



Product Disclosure Statement:

Additional Disclosure Document – WYN01

for the BrickX Platform (ARSN 613 156 433)

Responsible entity: BrickX Financial Services Limited

ABN: 67 616 118 088

AFSL number: 494878

Date: 2 December 2020.

68 Smile Crescent, Wyndham Vale VIC 3024 - BRICKX Trust No. 25 - Property code WYN01

Date: 2 December, 2020

The purpose of this document is to provide information to Members or potential Members of the BrickX Platform managed investment scheme (ARSN 613 156 433), to help them to decide whether they wish to invest in the particular property identified above ('the Property'), by investing in Bricks of the BrickX Trust which holds the Property, and which is also identified above.

This document is part of the Product Disclosure Statement ("PDS") for the BrickX Platform managed investment scheme (ARSN 613 156 433). The other parts of the PDS are the document titled 'Product Disclosure Statement for the BrickX Platform (ARSN 613 156 433): Platform Document' (the '**Platform Document**') and each 'Additional Disclosure Document' for each of the BrickX Trusts that are available for investment through the Platform.

There is an 'Additional Disclosure Document' for each property and Bricks of the corresponding BrickX Trust that are available for investment through the BrickX Platform. The current version of the Platform Document and each Additional Disclosure Document are available from the BrickX website <https://www.brickx.com/pds>

This document is issued by the Responsible Entity of the BrickX Platform, BrickX Financial Services Limited ABN 67 616 118 088; AFSL number: 494878.

Capitalised terms used in this document have the same meaning as in the Platform Document unless the contrary intention appears.

Before becoming a member and investing in the Property and Bricks of a BrickX Trust, you should consider:

- the current version of the Platform Document, Financial Services Guide and any Additional Disclosure Document relating to the Bricks of that BrickX Trust;
- the 'RG46 Schedule' information for the Property and the Bricks of the corresponding BrickX Trust, available on the BrickX website; and
- the other information about the Property and corresponding Bricks and BrickX Trust, available on the BrickX website via the 'Properties' tab or the relevant 'Property Code' link in the RG46 Schedule'.

1. INVESTMENT PURPOSE AND KEY DETAILS SUMMARY

The purpose of investment in the Property through this BrickX Trust is to gain exposure to an income-producing residential property in a growing Melbourne suburb with the potential for capital gains if a Brick, or the property itself, is sold in a favourable market.

The key details of this investment are:

- Property purchase & lease-back arrangement
 - a. The property is a 3 bedroom house on land located at 68 Smile Crescent, Wyndham Vale VIC 3024 purchased off the property developer Mahercorp under a purchase, lease-back and sale arrangement.
 - b. The property was purchased for \$470,600 with 44% gearing on purchase price and is subject to a first mortgage with NAB. *See section 5 for further details of the Debt Facility.*
 - c. The property is subject to a commercial lease to the Developer who will use the Property as a display home. The rent payable under the lease is \$905 a week resulting in a target annualised net rental yield of 6.51% p.a. before any Performance Fees. As a guide, the annualised net rental yield including Performance Fees is estimated to be 6.06 % p.a.
 - d. The initial lease term expires on 26 December 2021 after which the Developer has 8 x 3 month renewal options.
 - e. The Developer has provided a cash guarantee equivalent to 2 months rent such that if there are any unforeseen issues, rental payments will be covered. *For more information on the cash guarantee see section 6.*
 - f. The Developer is responsible for property management during the lease term and for maintenance of the property to the highest standard.
 - g. The developer must make good / reinstate the property to its original condition at the end of the lease at its cost.

- h. The Developer has also committed to maintaining the following insurances on the Property, therefore reducing expenses payable from the BrickX Trust:
 - i. public liability insurance in the amount of \$20 million;
 - ii. plate glass insurance (for its full replacement value); and
 - iii. for the damage to and the destruction of (for their full replacement value):
 - fixtures and fittings;
 - furniture, furnishings and decorations; and
 - plant and equipment.
- Property Sale
 - a. At the end of the lease, the property must be sold to a third party in an arms length transaction. on terms agreed with the Developer including a capital guarantee and profit share agreement.
 - b. Capital guaranteed: The Developer has provided a guarantee that the sale price will be 100% of the purchase price (excluding acquisition costs). If the sale price is less than the purchase price excluding acquisition costs, the Developer will pay BrickX Trust No. 25 the difference in cleared funds.
 - c. Profit Share: If the sale price is more than the purchase price, then 50% of the profits are to be shared with the Developer. The BrickX Trust will therefore receive only 50% of any capital growth in this property.
 - d. The Responsible Entity will facilitate a meeting of Brick Owners to confirm the sale of the Property and terminate this BrickX Trust.

2. THE PROPERTY



- 3-bedroom house with double garage
- This home is well equipped offering 3 bedrooms, including a Master Bedroom with ensuite and WIR
- The home includes a spacious Kitchen/Living area that opens onto the alfresco area and has clever storage solutions with extensive linen space and a practical laundry located to the rear of the home.
- It also comes complete with stainless steel appliances, stone bench tops to Kitchen, heating & cooling, window furnishings, fully landscaped gardens and more.
- The property is a display home, part of the Jubilee Estate which is a vibrant masterplan for a growing community. For more details on Jubilee please go to <https://www.myjubilee.com.au/location/>.

3. THE LOCATION

Wyndham Vale is in the outer west of Melbourne and sits in the Wyndham region which is projected to have the 11th highest population growth in Australia by 2031¹. Located 35km from the city, Wyndham Vale is a family area with a number of growing housing estates and developments remain affordable for families. Close to the busy Werribee and Hoppers Crossing districts, between Melbourne and Geelong.

This growing community comes with a number of established schools and is well serviced by the local shopping centre. It sits within the commuter belt with access to recently updated roads as well as public transport such as buses and Wyndham Vale Railway Station.

20 year historic suburb growth is ~7.9% (Compound annual Growth Rate, Corelogic SA2 Median Price Index)

¹Source: Official state and territory population projections released between 2013-2016 and 2018-2019.

4. THE DEVELOPER

The developer is Mahercorp who has a proven track record in completing development projects of a similar scale. BrickX has conducted due diligence on Mahercorp to test for solvency. In addition, the Developer has provided a 2-month rental guarantee.

Steve Maher founded Mahercorp in 2002. In the years since, Mahercorp has grown to represent two award-winning brands: Urbanedge Homes and Eight Homes, both delivering a genuine alternative to uninspired mainstream housing at two different price points. Mahercorp's brands have been recognised multiple times at the prestigious Master Builders Excellence in Housing awards. To learn more about Mahercorp, please go to WWW.MAHERCORP.COM.AU.

5. DETAILS OF DEBT FACILITY

A debt facility has been secured by the Responsible Entity to partially fund the purchase of the Property on the following terms:

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| Borrower | The Responsible Entity in its capacity as trustee for this BrickX Trust |
| Lender | National Australia Bank Limited |
| Facility Type | NAB Business Markets Loan |
| Total Facility Limit | \$210,000 |
| Facility Expiry Date | 30 November, 2021 |
| Interest Rate | Floating Rate of 4.2% per annum. The NAB Business Markets Loan is an interest in arrears term loan which also includes a choice of interest rate risk management options (including fixed and cap rates). |
| Loan to Value Covenant (LVR) | The LVR must not exceed 50%. LVR means, at any time, the (Total Facility Limit/amount outstanding under this Facility), divided by the as-is market value of the Property, based on the most recent valuation accepted by the Lender. |
| Interest Cover Ratio Covenant (ICR) | The ICR is to be no less than 2.0 times. ICR means the ratio of (actual net rental income/EBITDA) generated from the Property over the preceding 12 month period (with reference to [management accounts]/[tenancy schedule(s)]), divided by all finance charges arising from the Facility over the preceding 12 month period. |
| Security | <ol style="list-style-type: none"> 1. Security Interest and Charge over all of the present and future rights, property and undertakings of the Responsible Entity in its capacity as trustee for this BrickX Trust 2. Guarantee and Indemnity limited to the Total Facility Limit and given by BrickX Trusco Pty Ltd in its capacity as sub-custodian for this BrickX Trust 3. Registered Mortgage over the Property given by BrickX Trusco Pty Ltd as sub-custodian for this BrickX Trust |
| Other Material Provisions | Increased Costs The debt facility agreement contains a clause which provides that if any law, prudential standards, policies or requirements apply to the Lender and the Lender reasonably believes that there will be either a: <ol style="list-style-type: none"> 1. material increase in the cost to the Lender of providing or maintaining the Facility; or 2. material reduction in the effective return or amount the Lender is able to receive in relation to the Facility, then the Lender will let the Borrower know as soon as it can and will try to eliminate or reduce the amount of the adverse impact on the Lender. |

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| | However, to the extent that the Lender cannot eliminate or reduce the amount of the adverse impact, the Borrower will be required to compensate the Lender for that amount. |
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6. KEY RISKS - SUMMARY

In summary, the key risks of investing in this particular property and this BrickX Trust include but are not limited to the following:

The Manager considers that the key risks associated with purchasing the Property as an asset of the Trust, in addition to the general property investment risks and steps taken to address these as noted in the PDS, are addressed in the Property purchase terms.

Having regard to the risks identified above and the proposed steps to be taken to address them, the risks articulated in the PDS and the nature of the investment activities of the BRICKX Trusts, the Manager does not consider that any of the above risks would expose any of the following parties to unacceptable or unexpected risks:

- the Trustee;
- holders of units (Bricks) in the Trust;
- the Manager;
- the custodian of the assets of the Trust - Australian Executor Trustees Limited; or
- the Sub-Custodian.

In addition to the risks noted above, the Manager has given consideration to the following risks and adopted the following mitigants.

| Risk | Mitigant |
|--|---|
| Risk that the developer is unable to meet its rental obligations | <ul style="list-style-type: none"> • Reviewed the 2019 Audited financials of MaherCorp which is considered satisfactory. • Received 2-months of rent via cash coverage to assist with rental cover in a default scenario so we can address alternatives. • We remain cognisant of "concentration risk" and would look to address asset class exposure by diversifying across developer, State/region, display home range as a guide. |
| Risk that the developer &/or trading entity enters bankruptcy | <ul style="list-style-type: none"> • Due diligence undertaken in relation to the terms and conditions of the various land development sites to better understand our position in such a bankruptcy (of the developer/tenant) scenario, so we are aware of our rights and obligations within the overall framework of these sites. • In a bankruptcy scenario of the developer/tenant, we would continue to remain the landlord/owner of the property(s). The 2-month rental cash coverage provides us with adequate time to allow us to work with the Administrator, the lender &/or consider alternative approaches, incl but not being limited to: • Sale of the property (noting gearing of less than 50%) dependant on the Estate/Land Development Partner • Potentially work with the Administrator of the Developer/Tenant. |

This risk information is **additional** to the risk information in the Platform Document, and overrides that document if there is an inconsistency.

7. FEES SPECIFIC TO THIS BRICKX TRUST

This section describes the fees and costs that are specific to investment in the BrickX Trust that is the subject of this document. Other BrickX Trusts may have different fees and costs.

Note: The Platform Document may provide a general description of certain fees and costs (for example, a range of investment management or performance fees), and state that the particular fees for a specific BrickX Trust will be specified in the Additional Disclosure Document for that BrickX Trust. Such fees and costs are set out in this section. Otherwise, the fees and costs in this section are **additional** to other fees and costs mentioned in the Platform Document, in particular the Membership Establishment fee when you first join the BrickX Platform and the standard BrickX Platform Transaction Fee payable when you sell, redeem or buy any bricks (which is also mentioned as a Contribution fee, Withdrawal fee, Exit fee and Switching fee). In the event the fees and costs mentioned in the Platform Document are inconsistent with this document, this document overrides the Platform Document.

All fees and charges in this section are quoted exclusive of any taxes, including GST.

| Type of fee or cost | Amount | How and when paid |
|--|---|--|
| Investment management fee Paid to The Brick Exchange Pty Ltd ('BrickX'), the appointed manager of the property and the BrickX Platform. | 2.0 % per annum of the Gross Asset Value ¹ . The fee is calculated daily, but if the Gross Asset Value is not determined on a day then the fee is calculated on the Gross Asset Value last determined. | Payable out of the assets of the BrickX Trust monthly in arrears within 30 days of the end of each month before payment of net distributions to Brick Owners. |
| Performance fee Paid to BrickX. | 30% of the amount by which the BrickX Trust outperforms a 5% p.a. return ² over the financial year. | The performance fee is estimated each month, and the monthly estimate paid out of the assets of the relevant BrickX Trust within 10 days of the end of each month. A true up occurs at the end of each financial year, and any underpayment is either paid to BrickX from the assets of the BrickX Trust, and any overpayment is paid to the BrickX Trust by BrickX, within 30 days of the end of each financial year. Performance fees are deducted before payment of net distributions to Brick Owners. |
| Expenses | All expenses incurred by BrickX and/or the Responsible Entity in the proper performance of their duties in respect of this BrickX Trust. These include finance costs incurred in connection with the establishment of the debt facility, namely: <ul style="list-style-type: none"> • Application Fee \$1,500 (once off fee); and • Service Fee of \$150 per month. An estimate of all expenses is in the range of 5.57% - 5.88% per annum for this BrickX Trust. | All expenses are payable or reimbursable out of the assets of this particular BrickX Trust. However, note: - the Application Fee is paid to the lender on acceptance of the debt facility; and - the Service Fee is payable to the lender in arrears on the last business day of each month. |

Footnote 1: As Mahercorp has agreed to act as the property manager, there are no property management fees in addition to the investment management fee. 'Gross Asset Value' means the total value of the current and non-current assets of the BrickX Trust.

Footnote 2 Average annual return of the CoreLogic Hedonic Index for Houses in Victoria over 2010 – 2020.

8. MAXIMUM BRICKS PER BRICK OWNER

There is no maximum number of Bricks that can be held collectively by a Brick Owner (and its associates, associated persons or related persons) in this BrickX Trust.

9. INVESTMENT PERIOD

There is no set minimum or maximum period for holding Bricks in this BrickX Trust. Bricks holders can put their bricks for sale on the platform at any time for other investors to purchase. As with any sale and purchase of a product, there must be a willing buyer to sell your bricks.

At the expiry of the initial lease period on 26 December, 2021, or at a later date should the lessee exercise one or more of the renewal options under the lease, the Responsible Entity will facilitate a meeting of Brick Owners to confirm the sale of the Property and terminate this BrickX Trust. Brick Owners may also at any time collectively agree to sell the Property and end the investment period.

IMPORTANT NOTE:**No investment advice**

The information contained in this document should not be taken as financial product advice and has been prepared as general information only without consideration of your personal investment objectives, financial circumstances or needs. Before acting on the information in this document, you should consider the appropriateness of such advice having regard to your objectives, financial situation and needs. In particular, you should give careful consideration to the risk factors outlined in the "KEY RISKS - SUMMARY" section of this document, and the "Key risks of investing" section of the Platform Document, in light of your personal circumstances, recognising that other risk factors may exist in addition to those identified and should also be considered before deciding whether to invest.

If you have any queries or uncertainties relating to aspects of this document or the investment in Bricks, please consult your accountant or other independent financial adviser before deciding whether to invest.

Similarly, the tax implications of your investment will vary depending on your personal financial circumstances and investment objectives. You should consider the tax implications outlined in the Platform Document and obtain your own professional taxation advice prior to deciding whether to invest in this offer of Interests.

No guarantee

Except as required by law, and only to the extent so required, neither the Responsible Entity, nor any other person, warrants or guarantees the future performance of the BrickX Platform or any BrickX Trust, the repayment of capital, or any return on any investment made.

Forecasts and forward looking statements

This document may contain forecast financial information along with forward looking statements that involve risks and uncertainties. These forecasts and forward looking statements are subject to various risk factors that could cause the BrickX Platform's and Bricks' actual results to differ materially from the results expressed or anticipated in these forecasts or statements. These and other factors could cause actual results to differ materially from those expressed in any forecast or forward looking statement.