



Significant Event Notice

20 October 2021

This Significant Event Notice (**SEN**) contains important information about changes to the BrickX Platform (ARSN 613 156 433), and is issued by the Responsible Entity. This SEN includes changes to information that was provided to you in the Product Disclosure Statement for the BrickX Platform (**PDS**) and Additional Disclosure Documents for individual BrickX Trusts. These changes will be included in future versions of the PDS and Additional Disclosure Documents which will be available at brickx.com.au.

1. A BrickX Trust can hold multiple properties

Currently, each BrickX Trust holds a single property. From 20 October 2021, new BrickX Trusts can hold either a single property or multiple properties.

If a BrickX Trust holds more than one property and the expenses for that BrickX Trust cannot be funded from the gross income of the BrickX Trust, the Responsible Entity may choose to issue additional Bricks in the relevant BrickX Trust or one or more properties may be sold to cover the debts and the BrickX Trust may be able to continue without being wound up. A BrickX Trust that holds multiple properties cannot be wound up unless all the properties held by that trust are sold.

If a BrickX Trust holds more than one property, the values in the Brick valuation formula will be the total values across all properties held in the trust (ie the acquisition price will be the total acquisition price of all properties held in the trust).

Where a BrickX Trust holds multiple properties and one or more of those properties are sold, the proceeds of the sale will be held in the cash reserve until any capital distribution is paid in accordance with the Additional Disclosure Document.

2. Changes to the Pre-Order Phase and Brick Settlement

Currently the Pre-Order Phase for a new sub-trust commences after contracts have been exchanged on a property, and ends when Bricks are transferred to you from the initial Brick Owner, being Thundering Herd Pty Limited (a related party of the Responsible Entity) (**Thundering Herd**) after the property in the BrickX Trust has settled.

For new BrickX Trusts launched on the BrickX Platform from 20 October 2021, the initial Brick price will be determined at the start of the Pre-Order Phase, and Brick Settlement may take place before Property Settlement. Bricks may be issued to you directly at Brick Settlement rather than first being issued to Thundering Herd as the initial Brick Owner, and then sold (by way of transfer) to you.

If Brick Settlement occurs before Property Settlement, you will not be able to sell your Bricks in that BrickX Trust until after Property Settlement.

If for any reason the property purchases cannot occur (including if there are not enough pre-orders to fund the purchase of the properties, or sufficient debt finance cannot be raised prior to Property Settlement), pre-orders may not be fulfilled. If Brick Settlement has not already occurred the Pre-Order Phase may not complete, reserved Bricks may be cancelled and reserved funds will be released to Member's Digital Wallets. If Brick Settlement has already occurred, the BrickX Trust may be wound up and any assets of the trust distributed to Brick Owners.

Details of the start and end of the Pre-Order Phase, Brick Settlement, Property Settlement and the property acquisition process for each BrickX Trust will be set out in the Additional Disclosure Document for that trust.

3. Meetings of Brick Owners to determine if a BrickX Trust continues

Currently **BrickX** facilitates a meeting of Brick Owners to determine whether to sell the property held in a BrickX Trust and wind up the trust, or continue to hold the property and maintain the trust on the BrickX Platform on *the earlier of*:

- (a) each 5th anniversary of the relevant Brick Settlement; or
- (b) any such other period after Brick Settlement (if any) specified in the Additional Disclosure Document and other information displayed on the BrickX Website for the particular BrickX Trust.

From 20 October 2021, BrickX will facilitate these meetings of Brick Owners on:

- (a) each 5th anniversary of the relevant Brick Settlement; *or*
- (b) any such other period after Brick Settlement (if any) specified in the Additional Disclosure Document and other information displayed on the BrickX Website for the particular BrickX Trust.

4. Investing on behalf of Minors

From 20 October 2021, parents, close relatives (uncles, aunts and grandparents) and guardians who are Australian residents and aged 18 years or over can use the BrickX Platform application form to invest in the BrickX Platform through a bare trust for the benefit of a person aged under 18 (a **Minor**).

As a person investing on behalf of a Minor you will need to make an application in their name as trustee, holding the interest in the BrickX Platform on bare trust for the Minor as the beneficiary.

You will be required to:

- (i) provide your full details;
- (ii) provide the full name of the child for whose benefit you are investing;
- (iii) sign a declaration of bare trust; and
- (iv) provide a name for the trust created by the Application.

You will also be asked to provide certain identification information and also additional information to verify the identity of the Minor who is the beneficiary of the trust.

When the Minor attains 18 years of age, the interest in the BrickX Platform can be transferred into their own name.

Before you invest in the BrickX Platform as trustee for a Minor, you should obtain your own legal and taxation advice to understand your duties and obligations as trustee, and any relevant tax implications.

5. Investment Management Fee can be charged where there is no Additional Disclosure Document

Currently an Investment Management Fee can only be charged for BrickX Trusts that have an Additional Disclosure Document.

From 30 days after the date of this notice, an investment management fee of up to 2% of the Gross Asset Value can also be charged in BrickX Trusts that do not have an Additional Disclosure Document. This means that the Investment Management Fee can now be charged in some of our **earlier** BrickX Trusts that do not have an Additional Disclosure Document.

6. Due Diligence Fee for new BrickX Trusts

The fees for BrickX Trusts that are launched after 20 October 2021 will include a one off due diligence fee of up to 1.5% of the purchase price of each property held in that trust. This fee will be payable to Thundering Herd out of the assets of the BrickX Trust at Brick Settlement.

The specific amount of the due diligence fee will be included in the Additional Disclosure Document, and will be on arms' length terms.

7. Change to the typical range for expenses in the Example of Annual Fees and Costs

Currently the Example of Annual Fees and Costs provided in the Product Disclosure Statement states that the expenses incurred by BrickX and/or the Responsible Entity in the proper performance of their duties in respect of each particular BrickX Trust has a typical range of between 1.1% and 2% per annum of gross asset value.

From 20 October 2021 the typical range of expenses in the Example of Annual Fees and Costs provided in the Product Disclosure Statement will be between 1.1% and 2.75% per annum of gross asset value.

An estimate of expenses for a particular BrickX Trust will be disclosed in the Additional Disclosure Document specific to that BrickX Trust.

8. Changes to how property purchases are funded

Currently each property purchase is funded either solely with equity from Thundering Herd who is issued all initial Bricks (which are then later on-sold to retail investors after the pre-order phase completes), or with a combination of equity and debt finance.

On and from 20 October 2021, property purchases may be funded either through the issue or sale of Bricks prior to Property Settlement, or through a combination of this and debt finance. Bricks can be issued directly to retail investors or to Thundering Herd.

BrickX and the Responsible Entity may enter into an agreement whereby BrickX sources debt funding from a related entity (Thundering Herd, or another person or persons nominated by Thundering Herd) for the acquisition of properties. Where debt funding is used, the transaction will be on arms' length terms, and the related entity will be a secured financier of the BrickX Trust.

Related entity debt funding may be provided to assist with the acquisition of properties (including related acquisition costs) for the BrickX Platform where external bank finance is not yet available. All property acquisitions are subject to a due diligence process undertaken by BrickX, its agents and delegates. If external bank debt is later provided to the BrickX Trust, the related entity debt will be refinanced and repaid to the related entity. The BrickX Trust will pay an arms' length interest charge to the related entity out of the assets of the BrickX Trust for the duration of the financing.

BrickX is a wholly owned subsidiary of Thundering Herd Pty Ltd.

For further details about a BrickX Trust's funding arrangements, please refer to the Additional Disclosure Document for the relevant BrickX Trust.

9. Changes to the calculation of the Cash Reserve for a BrickX Trust

Currently the value of the Cash Reserve for each BrickX Trust is based on the amount required to cover approximately 3 months' expenses for the underlying property.

From 20 October 2021, the basis on which the cash reserve for each BrickX Trust is calculated will be included in the Additional Disclosure Document.

Where a BrickX Trust holds property that will be developed, the cash reserve will also hold amounts to cover holding costs and fund development activities. If a BrickX Trust holds more than one property, the amount required to be held in the Cash Reserve may be adjusted if some of the properties are sold.

10. Changes to how properties are selected

Properties held in a BrickX Trust have previously been selected on investment criteria with a view to optimising rental yield. From 20 October 2021, properties will be selected for investment based on the potential to provide positive rental income and/or capital returns.

11. Change of Custodian

On 18 October 2021 Australian Executor Trustees Limited retired as the custodian for the BrickX Platform and Certane CT Pty Ltd (**Certane**) was appointed as the custodian to hold the assets of the BrickX Platform.

Certane is a wholly owned subsidiary of the Certane Group, who provide financial institutions and entrepreneurs with the technology and infrastructure they need to successfully build and grow investment funds.

Today, the Certane Group is powering over \$40 billion of assets with over 100 employees across 3 offices in Australia and New Zealand and offers a range of leading and technology-enabled trustee, custodian and supervision solutions.

If requested by the Responsible Entity, the Brick owner agrees, and it is a condition of the issue of Bricks, to provide certain information required by it or the Custodian in order to comply with any applicable law, including the United States Foreign Account Tax Compliance Act (**FATCA**) and the Common Reporting Standards (**CRS**) under the CRS laws.

Certane's Privacy Policy can be found at

<https://cdn.trusteecloud.com/66460bcf-423f-45d1-9c38-397277dbcc30/privacy-policy>

12. Change of Auditor

On 23 July 2021, Deloitte Touche Tohmatsu retired as the auditor of the BrickX Platform and Grant Thornton Australia was appointed as the new auditor of the Fund.

13. Changes to when distributions of capital will be paid

Currently distributions of capital are only paid when the underlying property in a BrickX Trust is sold and the trust is wound up.

From 20 October 2021, new BrickX Trusts launched on the BrickX Platform will have information about when distributions of capital will be paid included in the Additional Disclosure Document for that particular trust.

14. Trust acquisition/surrender duty may be payable for Bricks in BrickX Trusts that hold property in Queensland

An acquisition of Bricks, or a percentage interest in a BrickX Trust (including by way of any additional issue, redemption or cancellation), may be subject to:

- landholder duty (or its equivalent) in each Australian jurisdiction other than Queensland; or
- trust acquisition/surrender duty in Queensland;

if it is above a certain threshold.

There are currently no BrickX Trusts made available to retail investors which hold property located in Queensland. New BrickX Trusts that launch to retail investors on the BrickX Platform from 20 October 2021 might hold property located in Queensland.

Unless the trust is a 'public unit trust' as defined in the Queensland duties legislation, there is no threshold for acquisitions of Bricks in a BrickX Trust that holds property in Queensland.

However, in the case of a 'public unit trust' the threshold is 50% and similar considerations apply as in other jurisdictions.

A 'public unit trust' is a registered managed investment scheme, for which:

- (i) units in the trust have been issued to the public; and
- (ii) 50 or more persons are beneficially entitled to the units in the trust; and
- (iii) more than 20 persons are beneficially entitled to at least 75% of the total units in the trust.

It is intended that all BrickX Trusts holding property in Queensland will be 'public unit trusts'. This will be confirmed in the Additional Disclosure Document for the particular BrickX Trust.

15. Complaints handling

We currently undertake to make every effort to resolve complaints within a month of our receiving them.

From 20 October 2021, our Compliance Manager will respond to any complaints within 30 days.

Glossary

Additional Disclosure Document means the document entitled 'Additional Disclosure Document' for the relevant BrickX Trust that is available for investment through the BrickX Platform.

Brick means an undivided share in the beneficial interest of (a unit in) a BrickX Trust, which represents a Member's interest in a property held by that BrickX Trust.

Brick Owner means a Member whose name is entered in the Register as the holder of a Brick (including persons registered jointly).

Brick Settlement means the date determined by the Responsible Entity on which the Responsible Entity will allocate the Bricks subscribed for during a Pre-Order Phase.

BrickX means The Brick Exchange Pty Limited ABN 27 600 762 749 as manager of the BrickX Platform.

BrickX Platform means the registered managed investment scheme known as the BrickX Platform (ARSN 613 156 433) established by the constitution of the BrickX Platform as amended from time to time.

BrickX Trust means a unit trust holding a property which is available on the BrickX Platform.

BrickX Website means <https://www.brickx.com>.

Digital Wallet means the account opened and maintained by BrickX on behalf of each Member through which transfers of funds are made for Brick purchases and funds are received in connection with Bricks, including distributions and the proceeds of a disposal of Bricks.

Gross Asset Value means total value of the current and non-current assets of the particular BrickX Trust.

Member means a person whose name is entered in the Register as the holder of an Interest (including persons registered jointly).

Pre-Order Phase refers to the period of time during which Members can indicate their interest in subscribing for Bricks in a new BrickX Trust by submitting pre-orders to the Responsible Entity.

Property Settlement for a BrickX Trust means the date on which the last of the properties to be held in that trust settles.

Register means the registers of Members and Brick Owners maintained by the Responsible Entity.

Responsible Entity means BrickX Financial Services Limited (ABN 67 616 118 088) (AFSL 494878) as responsible entity of the BrickX Platform.

The BrickX Platform managed investment scheme (ARSN 613 156 433) is issued by the Responsible Entity of the BrickX Platform, BrickX Financial Services Limited ABN 67 616 118 088; AFSL number: 494878. Any advice provided in relation to the BrickX Platform in this document is general advice only and has been prepared without taking into account your objectives, financial situation or needs. Before making any decision in relation to the BrickX Platform or Bricks you should read the Product Disclosure Statement (PDS) and the relevant Additional Disclosure Document and consider whether this product is right for you. The PDS is available at brickx.com.au/pds.