



Product Disclosure Statement: Additional Disclosure Document

for the BrickX Platform (ARSN 613 156 433)

Responsible entity: BrickX Financial Services Limited

ABN: 67 616 118 088

AFSL number: 494878

Date: 16 October, 2020.

8 Waterman Drive, Clyde North VIC 3978 - BRICKX Trust No. 23 - property code CLN01

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/latest-pds-updates>.

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 by investing in the BrickX Platform, you should consider the current version of the Platform Document.

Before investing in the Property and Bricks of a Brick X Trust, you should consider:

- the current version of the Platform Document and the Additional Disclosure Document relating to the Bricks of that Brick X 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'.

INVESTMENT PURPOSE AND KEY FEATURES - 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 features of this investment are:

- *The Property is a large home (4 bedroom, 2 storey) constructed in 2019 in a Melbourne suburb with good growth prospects.*
- *The lessee is a property developer who will use the Property as a display home and committed to a lease for the period of time that the property has to be used as a display home at a rent of \$1,426 a week. The lessee is required to maintain and make good any defects in the property.*
- *The lessee has also committed to maintaining the following insurances on the Property, therefore reducing expenses payable from the BrickX Trust:*
 - *public liability insurance in the amount of \$20 million;*
 - *plate glass insurance (for its full replacement value); and*
 - *for the damage to and the destruction of (for their full replacement value) BrickX's:*
 - *fixtures and fittings;*
 - *furniture, furnishings and decorations; and*
 - *plant and equipment.*
- *The lease requires the property to be sold at the end of the lease. If the sale-price is more than the price that BrickX paid for the property, then half of the gain is to be paid to the lessee.*
- *The Responsible Entity has secured, on behalf of this BrickX Trust, a debt facility to partially fund the purchase of the Property. This means the Property is subject to a mortgage, serviced by the gross rental income of the Property. A summary of the terms on which this debt facility has been obtained is set out in further detail below.*

THE PROPERTY



- Two storey, 4-bedroom house with a double garage
- This home embraces functionality and space with an uncomplicated design
- The central kitchen overlooks the meals and family areas, which extend to the alfresco and the lounge adjacent to the entry creates a warm welcome, while the first-floor casual living area creates a perfect retreat for the kids
- Four generous bedrooms including a vast master suite with his & her walk-in wardrobes and an adjoining ensuite are perfect for a growing family
- It also comes complete with stainless steel appliances, stone benchtops, heating & cooling, window furnishings, fully landscaped gardens and more.

The home is part of the Eliston estate masterplan. Thoughtful planning and a design focus on outdoor living has resulted in all neighbourhoods at Eliston being linked through generous streets and bike lanes, bringing everything you need within safe strolling distance. This beautiful master-planned community is built around 3 parklands (all with basketball rings, practice walls, playgrounds and BBQ facilities), 3 major sports ovals for all year-round activity as well as gardens and wetlands. A future town centre will provide for all residents' needs, along with a future primary school and childcare centre. Eliston will be well connected too, with Clyde train station plus fast internet access. For more details on Eliston, please go to <https://www.eliston.com.au/masterplan/>.

THE LOCATION

Clyde North is south east of Melbourne and sits in the high growth precinct of City of Casey and is located near Cranbourne and Pakenham. Located 46kms from the city, Casey is projected to have the 12th highest population growth in Australia by 2031¹.

THE DEVELOPER

The Developer (Mahercorp) 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. The purpose of the deal is to enable the Developer to occupy the property as a display home.

DEAL SUMMARY

Mahercorp to occupy the property as a display home for a two-year period. Mahercorp has agreed to operate as the property manager and will fund all maintenance expenses and insurances. At the end of the two-year period, the property

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

will be brought back to original condition at Mahercorp's expense and sold on the open market unless the lease is renewed.

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:

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	\$295,000
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	<p>Increased Costs</p> <p>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:</p> <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, <p>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. 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.</p>

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 Administrator of the Developer/Tenant.

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

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 over-rides 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	The performance fee is estimated each month, and the monthly estimate paid out of the assets of the

Type of fee or cost	Amount	How and when paid
	over the financial year.	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	<p>All expenses incurred by BrickX and/or the Responsible Entity in the proper performance of their duties in respect of this BrickX Trust.</p> <p>These include finance costs incurred in connection with the establishment of the debt facility, namely:</p> <ul style="list-style-type: none"> • Application Fee of \$1,500 (once off fee); and • Service Fee of \$150 per month. <p>An estimate of all other expenses is in the range of 4.8% - 6.0% per annum for this BrickX Trust.</p>	<p>All expenses are payable or reimbursable out of the assets of this particular BrickX Trust. However, note:</p> <ul style="list-style-type: none"> - 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.

MAXIMUM BRICKS PER BRICK OWNER

Maximum Bricks: 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.

INVESTMENT PERIOD

There is no set minimum or maximum period for holding Bricks in this BrickX Trust.

The Responsible Entity will facilitate a meeting of Brick Owners in the event the renewal option at the end of the original lease is not accepted by the Developer (noting the initial 2 year lease to 4th January, 2022 with 3 month renewal options over subsequent 2 year periods) 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).

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.