will be made (including risk factors that may affect the ability of the responsible entity to meet a promoted withdrawal period)
- (d) a clear explanation of how investors can exercise their withdrawal rights, including any conditions on exercise (e.g., specified withdrawal periods and scheme liquidity requirements), and
- (e) if withdrawals from the scheme are to be funded from an external liquidity facility, the material terms of this facility, including any rights the provider has to suspend or cancel the facility.

Refer to Section 10 for the information disclosed by the Responsible Entity in compliance with this disclosure principle.

4.8 Disclosure Principle 8: Net tangible assets

This principle provides a responsible entity of a closed-end scheme should clearly disclose the value of the net tangible assets (NTA) of the scheme on a per unit basis in pre-tax dollars using the following formula:

$$\text{NTA} = \frac{\text{Net assets} - \text{intangible assets} \pm \text{any other adjustments}}{\text{Number of units in the scheme on issue}}$$

A responsible entity should disclose the methodology for calculating the NTA and details of the adjustments used in the calculation, including the reasons for the adjustments.

A responsible entity should also explain to investors what the NTA calculation means in practical terms and how investors can use the NTA calculation to determine the scheme's level of risk.

This disclosure principle does not apply as the Fund is not a closed-end scheme and the unit price will be calculated daily. Refer to Section 11 for more information.

5. Borrowing and gearing

5.1 Gearing and interest cover policy

The Responsible Entity maintains and complies with a written policy that governs the Fund's level of gearing and interest cover at a Fund and individual debt facility level.

Debt facilities will be provided by major Australian or international financial institutions with security granted against the Property Investments by a first-ranking mortgage and security interests over Fund assets in priority, but with no recourse to Investors.

The Responsible Entity will aim to enter into debt facilities where the maximum allowable loan-to-value ratio and minimum allowable interest cover ratio provide sufficient headroom to minimise the likelihood of these covenants being breached.

Interest expenses of the Fund will not be capitalised in the ordinary course of business.

5.2 Gearing Ratio

The Gearing Ratio indicates the extent to which the Fund's assets are funded by borrowings. The Gearing Ratio gives an indication of 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 the value of the Property Investments.

A higher Gearing Ratio means a higher reliance on external liabilities to fund assets and exposes the Fund to increased funding costs if interest rates rise. A highly geared investment has a lower asset buffer to rely on in times of financial stress. Regulatory Guide 46 requires the Gearing Ratio to be calculated as:

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

As at 31 March 2022, the Fund's Gearing Ratio was calculated as follows:

Total Interest-Bearing Liabilities: nil

Total Assets: \$15.2 million

Gearing Ratio: 0%

The Fund may also be exposed indirectly to gearing because a Property Trust in which it invests may use borrowings to acquire properties. The Responsible Entity calculates the gearing of the Fund taking into account the Fund's share of assets and liabilities of all underlying Property Trusts. This is known as the Look Through Gearing Ratio. The

Responsible Entity aims to maintain the Look Through Gearing Ratio for the Fund at no more than 55% and will not acquire any Property Investments which, at the time of acquisition, would result in a Look Through Gearing Ratio for the Fund above 55%. However, if the value of the Fund's assets falls, then in those circumstances it is possible the Look Through Gearing Ratio may exceed 55%. In these circumstances the Responsible Entity may take steps to reduce gearing by either raising new capital or selling assets.

The Responsible Entity does not take into account the gearing of any investment the Fund may have in A-REITs in calculating the Look Through Gearing Ratio.

The Responsible Entity has a Look Through Gearing Ratio target for the Fund of between 35% and 45%. Gearing may temporarily exceed the target to complete the acquisition of Property Investments or other investments with subsequent capital raised from new Investors being used to reduce the Fund's gearing in line with the gearing target. Gearing may also be lower from time to time if the Responsible Entity determines it is prudent to do so. However, the maximum Look Through Gearing Ratio for the Fund is 55%.

As at 31 March 2022, the Look-Through Gearing ratio of the Fund was 42%.

5.3 **Interest cover ratio**

Interest cover measures the ability of the Fund to meet its interest payments on debt finance from its earnings. The level of interest cover gives an indication of the Fund's financial health, in paying both interest to debt finance providers and distributions to Investors. It is a key measure of the risks associated with the Fund's debt finance and the sustainability of debt refinancing.

The lower the interest cover ratio, the higher the risk that the Fund will not be able to meet its interest payments. A fund with a low interest cover ratio only needs a small reduction in earnings, or a small increase in interest rates or other expenses, to be unable to meet its interest payments. Regulatory Guide 46 requires the interest cover ratio to be calculated as:

$$\text{Interest cover ratio} = \frac{\text{EBITDA} - \text{unrealised gains} + \text{unrealised losses}}{\text{interest expense}}$$

As 31 March 2022, the interest cover ratio was calculated as follows:

EBITDA \$1.40 million – unrealised gains \$1.35 million = \$0.05 million

Interest expense: nil

Interest cover ratio: n/a

As at 31 March 2022, the Fund did not hold any direct interest-bearing liabilities and therefore the total cost of interest bearing liabilities over the period to 30 June 2022 is expected to be 0% (annualised), calculated by estimated total interest expense over the period divided by estimated interest bearing liabilities as at 30 June 2022. This includes the estimated cost of the bank margin, any fixed interest rate and any floating facility rate as applicable to any direct interest-bearing liabilities of the Fund.

5.4 *Covenant sensitivities*

As at 31 March 2022, the Fund did not hold any direct interest-bearing liabilities and therefore will not be subject to any loan covenants.

In the future it is expected that the Fund may hold direct interest-bearing liabilities and under the terms of such debt facilities the Fund will be required to comply with certain loan covenants over the course of the financial year. It is expected the Fund will be compliant with all covenants including the Interest Cover Ratio (ICR) and Loan to Valuation Ratio (LVR). At the time the Fund holds direct interest-bearing liabilities it will be reported by what percentage the value of the Property Investments (based on the latest independent valuations) would have to fall for the Fund to breach its LVR covenant and by what percentage the income of the Fund would have to fall for the Fund to breach its ICR covenant.

5.5 *Interest capitalisation*

The Responsible Entity intends to Fund interest payments from income received by the Fund and does not intend to capitalise any interest payments.

6. **Valuations**

The Responsible Entity has implemented a written valuation policy for the valuation of property assets held by the Fund that meets Benchmark 4.

The Responsible Entity's valuation policy requires that—

- (a) before a property is acquired, it is independently valued
- (b) the Fund's properties are valued every twelve months (or within two months after the Directors form a view that there is a likelihood there has been a material change in the value of the property) or more frequently if the requirements of the Fund's debt providers require it
- (c) independent valuers be acceptable to the Fund's debt providers (if any), be registered or licensed and provide valuations which comply with all relevant industry standards and codes, and
- (d) independent valuers must be rotated such that the same independent valuer cannot value an asset for more than three times consecutively.

To obtain a copy of the Responsible Entity's valuation policy, please contact the Responsible Entity.

The Fund has obtained independent valuations for the Property Investments that form the Initial Portfolio. See Section 7.1 for the valuation information.

7. Portfolio diversification

Generally, the more diversified a portfolio is, the lower the risk than an adverse event affecting one property or one lease will put the overall portfolio at risk.

The Fund's objective is to provide investors with consistent quarterly income and the potential for long-term capital growth by investing in a portfolio of Australian property assets, diversified across geography, asset class and tenant.

The Fund aims to achieve its objective by investing in good quality, income producing properties including assets in the office, industrial/logistics, healthcare, agriculture and retail sectors. The Fund will invest both directly and indirectly, by investing in unlisted Property Trusts that are established and managed by RF CorVal, where those Property Trusts invest in direct properties that are suitable for the Fund. The Fund may invest in Property Trusts that own properties subject to development however, it is expected any such investments would constitute less than 10% of the gross assets of the Fund.

The Fund may also invest up to 10% of the gross assets of the Fund in more liquid assets, including A-REITs, Mortgage Funds, cash and cash equivalent products. The Fund's exposure to these assets is intended to provide an income source on any surplus capital not immediately required for investment in Direct Property or Property Trusts.

The following asset allocation ranges and typical allocations are provided as a guide only. At any time, the amount invested in any particular asset class may be less than or exceed the ranges and allocations set out below. For example, the amount held in A-REITs, cash or cash-like products may exceed the allocation range prior to the acquisition of a Property Investment, or following the disposal of a Property Investment. At these times, the amount held in direct and non-listed property assets may be less than the below range.

Asset class	Allocation range
Property Investments	90-100%
A-REITs	0-10%
Mortgage Funds	0-10%
Cash or cash-like products	0-10%

The Initial Portfolio will consist of indirect interests in Property Trusts that are managed by RF CorVal, providing the Fund with exposure to a diversified portfolio of properties across Australia. See Section 7.1 for details of the Initial Portfolio.

7.1 Current investment portfolio

Over time, as the Fund acquires or sells assets consistent with its investment strategy, the specific assets comprising the Fund's investment portfolio will change.

As at 31 March 2022, the investment portfolio of the Fund included interests in the following Property Trusts (Initial Portfolio):

Property Trust	Trustee	Valuation of Property Trust ¹	Valuer	Fund's Interest ²	Sector
CorVal 26 Flinders Street Trust	CorVal Partners Limited	\$53.50m	External	4.1%	Office
CorVal Corporate Centre Trust	CorVal Partners Limited	\$101.00m	External	2.2%	Office
CorVal Workzone Trust	CorVal Partners Limited	\$97.00m	External	4.6%	Office
CorVal Inghams Murray Bridge Trust	CorVal Partners Limited	\$71.50m	External	8.2%	Industrial
CorVal Pact Trust	CorVal Partners Limited	\$73.50m	External	6.6%	Industrial
RF CorVal 33 Longland Street Trust	CorVal Partners Limited	\$22.40m	External	4.3%	Office
RF CorVal Eureka Trust	CorVal Partners Limited	\$58.00m	External	1.9%	Tourism and Hospitality
RF CorVal Industrial Infill Trust	CorVal Partners Limited	\$57.75m	External	2.2%	Industrial

1. reflects the valuation of the underlying properties owned by the Property Trusts in which the Fund holds an interest

2. this percentage interest is based on the number of units owned by the Fund in the Property Trusts as at 31 March 2022

Initially, the only other significant non-direct property asset of the Fund will be cash or cash-like products. As at 31 March 2022, the Fund held cash or cash-like products of approximately \$1.1m.

Initially, the Fund will have no Direct Property investments and no development and/or construction assets.

Details of the Fund's current portfolio will be updated regularly on the Fund Website.

8. Related party transactions

The Responsible Entity maintains and complies with a written policy on related party transactions, including the assessment and approval process for such transactions and arrangements to manage conflicts of interest. All transactions in which the Responsible Entity may have, or may be perceived to have, a conflict of interest will be conducted in accordance with the Responsible Entity's related party transactions policy. Under this policy, the Responsible Entity may be required to disclose conflicts of interest to Investors 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.

The primary examples of the conflicts of interest that applies to the Fund is the appointment of related parties to perform fund management and property management services, and investments in unlisted property funds managed or operated by CorVal Group.

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

The Responsible Entity has appointed CorVal Investment Pty Ltd ACN 619 074 663 to act as the manager of the Fund (Manager) pursuant to an investment management agreement. The Manager is a related company of the Responsible Entity and is also part of CorVal Group. The appointment is on arm's length terms and the remuneration paid to the Manager is consistent with market rates. The Responsible Entity complied with the procedures in its related party

transactions policy in appointing the Manager and regularly reviews the arrangement in accordance with this policy and the investment management agreement. A summary of the investment management agreement is contained in Section 9.3 of the PDS, and the fees payable to the Manager are as described in Section 8 of the PDS, and the risks associated with related party arrangements are set out in Section 7 of the PDS.

9. Distribution practices

Some property schemes make distributions partly or wholly from unrealised revaluation gains, capital, borrowings, or support facilities arranged by the responsible entity, rather than solely from cash from operations available for distribution. This may not be commercially sustainable over the longer term, particularly when property values are not increasing.

The Fund will only pay distributions from its cash from operations (excluding borrowings) available for distribution. It is intended for distributions to be paid on a quarterly basis.

The Responsible Entity considers the Fund's distributions will be sustainable from the Fund's available cash resources for at least 12 months into the future.

10. Withdrawal arrangements

Investors have no right to demand a withdrawal of their investment in the Fund. However, the Responsible Entity intends to offer Investors the opportunity to withdraw their investment each quarter on a limited basis via a Capped Withdrawal Facility. The amount available for withdrawal will be subject to available liquidity and capped at 2.5% of the Fund's net asset value on the last Business Day of the relevant quarter. The closing date is generally 4:00pm Sydney time on the last Business Day of each quarter.

In addition to the Capped Withdrawal Facility, Investors may be able to withdraw from the Fund pursuant to a Periodic Liquidity Event. The Responsible Entity intends, subject to its obligations at law, to offer Periodic Liquidity Events on or around each five-year anniversary of the commencement of the Fund. It is intended the first Periodic Liquidity Event will therefore be offered around January 2027.

Notwithstanding any of the above, withdrawals from the Fund may be scaled back, delayed or suspended in certain circumstances, including where the Fund has insufficient liquidity, if it is impracticable or impossible to calculate the withdrawal price, or if the Responsible Entity believes it is in the best interests of Investors to do so.

In addition, the Responsible Entity must at all times ensure that Investors in the Fund are not unfairly treated by any withdrawal facility offered. The Responsible Entity may therefore vary the terms and conditions of the Capped Withdrawal Facility to ensure the fair and equal treatment of all Investors. Any variation will be communicated to Investors via the Fund's website.

11. Unit Pricing

Disclosure Principle 8 was developed by ASIC to help investors understand the value of the assets upon which the value of their unit is determined. Disclosure Principle 8 requires the responsible entity of a closed-end scheme to clearly disclose the value of the net tangible

assets (**NTA**) of the scheme on a per unit basis in pre-tax dollars, with the NTA to be calculated using the following formula:

$$\text{NTA} = \frac{\text{Net assets – intangible assets +/- any other adjustments}}{\text{Number of units in the scheme on issue}}$$

Disclosure Principle 8 does not apply to the Fund as the fund is an open-end scheme, and the Unit Price is calculated daily.

This section contains information as to how the Unit Price is calculated by the Responsible Entity. The Unit Price is calculated daily. The current Unit Price can be found on the Fund Website. The Unit Price will be calculated in accordance with the unit pricing policy the Responsible Entity has in place in relation to the Fund. Investors may obtain a copy of this policy by contacting the Responsible Entity.

The Unit Price is the prevailing net asset value of the Fund, plus the amortised value of acquisition costs, divided by the number of Units on issue in the Fund. The Unit Price is also adjusted on account of the amortisation of acquisition costs in Property Trusts in which the Fund invests.

Acquisition costs are defined as including capital raising expenses, acquisition fees, legal fees, brokerage, stamp duty, taxes and other costs that have been incurred in connection with the acquisition of assets held within the portfolio. These costs are usually written off over a five-year period. In addition, provision is made for the anticipated costs of selling assets held within the portfolio and usually these provisions will be gradually recognised over five years from the time the asset is first acquired. When an asset is sold, any outstanding acquisition costs are written off immediately against the sale price and the provision for selling costs is adjusted to reflect the actual selling costs. Where an asset has a shorter holding period, the amortisation of acquisition costs and the recognition of selling costs is in line with the shorter period.

The net asset value of the Fund as at the end of each reporting period will be contained in the financial reports for the Fund, which will be accessible to investors via the Investor Portal. Refer to section 10.8 of the PDS for more information on the disclosure and reporting. The first financial reports prepared for the Fund will be prepared as at 30 June 2022.