



# Product Disclosure Statement:

Additional Disclosure Document –  
BrickX Trust No. 27  
Property Code: ARN01

for the BrickX Platform (ARSN 613 156 433)

Responsible entity: BrickX Financial Services Limited

ABN: 67 616 118 088

AFSL number: 494878

Date: 26 October 2021

## INTRODUCTION

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 properties identified above ('the Properties'), by investing in Bricks of the BrickX Trust which holds the Properties, 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 BrickX Trust 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 Properties 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 Properties and the Bricks of the corresponding BrickX Trust, available on the BrickX website; and
- the other information about the Properties 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 FEATURES OVERVIEW

<b>Purpose</b>	The purpose of investment in the Property through this BrickX Trust is to gain exposure to income-producing residential property in a Sydney suburb approximately 11 km from the CBD, with the potential for capital gains if a Brick, or the properties, are sold in a favourable market.
<b>Pre-Order Phase</b>	This BrickX Trust is open for pre-orders during the Pre-Order Phase. The start date of the Pre-Order Phase is the date on which this Additional Disclosure Document is issued. The end date of the Pre-Order Phase is Thursday 11 November 2021.
<b>Brick Settlement</b>	11 November 2021
<b>Key Features</b>	<ul style="list-style-type: none"> <li>● Investment in a Trust holding six new residential apartments in the recently completed Bloom development in NSW suburb of Arncliffe, located 11km south of the Sydney CBD, with annual historical capital growth rate of 5.27% p.a. over the last 20 years (Source: Corelogic)*.</li> <li>● A collection of six 2 bedroom, 2 bathroom apartments including three penthouses all featuring parking, storage and balconies with views toward the city and Botany Bay.</li> <li>● Group purchase of six properties from the vendor enabling acquisition on average at an approximately 11% discount to the marketed prices and a 12-month rental guarantee from the vendor at a rate of 5% of the purchase price.</li> </ul>

\* Cumulative Average Growth Rate as at October 2021. CoreLogic Median Price Index. Past performance is not an indicator of future performance.

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	<ul style="list-style-type: none"> <li>Year 1 estimated net rental yield of 3.1% of the total initial Brick value as a result of the rental guarantee from the vendor.</li> <li>Average estimated net rental yield of 1.9% p.a. of the total initial Brick value over 5 years and average estimated return on investment (ROI) of 3.3% p.a. ROI metrics consider the potential capital returns based on a compound annual growth rate of approximately 3.5%.</li> <li>The Responsible Entity is in the process of securing, on behalf of this BrickX Trust, a debt facility to partially fund the purchase of the Property. This means the Property will be subject to a mortgage, serviced by the gross rental income of the Property. As an interim measure Acentus Pty Ltd ATF Thundering Herd Fund No. 1 (a related entity of BrickX and the Responsible Entity) will make available a debt funding facility until alternate debt funding can be secured. A summary of the terms on which the debt funding facility will be provided is set out in further detail below.</li> <li>Thundering Herd Pty Ltd (a related entity of BrickX and the Responsible Entity) is the Initial Brick Owner of all 10,000 Bricks on issue. Bricks reserved during the Pre-Order Phase will be transferred to retail investors from Thundering Herd Pty Ltd at the end of the Pre-Order period on Thursday 11 November 2021. Property Settlement is scheduled to take place on 15 November 2021. Trading in Bricks for this BrickX Trust will commence following Property Settlement enabling investors to offer their Bricks for sale to other Members should they wish to do so.</li> </ul>
<b>Property Addresses</b>	<p>Lot 45, 213 Princes Highway, Arncliffe, NSW 2205</p> <p>Lot 55, 213 Princes Highway, Arncliffe, NSW 2205</p> <p>Lot 59, 213 Princes Highway, Arncliffe, NSW 2205</p> <p>Lot 202, 213 Princes Highway, Arncliffe, NSW 2205</p> <p>Lot 243, 213 Princes Highway, Arncliffe, NSW 2205</p> <p>Lot 247, 213 Princes Highway, Arncliffe, NSW 2205</p>
<b>Property Type</b>	Residential Units
<b>Purchase Price</b>	The properties were purchased for a total of \$4.626M plus acquisition costs on 26 August 2021
<b>Debt</b>	\$1,150,000
<b>Gearing</b>	25% debt against the Purchase Price
<b>Interest Rate</b>	3.10% per annum
<b>Acquisition Costs</b>	\$262,297 (plus due diligence fee - refer below)
<b>Cash Reserve</b>	\$92,820 (equivalent to approximately 80% of expected annual expenses to provide cover based on worst case 20% occupancy over the 5-year term)
<b>Due Diligence Fee (payable to Thundering Herd Pty Ltd a related entity of BrickX and the Responsible Entity)</b>	\$48,883
<b>Total Trust value</b>	\$5,030,000
<b>Initial Brick Price</b>	\$388
<b>Estimated Net Rental Yield</b>	In Year 1 (based on 12-month 5% rental guarantee from vendor): 3.1%

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	Over 5 years: Average 1.9% p.a.
<b>Estimated Total Return</b>	<p>As at October 2021, the suburb of Arncliffe had a historical capital growth rate of 5.27% per annum, over the last 20 years*. If the rate of growth continues at a rate of approximately 3.50% per annum, BrickX estimates a return on investment (ROI) of 3.3% per annum.</p> <p>This estimate is based on facts as at October 2021, and any subsequent changes to growth rates or levels of rental income would have an effect on estimated ROI. In addition, fluctuations in Brick Price will influence the effective return if you choose to sell your Bricks before the property is sold and the trust is wound up. You should regularly refer to Returns and Valuation information on the summary page at <a href="http://brickx.com/properties/ARN01">brickx.com/properties/ARN01</a> for the latest information.</p>
<b>Investment Period</b>	<p>There is no set investment period.</p> <p>There is no minimum or maximum period for holding Bricks in this BrickX Trust. Brick holders can put their bricks for sale on the platform at any time after Property Settlement for other investors to purchase. There must be a willing buyer in order to sell your bricks.</p> <p>On each 5<sup>th</sup> anniversary of Brick Settlement, or at any other time which the Responsible Entity discloses on the page on the website for this BrickX Trust refer <a href="http://brickx.com/properties/ARN01">brickx.com/properties/ARN01</a> the Manager will facilitate a meeting to enable Brick Owners to vote to determine if the Brick Owners wish to sell the BrickX Trust property or maintain the trust on the BrickX Platform.</p> <p>Brick Owners may also, in accordance with the trust deed of the BrickX Trust, initiate a vote on a resolution requiring the Responsible Entity to wind up and sell all the property in the BrickX Trust.</p> <p>In the event that the vote does not exceed 50% of the total votes that may be cast, the property of the BrickX Trust will not be sold, and the BrickX Trust will not be wound up.</p>
<b>Distributions of Capital</b>	<p>If at any time, only some (but not all) of the properties held in the trust are sold and the trust is not wound up, the proceeds of the sale(s) will be held in the cash reserve and any distributions of capital will be subject to the Manager's recommendations. The Manager reserves the right to make recommendations for the distribution of capital as it sees fit, which may include to use the capital to reduce debt, retain the capital in the trust (eg. to meet expenses) or return capital to Brick Owners.</p>
<b>Maximum Bricks per investor</b>	<p>There is a maximum number of Bricks that can be held collectively by a Brick Owner who is not the Initial Brick Owner (and its associates, associated persons or related persons) in this BrickX Trust. The Maximum is no greater than 15% (1,500) of the Bricks in the Trust.</p>

\* Cumulative Average Growth Rate as at October 2021. CoreLogic Median Price Index. Past performance is not an indicator of future performance.

## 2. THE PROPERTIES

### Description



- 6 brand new 2-bedroom apartment residences in the recently completed Bloom Arncliffe development.
- Built by experienced residential builder Richard Crookes Constructions, these apartments have views of the city and/or towards Botany Bay, onsite amenities above a ground floor marketplace with restaurants and retailers.
- All 6 apartments have 2 bedrooms, 2 bathrooms and an individual car space plus storage space. Refer to below summary of apartment features and size.

Apartment #	Beds	Baths	Number of Car Spaces + storage (S)	Total Apartment area incl. balcony (Sqm) + storage (Sqm)	Purchase Price
45	2	2	1 + S	87 + 2	\$733,500
55	2	2	1 + S	79 + 2	\$742,500
59	2PH	2	1 + S	89 + 4	\$801,000
202	2PH	2	1 + S	87 + 2	\$769,500
243	2	2	1 + S	84 + 2	\$769,500
247	2PH	2	1 + S	84 + 5	\$810,000

\*PH refers to a top floor Penthouse apartment.

### Location

- Arncliffe is a suburb in southern Sydney about 11km south of the Sydney CBD, in the local government area of Bayside.
- Placed in a prime position between the city and the coast, Arncliffe benefits from being close to Sydney's southern beaches as well as the Illawarra line's direct link to the CBD, the Inner West and Bondi. Arncliffe has convenient access to many desirable landmarks and services, including Barton Park, the Cooks River, Kogarah golf course, Sydney Domestic and International Airports and Arncliffe train station.
- Arncliffe has an annual historical capital growth rate of 5.27% p.a. over the last 20 years\*.

### 3. DETAILS OF THE DEBT FACILITY

<b>Borrower</b>	The Responsible Entity in its capacity as Trustee for this BrickX Trust
<b>Initial Lender</b>	Acentus Pty Ltd ATF Thundering Herd Fund No. 1 (ACN: 603 726 530), a related entity of BrickX and the Responsible Entity (to be refinanced/replaced by an external major lender)
<b>Facility Type</b>	12-month Interest Only Facility
<b>Total Facility Limit</b>	Up to \$1,150,000
<b>Facility Expiry Date</b>	The earlier of refinancing by an external major lender and/or 12 months November 2022
<b>Interest Rate</b>	Fixed Rate of 3.10% per annum based on arm's length, commercial terms. Note: On re-financing from an external major lender, the interest rate and terms may vary from the above.
<b>Security</b>	Standard terms and conditions per loan documentation for a secured transaction of this nature. Upon refinancing, Security will reflect the standard terms and conditions per loan documentation for a secured transaction of this nature.
<b>Other Material Provisions</b>	Standard provisions per loan documentation for a secured transaction of this nature. Upon refinancing, loan documentation will reflect the standard terms and conditions per loan documentation for a secured transaction of this nature.

### 4. KEY RISKS – SUMMARY

In summary, the key risks of investing in this BrickX Trust include but are not limited to those set out in the PDS and in this section.

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

The Manager considers that the key risks associated with purchasing the Properties as assets of the BrickX 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.

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

<b>Risk</b>	<b>Mitigant</b>
<b>Periods of Vacancy following property settlement before leases can be secured</b>	The developer has provided a 12-month 5% rental guarantee which will cover any delay in securing tenants following Property Settlement and any periods of vacancy in the first 12 months.
<b>Government imposed tenant protections as part of the ongoing COVID-19 pandemic response, such as obligations for landlord to negotiate rent relief with tenants and restraints on termination of leases.</b>	The rental guarantee will cover any reduced rental income as a result of government-imposed tenant protections over the initial 12-month period to November 2022.

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 - Certane CT Pty Ltd; or
- the Sub-Custodian.

### 5. 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**

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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.

**Management costs**

The fees and costs for managing your investment.

Type of fee or cost	Amount	How and when paid
<b>Investment management fee</b> Paid to BrickX	0.35% per annum of the Gross Asset Value <sup>1</sup> . 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.
<b>Expenses</b>	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"> <li>• Application Fee \$2,300 (once off fee); and</li> <li>• Service Fee of \$100 per month.</li> </ul> An estimate of all other expenses is in the range of \$93,886 to \$100,596 (being 1.87% to 2.00% per annum of the initial Gross Asset Value for this BrickX Trust of \$5,030,000 over the five-year term.)	All expenses are payable or reimbursable out of the assets of this particular BrickX Trust. However, note: <ul style="list-style-type: none"> <li>- the Application Fee is paid to the lender on acceptance of the debt facility; and</li> <li>- the Service Fee is payable to the lender in arrears on the last business day of each month.</li> </ul>

**Additional fees and costs**

These fees and costs are explained in '10.5 Additional explanation of fees and costs' in the Platform Document.

Type of fee or cost	Amount	How and when paid
<b>Due Diligence Fee</b> Payable to Thundering Herd Pty Ltd (a related entity of the Manager and the Responsible Entity).	A one-off Due Diligence Fee of \$48,883 (being 1% of the purchase price of the properties held in the BrickX Trust).	The Due Diligence Fee will be paid out of the assets of this particular BrickX Trust at Brick Settlement.
<b>Property Management Fee</b> Payable to nominated property manager	Annual property management fee of 4% (plus GST) per annum of gross rent, plus a letting fee equivalent to 1 week's rent and advertising costs.  It is estimated that the dollar amount of the annual Property Management Fee will be \$11,912 per annum including GST.	Calculated monthly and paid in arrears within 30 days of the end of each month.  The fee will be deducted from gross rental income before any distribution is paid to Brick holders from the BrickX Trust for the relevant month.

Notes:

1: This is in addition to the Property Management Fee described above. 'Gross Asset Value' means the total value of the current and non-current assets of the BrickX Trust.

**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.

**Consents**

In respect of statements in this PDS made by the Manager or based on a statement made by the Manager, the Manager has consented to such statements being included in this PDS, in the form and context in which they are included, and the Manager has not withdrawn its consent to such inclusion.