



AUSTRALIAN RESIDENTIAL PROPERTY FUND

Product Disclosure Statement

17 DECEMBER 2018



Responsible Entity

Open Corp Funds Management Ltd

ABN: 38 154 921 730

AFSL No. 417371

APIR Code: OPN 4470 AU

A property fund
investing in high quality
residential properties

Important Notice

About this Product Disclosure Statement

Responsible Entity and Issuer

This document is a Product Disclosure Statement (PDS) dated 17 December 2018 and was prepared and issued by the Responsible Entity, OpenCorp Funds Management Ltd ABN 38 154 921 730 AFSL 417371 trading as ResiFund (ResiFund) of the Australian Residential Property Fund (Fund). The Fund is the stapled entity comprising the Australian Residential Property Active Fund (Active Fund) (ARSN 630 168 884) and the Australian Residential Property Passive Fund (Passive Fund) (ARSN 630 168 320).

No Cooling-off Rights

This PDS relates to the Offer of stapled units (described as Fund Units) in the Australian Residential Property Fund (Fund). You should read the entirety of this PDS prior to making an application for Fund Units under this PDS. No cooling off rights apply to your subscription of Fund Units under the Offer, which means you cannot withdraw your Application once it has been accepted and Fund Units issued to you.

Risks and no performance guarantee

The investment considerations and risks that may affect your investment are contained in Section 6. The Responsible Entity and its Directors, officers and associates do not guarantee the performance or success of the Fund, the payment of distributions or any particular rates of capital or income return and there is a risk that you could lose your capital investment.

No personal advice given in PDS

The information in this PDS contains general advice only and is not personal financial product advice. It has been prepared without taking account of your personal investment objectives, financial situation or particular

investment needs. It does not amount to a recommendation either expressly or by implication that you invest in the Fund. Before making an investment decision on the basis of this PDS, you should consider the appropriateness of the information, having regard to your personal investment objectives, financial situation and needs. We recommend that you seek advice from a financial adviser, accountant or other suitably qualified professional adviser, who can help you determine how best to achieve your financial goals and whether investing in the Fund is appropriate for you.

Obtaining PDS copies and further information

Copies of this PDS can be accessed electronically at www.resifund.com.au and we will provide a paper copy on request free of charge. The information in this PDS is based on facts and opinions that are subject to change. If there is a material change that may adversely affect your decision to invest, we will issue a supplementary or new PDS. We may also provide updated information on our website at www.resifund.com.au or upon request on our toll free number 1300 999 881. Upon request, we will also provide a paper copy of that updated information free of charge.

Foreign jurisdictions and applicants

This PDS does not constitute an Offer in any jurisdiction, or to any person, to whom it would be unlawful to make such an Offer. It is the responsibility of any Investor outside Australia to obtain any necessary approvals before applying for or being issued with Fund Units pursuant to this PDS.

Indirect investors through Platforms

The Responsible Entity authorises the use of this PDS as

disclosure to people who invest indirectly in the Fund through an Investor Directed Portfolio Service (IDPS) or IDPS-like scheme (known commonly as a master trust or wrap account) or a nominee or custody service (together, these are referred to as "Platforms").

People who invest in the Fund through a Platform do not become direct Investors.

The operator or custodian of the Platform will be recorded as the Investor in the Fund's members register and will be the person who exercises the rights and receives the benefits of an Investor, including receiving any reports and documentation relating to the Fund.

Investors utilising these Platform services should be aware that different fees and charges may apply, different arrangements for the application and transfer of units, and different distribution calculations and timings may apply. Investors should contact their financial adviser or the operator of the Platform with any queries relating to an investment in the Fund using these Platform services.

Stapled Entity Relief

The Fund is a stapled entity comprised of the Active Fund and the Passive Fund, both of which are registered managed investment schemes. The Active Fund and Passive Fund have entered into a Stapling Deed. The Fund is issuing Fund Units (refer to Sections 4 & 11) through this PDS. ASIC has issued its Stapling Relief Instrument to approve the stapling of the Fund Units comprising Units in the underlying Active Fund and the Passive Fund respectively being stapled to each other and issued as Fund Units. ASIC takes no responsibility for the content of this PDS. The Responsible Entity will notify ASIC that this PDS is in use in accordance with section 1015D of the Corporations Act.

No representations other than in PDS

No person is authorised to provide any information or make any representation in connection with the Offer or the Fund that is not contained in this PDS. Any such information or representation is not authorised by the Responsible Entity and cannot be relied upon.

Forward looking statements

None of the Directors make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information contained in this PDS or subsequently provided to the recipient by any of the Directors including, without limitation, any financial information, the estimates and projections and any other financial information derived from them. Nothing contained in this PDS is, or shall be relied upon as, a promise or representation, whether as to the past or the future.

RE's discretion regarding applications

The Responsible Entity reserves the right to reject in whole or part any prospective Investor's application, without giving reasons for the rejection. The Responsible Entity will not compensate any applicant or prospective Investor for any costs or expenses incurred in reviewing, investigating or analysing any information in relation to the Fund.

Defined terms in Glossary

This PDS includes certain terms that are defined in the Glossary (Section 13).

Pictures in PDS

The images in this PDS depict typical images of residential properties which are examples only and not assets of the Fund.

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We are specialists in Australian residential property. We are major investors in the Fund and are committed to achieving long term success for you.

Why invest with us?

We are major investors in the Fund and are committed to achieving long term success for you. We have:

- ▶ bought over 1,000 investment properties
- ▶ managed 779 properties
- ▶ delivered > 10% p.a. average returns for our client investors¹, which exceeded market returns
- ▶ managed 25 property funds and joint ventures.

What is the investment?

- ▶ A unique, superior and easy way to invest in Australian residential property
- ▶ Invest for as little as \$1,000
- ▶ Residential portfolio diversified by location, property type and tenant
- ▶ Targeting long-term annual average returns of 10% p.a, with a significant focus on relatively high income returns.

Thinking of investing?

How has Australian residential property performed in the past?

- ▶ It has provided the best total returns and lowest risk, of all major investment classes over the last 30 years².

What is the outlook for residential property?

- ▶ Demand should continue to significantly exceed supply
- ▶ Housing affordability means that people will rent for longer.

How will we deliver better returns than buying an investment property yourself?

- ▶ We are highly experienced and have a strong track record in similar investments
- ▶ We can source investments which are generally unavailable to most investors
- ▶ We will provide significantly more diversification, which should reduce risk.

¹ Based on a sample of 430 properties acquired pre 2015 and prior to the effect of gearing.

² Source: ResiFund & RIA. Past performance is not indicative of future performance.

Key Features

This section provides only a summary of the key features of the Fund and the Offer. You should ensure that you read this PDS in its entirety.

01



Objective	Summary	Additional information
Investment Objective	<p>The investment objectives of the Fund are to build a diversified portfolio of residential property assets that ultimately provide:</p> <ul style="list-style-type: none"> Relatively high, consistent and growing long-term income returns for investors with the potential for capital growth; A total return over time of at least 10% p.a. (net of fees and expenses and before tax); and Returns which exceed the residential property market in general, measured by outperforming the combined returns from the Benchmark Indices. 	Section 3
Investment Strategy	<ul style="list-style-type: none"> 90-100% of properties acquired or constructed will generate long term passive rental income. Around 80% of these investments will be in Melbourne, Sydney and Brisbane. The properties will comprise single family homes and duplexes, as well as small and large multi tenancy properties. 	Section 3
Issuer & Responsible Entity	ResiFund (ABN 38 154 921 730, AFSL 417371) is the Responsible Entity of the Fund and issuer of the Fund Units.	Section 2
Gearing	Gearing will be targeted to be no more than 50% of the total asset value of the Fund, which is lower than most investors would generally use to acquire residential property. We will target an interest cover ratio of 1.5 times.	Section 9
Structure	<p>The Fund is a stapled entity comprised of unlisted and open-ended managed investment schemes that are registered with ASIC, being the Active Fund (ARSN 630 168 884) and the Passive Fund (ARSN 630 168 320).</p> <p>Each Investor owns Fund Units. Each Fund Unit is comprised of one Unit in the Australian Residential Property Passive Fund and one Unit in the Australian Residential Property Active Fund which are stapled together pursuant to the Stapling Deed, such that a Unit in the Passive Fund and a Unit in the Active Fund may only be purchased, sold and otherwise dealt with together.</p> <p>The Fund may issue different classes of Units to Investors. For example, a separate class of Fund Units may be issued to Australian or foreign wholesale or institutional Investors.</p>	Section 11
Minimum Investment	The minimum investment is \$1,000 for the initial investment in the Fund. The minimum for any subsequent incremental investment (excluding Units acquired under the Distribution Reinvestment Plan) is \$100.	Section 12
Unit Pricing	Monthly	Section 11

Feature	Summary	Additional information
Distributions	Quarterly	Section 12
Distribution Reinvestment Plan	We operate a Distribution Reinvestment Plan (DRP), under which you may choose to reinvest all or part of your income distributions from the Fund to acquire further Units. (Refer to our investment calculator on our website www.resifund.com.au to help illustrate the benefits of reinvesting)	Section 12
Regular Savings Plan	We operate a Regular Savings Plan (RSP), under which you may choose to regularly contribute further investments. This can allow you to consistently build your residential portfolio as you accrue savings. (Refer to our investment calculator on our website www.resifund.com.au to help illustrate the benefits of reinvesting)	Section 12
Liquidity	<p>Like any residential and commercial property investment, this should be considered a medium-to-long term investment due to transaction costs such as stamp duty. A long-term investment horizon also allows Investors to benefit from the long-term trends and cycles which typically apply to property markets.</p> <p>Once the portfolio is established, we anticipate you will receive a significant part of your investment returns every year through quarterly distributions.</p> <p>In November 2023, we will provide an opportunity for Investors seeking to sell part or all of their investment through either listing the Fund on the ASX, where all Fund Units can be bought and sold on an open market exchange, or through a partial Redemption facility which would be funded by new investment inflows, borrowings, asset sales or a combination thereof.</p> <p>When the Responsible Entity makes a Withdrawal Offer, if all redemption requests exceed the amount of money available to the Fund from the assets specified in the Withdrawal Offer, in order to satisfy those requests within 21 days after the close of the relevant Withdrawal Offer (for example, because a property is under contract and settlement is pending), the redemption requests will be partially satisfied on a pro rata basis in accordance with section 601KD of the Corporations Act. However, the Responsible Entity will seek to manage the Withdrawal Offer and redemption facility process in accordance with the Corporations Act in order to fully satisfy all redemption requests under the relevant Withdrawal Offer, subject to the available liquidity of the Fund.</p>	<p>Section 4</p> <p>Section 6</p>
Risks	No investment is without risk. The significant foreseeable risks of investing in the Fund generally are set out in Section 6.	Section 6
Costs of Investing	The fees and costs of investing in Units are set out in this PDS.	Section 7



The Manager

“ We have been building our own portfolios since the 1990s and have acquired over 1,000 properties for ourselves and our clients and achieved excellent above market returns. Our inspiration and strategy of the Fund is drawn from that successful experience. We want to make residential property investment easy, successful and totally aligned with you. We are the first and a substantial investor in the Fund. ”

Matthew Lewison, Allister Lewison and Cam McLellan (Founders & Directors)

02

Our History

“We offer substantial expertise as a specialist property fund manager, acquirer and manager of residential property, which reflects our deep connection and passion for residential property.”

It is in our DNA. It is all we do and has significantly improved not only our own lives but those of our clients.

To understand why we think we can achieve the investment objectives of this Fund and our clients, it's important to know some of our background in residential property, as it has a lot to do with how we see the market and industry, so differently to most.

ResiFund's foundations were laid 33 years ago, in 1985, when Steve Lewison purchased an old weatherboard house on a block in Ringwood (VIC) to build his first development. The project was a success and Steve sold off three of the four units to repay debt while holding onto one, which became his first rental property.

Over the next 13 years Allister and Matthew Lewison (ResiFund directors and Steve's sons) had front row seats to his personal wealth transformation as he undertook various projects and investments. They witnessed the highs of the 80s boom followed by the 90s bust.

Over time Steve refined his model and started keeping to the affordable end of the residential market, retaining a few properties each year thereby growing his income and keeping gearing low. It was a profitable, repeatable strategy.

Growing up around building sites, doing odd jobs

to help out on their father's projects and earn some extra pocket money, the younger Lewisons studied property strategies daily and saved aggressively until, at age 18 and 21 respectively, they acquired their first investment property together.

18 years later, Allister - who is now CEO of the broader ResiFund Group, was recognised as the 4th wealthiest self made property millionaire under age 40. The accolade is testament to the sound investment fundamentals instilled by Steve and Allister's consistent approach through many market cycles.

Allister was also fortunate to meet Cam McLellan (ResiFund Co-Founder) in their 20s. Cam brought a similar passion and has lived and breathed residential property, having acquired and developed hundreds of properties and helped more than 900 investors acquire property in the last 20 years. Along the way, Cam wrote the best selling investment book titled 'My Four Year Old The Property Investor' to share his knowledge and passion with others.

Matt Lewison studied and then worked in the property industry from the day he left school. At just age 26 he was appointed into the role of General Manager for a substantial publicly listed land developer (Peet), where he was responsible for a \$2 billion residential development portfolio. This role gave him an incredible education particularly across the Qld, Vic and WA residential markets. This early exposure helped to form the foundation of ResiFund's long term and progressive approach to property today.

While the Directors' 'Apprenticeship' might have been completed 20 years ago, the residential property bug and DNA became entrenched and since then, the Founders have developed or owned residential property in just about every form, from single family homes to duplexes and townhouses, right through to large scale apartment buildings and master planned residential communities.

We've experienced just about every part of the residential industry as investors, developers, fund managers and business owners and most



L-R: Matthew Lewison, Cam McLellan and Allister Lewison

“Now having acquired over 1,000 properties and currently managing 779 properties, the ResiFund group knows the rental market inside out. In addition, our finance broking, buyers advocacy and development divisions, means that we often hear about what's happening in the market before anyone else.”

importantly, have a knowledge base of property cycles spanning more than 33 years through a whole raft of economic, political and technological changes.

With all humility, we honestly don't believe there is another residential specialist in Australia that has the breadth of experience and inside knowledge that we have - not just for large scale or high volume property, but also at a local level where we understand the various levers at our disposal to maximise returns and income. Al, Cam and Matt have taken the knowledge and strategies that Steve Lewison and others taught them and by constantly improving their investment strategies, the Directors have become market leading property experts.

When asked why they wanted the extra stress of helping other investors growth their wealth,

they answer candidly: “the truth is that being an investment advisor and fund manager was initially an accident but now it's what gets us out of bed each day.”

“In 2009, as the world recovered from the GFC and people we knew and cared about worried that they'd never be able to stop working, we agreed to start sharing our knowledge with our friends and family so that next time a GFC-like event came around they would be better prepared. While we just intended to help a small group of people that we knew, as it turns out, we fell in love with helping people grow their wealth and since that day we've worked with thousands of Australians from all walks of life. We now have a team of more than 50 professionals in offices around Australia who are just as passionate as we are about helping to change people's lives.”

We know it's a long story and not what you might expect to see from a Fund Manager in a Product Disclosure Statement but we think it's really important to understand not only our significant experience in residential property but also our passion for it too.

This is also why we will become the first and a substantial investor in this Fund, ensuring a strong alignment of interests with our investors.



One of the more than 1,000 properties acquired prior to launching this Fund.

Additional Manager Details

We are a specialist and integrated residential property fund manager, property manager, developer, builder and property adviser.

We hold AFS license No. 417371, which allows us to manage investments on behalf of retail and wholesale investors.

Our Directors and Founders each have around 20 years hands on experience in sourcing and managing residential investment properties all over Australia.

As at the date of this PDS, we have:

- ▶ Acquired over 1,000 investment properties
- ▶ Managed 779 investment properties
- ▶ Achieved over 10% p.a. returns for residential property investments³
- ▶ Managed 25 property funds and joint ventures.

We believe that the property market, and the economy in a broader sense, is underpinned by healthy population growth, international and domestic demand for our country's resources and property assets, as well as effective fiscal and monetary governance. Residential property also represents the largest asset class in Australia, where the wealth of most Australians is held. This ensures it is a critical focus for all Governments given its significant impact on the population and economy.

Our Fund is focused on providing investors with a number of advantages, relative to directly owning investment properties themselves, including:

- ▶ Greater diversification by property, property type, tenant and location
- ▶ Reduced amount required to invest or borrow as the minimum investment required is \$1,000
- ▶ Significantly higher anticipated income returns
- ▶ Less management time required
- ▶ The Fund acquiring investments not available to most investors
- ▶ Investment alongside the Manager, who is a residential property specialist.

Acquisition Strategy

With over 1,000 properties acquired prior to this new Fund being launched, we have significant experience and a strong track record in the acquisition and management of residential properties.

Our strategy for acquisitions for this Fund will be heavily focussed on the future trends of tenant demand and home ownership in Australia. These factors are changing relatively quickly due to strong population growth, significant housing affordability issues and long-term trend of insufficient housing availability for tenants and owner occupiers.

Before the Manager makes any decision to invest in the acquisition of a particular residential property asset, each acquisition will be approved by our Independent Investment Committee.

ResiFund Philosophy

One of our underlying philosophies for this Fund, is to allow everyday Australian investors to invest in the residential property market, in light of the increased challenges associated with housing affordability and tighter funding available for property investors.

It also allows investors to partner with the Founders of the Manager, who are co investors in the Fund and are applying many of their successful investment strategies in the management of the Fund. In addition, we not only want to provide an easy way to invest in residential property but ideally provide investors with returns which significantly outperform what they could achieve themselves, from residential property investment.

We believe this Fund will become a benchmark and "one stop shop", for investors to secure an investment in the Australian residential property market.

The launch of this Fund not only sets a standard for best practise Australian residential property investment, but it should also contribute to houses being built which meet the requirements of short and long-term renters.

Investment Approach

We use an active top-down and bottom-up fundamental approach to identify and acquire direct property assets.

The top down approach is focussed on the selection of quality locations by state and suburb, which support residential property investments for Single Family Homes, Duplexes and Small and Large Multi Tenancy uses.

The bottom up approach is focussed on the characteristics of individual property assets. We will be seeking to ensure each property can provide relatively high, stable and growing income returns and have the best opportunity to benefit from capital growth, through our very selective acquisition and construction process, as well as benefitting from any general market value appreciation.



Key People



Founders and Directors

Left:

Allister Lewison

Middle:

Matthew Lewison, Fund Manager

Right:

Cam McLellan

(See page 12 for background profiles.)

Corporate Governance framework

The Board is overseen by an independent compliance committee who reviews the management of the Fund's activities relative to its stated objectives and the rules governing its management.

There is a written Compliance Plan that has been lodged with ASIC. In accordance with ASIC regulations, the Manager is audited annually to ensure adherence to the Compliance Plan.

Independent Compliance Committee (ICC)

Our ICC comprises three members of which two are independent and a third being Matthew Lewison (ResiFund Director).

The two independent compliance committee members are employed by Compliance & Risk Services Pty Ltd (CRS).

As at the date of this PDS, the two independent members were as follows.

Murray Jones (Manager Director- CRS)

Murray has over 28 years' service as a risk and compliance management specialist. His expertise encompasses investment management, superannuation and insurance. Murray has acted as an independent expert under ASIC enforceable undertakings, chaired institutional compliance committees and acted as a responsible manager for AFS licences. He is currently a non-executive director of Diversa Trustees Ltd. He previously held senior roles with National Mutual/AXA Group and worked for the Australian Securities Commission.

Gerald O'Byrne (Compliance Manager- CRS)

Gerald is a compliance professional and has provided compliance support and advice to broad range of clients for over 15 years. Previously he was a senior executive of the ASX and holds legal qualifications. In particular he has experience in:

- ▶ preparing Australian Financial Services licence applications, variations and scheme registration documentation
- ▶ preparing AML/CTF programs, conducting program reviews and advising on AML/CTF matters

- ▶ acting as an independent compliance committee member,
- ▶ preparing compliance reports, and
- ▶ advising on legal and regulatory matters including ASIC policies, FATCA and the Common Reporting Standard.

Should there be a change over time to the composition of the ICC, then the Manager will provide details of the replacement member via its website at www.resifund.com.au

Independent Investment Committee (IIC)

The Board has put in place an Independent Investment Committee (IIC) for the Fund. The IIC will be responsible for reviewing property acquisitions against the approved investment strategy and recommending adjustments to the investment strategy over time.

Our IIC comprises three members of which two are independent and a third being Matthew Lewison (ResiFund Director). As at the date of this PDS, the two independent members are as follows:

Darren Cooper

Darren has worked in the financial services and property industries for more than 20 years, with a specialist focus on residential property.

He has recently been elected as National President of the UDIA and was previously a chief executive of the Blackburne residential property group from 2014-2017 and COO for the ASX listed PEET company, from 2008-2014, which is also a specialist residential property group.

Justine Roberts

Justine draws on over 20 years of experience leading large-scale land and apartment developments both in Australia and the United States of America. She is a leader in build-to-rent development having led the development of over 2,200 units of Build-to-Rent apartments from concept to completion, operation and asset management. Justine has held the role of Vice President of Development for leading USA multifamily developers, Carmel Partners LLC and ZRZ Realty Company and is ideally suited to assist ResiFund in its assessment and management of investments.

As a residential specialist, Justine has also led Australia's most awarded master planned community, Ellenbrook; held the role of General Manager of aspirational home building brand, Webb & Brown-Neaves and is CEO of Kingston Development Group.

Where there are any related party services agreements entered into, the IIC will review these arrangements to ensure that they are entered into on an arms-length basis and reviewed regularly.

The IIC will include highly experienced residential and property funds management representatives.

Should there be a change over time to the composition of the IIC, then the Manager will provide details of the replacement member via its website at www.resifund.com.au

Our residential property acquisition and property management credentials

Property Acquisitions

For the last 20 years the Founders have been actively acquiring investment properties around Australia. These property acquisitions include on-market and discrete, off-market transactions. Many of these acquisitions have been "value-add" opportunities that led to above average income yields and profits.

With the Founders' experience at our core, we have built a team of property professionals who have added to our acquisition guidelines for sourcing property acquisitions for investors. We are proud to now allow all investors in the Fund to benefit from our team's experience and established relationships and methodologies.

Excluding any prior experience in other organisations, our investment team has acquired over 1,000 investment properties since 2012. Further to this, we have also developed, or are in the process of developing, a further 1,000 dwellings through our separate development business, Equire.

As specialists in the residential investment market, our team bring significant expertise in sourcing and negotiating acquisition opportunities from Australian property developers and real estate agents, an understanding of vendor drivers and deal opportunities, strong execution abilities regarding house design, and the ability to tailor acquisitions and construction for the rental market.

The average unleveraged compound total return from properties acquired prior to the launch of the Fund, has averaged 10.7% p.a.⁴ While past performance is not necessarily an indicator of future performance, our historical performance represents returns consistent with the target returns for this Fund and reflect an outperformance of the average returns from residential properties during the same time frame.

Property Management

We have considerable experience and expertise in managing residential investment properties. As at the date of this PDS, we are managing 779 properties nationally. This gives us a unique insight into the residential tenancy market, which in turn allows the Fund to capitalise on this market intelligence.

Our property management team focusses heavily on maximising the net income from each property. This requires active management with leasing agreements being entered into early, to enable reletting with minimal vacancy if a tenant is departing, as well as regular but realistic rental increases to capitalise on changes in market rents.

Furthermore, the net income derived from the

property is also impacted by maintenance costs and “downtime”, which is the period that a property may be untenanted due to repair works disrupting the habitability. Our property management team therefore focus on early detection of potential problems and quick resolution with good communication with tenants.

Finally, there are very few property managers with the experience in managing residential properties with multiple income streams. As such, where appropriate, our property management team will provide property management services to ensure a high level of service for the Fund’s unique property management requirements while also mitigating the risk that the intellectual property which is being utilised to maximise the return of the Fund is not shared with other service providers that might seek to compete with the Fund.

The Manager has entered a property management agreement with our property management team and this will be reviewed annually by the Independent Investment Committee to ensure it remains on arms length terms.



Investment Objective, Strategy and Investment Criteria

What is the objective of the Fund?

To provide relatively high quarterly income returns, with the opportunity for capital growth through asset and market value appreciation, by investing in a diversified portfolio of Australian residential property investments. We are targeting an average total return of 10% p.a. (net of fees and costs and before tax) over the long term.

In addition, we will be seeking to deliver higher returns than typical residential property investments, exceeding the average return from the Benchmark Indices combined.

03





What types of investment properties will the Fund own?

A. Single Family Homes and Duplexes



The Fund will invest approximately one third of its capital into Single Family Homes or Duplexes. These properties will generally be located in growth corridors in major capital cities and will predominantly be newly constructed. This means that the Fund will either acquire a recently completed house, or it will acquire vacant land upon which it will arrange for a home builder to construct the house, following which it will be rented out.

Attractions for these types of property investments include the following;

- ▶ Generally higher rental returns than for properties in inner suburban locations where land values are extremely high relative to the potential rental income; and
- ▶ Significant depreciation benefits and low capital expenditure requirements, due to the properties being new.

In addition, as we have acquired over 1,000 similar properties for our clients in recent years, which constitutes a significant volume for the property developers and builders we deal with, we often have the ability to acquire properties at wholesale pricing, which is essentially below market value, and we will be seeking to pass on the benefit of any discounts to investors in the Fund.

The combination of these factors should generate higher net income returns than properties in inner suburban locations. This not only maximises income distributions to Investors but also improves debt serviceability which allows for additional properties to be more readily acquired. The additional scale achieved through the process of duplicating property purchases in turn gives rise to greater total returns than relying solely on capital growth in inner suburban locations.

What is the strategy of the Fund?

Our strategy to achieve the objective of the Fund, will be to invest in a range of Australian income producing residential property types including:

- ▶ Single family homes and duplexes
- ▶ Smaller and large multi-tenancy properties

These will be primarily located in the major Australian capital cities. They may include the acquisition of existing properties, or properties where we acquire the land and construct the buildings specifically for the desired tenancy profile and then own and rent these properties out for the long-term. A significant focus of the Fund will be to meet the changing demographics

and requirements of Australian renters, a growing portion of whom are increasingly becoming lifetime renters due to housing affordability issues.

Properties which typically provide higher income returns will be targeted to allow investors to receive a significant part of their investment return every year, by receiving quarterly income distributions. In addition, any valuation increase associated with our ability to add value to specific properties, or through market capital growth, will be reflected in higher monthly unit prices.

The Fund will adjust its preference toward different property types and locations over time, depending on the length of time the Fund has been operating, available investment opportunities within each residential type and the expected future rental demand.



B. Multi-Tenancy Properties

The Fund will invest approximately two thirds of its capital into a combination of small and larger Multi-Tenancy Properties.

Large Multi-Tenancy Properties are very common in the US (often called Multi Family), as well as in the UK and Europe. While they are relatively new in Australia, they are expected to become a major part of the Australian residential property market over time due to the rapidly changing population profile.

In simple terms, Multi-Tenancy refers to groups of apartments, townhouses or houses, which are specifically constructed to be owned by one landlord and rented out for the long term. Multi-Tenancy may include properties encompassing

anywhere from four to hundreds of tenancies located on one site.

Given the increasing demographic trend of Australians renting rather than owning properties, due to such factors as housing affordability and lifestyle preferences, this type of tailor made residential rental accommodation is expected to become a major component of the Australian market in the long term.

By investing in both small and large Multi-Tenancy properties the Fund will be able to cater for different tenant profiles, thereby maximising diversity and stability of income streams.



B.1 Small Multi Tenancy Dwellings

Small Multi Tenancy Dwellings are typically located in middle to outer ring suburbs that benefit from good infrastructure, such as public transport connections, major shopping centres, education facilities and business centres. These properties look similar to a two- storey house or townhouse but include a range of individual tenancies within the

one complex, thereby generating a relatively high income return compared to a standard residential home with only one tenant.

Similar to the Single Family Homes, as they are generally new they provide high depreciation benefits and low capital expenditure requirements.



B.2 Large Multi Tenancy Properties



Large Multi Tenancy Properties work on a similar principle but are typically larger in scale and have an active management component that maximises income. Garden, or townhome, style multi-tenancy properties vary from 50-150 dwellings with a central club-house and landscaped gardens, while apartment style multi-tenancy properties include up to several hundred units. In addition to size, the other major difference from smaller multi-tenancy dwellings, is a much greater focus on community amenities such as gyms, cafes, pools and cinemas, being provided as part of the complex. Large multi-tenancy properties typically have full time staff to

enhance the living experience for tenants and to deliver a range of additional services which are often charged on a user-pays basis to generate additional income for the Fund.

Initially, the Fund will focus on small scale multi-tenancy dwellings during the first one to two years of the Fund, due to their lower cost to acquire and faster turnaround time which will start generating relatively strong income for Investors. As the Fund expands, it is anticipated that large multi-tenancy properties will become an increased feature as they provide favourable economies of scale.



RESEARCH

Extensive research to stay ahead of key trends and to identify the most attractive locations to invest in single family homes, duplexes and small and large scale multi tenancy properties.



ACQUISITION

Actively sourcing properties through relationships with developers, real estate agents and directly with prospective sellers.

Properties will either be acquired as completed, or purpose built to suit the target tenant profile.



OWN AND RENT

Rent out each property with a strong focus on long term tenant requirements and tenant retention. Own property and seek to maximise its value to:

- ▶ generate sustainable and growing rents
- ▶ potentially add capital value, and
- ▶ benefit from any long-term market capital growth.

While single family homes and Multi Tenancy properties will form the majority of the residential property portfolio, it is important that the Fund has sufficient flexibility to invest in other types of residential property, should opportunities emerge from time to time which we believe offer attractive outcomes for your investment.

As a result, the Fund may also consider some non-core residential property investments. Properties which may be considered "non-core" include;

- ▶ those with a future residential redevelopment potential, which are ancillary to creating long term income producing properties;
- ▶ properties within inner city or blue-chip suburbs;
- ▶ properties with a multi-use aspect, for example residential property including retail tenancies such as shops, cafes, supermarkets, chemists, dry cleaning or gyms;
- ▶ acquisitions of stand-alone individual apartments or townhouses, where they can be acquired at significant discounts in order to generate a strong rental income yield;
- ▶ residential property which meets government requirements to be considered 'affordable housing'; and
- ▶ residential properties where part of the property is developed and sold and other parts are retained to generate income.



In which locations will the Fund invest your money?

Approximately 80% of the money invested in the Fund will be invested in the major metropolitan areas of Melbourne, Sydney and Brisbane, which are the largest population areas with very diverse local economies. The remaining 20% may be invested in other cities where there is a population exceeding 100,000 residents and an expectation of strong population growth to support future tenant demand and rental growth.

Please see below map with indicative long-term target geographic allocations.

While over time the Fund will look to provide a spread of passive residential property investments across most or all of these markets, our priority will be to add further value by targeting locations where we believe we can deliver the best risk adjusted returns over time. As a result, the weighting to specific capital cities may be higher or lower at times than the long-term indicative allocations to each location.



The Fund and the Offer

How will the Fund work and how will I receive returns?

When you apply to invest in the Fund, by completing the application form attached to this PDS or online and your application is accepted, you will become a Unitholder in the Fund. You will be issued Fund Units being Units in each of the Active Fund and the Passive Fund. You will effectively share in the ownership of the underlying properties in the Fund in proportion to your Unitholding and be entitled to a proportion of the income generated and any increase in the value of the properties. The money you invest in the Fund is pooled with other Unitholders' money and used to acquire residential investment properties to increase the income returns of the portfolio. These properties will either be established properties, ready to rent immediately, or land that can be improved

by purpose-designing a building to meet the requirements of tenants, thereby maximising long term income. Through your investment you will enjoy the benefits of owning a broad range of residential properties that are diversified by location, property type and tenant profile.

As the portfolio has been designed with low gearing and high income yielding property types, there is likely to be a surplus rental income after covering costs such as interest on loans, maintenance and management costs. You will receive a share of this income through quarterly distributions. In addition, if the value of the underlying property portfolio increases, the value of your Fund Units in the Fund will do so as well.

How long is the investment for?

Like all residential and commercial property investments, an investment in the Fund should be considered a medium to long-term investment due to transaction costs such as stamp duty. Long-term investments allow investors to benefit from the long-term trends and cycles for property markets.

Investors are anticipated to receive a significant part of their investment return by receiving quarterly distributions, which may reduce the requirements for investors wanting or needing to sell.

Notwithstanding, in or about November 2023, we will provide an opportunity for investors seeking to sell part or all of their investment, through either listing the Fund on the ASX, where all Fund Units can be bought and sold on an open market exchange, or alternatively through a partial redemption facility (up to 30% of Fund equity) which would be funded by new investment inflows, borrowings, asset sales, or a combination thereof.

Due to the Fund establishing a significant portfolio of single family homes, which are relatively small in value compared to say office buildings, these properties can be more readily sold to help fund redemption requests, without significantly compromising the portfolio for remaining investors.

If the Manager has not listed the Fund on the ASX by November 2028, then within the following six months the Manager will put a resolution to Unitholders to vote on a proposed exit mechanism for Unitholders based on what the Manager considers is in the best interests of Unitholders.

It is currently anticipated this may include a recommendation to:

- ▶ continue the Fund for a further 5 years until a further review is held;
- ▶ provide an additional liquidity facility for any Unitholders wishing to sell their Units;
- ▶ wind up the Fund by selling all assets and return capital to Unitholders; or
- ▶ resolve to have the Fund listed on the ASX, if this has not already occurred.

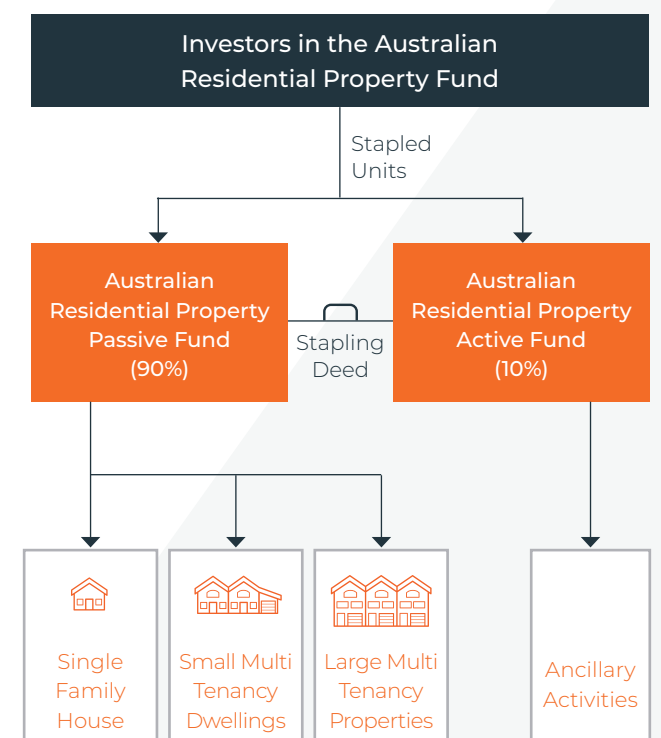
Therefore, the Fund has many options to provide liquidity for Unitholders.

Structure of the Investment

The structure of the Fund is relatively simple and designed to provide the most tax efficient structure to enhance your after tax returns.

When you become a Unitholder in the Fund you effectively own a share of all the underlying property and assets held by the Fund, including accrued income.

The residential property investments will be primarily held within the Passive Fund, allowing any income generated from those properties to be passed through to you, prior to tax being paid. Should there be any ancillary property construction or property management activities undertaken by the Fund, those activities will be undertaken through the Active Fund, where any profits are taxed at the corporate tax rate before flowing through to you as dividends with any available franking credits. The below table provides a basic overview of the structure.





The Australian Residential Property Market Overview

As this PDS is open to on-going investment, the market commentary has been limited to long term trends affecting the macro-environment of the Australian residential property market. This PDS does not contain any forecasts. Given circumstances can change, past performance is not necessarily an indicator of future performance.

Notwithstanding, we consider that a number of long term observations can be made about residential property which are still valuable in helping to assess this type of investment.

“More personal wealth is held in residential property than any other investment type in Australia.”

The Australian residential property market is the largest asset class in Australia with an estimated \$7 trillion in property assets as at 31 March 2018, which is nearly four times the value of the Australian Stock Market (ASX). This means that residential property is not a small or niche style investment sector and is one where there is significant underlying depth and liquidity.

Demand for residential property exceeds supply

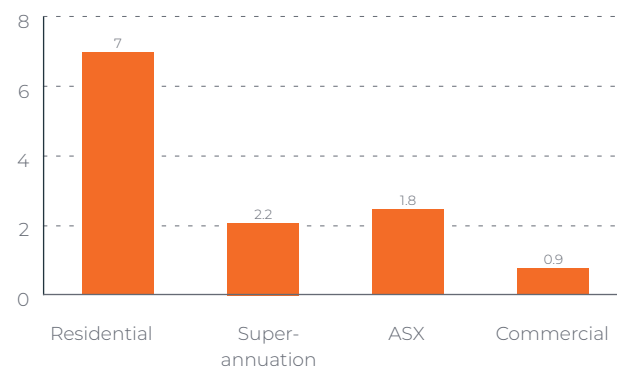
Fundamental to price appreciation for any investment is that where you have demand significantly and consistently exceeding supply, this will generally lead to sustained price growth.

Demand for Australian housing has continued to grow over a long period, underpinned by population growth driven by natural increases and strong migration. The immigration policy that has helped to attract a significant number of new Australians seeking houses to live in and invest in, has been maintained for an extended period.

In addition, demand from investors has continued due to the long term returns and low volatility from residential property, relative to other investments.

During the same time, the supply of Australian dwelling approvals and particularly houses has not been keeping pace with the population growth, leading to demand continuing to exceed supply over a long period of time and giving rise to favourable historical returns from residential property investment.

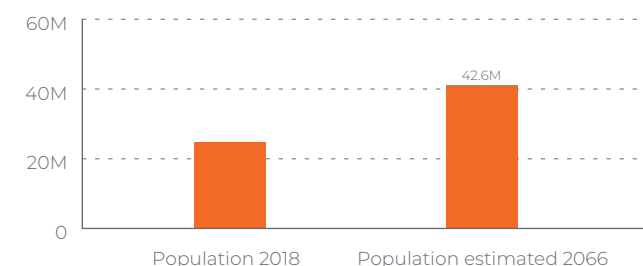
Relative Size of Australian Asset Classes (\$Trillions)



Population anticipated to grow further

Australia's population is expected to continue to expand, which should give rise to further demand from tenants and owner occupiers. (Source ABS)

ABS Estimated Population Growth (Series B)



Home ownership is diminishing

While the “Great Australian Dream” has long been considered to own your own home, over the last 20 years home ownership rates have been consistently falling across Australia.

This trend of diminishing home ownership rates is consistent in many developed western nations. The impact of this is that the number of people renting homes is increasing and this is a trend that is likely to continue and grow for the foreseeable future. The upside of this is that as more Australians become life-long renters there will be greater demand for a diverse range of rental accommodation in the future.

Residential property has been the best performing asset class in Australia

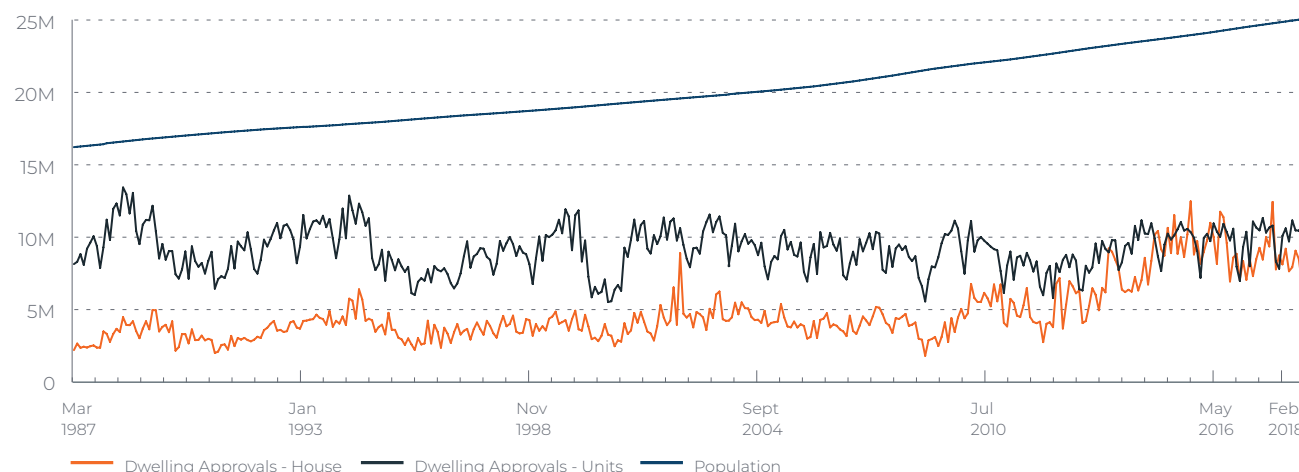
Over the last 10, 20 and 30 years, the Australian residential property market has consistently provided the highest total returns compared to Australian shares, real estate investment trusts (A-REITs) and bond investments.

As you can see below the average total return per annum from residential property has averaged 11.4% p.a. for the last 30 years to March 2018.

This is based on an index produced by the Real Estate Institute of Australia (REIA) 3 bedroom home Index, which measures total capital growth and assumed net rents.

To put that further into perspective, if \$100,000 were invested in residential property 30 years ago, today it would be worth approximately \$2.5m compared to approximately \$1.4 million from an investment in the Australian Stock Market. Please see below for further comparisons.

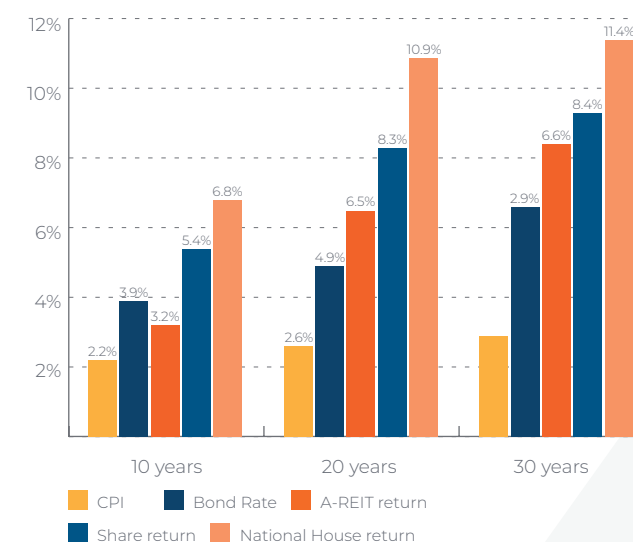
Number of dwellings approved for construction compared to Population Growth



Source: ABS

Selected Australian asset classes

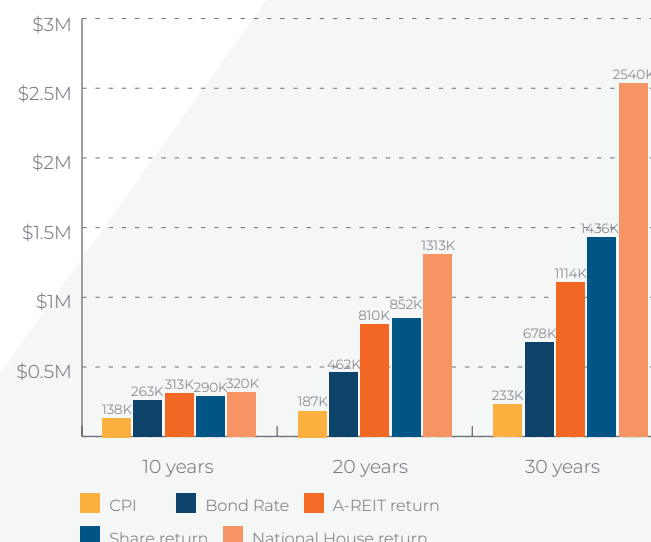
(annualised average returns ending March 2018)



Source: RIA

Selected Australian asset classes

(annualised average values ending March 2018)



Source: RIA

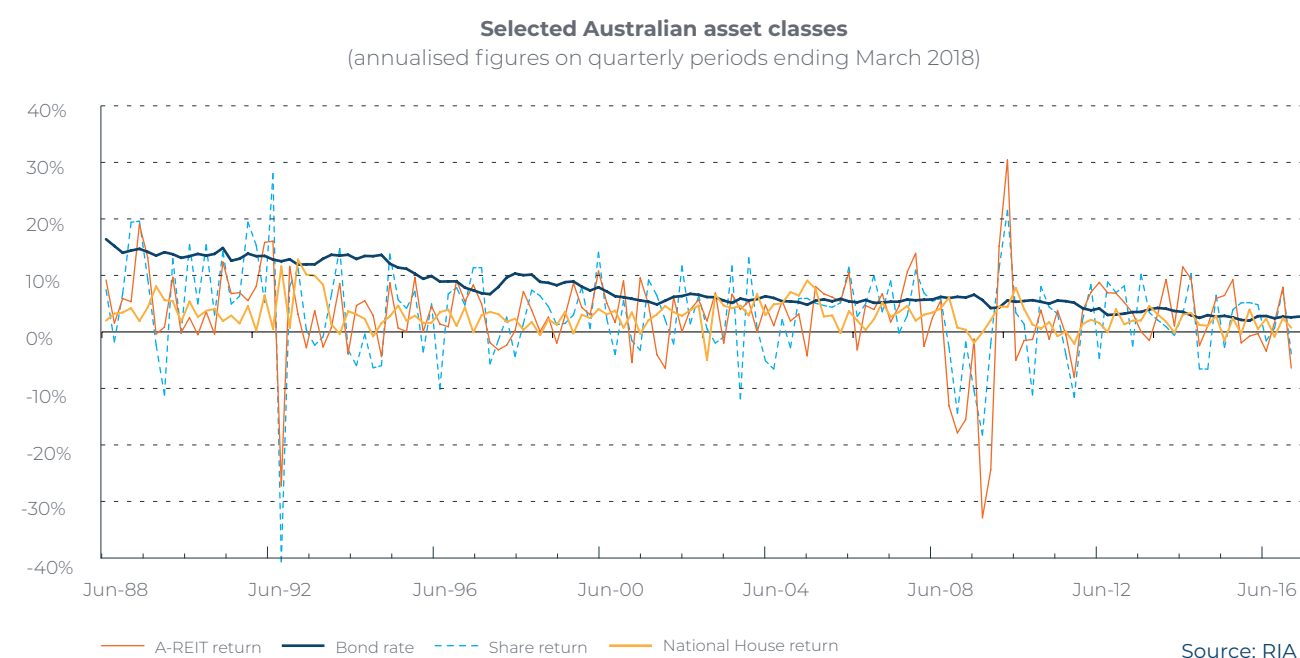
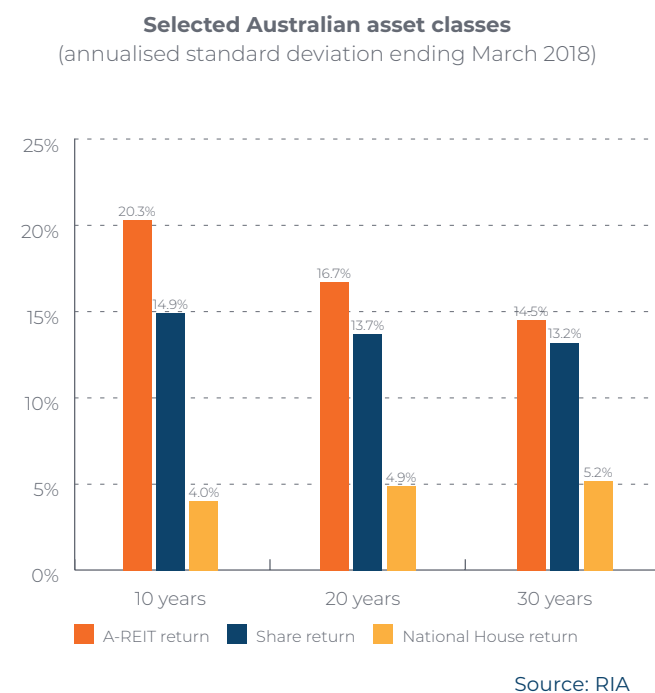
Residential property has consistently provided the lowest risk of major investments in Australia

In addition to performing extremely well over the long-term period of comparison, residential property has also provided investors with significantly lower volatility (at least 50%), relative to other investments. This is measured by standard deviation, which is a common measure of volatility, allowing us to compare different investments with regard to the consistency of their returns.

As can be seen in the chart on the right and below, the volatility of the Australian housing market is considerably lower than A-REITs and the ASX, which suggests that historically the returns achieved by the Australian housing market have been more stable than those of other investment classes.

In contrast, owners of Australian residential property, even during market downturns, typically retain their property if they possibly can, until market conditions improve. This has the effect of reducing selling and therefore mitigates the likelihood of a significant increase in the supply of available properties, which might otherwise put downward pressure on pricing and volatility.

The relatively low volatility of residential property during market downturns such as the GFC, is illustrated below.



Residential property generally improves diversification

When structuring an investment portfolio, it is widely understood that diversification can be a useful tool in reducing risk. In order to optimise the benefit of diversification within a portfolio, it is important to consider investments that are not too closely aligned. This is achieved through choosing investments that have a low, or inverse correlation.

Diversification can be achieved in an investor's portfolio through asset class selection, and also through choosing specific investments that are themselves diversified within that asset class. For instance, the Fund will achieve diversification within the residential property market by targeting a range of cities, and suburbs across cities, while also delivering a range of different properties to suit a mixture of tenant profiles. This gives the Fund a distinct advantage over an individual building their own portfolio, which is often concentrated on a single city, suburb, property type and tenant.

So, contrary to the common analogy that higher returns are associated with higher risks, when the lower volatility of the residential housing market is taken in context with the higher returns achieved by the housing market it can be seen that, at least historically, the housing market has achieved higher returns with a lower risk profile over a long period of time.

In our opinion, this is due to the fact that when market downturns occur, such as the Global Financial Crisis (GFC) which commenced in 2007, investments such as shares are often sold quickly and at significant discounts. This may be due to a number of reasons, such as banks exercising margin calls on loans to shareholders, investors trying to maximise their liquidity before the market price falls too far, or even due to concern about the future.

Further to this, Australian residential property, as an asset class, may provide diversification to an investor's portfolio where the investor holds other asset classes.

The following chart shows the correlation between a range of different investments and demonstrates that Australian residential property may be beneficial to investors seeking to diversify their portfolio.

Correlation matrix: 10 year period

	A-REIT return	Share return	National House return
A-REIT return	1.0	0.7	0.3
Share return		1.0	0.5
National House return			1.0

Residential property has not been easily accessible for smaller investment amounts

Unlike commercial property in Australia, which is accessible for individual investors wishing to invest through managed funds such as A-REITs or unlisted property trusts, residential property has, to date, not been accessible or securitised in the same way.

The Fund provides a unique opportunity for investors and advisers to incorporate residential property into their investment portfolio. The Fund has also been designed to reflect the highest standards and best practises of professionally managed property funds.

Summary

While past performance is not an indicator of future performance, the very strong long term returns, low volatility and diversification benefits of residential property, combined with the favourable demand drivers for residential property, represents in our view, a sound rationale for investing in residential property over the long term.

Risks

Investors should take into account, the following investment considerations and risks before making any decision to invest in the Fund.

While we will take care to ensure that key risks associated with the Fund are either mitigated or appropriately managed, there are direct and indirect risks associated with any property investment, some of which may be beyond our control.

The risks described in this section should be fully understood and considered by you prior to your decision to invest.

These risks have the potential to reduce your return and/or create a loss of some or all of your capital invested in the Fund. Before deciding whether to make an application for Fund Units, you should consider whether the investment in the Fund is suitable based on your own investment objectives and financial circumstances. You should consult a suitably qualified professional adviser when considering an investment in the Fund.

06

Real Property Risks	Potential Consequences	Active Risk Management Measure
Property risk	The acquisition price and the carrying value of properties in the Fund will be influenced by changes in property market conditions.	We will seek to acquire properties at attractive acquisition prices and or construct properties where we are confident that the value on completion is likely to be above the cost of construction. This should reduce the likelihood of any potential valuation falls. In addition, we will aim to establish a diversified portfolio by location and tenant in markets where we expect sustained and growing tenant demand, which should significantly underpin asset prices and reduce the impact of any individual property falling in value.
Vacancy risks	There is a risk that tenants may not renew leases at their expiry. Vacancy levels will have an adverse effect on the Fund's distributable income and may impact on the carrying value of the Fund's properties, particularly if the vacancy levels are significant in a particular property at the time of any sale of that property.	We will seek to acquire or construct properties which are specifically tailored to tenants, thereby reducing the risk of vacancies. We will also seek to maintain strong relationships with our tenants which may include on site management and maintain the quality of our properties to a high standard, in order to assist with tenant retention, re-leasing and rental growth. In addition, by establishing a diversified portfolio of tenants with different lease expiry dates we may reduce the impact of any one property, or unit, being difficult to lease. When selling properties we will endeavour to have pre existing leases in place unless the demand is likely to be considered stronger for owner occupier buyers rather than investors.
Tenant defaults	Distributions may be adversely affected if tenants default under their leases.	The larger the pool of properties owned by the Fund, the greater the diversity and size of the rental base and the lower risk profile which will exist for any one tenant. In addition, our property managers will require that tenants pay a bond when signing a lease and, where appropriate, we will utilise the civil claims tribunal in each respective State or Territory to pursue any unpaid rent through the release of the rental bond.
Income risk	Distributions are likely to initially be lower when the Fund is first launched, due to new properties being acquired or constructed before being rented.	Once the size of the Fund increases, the income distributions should become more consistent and stable due to having existing rented properties. In addition, capital growth may initially be higher due to expected uplifts from property construction, which may be proportionately higher during the early stages of the Fund. This may offset lower initial income distributions.

Real Property Asset Risks

Potential Consequences

Active Risk Management Measure

Market fluctuation and property values

Real property prices can be volatile, especially when access to credit is constrained. Changes in market conditions may influence the acquisition price of future properties, impact the carrying value of existing property assets and influence the potential sale price of any property.

If one or more properties owned by the Fund experience a significant fall in value this may have a negative impact on the Fund's gearing ratio and possibly lead to a breach of loan covenants in the absence of any direct action by the Manager, such as divestment of properties to reduce the Fund's borrowings

While property values may fluctuate, we will only acquire or construct properties when we believe it is in the best interests of Unitholders. In addition, a significant focus of the Fund is generating sustained income from a wide range of tenants which should be relatively sustainable, even if there are falls in market values of underlying properties in the interim. This focus on long term income will further reduce the risk of servicing debt within the Fund due to relatively stable cashflows.

Small portfolio size

There is a risk that the size of the Fund remains relatively small, which increases the tenancy, property and geographic risk.

We will seek to reduce this risk by actively marketing the Fund to new investors and making an initial seed capital investment ourselves. By investing in smaller properties initially, we will be able to achieve immediate diversification for the Fund.

Availability of insurance

The Fund's underlying property assets may be damaged by fire, acts of terrorism or other disaster, resulting in loss of rental income and cash distributions to Investors.

We will endeavour to insure, or have tenants insure, all of the Fund's property assets against such risks on the same basis as other prudent property owners, but insurance contracts are always subject to conditions and the recovery of losses may not be complete.

Ability to ultimately sell Large Scale Multi Family

There is a risk that the demand which currently exists for this type of property in the US, UK and Europe does not emerge in the Australian market over time which may limit the ability if required to sell the asset and valuation of the property.

While this remains a relatively new type of residential property market in Australia, this type of property is now being developed and being invested in by institutional investors in Australia and offshore. This trend is expected to grow over time and with the primary focus of returns from this type of property being income, this is expected to help underpin capital values and the attractiveness of this for any potential sale in the future.

Real Property Asset Risks

Potential Consequences

Active Risk Management Measure

Ability to find suitable acquisitions

There is a risk that we cannot find suitable acquisition opportunities which may limit our ability to achieve the investment objectives of the Fund.

We will seek to reduce this risk by having the flexibility to invest across a range of residential property types and across all major Australian residential property markets. Furthermore, in the event that monies cannot be deployed into appropriate investments, excess Unitholders' capital can be returned and applications to the Fund limited or suspended.

Construction risks

In the event that a property is under construction and not yet complete, factors such as inclement weather, union action, withholding of approvals or consents from local councils etc. may act to delay the completion of the building. As a result, the timing of the cash flows may alter.

This may lead to delays and increased costs which may impact financial returns.

Construction risk is also anticipated to be higher during the early stages of the Fund as the portfolio is progressively established

These factors are somewhat outside our control. Notwithstanding, we will seek to mitigate construction risk by utilising experienced and reputable builders particular to each type of residential property type that will be owned in the Fund. This may also include our own building services company.

This risk is expected to reduce over time as a greater proportion of the properties are established thereby reducing the exposure to new construction risk relative to the value of the overall portfolio.

Increased capital expenditure requirements for rental properties

The risk is that capital expenditure could exceed expectations, resulting in increased costs and therefore lower cash distributions to Unitholders.

We will be primarily acquiring or constructing new properties, which should reduce the likelihood of capital expenditure requirements relative to acquiring existing older properties. In addition, new properties will also provide Fund Unitholders protections relating to structural and builder warranties and provide higher depreciation benefits.

Larger multi-family properties within the portfolio may have their own maintenance teams to ensure proper upkeep of the buildings and grounds and maximise the long- term appeal for tenants, while keeping costs lower than might otherwise be achieved through third party contractors.

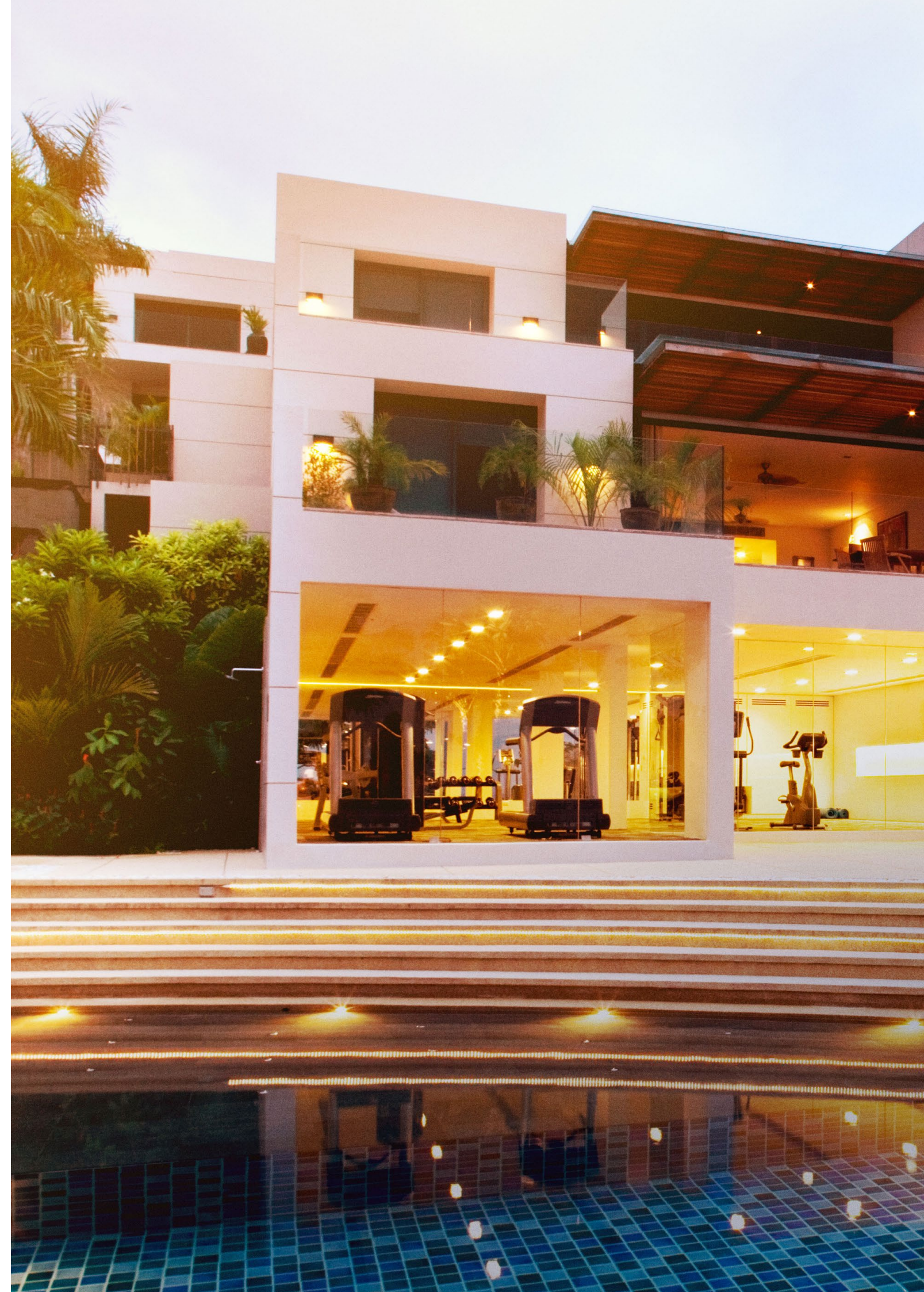
Risks Associated with Creating New Rental Stock	Potential Consequences	Active Risk Management Measure
Construction costs may be greater than forecast, for instance in the event that the cost of obtaining a planning permit is greater than expected or the conditions of the issued permit are more onerous than anticipated.	If the construction costs or the expenses increase above our expectations, then property valuations may fall and Unitholder returns will be lower.	We utilise the services of reputable consultants and building contractors to assist in the estimation of building prices at the time of due diligence. While costs may change over the course of construction due to design change or market forces, every effort is made to ensure that the cost estimates adopted are as accurate as possible at the time of the purchase of the property.
Contamination or other environmental and geotechnical issues that have not been previously identified may affect real property assets.	Unforeseen contamination may result in additional cost to the Fund and reduce investment returns.	As part of our due diligence process, we may appoint an expert to undertake soil and contamination assessments.
For newly constructed investments, there is a risk that the projected tenant take up rates per week (including projected rental prices) may not be achieved.	If the projected take up rates cannot be achieved, then it will impact on the timing and quantum of revenue and may adversely affect returns to Unitholders.	We aim to select properties in locations with growing demand from renters.
Selling constructed properties is not a core part of the Fund's asset allocation. If there is any full or partial construction stock to be sold there is a risk that the sales rates and sales prices may not be achieved	If the projected sales price and sales rates cannot be achieved, then it will impact on the timing and quantum of sales revenue and may adversely affect returns to Unitholders. It may also delay the commencement of works if bank covenants are not met and as a result the rental income component, derived from proposed rental stock in the project, may also be delayed.	<p>While our first priority is to select properties in locations with strong anticipated demand from renters, the amenity and features of the local area that attract renters are also likely to be attractive for owner occupiers.</p> <p>Furthermore, any construction sales that we undertake will be ancillary to completing a multi family building and will only be done where it enables us to achieve the best outcome for our long term property portfolio. An example of this may be the development of a site where the potential supply created by the project might exceed the likely demand from tenants if it was a single multifamily precinct. The site may subsequently be developed as two distinct precincts, a multifamily rental precinct with associated services and on-site amenity, and an owner occupier precinct.</p> <p>Any construction sales exposure will sit in the Active Fund. Capital within the Active Fund that is exposed to construction sales risk will be limited to no more than 10% of the total assets of the Fund at any point in time.</p>

Risks Associated with Creating New Rental Stock	Potential Consequences	Active Risk Management Measure
The developer may breach a development agreement and fail to complete any building under construction. Alternatively, the developer may become insolvent and unable to complete the property construction.	May lead to delays and increased costs which may impact investment returns	The development agreement will be structured wherever possible to include liquidated damages for late delivery. In the event the developer becomes insolvent the Manager may step in to complete the project.
Insurance for the risks associated with ownership of real property assets may not continue to be available or its premiums may rise significantly which may affect the returns.	In the unlikely event that property insurance is not able to be arranged by us, Unitholders may be exposed to additional property ownership risks.	We aim to develop a good relationship with the insurers and insurance brokers and provide all requested information in a timely manner as well as ensure compliance with the insurance policies.
In the case that a planning permit is required prior to undertaking works on a property, the permit may not be obtained, or could only be obtained on terms that are substantially different than anticipated.	<p>The Manager may consider redesigning the construction to improve the acceptability of the Property or deferring the construction until such time that the gross realisable value has increased to offset any higher costs or loss of yield.</p> <p>These scenarios could impact the returns to Unitholders.</p>	<p>The portfolio will be designed to ensure that any exposure to planning risk is kept to a minimum and that property construction requiring planning permits do not constitute a significant proportion of the Fund's assets.</p> <p>Notwithstanding this, we aim to develop a good relationship with relevant councils and work with them to allay any concerns in order to obtain planning permits that are on the best possible terms.</p>

Financial Risks	Potential Consequences	Active Risk Management Measure
Direct property acquisitions funded with both equity and borrowings increases the potential for reward, but also increase the risk attributable to Unitholders.	Any rise or fall in property values has a corresponding disproportionate effect on that equity.	The initial secured borrowing ratio of the property has been set by us at a level that we believe balances the appropriate level of risk and return.
Because the real property asset is held through a structured fund and not directly by Unitholders, the Unitholders have limited control of the property asset and are reliant on our expertise and actions and the service providers we engage to develop and manage the property and to operate the Fund.	Unitholders are not able to direct management control over decisions relating to the investment.	Our management will act to ensure that all transactions are undertaken in the best interest of all Investors and on arm's length terms and conditions in the event that it is undertaken with a related party.
There is no guarantee that we will be able to refinance any loans. Furthermore, if the loans are refinanced the applicable interest rate may be higher than anticipated resulting in reduced returns to Unitholders. Non-compliance with covenants under the loan agreements may result in penalty interest or the premature call in of the loan.	Any interest rate increase beyond the initial loan term is likely to reduce the rate of return on the Fund's investment. Any significant interest rate fluctuation on the unhedged portion of the loan may adversely affect returns to Unitholders. Additional costs from penalty interest or a premature call on the loan may also occur.	We aim to monitor all banking covenants on a periodic basis to ensure compliance with the loan terms. We also review interest rates on loans on a periodic basis and will look to enter into suitable hedging arrangements to mitigate the impact of interest rate changes. We also aim to maintain a good relationship with the lending institutions.
Inability to secure construction finance.	This may reduce our ability to construct new properties and achieve some of the Investment Objectives of the Fund.	We will seek to reduce this risk by initially having smaller assets which will be cashflow positive and maintain a relatively low level of gearing for these assets. When the Fund undertakes larger Multi Tenancy properties once the portfolio is larger, our existing cashflows from existing stabilised assets will further improve our ability to secure funding. We will also explore opportunities where possible that involve Government initiatives such as affordable housing related schemes. We will also consider offshore funding sources from markets where large scale Multi Tenancy properties are well understood and regularly financed.
If a property asset of a partial development cannot be sold for more than its related credit facility, Investors will not receive any return as a result of the sale.	Investors may not receive back their initial capital.	In conducting our initial property due diligence, we will use best endeavours to identify properties with prospects for growth and supported by well credentialed tenants to minimise such risk.

Financial Risks	Potential Consequences	Active Risk Management Measure
There may be changes in interest rates which may vary returns on Units.	Returns on Units are exposed to fluctuations in short term interest rates.	We review interest rates on the cash management account(s) in which the assets attributable to Units are held.
The institutions that the Fund's cash reserves are invested in may fail and may not be supported by Government guarantee.	You may lose the capital you invested in the Fund.	Bank accounts that are used for the deposit of cash attributable to Units will be held with Australian deposit-taking Institutions (ADIs).
Lack of liquidity	Unitholders may not be able to easily sell their investment at a time which suits them.	<p>In November 2023, we will provide an opportunity for investors seeking to sell part or all of their investment through either listing the Fund on the ASX, where all Fund Units can be bought and sold on an open market exchange, or through introducing a partial redemption facility (capped at 30% of equity) which would be funded by new investment inflows, borrowings, asset sales or a combination thereof.</p> <p>As it is anticipated that the Fund will own a significant number of single family homes, which are relatively small in value, compared to say office buildings, these properties can be more readily sold to help fund redemption requests, without compromising the underlying portfolio for remaining Unitholders.</p> <p>When the Responsible Entity makes a Withdrawal Offer, if all redemption requests exceed the amount of money available to the Fund from the assets specified in the Withdrawal Offer, in order to satisfy those requests within 21 days after the close of the relevant Withdrawal Offer (for example, because a property is under contract and settlement is pending), the redemption requests will be partially satisfied on a pro rata basis in accordance with section 601KD of the Corporations Act. However, the Responsible Entity will seek to manage the Withdrawal Offer and redemption facility process in accordance with the Corporations Act in order to fully satisfy all redemption requests under the relevant Withdrawal Offer, subject to the available liquidity of the Fund.</p>

General and Economic Risks	Potential Consequences	Active Risk Management Measure
<p>It is possible that the value of the Fund's investments will be adversely influenced by the following factors:</p> <ul style="list-style-type: none"> ▶ A downturn in the Australian property market; ▶ Interest rate fluctuations ▶ The passing of statutes, regulations and government policy adversely affecting the value of the properties or the taxation or structure of Fund; ▶ The regulator cancelling the Fund's scheme registration; ▶ Economic downturn; ▶ Social and technological change; or ▶ Natural phenomena, terrorist and cyber attacks and force majeure. 	<p>The value of the assets of the Fund (and your investment) may be detrimentally affected by any of these factors.</p>	<p>We will perform due diligence and feasibility assessments to select quality investments. We will also, where possible, maintain appropriate insurance cover in respect of the Fund's assets and review the adequacy of cover at least annually. We will also maintain and regularly review computer systems and other information communication technologies to ensure we can prevent, prepare for, respond to and recover from a cyber-attack.</p>
<p>The effects of taxation on Unitholders set out in Section 8 can be complex and may change over time.</p>	<p>Unitholders should seek professional tax advice in relation to their own position.</p>	<p>We have sought the opinion of taxation advisers in relation to the proposed structure of the Fund.</p>
<p>Change in laws or government policy.</p>	<p>Changes in Federal and State Government policy and legislation, including changes to the taxation system, may affect the performance and returns derived from the Fund's assets, together with the ability to make cash distributions.</p>	<p>The Manager has sought tax advice from taxation professionals prior to launching the Fund and will seek where possible to address any unexpected impact resulting from a change in taxation once it is considered and implemented.</p>
<p>A service provider, including any related party of ours, may default in the performance of its services to the Fund.</p>	<p>Enforcement of the contractual arrangements with the service provider and replacement of services may result in additional cost to the Fund and reduce investment returns.</p>	<p>As part of the due diligence process, we will make sufficient enquires as to the suitability of a service provider, including any of our related parties, and enter into formal contracts with them.</p>
<p>The Responsible Entity or key service providers may lose key personnel such that their ability to perform their statutory and contractual duties may be impaired or be materially affected.</p>	<p>This could have an adverse effect on the investment performance of a property construction or the Fund as a whole.</p>	<p>We pride ourselves on having a friendly, down-to-earth and committed working environment to support our staff. In the event of loss of key personnel external providers can assist to cover any gaps in service or expertise pending their replacement. Service providers will remain bound to perform their contractual obligations notwithstanding any staff changes.</p>



Fees and other costs

Consumer Advisory Warning

Government regulation requires the inclusion of the following standard consumer advisory warning as set out below. The information in the consumer advisory warning is standardised across all product disclosure statements and does not provide any specific information on the fees and charges in this Fund.

Did You Know?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.



To Find Out More

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website (www.moneysmart.gov.au) has a managed investment fee calculator to help you check out different fee options.

Fees and Other Costs of the Fund in Prescribed Form

This section shows fees and other costs you may be charged as a holder of Fund Units. These fees and costs may be deducted from your money, from the returns on your investment or from the assets attributable to Fund Units as a whole. Information on taxes is set out in Section 8 of this document.

You should read all the information about fees and costs because it is important to understand their impact on your investment in Fund Units.

The Fund's Constitution allows the Responsible Entity to charge the fees outlined in the table below.

The fees and other costs are inclusive of GST unless stated otherwise.

Fund Units

Type of Fee or Cost	Amount ¹	How and When Paid
Fees when your money moves in or out of the Fund		
Establishment Fee The fee to open your investment	Nil	Not Applicable
Contribution Fee The fee on each amount contributed to your investment	Nil	Not Applicable
Withdrawal Fee The fee on each amount you take out of your investment	Nil	Not Applicable
Exit Fee The fee to close your investment	Nil	Not Applicable
Service Fees		
Switching fee The fee for changing investment options	Nil	Not Applicable

¹ Fees are inclusive of GST, any applicable stamp duty and net of any applicable input tax credits.

Management Costs

The fees and costs for managing your investment.

Base management fees described below are paid by the Fund to the Manager and are calculated monthly and paid quarterly.

Type of Fee or Cost	Amount	How and When Paid
Fees Payable to the Responsible Entity		
Management Fee	Base fee of 0.90% per annum of the gross asset value of the Fund or 0.99% (incl GST).	Payable to the Responsible Entity on a quarterly basis in arrears.
Performance Fee	20% of the amount by which total returns of the Fund exceed the returns of the Benchmark Indices by 2% or more on an annual accumulated basis, calculated after each 3 year period (net of fees and expenses and before tax).	Payable to the Responsible Entity on an annual basis in arrears.
Acquisition Fee	Up to 2% of the total package price for any property acquired by the Fund or 2.20% (incl GST).	Payable to the Responsible Entity on the acquisition of a property.
Disposal Fee	Up to 2.5% of the sale price of a property disposed of by the Fund or 2.75% (incl GST).	Payable to the Responsible Entity on the disposal of a property.
Other Fees and Costs		
Expense Recovery	Actual expense incurred.	Paid from the Fund as and when incurred.
Adviser Fee	Investors may elect to pay their adviser a fee of up to 5%.	On the initial allotment of Fund Units in the Fund.
Custodian Fee	Up to 0.05% per annum of the gross asset value of the Fund for gross asset values up to and including \$100 million with a minimum annual fee of \$30,000 adjusted for CPI from 1 July 2020.	Paid from the Fund on a quarterly basis.
Buy/Sell Spread Margin	1% Sell Margin and nil Buy Spread Margin.	For the avoidance of doubt, Buy and Sell Spreads are not management fees. They are not received by the Responsible Entity and remain assets of the Fund.

Example of Annual Fees and Costs for the Units

This table provides an example of how the fees and costs for the Units can affect your investment over a one year period. You should use this table to compare this product with other managed investment products.

Please refer to the explanation below under the heading of Additional Explanation of Fees and Costs. For illustrative purposes, the example assumes that management costs were calculated on a balance of \$50,000 being maintained throughout the year.

Example	Amount	Balance of \$50,000
Contribution fees	Nil	For every \$5,000 you put in, you will be charged \$0.00
Plus Management costs	0.90% (0.99% incl GST)	For every \$50,000 you have invested in Units, you will be charged \$900.00 each year (excl GST), assuming approximately 50% gearing.
Equals Cost of Fund		If you had an investment of \$50,000 at the beginning of the year you will be charged fees and costs of \$1,065.00 (excl GST).

Maximum fees in Constitution

The Constitution allows the Responsible Entity to charge the following maximum fees in relation to the Active Fund and/or Passive Fund:

- ▶ An acquisition fee of up to 2% or 2.2% of the GST inclusive purchase price, to cover identification and due diligence. This will apply to both existing residential houses and sites to which residential properties will be constructed including the cost of construction.
- ▶ A disposal fee of up to 2.5% of the sale price or 2.75% GST inclusive.
- ▶ We will be primarily undertaking property management of the underlying assets through our property management division. This service will be provided at all times on an arms-length basis and the terms for which will be reviewed annually by the Independent Investment Committee following the launch of the Fund.
- ▶ The Fund may also elect to engage its construction and property development divisions should there be opportunities which are beneficial to Unitholders of the Fund. Such engagements will also be on an arms-length basis and the terms for which will be reviewed annually by the Independent Investment Committee.
- ▶ A performance fee in respect of the return on equity performance of the Fund.

This will provide a fee of 20% of the amount by which total returns of the Fund exceed the average of the Benchmark Indices on an annual accumulated basis, calculated after each 3 year period (net of fees and expenses and before tax).

This fee may be paid in cash or Units of an equivalent value may be issued at the election of the Manager and if Units are issued, the value of the Units will be based on the next monthly Unit allotment price.

Additional Explanation of Fees and Costs Separate Fees and Costs

The Responsible Entity is entitled to charge fees and be reimbursed for costs pursuant to the Constitution (see Section 11). The fees that the Constitution allows the Responsible Entity to charge in relation to the Units are set out above.

We will give Unitholders at least 30 days' prior notice of any change of, or increase to, the fees allowed.

You should carefully consider the fees outlined in this PDS before investing in the Fund.

Reimbursement of Expenses

The Constitution allows the Responsible Entity to be reimbursed for ongoing expenses incurred by the Responsible Entity in the proper performance of its duties. Those expenses may include (but are not limited to) accounting, valuation, administration and reporting, preparation of the taxation return and financial statements, audit fees, professional fees charged by the custodian, investor communication (including continuous disclosure notices), website maintenance and compliance (including compliance plan review and audit) costs.

The Constitution does not limit the amount that the Responsible Entity can recover from the Fund as expenses provided they are properly incurred in operating the Fund. Expenses relating to the Fund as a whole will be applied proportionately to all Unitholders in the Fund.

Related Party Management

Investment management services may be performed by the Responsible Entity's associated entities and may include keeping accounts, distributing income, preparing financial statements, unit registry services, liaising with key stakeholders and generally performing other tasks as specified in the Constitution.

Property Management Agreement and Construction Management Agreement

The Responsible Entity may also engage related parties to manage and construct the Australian residential properties held in the Fund. Where this occurs, the Responsible Entity will pay Property Management Fees and Property Construction Fees to the relevant related party, on arm's length terms, and consistent with the Property Management Agreement and Property Construction Agreement entered into between the Responsible Entity and the relevant related party.

Adviser Remuneration

We do not pay any commissions to financial advisers that introduce retail client investors into the Fund. If you have an arrangement with your financial adviser, you are able to direct the Responsible Entity to pay an amount on your behalf to your adviser.

To do so, you must nominate the payment amount on the Application Form, and this amount will be deducted from your application money.

The Responsible Entity at its discretion may, as permitted by law, pay a fee to a placement agent or other intermediary for introducing Investors who ultimately invest in the Fund. This amount is a cost to the Fund and will be deducted from the Fund returns prior to distributions of income or capital being made to Unitholders.

Waiver or Deferral of Fees Payment or Expense Recovery

The Constitution allows us to charge the fees set out in the fee table above. The Responsible Entity may, in its discretion, charge lower fees or elect to not be reimbursed for all expenses than we are entitled to receive under the Constitution. Alternatively, the Responsible Entity may defer payment of fees and reimbursement of expenses for a period of time. If payment is deferred, then the fee will continue to accrue until paid.

Goods and Services Tax

Unless otherwise stated, all fees set out in this section are inclusive of GST, net of input tax credits or reduced input tax credits as applicable. The Fund may not always be entitled to claim a full input tax credit. Further information on the tax implications associated with an investment in the Fund can be found in Section 8.

Total Return Performance Fee Benchmark Index

The Total Return Benchmark Index is the combined average of the Benchmark Indices.

Buy Spread

As at the date of this PDS, the Manager has determined that a Nil Buy Spread will apply.

Sell Spread

For any one quarter, a Sell Spread is the amount by which the Exit Unit Price is lower than the NAV per Fund Unit (including any undistributed income).

There is no redemption facility for Fund Units. However, the Manager will provide a limited liquidity facility from 2023 that will provide Investors with the opportunity to apply to redeem some or all of their Fund Units in the Fund for an amount equal to the NAV per Fund Unit (including any undistributed income) less a Sell Spread of 1% payable to the Responsible Entity. Each Fund Unit redeemed will be redeemed on a stapled basis, such that for each Unit in the Passive Fund that is redeemed, there will be a corresponding equivalent redemption of Unit in the Active Fund.

Prospective Investors can obtain the most recent Entry Unit Price and Exit Unit Price from www.resifund.com.au. The differences between these prices will be the current Sell Spread.

Total Estimated Management Costs

The total estimated management costs will be up to 2.13% of NAV, payable out of the assets of the Fund. This estimated percentage includes postage, printing, accounting services, auditing services, external Fund research, and maintenance of the Investor register, custody services and investment committee.

Administration Services, Platforms etc

Persons investing through a Platform type administration service or Investor Directed Portfolio Service, such as a master trust or wrap account, or a nominee or custody service, should be aware that in addition to the fees and charges described above, they will also be liable to pay fees to the operator of the service as described in the offer document or guide for the relevant administration service.

We may make two types of payments to operators of administration services:

- ▶ Product access payments (as a flat dollar amount per annum) for administration and investment related services; and/or
- ▶ Fund manager payments (based on volumes of business generated).

The amount of these payments may change during the life of this PDS. We may also draw on our own resources to provide marketing and product support to the administration service.

Taxation

This section provides a general overview of the main Australian income tax, goods and services tax and stamp duty consequences that may apply to Investors who are Australian resident Investors that hold their Fund Units in the Fund on capital account. The information contained in this section is based on, and limited to, Australian tax law and practice in effect at the date of this PDS.



Investors should be aware that the Australian tax laws are subject to change, and that any such change could have an impact on the taxation information contained in this PDS.

The individual circumstances of each Investor may affect the taxation implications of the investment of that Investor. The information in this section, being of a general nature, is not, and is not intended to be, tax advice, and cannot be relied upon. Investors should seek their own appropriate independent professional tax advice in relation to the taxation implications in respect of their own specific circumstances.

Taxation of the Fund

The Fund has been established as a stapled entity, which means that the Fund is comprised of the Active Fund and the Passive Fund.

Each Unit issued in the Passive Fund is stapled to a Unit in the Active Fund, such that the Units in each of the Passive Fund and the Active Fund must be dealt with together as a single security.

Based on the tax advice the Manager has received:

- ▶ The stapled structure should be effective in ensuring that the Passive Fund, which will acquire real property as a long term investment will not be considered to be a trading trust for tax purposes, and therefore, will be taxed as a unit trust.
- ▶ The Passive Fund expects to qualify as a Managed Investment Trust (MIT). MIT eligibility will depend, in part, on the number, profile and the nature of Unitholders who hold Units in the Trust, which is currently not known. However it is intended that these eligibility requirements will be satisfied and the Passive Fund will be a MIT.
- ▶ The Passive Fund intends to make a Capital Account election. A Capital Account election will operate to treat gains on the disposal of certain assets to be on capital account. Accordingly, Unitholders who are eligible for the CGT discount may apply the discount to these capitals gains distributed to them by the Passive Fund, where the gains relate to property held for more than 12 months.

Under the stapled structure of the Fund, the passive residential property investments will be held in the Passive Fund. Income from properties held in

the Passive Fund, such as rent, are intended to be distributed on a flow through or pre-tax basis, after operating costs are deducted.

Other business activities, such as development, are intended to be undertaken in the Active Fund. As the Active Fund will be treated as a public trading trust for tax purposes, profits generated in the Active Fund will be distributed on an after-tax basis, with any available franking credits.

An Investor's net after tax position from distributions and dividends received from Fund Units in the Active Fund and the Passive Fund will be determined by each Investors respective tax rate.

Taxation of the Investors

Acquisition of Units

For Capital Gains Tax (CGT) purposes, Fund Units in the Fund will be taken to have been acquired for tax purposes at the time that they were issued to that Investor.

The time of acquisition is relevant when determining the availability of the CGT discount for any capital gains that may be derived on the future disposal or redemption of the Fund Units (refer below) and for certain other matters. An Investor's CGT cost base of those Units will include the subscription amount payable in connection with the issue of the Units.

Resident Investors

Distributions from the Fund

The assessable income of an Investor will include their proportionate share of the taxable income of the Passive Fund in each year.

Passive Fund Investors are assessed on a present entitlement basis. This means they must include the taxable components of distributions to which they are entitled in their assessable income in the income year in which they are entitled to receive the distribution (being the income year in which the Responsible Entity resolves to pay the distribution to the Investor), even if they have not actually physically received the distribution as yet.

Therefore, Investors in the Passive Fund will be required to include their share of the taxable income derived by the fund in their assessable income.

Taxable income received by an Investor from the Passive Fund will retain its character. For example, any capital gain derived by the Passive Fund should also be treated as a capital gain in the hands of the Investor.

Where the Passive Fund is entitled to building depreciation and allowances, cash distributions from the Fund will likely exceed the taxable distributions. This excess cash distribution component is referred to as tax deferred amounts that should not be immediately taxable to the Investors. These amounts will reduce the CGT cost base of the Units held by the Investor and once the CGT cost base has been reduced to nil any further tax deferred amounts received may crystallise a taxable capital gain. However, Investors may be entitled to reduce that capital gain by the CGT discount (so long as the Units are held for a period of greater than 12 months). Where the CGT discount applies, the discount amount for individuals and trusts is 50%, and for complying superannuation entities the discount amount is 33.33%.

In relation to the distributions from the Active Fund Unitholders will be required to include the cash amount of any distributions received plus the attached franking credit (if any), in their assessable income. A tax offset equal to the franking credit may be available to offset the tax otherwise payable on the Investor's taxable income.

Individuals and complying superannuation funds are currently entitled to a tax refund to the extent that the tax offsets exceed the total tax payable on their taxable income (i.e. excess franking credits). A company may be able to convert any such excess franking credits into an equivalent grossed-up tax loss available to be carried forward and will also obtain a franking credit in its franking account for the full amount of the franking credit attributable to the distribution.

Non-resident investors

The implications for non-resident investors includes (but is not limited to the following):

Distributions from Passive Fund

- ▶ Distributions out of the Passive Fund will be subject to withholding tax. The rate of withholding tax will depend on:
 - › the MIT status of the Passive Fund
 - › the country of residency of the non-resident investor
 - › the type of income being distributed

- ▶ If the Passive Fund is a MIT, income distributions (other than interest and dividends) to non-residents will be subject to a final withholding tax. The rate of withholding tax will ordinarily be 15% for an investor that resides in a country which has an Exchange of Information (Eol) with Australia. A 30% withholding tax rate will apply for residents of non-EOI Countries.
- ▶ The Federal Government has released draft legislation which, if passed, will result in a 30% withholding tax rate being applied to income of a MIT that is attributable to Australian residential housing. It is expected that the majority of income to be distributed would fall into this income category.
- ▶ The withholding tax rate of distributions of income out of the Fund that is interest and dividends will depend on the country in which the non-resident resides, and that countries relevant tax treaty with Australia. The maximum withholding rate will be 10% for interest and 30% for unfranked dividends. Franked dividends will not be subject to withholding tax.

Distributions from Active Fund

- ▶ Franked dividends paid out of the Active Fund will not be subject to withholding tax. Unfranked dividends may be subject to a maximum of 30% withholding tax depending on where the non-resident investor resides.

Attribution Managed Investment Trust

MITs that meet certain criteria can elect to be an "attribution managed investment trust" (AMIT). It is not known as at the date of this PDS whether the Passive Fund will satisfy the criteria and therefore whether or not the Responsible Entity will elect to be an AMIT.

Under the AMIT regime, the ultimate tax treatment in the hands of the Unitholders should not differ greatly from the MIT system. However if the Passive Fund satisfies the requirements to be an AMIT and the Responsible Entity opts into the regime, the basic effect will be that:

- ▶ The Passive Fund will be a fixed trust.
- ▶ The Unitholders will have a vested and indefeasible interest in a share of the income and

capital of the Passive Fund proportionate to their holding in the fund.

- ▶ Amounts related to income and tax offsets of the Passive Fund determined by the Responsible Entity to be of a particular tax character (e.g. assessable income, exempt income, non-assessable non-exempt income, tax losses, capital gains, net capital losses, tax offsets, discount capital gains, gross up for franking credits), are attributed to the Unitholders and generally retain that tax character in the hands of the Unitholder.
- ▶ Each Unitholder is treated as if the above amounts had been derived, received, made by or paid to them directly, rather than through the Passive Fund, and in the same circumstances as the Responsible Entity to the extent those circumstances gave rise to the particular tax character.
- ▶ As a result, the Unitholder will be taxable in respect of the attributed amounts in the Unitholder's own right, rather than as a Unitholder of the Passive Fund.
- ▶ Cost base adjustment rules apply to increase (as well as decrease) the cost base of units for CGT purposes.

Unitholders will be notified if the Responsible Entity opts into the AMIT regime.

Disposal or Redemption of Units

A disposal or redemption of the Fund Units in the Fund is a CGT event. An Investor must include any realised capital gain or loss in the calculation of their net capital gain for any income year.

An Investor will realise a capital gain if the capital proceeds from the disposal or redemption of the units exceeds the CGT cost base of the units at the time. A capital loss will be realised where the capital proceeds from the disposal of the units is less than the CGT cost base of the units at that time. The CGT cost base will be reduced by any tax deferred amounts received by the Investor prior to the disposal of the units.

If a capital gain arises, the resulting capital gain (after the application of any available capital losses) may be reduced by the CGT discount, with only the residual amount of the capital gain being included in the Investor's assessable income. Where the CGT

discount applies, the discount amount for individuals and trusts is 50%, and for complying superannuation entities the discount amount is 33.33%.

Pay-As-You-Go Withholding

If a Tax File Number or, in some case, an Australian Business Number is not quoted by an Investor; the Manager of the Fund must withhold tax at the rate of 47% from any distribution made by the Fund.

Stamp Duty and GST

The purchase and disposal of Units in the Fund should not give rise to a GST liability for the Investor. The Investor should not be subject to GST in relation to trust distributions received or on the redemption proceeds.

The RE aims to manage the capital raising and acquisition strategy, so that the acquisitions of units by Investors ideally do not trigger a duty liability. However, duty laws are complex and depending upon the States in which any initial properties are acquired and the mix of units acquired by investors a duty liability may be triggered. For example, Queensland duty may arise where the Fund holds Queensland land at the time of allotment and the Queensland start up concessions for widely held unit trusts are not satisfied.

To provide comfort to prospective investors, any duty liability that arises on allotment prior to the Fund being widely held, will be borne by the Manager. For clarity, once the Fund is widely held, any subsequent duty liability that arises due to significant acquisitions of Units by an Investor, will be borne by the relevant Investor.

ASIC RG46 Benchmarks & Disclosure Principles

The Australian Securities and Investment Commission (ASIC) has issued ASIC Regulatory Guide 46 “Unlisted property schemes - improving disclosure for retail Investors” (RG46). RG 46 sets out six benchmarks and eight disclosure principles which, if followed, are intended to help investors understand, compare and assess risks and returns across investments in unlisted property schemes such as the Australian Residential Property Fund.

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Set out below is a table which lists each benchmark and disclosure principle and where the information addressing that principle is disclosed.

The information will be updated whenever there is a material change to the Fund within 6 months of the change taking place. Updated information will be available on the Responsible Entity’s website at www.resifund.com.au

Benchmark/ Disclosure Principle	Benchmark met?	Where disclosed
Gearing	<p>ASIC Benchmark – “The responsible entity maintains and complies with a written policy that governs the level of gearing at an individual credit facility level.”</p> <p>We meet this benchmark. A copy of the gearing policy may be found on our website.</p> <p>Principle – It is important to understand how much the Responsible Entity will borrow and how the debt will be funded and applied. A gearing ratio details the percentage of the total of the Fund’s assets that are funded by debt.</p> <p>The Responsible Entity intends that the gearing ratio (calculated on the basis of total interest bearing liabilities/ total assets) will generally not exceed 50% on average across the portfolio. Should it exceed 50%, this should be for no longer than 12 months with measures taken to reduce it to below that level immediately thereafter, assuming it is in the best interests of investors to do so. We will seek to reduce the risk of interest rate increases by fixing interest rates through various financial instruments as may be appropriate from time to time.</p>	<p>Refer to Sections 1 and 4</p> <p>A copy of the Gearing policy may also be found on our website.</p>
Interest Cover	<p>ASIC Benchmark – “The responsible entity maintains and complies with a written policy that governs the level of interest cover at an individual credit facility level.”</p> <p>Principle –We cannot calculate an interest cover ratio because the Fund’s earnings will in part be dependent on completion of construction of new dwellings or buildings. Typically the lender will allow interest to capitalise and be paid through a refinancing arrangement once the property is tenanted, or from settlement proceeds if the property is sold.</p> <p>When a building is completed and tenanted, we will subsequently maintain an interest cover ratio of 1.5 times.</p>	<p>Refer to Section 1</p> <p>A copy of the Interest Cover policy may also be found on our website.</p>

Interest capitalisation (Benchmark only)	<p>ASIC Benchmark – “The interest expense of the scheme is not capitalised.”</p> <p>Interest relating to debt utilised to fund the acquisition of direct property will be expensed and therefore not capitalised.</p> <p>However, we do not meet this benchmark with regard to construction. Interest for a new dwelling construction will be capitalised until practical completion. The capitalisation of interest is common in property construction and residential investment debt funding.</p>	<p>Refer to Sections 1 and 4</p> <p>A copy of our policy addressing the capitalisation of interest may also be found on our website.</p>
Scheme borrowings (Principle only)	<p>Principle – “Investors should understand the risks associated with a construction debt facility and borrowing maturity.”</p> <p>The debt component will be limited to 50% of total assets overall. Debt may be above 50% during the construction of any property but is likely to be below 50% once the property is complete and income generating. Once the Fund reaches a sufficient critical mass we will look to secure a debt facility to more easily allow for monies to be borrowed and for interest rates to be fully or partially fixed with longer term debt facilities and staggered maturity dates.</p> <p>Borrowings are likely to be lower for Single Family Homes than they may be for Multi Tenancy Properties, where the interest cover ratio on an individual property basis is generally higher.</p>	<p>Refer to Sections 1 and 4</p>
Portfolio diversification (Principle only)	<p>Principle – “Investors should understand our approach to portfolio diversification.”</p> <p>The Fund will seek to have a diversified portfolio. This should significantly reduce risks by diversifying the portfolio capital values and income returns by property, property type, location, tenant and lease duration. In addition, by having a significant proportion of the Fund invested in small single-family homes, this provides an ability, due to their size and the liquidity of that market, to more readily sell these assets to fund investor redemptions, if required. Such a strategy also ensures that a redemption facility can be offered without the need to sell larger core assets to meet redemptions.</p>	<p>Refer to Sections 4 and 5</p>

Withdrawal rights (Principle only)	<p>Principle – “Investors should understand whether they can withdraw their investment.”</p> <p>This disclosure in this PDS helps Investors understand how and when Investors can access their capital and potential returns.</p> <p>Investors are anticipated to receive a significant part of their investment return every year, by receiving quarterly distributions, which may reduce the requirements for investors wanting or needing to sell.</p> <p>In November 2023, we will provide an opportunity for investors seeking to sell part or all of their investment through either listing the Fund on the ASX, where all Units can be bought and sold on an open market exchange, or through introducing a partial Redemption facility, which will be funded by new investment inflows, borrowings, asset sales or a combination thereof.</p> <p>When the Responsible Entity makes a Withdrawal Offer, if all redemption requests exceed the amount of money available to the Fund from the assets specified in the Withdrawal Offer, in order to satisfy those requests within 21 days after the close of the relevant Withdrawal Offer (for example, because a property is under contract and settlement is pending), the redemption requests will be partially satisfied on a pro rata basis in accordance with section 601KD of the Corporations Act. However, the Responsible Entity will seek to manage the Withdrawal Offer and redemption facility process in accordance with the Corporations Act in order to fully satisfy all redemption requests under the relevant Withdrawal Offer, subject to the available liquidity of the Fund.</p> <p>Should the Fund not be listed on the ASX and a Redemption Facility is introduced, it will be for a total of 30% of the Fund's equity. This should allow the vast majority of Investors wishing to redeem in whole, or in part, to do so.</p> <p>Due to the Fund owning a significant number of single family homes, which are relatively small in value, compared to say office buildings, these properties, can be more readily sold to help fund redemption requests if required, without compromising the underlying portfolio for remaining investors. In the event that any asset sales are required to satisfy the liquidity requirements of the Fund it is intended that such asset sales would come from the single family home portfolio.</p>	<p>Refer to Sections 1, 4 and 11</p>
Net tangible assets (Principle only)	<p>Principle – “The value of your investment is determined by reference to the net tangible assets after borrowings are removed (that is, the physical assets that have been acquired and or are being developed with your equity which may include any accrued net income).”</p> <p>The Net Tangible Asset Value per Unit (NTA), essentially represents the underlying value of the equity you have invested in the Fund.</p>	<p>Refer to Sections 1 and 7</p>

Related party transactions

ASIC Benchmark – “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.”

We meet this benchmark. Details on our related party policy are provided in this PDS.

Principle – Investors need to understand the way in which we will deal with related parties so as to manage conflicts of interest. Where we appoint parties related to ResiFund, or within the OpenCorp Group, to provide services to the Fund, these arrangements will be on arms’ length terms and will be approved and reviewed regularly by our Independent Investment Committee.

Refer to Section 11

A copy of our Related Party policy may also be found on our website.

Distribution practices

ASIC Benchmark – “The scheme will only pay distributions from its cash from operations (excluding borrowings) available for distribution.”

Principle – “Information on intended distribution practices helps investors assess matters such as the sources and reliability of distributions.”

The Fund will only pay distributions from operations, excluding borrowings.

Refer to Sections 1 and 7

Valuation policy

(Benchmark only)

ASIC Benchmark – “The responsible entity maintains and complies with a written valuation policy.”

We meet this benchmark.

Properties will be independently valued at acquisition and once per year thereafter. Where the Directors feel that there has been a material change to a valuation in between valuation periods, they may undertake a Directors valuation.

Properties will be held at a book value based on their initial independent valuation and associated transaction costs. Thereafter book values will increase/decrease to reflect factors such as; the incremental cost of any improvements, capitalised interest and any appropriate provisions for potential valuation uplift based on the progress of improvements to date. The book value will form part of the unit price until such time that a further independent valuation is completed, following which the independent valuation will form the carrying value of the asset.

Refer to Section 11

A copy of our Valuation policy may also be found on our website.





Additional Investor information

Corporations Act

The Corporations Act imposes specific duties on the Responsible Entity and its directors and officers, including the duty to operate the Fund in the best interests of Unitholders, and if there is a conflict between the Unitholders' interests and the Responsible Entity's interests, the Responsible Entity must give priority to the Unitholders' interests.

AFSL

The Responsible Entity also holds an AFSL (No. 417371) issued by ASIC which authorises the Responsible Entity to operate the Fund and regulates that role.

Constitution

The Constitution is the primary document governing the rights and obligations of the Unitholders and the Responsible Entity. The Compliance Plan governs the Responsible Entity's compliance program and framework to ensure compliance with the Constitution, the Corporations Act and the Responsible Entity's AFSL.

Compliance

The Responsible Entity has also appointed a Compliance Committee in accordance with the Corporations Act, which has the specific role of monitoring the Responsible Entity's compliance with the Compliance Plan and to report to the Responsible Entity any breach of the Corporations Act or breach of the Constitution.

A Compliance Officer has also been appointed under the Compliance Plan to ensure that the compliance measures are adhered to. The Compliance Officer reports to the Compliance Committee on a quarterly basis.

The Compliance Plan and the financial statements of the Fund will be independently audited and lodged with ASIC. Moore Stephens Victoria has been appointed to undertake this role with separate individual auditors of the firm being responsible for the audit of the Compliance Plan and the Fund's annual financial statements.

Independent Investment Committee

The Responsible Entity has also established an Independent Investment Committee to approve each acquisition, including confirming the acquisition is consistent with the investment objective of the Fund and also ensure that any related party transactions are undertaken at arms-length.

Custodial Services

The Responsible Entity has appointed Sandhurst Trustees Limited as Custodian of the Fund's assets, including real property, where appropriate, all application money received by the Fund and

the bank accounts holding proceeds from the sale of the Fund's assets (or any part of it) until distributed to Investors. The Custodian holds an AFSL authorising the Custodian to provide its custodial services to the Fund. The Custodian is appointed under a Custody Agreement which limits the Custodian's liability to direct loss resulting from the fault, wilful default or gross negligence of the Custodian.

The quantum of the Custodian's liability is also limited. The Custodian is an agent of the Responsible Entity and may only act in accordance with the terms of the Custody Agreement. The Custodian has no liability to Investors. The Custodian does not guarantee the repayment of capital or performance of the Fund.

Complaints Handling

The Responsible Entity has a procedure for dealing with complaints by Investors in relation to the Fund. You may make a complaint by contacting us on 1300 999 881 or by writing to us at:

The Compliance Officer
ResiFund
PO Box 5266
Brandon Park VIC 3150

We will acknowledge any complaints in writing as soon as practicable after receiving it and will make every effort to try and resolve the issue within 45 days of the complaint being made. We are a member of the Australian Financial Complaints Authority (AFCA), which is an external dispute resolution service provider. So if you are not satisfied with how we handle a complaint, then you may contact AFCA.

The contact details for AFCA are as follows:

GPO Box 3, Melbourne, VIC 3001
Contact phone number: 1800 931 678
www.afca.org.au

Application for Units

All applications for Units must be made using the Application Form found at the back of this PDS (either electronic or hard copy version) and must be completed in accordance with the instructions set out in this PDS. All applications must be accompanied by payment of the application money. All payments must be in Australian currency. Completed Application Forms should be sent to:

ResiFund

(Australian Residential Property Fund)
PO Box 5266
Brandon Park VIC 3150

We have the right to accept or reject any application for Units offered under this PDS in whole or in part. If required, applications may be subject to scaling back at our discretion. Where you are not issued Units, your application money will be returned in full. No interest will be paid on refunded application monies.

Reporting to Investors

If the Fund has 100 investors or more, it will be considered a 'disclosing entity' under the Corporations Act. As a disclosing entity, the Fund will be subject to regular reporting and disclosure obligations.

Copies of any documents lodged with ASIC in relation to the Fund may be obtained from, or inspected at, an ASIC office. Investors will have the right to obtain a copy of the following documents from us free of charge:

- ▶ the most recent annual financial report for the Fund lodged with ASIC;
- ▶ any half year financial report for the Fund lodged with ASIC after the lodgement of the annual financial report; and
- ▶ any continuous disclosure notices for the Fund lodged with ASIC.

Copies of these documents will also be available on our website for download.

Anti-Money Laundering and Counter Terrorism Financing

The Responsible Entity is required to comply with the Anti-Money Laundering and Counter Terrorism Financing legislation (AML/CTF Law).

This means we will need to verify your identity before accepting your application. In order to do this, we may require further information from you. If such information is requested, the processing of your application may be delayed until the requested information is received in a satisfactory form.

Information may also need to be disclosed to government or law enforcement agencies and independent contractors to satisfy our obligations under the AML/CTF Law. We may also disclose this information to other entities involved in the Fund, to the extent that this information is required to fulfil

that entity's obligations under the AML/CTF Law. We are not liable for any loss you may suffer as a result of our compliance with the AML/CTF Law.

Labour Standards, Environmental, Social and Ethical Considerations

The Responsible Entity will not take into account labour standards, environmental, social or ethical considerations when selecting, retaining or realising investments in the Fund.

Administration services

Investors who invest in the Fund through a master trust or wrap account do not become direct Investors. The operator or custodian of the master trust or wrap account will be recorded as the Investor in the register of unitholders and will be the person who exercises the rights and receives the benefits of an Investor. Reports and documentation relating to the Fund will be sent to the operator or custodian.

If Investors invest through a master trust or wrap account, they may be subject to different conditions from those set out in this PDS, particularly in relation to:

- ▶ Fees and expenses;
- ▶ Cut-off times, such as for transfer of Fund Units;
- ▶ Distribution calculations and timing of distributions;
- ▶ Payment of interest on the Application Amount; and
- ▶ Minimum Application Amounts, which do not apply.

Investors in master trusts or wrap accounts should contact their adviser or operator for queries relating to their investment.

Consents

The following persons have given and have not, at the date of this PDS, withdrawn their written consent to be named in this PDS and any electronic version of it in the form and context in which they are named, and to the inclusion of the statements made by them, or the statements in the PDS based on statements made by them, in the form and context in which they are included. None of the named consenting persons have caused or authorised the issue of this PDS or have in any way been involved in the making of the Offer and they expressly disclaim

and take no responsibility for the content of this PDS to the maximum extent possible by law.

- ▶ Madgwicks Lawyers
- ▶ Moore Stephens (Vic) Pty Ltd
- ▶ Sandhurst Trustees Limited
- ▶ Real Investment Analytics (RIA)
- ▶ Mr Murray Jones
- ▶ Mr Gerald O'Byrne
- ▶ Mr Michael Tsotsos
- ▶ Mr Darren Cooper

Litigation

The Directors of ResiFund are not aware of any litigation of a material nature in progress, pending or threatened, which may significantly affect the financial position of the Fund.

No advice given

Neither ResiFund nor any expert (or any of their lawyers or advisers) gives any advice as to whether any person should invest in the Fund and does not in any way guarantee or underwrite the return of any investment, any tax deduction with respect to the investment, or the performance of the investment generally.

Governing law

This PDS is governed by the laws of Victoria and each Investor submits to the non-exclusive jurisdiction of the courts of Victoria.

Privacy

Your completed Application Form will provide us with some personal information about you. The *Privacy Act 1988* (Cth) regulates the way we collect, use, dispose, keep secure and give people access to their personal information.

We are committed to managing and only using personal information in ways that comply with the Privacy Act and the Australian Privacy Principles.

Your personal information in your Application Form will be used to evaluate your application for Units, and to manage and report to you on your investment. We will retain the information for record-keeping purposes; however, once your personal information is no longer required we will either destroy it or retain it in a way that does not

identify that it relates to you.

You have the right to know the information we hold and to require us to correct any error. In this regard, you can assist us to keep your details up to date by advising us of any information that appears incorrect. You can call us or write to us to obtain details about the information we hold for you.

We may also use your contact details to let you know about other investment opportunities. If you prefer not to receive these communications, please telephone or mail us.

If we are obliged to do so by law, we will pass your personal information to other parties strictly in accordance with that relevant legal requirement.

A copy of our privacy policy is available by contacting us or can be viewed on our website: www.resifund.com.au

Disclosure of Interests

Except for the fees and interests disclosed below and elsewhere in this PDS, none of:

- ☞ the directors and shareholders of the Responsible Entity and its associated entities;
- ☞ experts and professional advisers; or
- ☞ any other person named in this PDS and involved in the preparation or distribution of this PDS, holds or has held any interest in:
 - ☞ the information or promotion of the Fund;
 - ☞ the Offer of Units
 - ☞ property acquired or proposed to be acquired by the Fund in connection with its formation or promotion of the offer of Units in the Fund at any time in the last 2 years

Investors should note:

- ▶ we are entitled to the fees and other amounts detailed in Section 7;
- ▶ the Directors are entitled to be paid directors' fees by the Responsible Entity;
- ▶ the property management, construction, accounting administration and registry services roles of the Fund may be outsourced to associated entities of the Responsible Entity on normal arms' length commercial terms; and
- ▶ the Directors, shareholders and related parties of the Responsible Entity may subscribe for Units. Open Corp Group Pty Ltd intends to become a significant investor in the Fund and will make a

direct initial investment, which is anticipated to increase over time.

Copies of consents and material contracts

Copies of the consents and legal documents and policies referred to in this PDS are available for inspection without charge at the Responsible Entity's registered office.

FATCA

FATCA is a US law, effective 1 July 2014, which impacts investors worldwide. FATCA attempts to minimise US income tax avoidance by US persons investing in assets outside the US. FATCA requires reporting of US persons' direct and indirect ownership of non-US accounts and non US entities to the IRS.

The Australian Government has entered into an Inter Governmental Agreement (IGA) with the US Government for exchange of taxpayer information. Under the IGA, financial institutions operating in Australia report information to the Australian Taxation Office (ATO) rather than the IRS. The ATO may then pass the information on to the IRS.

The Fund is not open to investment by an applicant who is a FATCA person (FATCA Person) as follows:

- ▶ US citizen or US tax resident; or
- ▶ corporation, trust, partnership or estate in which a US citizen or US tax resident has a substantial or controlling interest.

A US citizen or US tax resident includes:

- ▶ anyone born in the US (who hasn't renounced their US citizenship);
- ▶ a US citizen (including persons with dual or multiple citizenships); and
- ▶ US lawful permanent residents (eg green card holders).

If you think you may be a US tax resident, but are not certain, you should seek specialist tax advice.

The Application Form for investment in the Fund contains a declaration by you that the applicant is not a FATCA Person and the applicant will not hold Fund units on behalf of a FATCA Person. Despite that declaration, if the Responsible Entity should become aware that you are a FATCA Person or hold units on behalf of a FATCA Person, we are required to provide information about you to the ATO.

Common Reporting Standards (CRS)

CRS is the single global standard set by the Organisation for Economic Co-operation and Development (OECD) for the automatic exchange of information with revenue authorities for tax non-residents that invest in certain financial accounts. The standard covers both the identification of tax non-residents and reporting on the applicable financial accounts. The Manager will be a 'Reporting Financial Institution' under CRS and intends to comply with its CRS obligations under any relevant Australian laws and regulations, including obtaining and disclosing information about certain investors to the ATO or other foreign tax authorities as required. To facilitate these disclosures, Unitholders will be required to provide certain information such as that relating to their country of tax residence and their relevant taxpayer identification number (if applicable).

Transfer of Fund Units

Investors may transfer Fund Units in the Fund (being units in the Active Fund and the Passive Fund that have been stapled together) to another investor, once they complete a transfer form and following approval of the transfer by the Manager.

To transfer Fund Units Investors must complete a standard transfer form which can be downloaded from the investor portal at www.resifund.com.au or by contacting our office on 1300 999 881.

Cooling Off Rights

There is no cooling-off period in relation to Applications. By submitting an Application, Applicants will be deemed to have applied for the number of Fund Units for which payment is made.

Rounding and fractional units

Fractions of Fund Units will not be issued. The number of Fund Units issued will be rounded up or down as the Manager determines to the nearest whole Fund Unit.

Key Documents and Fund policies

Summary of the Constitution

The Fund is comprised of the Active Fund and the Passive Fund, which are each managed investment schemes registered with ASIC. ResiFund is the responsible entity of the Active Fund and the Passive Fund and each are governed by a Constitution. The rights attaching to each Unit in the Active Fund and the Passive Fund as set out in each respective Constitution are ‘stapled’ together such that they must be dealt with as a single investment in the Fund.

The Corporations Act and the Constitution for the Active Fund and the Passive Fund (which are dealt with together pursuant to the Stapling Deed) set out the framework under which the Fund operates, defining the obligations, duties and powers of ResiFund and the rights and liabilities of members. You can inspect a copy of each Constitution at ResiFund’s registered office during business hours.

Importantly, the Fund is not a trust and as such, all property acquired is held in either the Active Fund or the Passive Fund. The Active Fund and the Passive Fund (each a Stapled Fund) are both trusts governed by its respective Constitution.

The Constitutions of the Active Fund and the Passive Fund are identical. The Corporations Act, exemptions and declarations given by ASIC and the general law of trusts are also relevant to the rights and obligations of the Responsible Entity and Unitholders, and affect the way the Constitutions are interpreted.

Units issued by the Active Fund will be stapled to Units issued in the Passive Fund. Therefore, a Unitholder will hold the same number of Units in the Active Fund as the Unitholder holds in the Passive Fund.

Both Constitutions have stapling provisions and these provisions, as well as the provisions of the Stapling Deed (refer to Section 11), govern each Stapled Fund, including the issue (and pricing), transfer, redemption, buy back and restructure of the units of each Stapled Fund.

A summary of the Constitutions of the Active Fund and the Passive Fund are as follows:

- ▶ the Responsible Entity may issue Units of different classes at the price and terms determined in accordance with the Constitution;
- ▶ subject to the terms of any particular class of Unit, a Unitholder who is a Unitholder on the relevant record date will be entitled to share in any distribution on a pro rata basis;
- ▶ subject to law, the Responsible Entity has all the powers in respect of the respective Stapled Fund which it would have if it was the owner of the Stapled Fund’s assets;
- ▶ if the Stapled Fund is wound up, Unitholders will be entitled to participate, subject to the terms of any particular class of Unit, pro rata in any surplus assets;
- ▶ the Responsible Entity and its related parties may hold Units and contract with itself in another

capacity and may contract with related entities for the provision of services to the Stapled Fund, to be paid for by the Stapled Fund;

- ▶ the Responsible Entity is entitled to be paid certain fees (which are set out in Section 7 of this PDS) out of the income or capital of the Stapled Fund; and
- ▶ the Responsible Entity is entitled to be indemnified out of the assets of the Stapled Fund for any liability incurred by it in properly performing or exercising its duties.

Under the Constitution of each of the Active Fund and the Passive Fund, each fully paid ordinary Fund Unit confers on a Unitholder a proportionate interest in the Fund’s assets. The Constitution also contemplates the issue of partly paid Units. The Responsible Entity (or an associate or a related party of the Responsible Entity) may also apply for and issue No Income Voting Units (NIV Units), which will not entitle it to any distribution of the Fund’s distributable income and will not be taken into account when calculating the entitlements of Unitholders to the Fund’s distributable income. A NIV Unit issued in either the Active Fund or the Passive Fund cannot be stapled to a Fund Unit. The issue price and withdrawal price for each NIV Unit is \$1.00.

Investors should be aware that ResiFund may in its discretion, redeem out of assets of the Fund all of an Investor’s Units in circumstances where the Investor does not reside in Australia or such other jurisdiction approved by ResiFund.

Limitation of liability and indemnity

The documents constituting the Fund, being the Constitution of each the Active Fund and the Passive Fund, and the Stapling Deed, provides that ResiFund is not liable in contract, tort or otherwise to Investors for any loss or damage suffered in any way relating to the Fund except to the extent that the loss or damage is caused by the actual fraud or gross negligence or wilful default of ResiFund or to the extent that the exclusion of liability is otherwise prohibited by law.

Liability of Investors

Each Constitution contains provisions designed to limit the liability of Investors to the Application Amount paid or agreed to be paid for their investment in the Fund so that they are not, merely by reason of being Investors, under any personal

obligation to indemnify ResiFund or any creditor of ResiFund if there is any deficiency in the assets of the Fund. However, Australian courts are yet to determine the effectiveness of provisions of this kind.

ResiFund's liability to any person, including Investors, is limited to its right to be indemnified from the assets of the Active Fund and the Passive Fund.

Each Constitution provides that ResiFund is entitled to be indemnified out of the assets of each of the Active Fund and the Passive Fund for any liability incurred by it in properly performing its powers as permitted by the law.

Material rights attaching to interests in the Fund

The following material rights and conditions attach to interests held by Investors:

- ▶ An Investor's liability is limited to the Entry Unit Price paid or agreed to be paid, and remaining unpaid, for the Fund Units;
- ▶ Each Investor is entitled to receive notice of any meeting of Investors and to receive all notices, financial reports and other documents ResiFund is required to send to Investors;
- ▶ Each Investor may attend meetings in person or by an attorney, representative or proxy;
- ▶ Subject to the Constitutions and the Corporations Act, each Investor is entitled to vote on resolutions put at meetings of members of each Stapled Fund, being the Active Fund and the Passive Fund. Each Investor is entitled to one vote on a show of hands, and on a poll to one vote for each dollar in value of the total interests held in the Fund and each of the Stapled Funds. For two or more joint Investors, if more than one is present at a meeting and votes that unit, only the vote cast by the Investor whose name appears first in the register will count towards the vote;
- ▶ Units in each of the Stapled Funds, which together comprise an interest in the Fund, cannot be transferred separately;
- ▶ An interest in the Fund may be transferred in writing. ResiFund may refuse to register a transfer of interests. A transfer of interests may be liable for stamp duty on the transfer;
- ▶ An Investor will be entitled to any income distributions on a pro rata basis with all other Investors for each distribution period, subject to the rights attached to any particular Fund Unit; and

- ▶ If the Active Fund or the Passive Fund is wound up, (subject to the rights attaching to any particular class of Units) each Investor will be entitled to a share of the surplus assets of the Stapled Fund in proportion to the number of units held by that Investor.

Management

The Responsible Entity has the powers and duties set out in the Constitution to control manage and supervise the property of the Fund unless otherwise expressly provided in the Constitution. The Responsible Entity must act in accordance with the Corporations Act, the Constitution and general trust law at all times.

Units and Unitholders' Rights and Restrictions

Unitholders may transfer Units in the form approved by the Responsible Entity with the transfer not effective until registered by the Responsible Entity who may refuse to transfer any interest without giving any reason for the refusal.

Each class of Units in the Fund confers on the Unitholder of that class an equal beneficial interest in the assets of that class. However, Units do not entitle the Unitholders to:

- ▶ interfere with the rights or powers of the Responsible Entity (or its officers or agents) in its dealings with the Fund or any asset of the Fund;
- ▶ exercise any rights, powers or privileges in respect of any assets of the Fund; or
- ▶ any other interest in any particular asset of the Fund.

Applications

Each application for Units must be made in the form approved by the Responsible Entity and the Responsible Entity may reject an application without giving a reason for doing so and has the power to set minimum application amounts. Application monies, upon receipt, if required by law, will be held in an application monies account at an Australian bank in the name of the Responsible Entity. The monies do not become the monies of the Fund until Units are issued to Unitholders.

Redemption

Units cannot be redeemed unless the Responsible Entity in its absolute discretion notifies the

Unitholders in writing that they may redeem their Units. The Responsible Entity may deduct sums owed by the Unitholder prior to paying redemption money. For each Unit in the Active Fund that is redeemed, a corresponding Fund Unit in the Passive Fund will also be redeemed.

Valuation

The Responsible Entity may cause an asset to be revalued at any time and must do so as required under the Corporations Act. Details of the Responsible Entity's valuation policy can be found on the website www.resifund.com.au

Income and Capital Distributions

The Constitution regulates how and when the Responsible Entity will make distributions of income and capital. The provisions are described Sections 1 and 8 of this PDS.

Powers of the Responsible Entity

The Constitution of each of the Active Fund and the Passive Fund gives the Responsible Entity all the powers in respect of the Fund that is possible under the law as though it was the owner of the Fund's assets and acting in its personal capacity. Such powers include powers to borrow money, grant security and incur liabilities, and investment powers to acquire and dispose of property and rights in its absolute discretion. The Responsible Entity also has the power of delegation.

Retirement of the Responsible Entity

The Responsible Entity may retire as responsible entity of the Fund if it complies with the procedures set out in section 601FL of the Corporations Act. At the time of retirement the Responsible Entity is generally released from all obligations of the Fund.

Removal of Responsible Entity

Subject to the Corporations Act, the Responsible Entity may be removed if an extraordinary resolution is approved by Unitholders.

The Responsible Entity is immediately entitled to the following fees if Unitholders propose to put a resolution for the removal or proposed removal of OpenCorp Funds Management Ltd as responsible entity, or any court proceeding is commenced seeking the removal or replacement of OpenCorp Funds Management Ltd as responsible entity

(ResiFund) (Specified Event):

- ▶ A property management fee of 7.7% p.a. of forecast gross income for 12 months from properties already leased; and
- ▶ a performance fee, which will be calculated pursuant to the formula in the Constitution, being 20% of the amount by which total returns of the Fund exceed the average of the Benchmark Indices by 2% or more on an annual accumulated basis, calculated after each 3 year period (net of fees and expenses and before tax) (subject to adjustment to exclude any proportionate amount of any preceding paid Performance Fee representing the period that overlaps with the three year period on which the final Performance Fee is calculated).

The above fees will be deemed to be due and payable to ResiFund immediately upon the occurrence of the Specified Event.

Notices

Notices to Unitholders are required to be in writing. Notices by Unitholders to the Responsible Entity must also be in writing which is effective from the time of receipt.

Meetings

The Responsible Entity may at any time convene a meeting of Unitholders of the Fund as a whole (i.e. where a matter concerns all Unitholders of the Fund) or a particular class of Units and must do so if and in the manner required under the Corporations Act .

The quorum for a meeting is two Unitholders present or by proxy together holding at least 10% of all Units. The Responsible Entity may appoint a Chair and decide on the location and manner under which the meeting is conducted. Voting is by show of hands, and on a poll, one vote for each Unit held by the Unitholder. A Unitholder may be represented at a meeting by a proxy.

Rights and Liabilities of the Responsible Entity

The Responsible Entity may hold Units in the Fund and deal with itself in any capacity subject to Corporations Act requirements. The Responsible Entity may rely on the advice of experts. The Responsible Entity is entitled to be indemnified out of the assets of the Active Fund and the Passive Fund respectively for any liability incurred by it in

properly performing or exercising any of its duties in relation to the Fund.

Liability of Unitholders

The liability of a Unitholder is limited to the amount (if any) which remains unpaid in relation to the Unitholder's subscription for their Units.

Remuneration of the Responsible Entity

The Responsible Entity is entitled to the following maximum fees in relation to the Fund:

- ▶ A management fee of 0.9% p.a. of the total assets of the Fund paid half yearly
- ▶ Acquisition fee of 2% of the value of the property acquired
- ▶ A Disposal Fee of 2.5% of the value of the property sold
- ▶ A performance fee, which will be calculated pursuant to the formula in the Constitution, being 20% of the amount by which total returns of the Fund exceed the average of the Benchmark Indices on an annual accumulated basis, calculated after each 3 year period (net of fees and expenses and before tax)
- ▶ Where a Specified Event occurs, the fees summarised on page 71.

The Responsible Entity is also entitled to Reimbursement of expenses properly incurred in connection with the Fund.

Where any of the above fees relates to a taxable supply the Responsible Entity is entitled to an additional amount on account of GST equal to the Responsible Entity's GST liability.

The Responsible Entity may waive fees or defer the payment of any fees for recoupment in future periods or elect to be issued Units in lieu of a cash payment.

Duration of the Fund

The Fund will terminate on the earliest of:

- ▶ the date specified by the Responsible Entity as the date of termination of the Fund in a notice given to Unitholders; or
- ▶ the date on which the Fund terminates in accordance with another provision of either the Constitution of the Active Fund or the Passive Fund or by law. For instance, by extraordinary

resolution of Unitholders.

No Units may be issued or redeemed after the 80th anniversary of the Fund's commencement date unless that issue or redemption would not offend the rule against perpetuities, or any other rule of law or equity.

Procedure on Termination

Following termination of the Fund the Responsible Entity must realise any remaining assets within two years of the termination date, if practical. The net proceeds, after making allowance for all liabilities and meeting all expenses, must be distributed pro-rata to Unitholders according to the number and class of Units they hold.

Summary of the Stapling Deed

Each of the Constitutions of the Active Fund and the Passive Fund contain stapling provisions which bind the Unitholders of each Stapled Fund and the Responsible Entity and apply whenever Units in each Stapled Fund are stapled.

The stapling provisions of the Stapling Deed principally co-ordinate dealings in the Fund Units, including re-organisation, issue, disposal, redemption, buy back, un-stapling and operation of a single register for Fund Units.

The Stapling Deed includes 'group' cost incurring and reimbursement and contemplates cross-lending between the Stapled Funds. A borrowing may be undertaken jointly even though one Stapled Fund receives the proceeds. In such case, the Stapled Fund receiving the proceeds indemnifies the joint borrower in respect of repayment of the loan.

The Responsible Entity agrees that while stapling continues, subject to the Corporations Act and any applicable relief, to exercise its powers and discretions in the interests of the Unitholders of the Stapled Funds as a whole and not only in the interests of the Unitholders of units in one of the Stapled Funds.

Summary of ASIC relief

The Responsible Entity sought certain relief from provisions of the Corporations Act from ASIC. ASIC has granted the Responsible Entity the following relief:

- ▶ that the requirements under Part 5C.2 of the Corporations Act in relation to the Responsible

Entity acting in the best interests of members apply as if they were modified for Stapled Securities;

- ▶ an exemption in accordance with section 601QA(1) of the Corporations Act from compliance with part 5C.7 of the Corporations Act to allow the Active Fund and the Passive Fund to each provide financial benefits to the other and its controlled entities, and for the management of investments on a group basis rather than having to consider the separate trust components of the Fund; and
- ▶ a modification to section 601FC(1)(c) and section 601FD(1) (c) of the Corporations Act to enable the Responsible Entity to consider the interests of all holders of Fund Units in the Fund rather than merely the interests of either the unitholders in the Active Fund or the Passive Fund.
- ▶ that the requirements in relation to deregistration of a registered scheme under Part 5C.10 of the Corporations Act will apply to the Responsible Entity as if they were modified to apply to Stapled Securities;
- ▶ that the requirements in relation to the reinvesting of distributions under Part 6D.2 of the Corporations Act apply to the Responsible Entity as if they were modified to apply to Stapled Securities; and
- ▶ that the requirements under Part 7.9 of the Corporations Act in relation to the use of a single bank account apply to the Responsible Entity as if they were modified to apply to Stapled Securities.

Access to Documents

The Constitution for each of the Active Fund and the Passive Fund has been lodged with ASIC. The Responsible Entity and Unitholders are bound by the Constitution. The Constitution sets out the rights and obligations of the Unitholders and the Responsible Entity. The statements in this PDS only provide a summary of some (and not all) of the provisions of each Constitution and the Stapling Deed. Investors may inspect a copy of the Constitution, the Stapling Deed and the ASIC Relief Instrument at our registered office at any time between 9.00am and 5.00pm (AEST) Monday to Friday (excluding public holidays). We may change each Constitution in accordance with the Corporations Act from time to time.

Summary of the Custody Agreement

The Responsible Entity has entered into a Custody

Agreement with Sandhurst Trustees Limited (Custodian). The Custodian will hold Fund assets (see description on page 64) in compliance with the Corporations Act and relevant ASIC policy. The Responsible Entity will indemnify the Custodian for any loss, expenses or damage incurred or suffered by the Custodian relating to holding the Fund assets in accordance with the agreement. The Custodian indemnifies the Responsible Entity for any loss, or damage incurred or suffered by the Responsible Entity that directly arises from the fraud, wilful default or gross negligence of the Custodian.

If instructed to do so by the Responsible Entity, the Custodian will enter into contracts relating to the Fund assets held by the Custodian and otherwise act on the proper instructions of the Responsible Entity.

The Custodian is not responsible for the operation of the Fund and has no liability or responsibility for protecting the interests of Investors. The Custody Agreement continues until terminated with either party being able to terminate the agreement on 60 business days' written notice, unless otherwise agreed between the parties. The Custody Agreement will terminate immediately in certain circumstances including in the event of an unremedied breach of the Custody Agreement.

Summary of the Compliance Plan

The Fund has adopted a compliance plan which identifies its key compliance obligations and the measures necessary to address them. The compliance plan will be audited annually by the Fund's auditor in accordance with the provisions of the Corporations Act. The compliance plan is the document which outlines the systems, measures and procedures that have been adopted by the Responsible Entity to enable it to comply with the provisions of the Corporations Act, ASIC policy, and the Constitution. It deals with a range of issues including compliance monitoring by the Board which meets periodically to oversee the Responsible Entity's compliance activities. Matters covered in detail in the compliance plan include procedures for complaints handling, the processing of applications, transfers and distributions, the monitoring and resolution of suspected breaches of the Corporations Act, accounts and record keeping, valuations, registry systems, audits, related party transactions, conflicts of interest and disclosure reporting requirements.

Summary of the Property Management Agreement

The Responsible Entity has entered into an Agreement for the management of the Australian residential property held in the Fund. The Property Manager is a related party and the Agreement is in accordance with the Related Party policy.

The Fees payable under this Agreement include a Leasing fee equal to the first weeks rent for each property, along with a management fee of up to 10% of the gross collections in connection with each property, and other administrative fees as agreed between the parties for the maintenance of the properties and leasing arrangements.

The Property Manager will be remunerated by the Responsible Entity for providing property management services at market rates and may be reimbursed for certain expenses.

The Agreement provides that:

- ▶ the Responsible Entity has (subject to certain usual limitations) agreed to indemnify the Property Manager, its related bodies corporate and affiliates, and its directors, officers, partners, advisers and employees against any losses arising directly or indirectly in connection with a breach by the Responsible Entity of any provision, including representation or warranty of, the Property Management Agreement.
- ▶ the Property Manager (whether in that capacity, or otherwise) or any of its related bodies corporate and affiliates, or any of its respective directors, officers, partners, employees, representatives or agents have not authorised or caused the issue of this PDS and takes no responsibility for any information in this PDS or any action taken by you on the basis of such information, and have not made or purported to make any statement in this PDS and there is no statement in this PDS which is based on any statement by any of them.
- ▶ to the maximum extent permitted by law, the Property Manager (whether in that capacity, or otherwise) and each of its related bodies corporate and affiliates and each of its respective directors, officers, partners, employees, representatives or agents excludes and disclaims all liability, for any expenses, losses, damages or costs incurred by you as a result of your participation in the Offer and the information in this PDS being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise.

Termination

The Agreement broadly provides that it can be terminated:

- ▶ on default by either party where the default is not rectified within 60 days;
- ▶ by either party providing the other party 3 years notice or by such other timeframe as agreed between the parties in writing (such provision to replace the poison pill type provision); or
- ▶ if in the event that the Responsible Entity is removed, by the related party manager providing the Responsible Entity with 6 months' notice in writing or such other timeframe as agreed between the parties.

The above is not an exhaustive list of the termination events in the Property Management Agreement.

Summary of the Construction Management Agreement

The Responsible Entity will enter into an Agreement for the construction of Australian residential property by the Fund. The Construction Manager may be a related party and accordingly, such Agreement will be in accordance with the Related Party policy.

The Construction Manager will be remunerated by the Responsible Entity for providing construction management services at market rates and may be reimbursed for certain expenses.

The Agreement will provide that:

- ▶ the Responsible Entity has (subject to certain usual limitations) agreed to indemnify the Construction Manager, its related bodies corporate and affiliates, and directors, officers, partners, advisers and employees against any losses arising directly or indirectly in connection with a breach by the Responsible Entity of any provision, including representation or warranty of, the Construction Management Agreement;
- ▶ The Construction Manager (whether in that capacity, or otherwise) or any of its related bodies corporate and affiliates, or any of its respective directors, officers, partners, employees, representatives or agents have not authorised or caused the issue of this PDS and takes no responsibility for any information in this PDS or any action taken by you on the basis of such information, and have not made or purported to make any statement in this PDS and there is

no statement in this PDS which is based on any statement by any of them.

- ▶ To the maximum extent permitted by law, the Construction Manager (whether in that capacity, or otherwise) and each of its related bodies corporate and affiliates and each of its respective directors, officers, partners, employees, representatives or agents excludes and disclaims all liability, for any expenses, losses, damages or costs incurred by you as a result of your participation in the Offer and the information in this PDS being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise.

Termination

The Agreement broadly provides that it can be terminated:

- ▶ on default by either party where the default is not rectified within 60 days;
- ▶ by either party providing the other party 3 years notice or by such other timeframe as agreed between the parties in writing (such provision to replace the poison pill type provision); or
- ▶ if in the event that the Responsible Entity is removed, by the related party manager providing the Responsible Entity with 6 months' notice in writing or such other timeframe as agreed between the parties.

The above is not an exhaustive list of the termination events in the Construction Management Agreement.

Related Party Policy

The Responsible Entity maintains and complies with a written policy on related party transactions to ensure that any actual or potential conflicts of interest are identified and appropriately dealt with. Any potential transactions with related parties go through an assessment process, and must be approved by our Directors and Independent Investment Committee. No related party transactions can be approved or entered into unless they are strictly on arms length, commercial terms (unless otherwise approved by Investors, with any possible conflicts of interest having been fully disclosed). Any related party transactions are then monitored at board meetings and Investment Committee meetings to ensure they are being carried out as approved. Investors can obtain a

copy of our related party policy free of charge by contacting us.

The Responsible Entity's Directors, shareholders and associates may hold Units in the Fund, along with other Investors. Unless otherwise disclosed, these Units will be issued on the same terms as those issued to other Investors. To the extent these related Investors have an interest (other than as Investors) in a resolution put to a meeting of Investors they will be excluded from voting on the resolution.

We may also appoint related companies to provide services to the Fund.

Valuation Policy

Real property assets will be independently valued in accordance with our written valuation policy that requires:

- ▶ the valuer to be independent and be registered as a valuer;
- ▶ procedures to be followed for dealing with any conflicts of interest;
- ▶ rotation and diversity of valuers;
- ▶ a valuation to be obtained when required as determined by the Directors; and
- ▶ an independent valuation to be obtained within two months after the Directors form a view that there is the likelihood that there has been a material adverse change in the value of the property.

You can obtain a copy of our valuation policy free of charge by contacting us.

Unit Pricing Policy

The Responsible Entity has a unit pricing policy. A copy of the policy can be obtained from us free of charge.

How to invest

Offer	The Offer is open and will remain so until further notice to accommodate future investors (see Sections 1 and 4).
Applications	Applications can be made at any time and there will be monthly pricing of Units, based on the underlying value of the investments and accrued net income.
Payment of Application Money	On application.
Allotment dates	Generally, as at the 1st day of the month.
Fund Unit pricing	Calculated monthly.

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To make an investment in the Fund you need to send a completed Application Form, or apply online at www.resifund.com.au, together with identification information, to the Registry.

Mailing address

ResiFund
c/o Australian Residential Property Fund
PO Box 5266
Brandon Park
VIC 3150

Delivery address:

ResiFund
Suite 102 / 44 Lakeview Drive
Scoresby
VIC 3179

The monthly cut-off for receipt of Applications is the last Business Day of each month. The Application Form details how payment must be made.

The Application Form

A copy of the Application Form accompanies this PDS. Otherwise, the Application Form can be downloaded from www.resifund.com.au. The Application Form will need to be completed in ink and in accordance with the specific instructions set out on the form under "Guide to the Application Form". Those instructions include:

- ▶ instructions to assist you to correctly identify and insert information required to complete the Application Form;
- ▶ any necessary identification information;
- ▶ how to submit your Application Amount;
- ▶ declarations that you make by submitting an Application Form for an investment in the Fund; and
- ▶ lodgement instructions for completed Application Forms.

Supplying your TFN or ABN

It is neither compulsory nor an offence if you decline to provide your TFN or ABN. Investors should however understand that should you not provide your TFN, ABN or an appropriate exemption code, tax will be deducted from distributions paid at the highest marginal rate, plus Medicare levy (currently 47% as at the date of this PDS). This also applies in circumstances where you are making an investment as a trustee.

You may disclose your TFN or ABN in the Applicant Details section of the Application Form when making an initial investment, or by contacting the Registry.

Reinvesting through the Distribution Reinvestment Plan

You may elect to reinvest your distributions into the Fund by simply marking the appropriate option on the Application Form.

Regular Savings Plan

You may elect to contribute a regular amount for investment each month, to allow you to progressively build up your investment in the Fund over time. You can do this by simply marking the appropriate option on the Application Form and allocating a fixed amount for regular contributions.

Personal information

The personal information that you submit as part of your Application will be held by ResiFund, subject to the Privacy consents located in Section 10. ResiFund's Privacy Policy is available at www.resifund.com.au.

Additional investments

Additional investments can be made at any time by submitting an Application Form in the same way that you would if you were making an initial investment. You will not need to re-submit instructions previously notified (such as distribution payment instructions, DRP election, TFN or ABN) provided the investment is being made under the same name and address details.

After you have lodged your Application Form

The number of Fund Units issued to you will be calculated based on the Entry Unit Price as at the end of the month in which your Application is received. The Entry Unit Price will be calculated and the relevant number of Fund Units will be allotted to you within 15 Business Days after the end of the month in which your application was received. If allotment of your Fund Units has not occurred within this time period, and provided that ResiFund has been holding your Application Amount for longer than one month, then ResiFund will return your Application Amount unless it is not reasonably practicable to do so.

Whilst the issue of Fund Units may not occur until up to 15 Business Days after month end, the effective date of allotment of Fund Units will generally be the first calendar day of the month after your Application was received. A Holding Statement confirming the allotment of Fund Units will also be sent to Investors as soon as possible following allotment.

Where an Application Form contains incomplete information or insufficient identification information, we will contact the Applicant or their adviser and attempt to obtain the information required. Where appropriate, incomplete Application Forms may be returned to the Applicant or adviser to obtain the required information. Applicants who submit incomplete Application Forms or insufficient identification information will only have their Application accepted once a correctly completed Application Form accompanied by valid payment and sufficient identification information is received. Where an Application is cancelled or returned unprocessed, monies collected in connection with that Application will be refunded without interest.

An Application Form may only be taken to be accepted when Fund Units are allotted or transferred in the Register.

Monitoring your investment

As an Investor in the Fund, you will receive regular communications regarding the performance of the Fund. These communications will include:

- ▶ a quarterly cash distribution statement;
- ▶ a half-yearly and annual Investor update;
- ▶ an annual financial report;

- ▶ an annual tax statement for each financial year ending 30 June;
- ▶ holding statements for all account movements and exit and periodic statements; and
- ▶ continuous disclosure notices.

Communication of continuous disclosure matters may be via the Fund's website at www.resifund.com.au

General Fund information including prevailing and historical monthly unit prices will also be available at www.resifund.com.au

Alternatively, you may contact ResiFund directly to request information regarding the performance of the Fund and your investment by using the address or telephone details set out below:

ResiFund

c/o Australian Residential Property Fund
PO Box 5266
Brandon Park
VIC 3150

Phone: 1300 999 881

If you have made an investment in the Fund through an adviser or consultant, it is likely that they will be provided with the details and performance of your investment unless you have directed otherwise. Where you switch advisers or consultants during the course of your investment in the Fund, it is the responsibility of your new adviser or consultant to provide ResiFund with their details to update our adviser records.

Glossary

The following terms and abbreviations used in this PDS have the following meaning:

ABN Australian Business Number	APIR Code Asia Pacific Investment Register Code.	ARSN Australian Registered Scheme Number.	Board The board of directors of ResiFund.	Constitutions The Constitution of each of the Active Fund and the Passive Fund dated 15 November 2018, respectively, lodged with ASIC as amended from time to time. It contains the details of the rights and responsibilities of the Responsible Entity and Unitholders.	Exit Unit Price Price at which Fund Units are redeemed by Investors.	Investor Directed Portfolio Service A master trust or wrap account, or a nominee or custody service.	Portfolio All direct properties held by the Fund.
AFSL Australian Financial Services Licence.	Applicant A person who has completed and lodged an Application Form.	ASIC Australian Securities and Investment Commission.	CGT Capital Gains Tax	FATCA United States of America Foreign Account Tax Compliance Act.	NAV Net asset value of the Fund attributable to unitholders, as calculated in accordance with applicable accounting standards.	Responsible Entity Open Corp Funds Management Ltd (ACN 154 921 730 as responsible entity of the Fund (also referred to as we, us, our, the Manager and ResiFund)).	
AIFRS Australian equivalents to International Financial Reporting Standards.	Application A valid application for Fund Units made using an Application Form.	Benchmark Indices The average of the REIA 3 bedroom home accumulation index and the REIA 2 bedroom dwelling accumulation index, or such other relevant benchmark as determined by the Responsible Entity from time to time and advised to Investors.	Compliance Plan The compliance plan for the Fund, dated 15 November 2018, lodged with ASIC as amended from time to time. It contains details of the compliance arrangements of the Fund.	Fund Australian Residential Property Fund, being a stapled entity comprised of two registered managed investment schemes, the Australian Residential Property Active Fund (ARSN 630 168 884) and the Australian residential Property Passive Fund (ARSN 630 168 320).	Offer The offer to invest in Units as set out in this PDS.	Sell Spread For any one quarter, an amount by which the NAV per Fund Unit (including any undistributed income) exceeds the Exit Unit Price.	
AML/CTF Act The Anti-Money Laundering and Counter –Terrorism Financing Act 2006 including the regulations and rules made under it.	Application Form The Application Form which applicants are required to complete and lodge to subscribe for an interest in the Fund.			Corporations Act The Corporations Act 2001 (Cth).	Offer Closing Date The end of the Offer period in respect of Units as determined by the Responsible Entity.	Stapled Security A Unit in the Active Fund stapled to a Unit in the Passive Fund.	
				CPI Consumer Price Index	Open Corp Group Open Corp Funds Management Ltd ACN 154 921 730 and all of its related entities.	TFN Tax File Number	
				Custodian Sandhurst Trustees Limited (ACN 004 030 737).	Fund Unit A stapled security comprising one unit in each of the Active Fund and the Passive Fund.	Unitholder(s) A holder of Units in the Fund.	
				Directors The Directors of the Responsible Entity of the Fund.	GST Goods and Services Tax	Withdrawal Offer A limited withdrawal offer for a class of Units in the Fund made at the sole discretion of the Responsible Entity.	
				DRP Distribution Reinvestment Plan	Investor(s) Any person that holds Units in the Fund.		
				Entry Unit Price Price at which Fund Units are issued to Investors.			

Registrable names

Only legal entities (such as companies and superannuation funds, natural persons etc) are allowed to hold interests in the Fund. The application must be in the name(s) of natural person(s), companies or other legal entities acceptable to the Responsible Entity. For trusts, the name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the example of correctly registrable names shown below.

Type of investor	Correct form of registrable name	Incorrect form of registrable name
Individuals	John Alfred Smith	J A Smith
Companies Use company name, do not use abbreviations	ABC Pty Limited ABC Co	ABC P/L
Trusts Use trustee(s) personal names, do not use name of the trust	Sue Smith ATF <Sue Smith Family Trust>	Sue Smith Family Trust
Deceased estates Use executor(s) personal names, do not use name of the deceased	John Smith <Est Jane Smith A/c>	Estate of the Late Jane Smith
Clubs/unincorporated bodies/business names Use office bearer(s) name(s), in addition to name of the club etc	Michael Smith <ABC Tennis Association A/c>	ABC Tennis Association
Superannuation funds Use name of trustee of the fund, do not use name of the fund	Jane Smith Pty Limited ATF <Super Fund A/c>	Jane Smith Pty Limited Superannuation Fund

Australian Residential Property Fund Supplementary Product Disclosure Statement No. 1

Dated 17 June 2019

Important Notice

This Supplementary Product Disclosure Statement (**SPDS**) is dated 17 June 2019 and provides supplementary information to that contained in the Product Disclosure Statement dated 17 December 2018 (**PDS**) of the Australian Residential Property Fund (**Fund**).

This SPDS and the PDS are issued in accordance with the provisions of the Corporations Act 2001 (Cth) by Open Corp Funds Management Ltd ABN 38 154 921 730 (AFSL 417371) (**Responsible Entity**) as responsible entity for the Fund, which is a stapled entity comprising the Australian Residential Property Active Fund (ARSN 630 168 884) (**Active Fund**) and the Australian Residential Property Passive Fund (ARSN 630 168 320) (**Passive Fund**).

This SPDS should be read in conjunction with the PDS. Words and expressions used in this SPDS have the meanings given to them in the PDS unless otherwise stated. In the event of any inconsistency between this SPDS and the PDS, this SPDS takes priority to the extent of the inconsistency. The Australian Securities and Investments Commission (**ASIC**) takes no responsibility for the contents of this SPDS or the PDS.

The information in this SPDS modifies the PDS as follows:

1. Manager to pay interest on Application Monies

Currently, Fund Units are issued on a monthly basis, and no interest is payable on application money that sits in the application monies account pending conversion into issued Fund Units at the end of the month in which the application money is received.

The Manager has decided that the Manager will pay interest on application money at a rate of 10% per annum annualised for the period that the application money sits in the application monies account pending acceptance of the application and conversion into issued Fund Units, or refund to the applicant for any proportion of the application that

is not accepted (**Interest Payment Arrangement**).

The Interest Payment Arrangement will be funded by the Manager (or a related Open Corp Group company) from its own resources and will not be an expense of the Fund. If an application is accepted, the Manager will pay the interest amount by applying it towards additional Fund Units on behalf of the Applicant. The additional fully paid Fund Units will be issued at the Issue Price at the relevant time (partly paid Units will not be issued). If the interest amount payable to the Applicant exceeds the maximum whole number of fully paid Fund Units that can be acquired with that interest amount, the excess interest amount will be forgone by the Applicant, and fractional or partly paid Fund Units will not be issued. If the application is not accepted, then the interest will be paid to the applicant's bank account.

The objective of the Interest Payment Arrangement is that applicants should not be prejudiced by the time in which their application sits in the application monies account. This could occur, for example, where some applicants pay their application money at the beginning of the month and others pay the same amount of application money at the end of the month and both are issued with the same number of Fund Units following acceptance of their applications.

The Manager (in its personal capacity) and the Responsible Entity (in its capacity as responsible entity of the Fund) have entered into a Deed Poll for Interest Payment Arrangement which is summarised below.

2. Deed Poll for Interest Payment Arrangement

The Manager (in its personal capacity) and the Responsible Entity (in its capacity as Responsible Entity of the Fund) have entered into a Deed Poll for Interest Payment Arrangement dated 17 June 2019 (**Deed Poll**). In summary, the Deed Poll provides:

(a) The Deed Poll is for the benefit of Applicants in

the Fund in respect of their Application Money paid to the Responsible Entity for Fund Units (being Units in the Active Fund stapled to Units in the Passive Fund).

- (b) The Manager will pay Applicants interest on their Application Money at the rate of 10% per annum annualised for the period that the Application Money is deposited in the Fund's Application Monies account. For the avoidance of doubt, that period will commence on the later of the date that the Application Money is received into the Application Monies Account and the date that the Responsible Entity receives a properly completed Application Form in respect of that Application Money; and will end on the date that the Application Money is either converted into issued Fund Units or refunded to the Applicant.
- (c) The interest will be payable to the Applicant within 10 business days of the end of the month in which the Application Money is received. If the Responsible Entity accepts the Applicant's application, the Manager will apply the interest amount towards an application for additional fully paid Fund Units in the Fund on behalf of the Applicant. The additional fully paid Fund Units will be issued at the Issue Price at the relevant time (partly paid Units will not be issued). If the interest amount payable to the Applicant exceeds the maximum whole number of fully paid Fund Units that can be acquired with that interest amount, the excess interest amount will be forgone by the Applicant, and fractional or partly paid Fund Units will not be issued. If the Responsible Entity does not accept the Applicant's application, the Manager will pay the interest amount to the Applicant's nominated bank account.
- (d) The Interest Payment Arrangement will continue whilst the Fund issues Fund Units on a monthly basis. The Manager reserves the right to cancel the arrangement if the Fund changes to issuing units on a daily or weekly basis or otherwise at the Manager's discretion on 30 days prior written notice to the Responsible Entity.

3. Section 10 'Additional Investor Information'

The PDS is amended by deleting the following sentences in Section 10 'Additional Investor Information' under the sub-heading 'Application for Units' on page 65:

'Where you are not issued Units, your application money will be returned in full. No interest will be paid on refunded application monies.'

and replacing it with the following:

'Under the Deed Poll for Interest Payment Arrangement made between the Manager (in its personal capacity) and the Responsible Entity of ResiFund, the Manager will pay interest at 10% per annum annualised to Applicants on the amount of their application money for the period commencing on the later of the date that their application money is received into ResiFund's application monies account and the date that the Responsible Entity receives a properly completed Application Form in respect of that application money, and ending on the date that the application money is either converted into issued Fund Units or refunded to the Applicant.'

If the Responsible Entity accepts the Applicant's application, the Manager will apply the interest amount towards an application for additional Fund Units in the Fund on behalf of the Applicant. The additional fully paid Fund Units will be issued at the Issue Price at the relevant time (partly paid Units will not be issued). If the interest amount payable to the Applicant exceeds the maximum whole number of fully paid Fund Units that can be acquired with that interest amount, the excess interest amount will be forgone by the Applicant, and fractional or partly paid Fund Units will not be issued.'

If the Responsible Entity does not accept the Applicant's application, the Manager will pay the interest amount to the Applicant's nominated bank account.'

The Manager reserves the right to cancel the Interest Payment Arrangement if the Responsible Entity of ResiFund changes the current monthly issue of Units to a daily or weekly issue of Units or otherwise at the Manager's discretion on 30 days prior written notice to the Responsible Entity. Any change in the timing of issuing Units and cessation of the interest payment arrangement will be notified 30 days in advance via www.resifund.com.au.'

4. Section 12 'How to invest'

The PDS is amended by deleting the following sentence in Section 12 'How to invest' under the sub-heading 'After you have lodged your Application Form' on page 79:

'Where an Application is cancelled or returned unprocessed, monies collected in connection with that Application will be refunded without interest.'

and replacing it with the following:

"Where an Application is cancelled or returned unprocessed, monies collected in connection with that Application will be refunded. The Manager will pay interest at 10% per annum annualised to Applicants on the amount of their application money for the period commencing on the later of the date that their application money is received into ResiFund's application monies account and the date that the Responsible Entity receives a properly completed Application Form in respect of that application money, and ending on the date that the application money is refunded to the Applicant."

The Directors of the Responsible Entity have consented to the issue of this SPDS.

END OF SUPPLEMENTARY PRODUCT DISCLOSURE STATEMENT No. 1

Australian Residential Property Fund

Supplementary Product Disclosure Statement No. 2

Dated 20 December 2019

Important Notice

This Supplementary Product Disclosure Statement No. 2 (**SPDS2**) is dated 20 December 2019 and provides supplementary information to that contained in the Product Disclosure Statement dated 17 December 2018 (**PDS**) and Supplementary Product Disclosure Statement dated 17 June 2019 (**SPDS1**) of the Australian Residential Property Fund (**Fund**).

This SPDS2 is issued in accordance with the provisions of the Corporations Act 2001 (Cth) by Open Corp Funds Management Ltd ABN 38 154 921 730 (AFSL 417371) (**Responsible Entity**) as responsible entity for the Fund, which is a stapled entity comprising the Australian Residential Property Active Fund (ARSN 630 168 884) (**Active Fund**) and the Australian Residential Property Passive Fund (ARSN 630 168 320) (**Passive Fund**).

This SPDS2 should be read in conjunction with the PDS and SPDS1. Words and expressions used in this SPDS2 have the meanings given to them in the PDS unless otherwise stated. In the event of any inconsistency between this SPDS2 and the PDS, this SPDS2 takes priority to the extent of the inconsistency. The Australian Securities and Investments Commission (**ASIC**) takes no responsibility for the contents of this SPDS2 or the PDS or SPDS1.

The information in this SPDS2 modifies the PDS as follows:

1. Wholesale Units

The Responsible Entity has created a new class of Unit in the Fund named a "Class 1 Wholesale Unit" (**Wholesale Unit**) and is pleased to offer Wholesale Units to eligible investors on the terms described below. The Wholesale Unit is a second and alternative class to the existing issued ordinary Fund Units which the Responsible Entity has renamed as "Retail Units" (**Retail Units**).

The eligibility of investors to apply for and acquire Wholesale Units, and the rights attaching to Wholesale Units which distinguish them from Retail Units is as follows.

An investor is eligible to apply for and acquire Wholesale Units if the investor invests \$100,000 or more in aggregate in any one application in the Fund. The Manager has discretion to change the required minimum investment amount in the Fund for an investor to be eligible for Wholesale Units.

The Wholesale Units will be issued with the same rights and entitlements as the Retail Units, save for the following differences which primarily relate to:

- ▶ the eligibility requirement for acquiring Wholesale Units which requires a minimum investment amount in the Fund of \$100,000; and
- ▶ Wholesale Units are able to be redeemed earlier than Retail Units.

Wholesale Units are available for allotment to eligible investors who make applications prior to 30 June 2020. The Manager reserves the right at any time to either extend or bring forward the closing date on which it will cease accepting applications for Wholesale Units.

There will be no Interest Payment Arrangement on Wholesale Units prior to allotment. The Interest Payment Arrangement will continue to apply to applications for Retail Units (subject to the terms described in SPDS1).

Wholesale Units will be allotted at the start of each month and designated with a specific allotment date and the Wholesale Unit will then be allocated the associated potential redemption date which will be the three-year anniversary of the allotment of the Wholesale Units.

Unitholders holding Wholesale Units will be able to redeem their Wholesale Units at the three-year anniversary of the allotment date of their Wholesale Units (**Redemption Date**), subject to the Unitholder providing the Manager with written notice of the Unitholder's intention to redeem its Wholesale Units no less than six months prior to the Redemption Date.

A Unitholder of Wholesale Units who does not redeem its Wholesale Units by the Redemption

Date can redeem those Wholesale Units at any time thereafter, subject to the Unitholder giving the Manager at least six months' prior notice.

This redemption facility for Wholesale Units will apply up to 23 November 2023. This is the existing formal date for timing of the liquidity facility for Unitholders holding Retail Units.

If a Unitholder of Wholesale Units redeems their Wholesale Units at the Redemption Date ie at the end of the third year, the fees described in the PDS will be charged on those Wholesale Units on a pro rata basis for the period up to the Redemption Date and the redemption price adjusted for those amounts, including any Sell Spread margin applicable at that time.

2. Application Form

The Application Form in the PDS is amended by adding the following sentence at the end of Section 2A 'Application Amount' on page 1 of the Application Form:

"Where the Investment Amount is \$100,000 or more, the Applicant will be issued with Wholesale Units (see Supplementary Product Disclosure Statement No 2 at the end of this PDS)"

3. Interpretation and Inconsistency

A reference to Units or Fund Units in the PDS and SPDS1 applies equally to both Retail Units and Wholesale Units, save and except where expressly inconsistent with the description of Wholesale Units and Retail Units in this SPDS2, and this SPDS2 applies in priority to the extent of any such inconsistency.

The Directors of the Responsible Entity have consented to the issue of this SPDS2.

END OF SUPPLEMENTARY PRODUCT DISCLOSURE STATEMENT No. 2

Australian Residential Property Fund Supplementary Product Disclosure Statement No. 3

Dated 22/09/2021

Important Notice

This Supplementary Product Disclosure Statement No. 3 (**SPDS3**) is dated 22/9/2021 and provides supplementary information to that contained in the Product Disclosure Statement dated 17 December 2018 (PDS) and Supplementary Product Disclosure Statement dated 17 June 2019 (**SPDS1**) and Supplementary Product Disclosure Statement No. 2 dated 20 December 2019 (**SPDS2**) of the Australian Residential Property Fund (**Fund**).

This SPDS3 is issued in accordance with the provisions of the Corporations Act 2001 (Cth) by Open Corp Funds Management Ltd ABN 38 154 921 730 (AFSL 417371) (**Responsible Entity**) as responsible entity for the Fund, which is a stapled entity comprising the Australian Residential Property Active Fund (ARSN 630 168 884) (**Active Fund**) and the Australian Residential Property Passive Fund (ARSN 630 168 320) (**Passive Fund**).

This SPDS3 should be read in conjunction with the PDS and SPDS1 and SPDS2. Words and expressions used in this SPDS3 have the meanings given to them in the PDS unless otherwise stated. In the event of any inconsistency between this SPDS3 and the PDS, this SPDS3 takes priority to the extent of the inconsistency. The Australian Securities and Investments Commission (**ASIC**) takes no responsibility for the contents of this SPDS3 or the PDS or SPDS1 or SPDS2.

The information in this SPDS3 modifies the PDS as follows:

1. Deposit Builder Units

The Responsible Entity has created a new class of Unit in the Fund named a "Deposit Builder Units" (**DBU Unit**) and is pleased to offer DBU Units to eligible investors on the terms described below. The DBU Unit is an alternative class to the existing "Retail Units" (**Retail Units**) and the existing "Wholesale Units" (**Wholesale Units**).

The DBU Units will be available to all eligible investors and will have and be issued with the same rights and entitlements as exist for the Retail and Wholesale Units, save for the following differences:

- ▶ The minimum initial investment in DBU Units is \$5k
- ▶ The holder of DBU Units may redeem their DBU Units at the prevailing Unit price and receive any applicable income distributions up to that date, less the Sell margin.
- ▶ Redemption of DBU Units can occur at any time, as long as the holder of the DBU Units has complied with the DBU Qualifying Criteria, as follows:
 - ▶ DBU Qualifying Criteria to redeem units;
 - ▶ Participation in the Regular Savings Plan (RSP)- Investors must participate in the RSP and contribute at least 1% per month additional investment, relative to their initial investment. For example, a \$20k initial investment would require an approximate minimum \$200 per month contribution to the RSP;
 - ▶ Participation in the Distribution Reinvestment Plan (DRP) is compulsory;
 - ▶ Growth in the total value of the investment to no less than \$50,000;
 - ▶ Investment for a minimum of 2 years
 - ▶ Entered into a contract of sale to purchase a property sourced by Open Corp Property Invest (OCPI); and
 - ▶ Entered into a property management agreement with Open Corp Property Management (OCPM).
- ▶ There is no fixed starting date or ending date for redemption of the DBU Units.
- ▶ The Manager also reserves the right to vary the terms of any redemption of DBU units.

DBU Units are only available for allotment to eligible investors who make applications. The Responsible Entity reserves the right at any time to cease accepting applications for DBU Units.

Unitholders holding DBU Units will be able to redeem their DBU Units at any time after a minimum two year investment period (**Redemption Date**), subject to the Unitholder providing the Responsible Entity with written notice of the Unitholder's request to redeem its DBU Units and evidence that the Unitholder has complied with the DBU Qualifying criteria described above.

The DBU Unit is an alternative class of Units available to all eligible investors in addition to the existing Retail and Wholesale Units.

The primary target market for DBU Unitholders would be property investors who do not currently have sufficient equity or debt capacity to buy a residential property investment that meets their criteria. By offering these investors an opportunity to acquire the new DBU Units in ResiFund, it provides these investors with a way to potentially help them build their wealth/deposit over the next few years, until such time that they can potentially redeem their DBU Units and use the proceeds to allow them to acquire an investment property through OCPI.

There is therefore no fixed redemption period, but there is a minimum investment period of 2 years, as it is envisaged most DBU Unitholders would likely be redeemed in the order of 2-3 years from the date of allotment. There is no restriction on DBU Unitholders also redeeming at the same as Retail Unitholders when the RE makes a Withdrawal Offer to Retail Unitholders.

The acquisition of DBU units is also available to investors who are not currently clients of OCPI but would like to become OCPI clients and invest on the basis of the terms described above.

The RE considers the addition of the new DBU Units as providing a net benefit to existing Retail and Wholesale Unitholders. This is due to the issue of these new securities allowing the Fund to attract investment inflows which it might otherwise not obtain, thereby allowing the Fund to further diversify to a greater level than it otherwise could, thereby further reducing the risk for existing unitholders. In addition, by acquiring additional properties this should enhance the sustainability of income returns and enhance capital growth prospects for all unitholders. These benefits should

more than offset any negative aspects of allowing the investors in the new DBU Units to potentially redeem their investment earlier than some other existing Retail or Wholesale Unitholders. The redemption risk is also further reduced by not redeeming all DBU Units at a specific time, as they will effectively be rolling redemptions which should also be at least partially offset, by on-going inflows for the issuance of new DBU securities. This therefore further reduces the risk to the Fund and its Unitholders, as it does not require meeting large scale redemption requirements at a single point in time.

Other than as described in this SPDS3, the DBU Units, Retail Units and Wholesale Units rank equally and have the same rights and liabilities.

2. Application Form

The Application Form in the PDS is amended by adding the following additional sentence at the end of Section 2A (Investment Details) and (Application Details) on page 1 of the Application Form:

[] Deposit Builder Units

Minimum Application is \$5,000 - Where the Applicant ticks the DBU Units box, the Applicant will be issued with Deposit Builder Units (see Supplementary Product Disclosure Statement No 3 at the end of this PDS)"

3. Interpretation and Inconsistency

A reference to Units or Fund Units in the Constitution, PDS, SPDS1 and SPDS2 applies equally to both DBU Units and Retail Units and Wholesale Units, save and except where expressly inconsistent with the description of DBU Units in this SPDS3, and this SPDS3 applies in priority to the extent of any such inconsistency.

The Directors of the Responsible Entity have consented to the issue of this SPDS3.

**END OF SUPPLEMENTARY PRODUCT
DISCLOSURE STATEMENT No. 3**

Australian Residential Property Fund Supplementary Product Disclosure Statement No. 4 Dated 29/09/2022

Important Notice

This Supplementary Product Disclosure Statement No. 4 (**SPDS4**) is dated 29 September 2022 and provides supplementary information to that contained in the Product Disclosure Statement dated 17 December 2018 (**PDS**) read together with Supplementary Product Disclosure Statement dated 17 June 2019 (**SPDS1**), Supplementary Product Disclosure Statement No. 2 dated 20 December 2019 (**SPDS2**), and Supplementary Product Disclosure Statement No. 3 dated 22 September 2021 (**SPDS3**) of the Australian Residential Property Fund (**Fund**).

This SPDS4 is issued in accordance with the provisions of the Corporations Act 2001 (Cth) by Open Corp Funds Management Ltd ABN 38 154 921 730 (AFSL 417371) (**Responsible Entity**) as responsible entity for the Fund, which is a stapled entity comprising the Australian Residential Property Active Fund (ARSN 630 168 884) (**Active Fund**) and the Australian Residential Property Passive Fund (ARSN 630 168 320) (**Passive Fund**).

This SPDS4 should be read in conjunction with the PDS, SPDS1, SPDS2 and SPDS3. Words and expressions used in this SPDS4 have the meanings given to them in the PDS unless otherwise stated. In the event of any inconsistency between this SPDS4 and the PDS, this SPDS4 takes priority to the extent of the inconsistency. The Australian Securities and Investments Commission (ASIC) takes no responsibility for the contents of this SPDS4 or the PDS, SPDS1, SPDS2 or SPDS3.

The Directors of the Responsible Entity have consented to the issue of this SPDS4.

The information in this SPDS4 modifies the PDS as follows:

1. Section 7 - Fees and Other Costs

The Section 7 (Fees and Other Costs) section appearing on pages 46 to 51 of the PDS is deleted in its entirety and replaced with the new replacement Section 7 (Fees and Other Costs) section, appearing on the following pages: 105 to 112.

Fees and other costs

Did You Know?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower fees. Ask the fund or your financial adviser.

To Find Out More

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) Moneysmart website (www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options



Fees and Other Costs

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the managed investment scheme as a whole.

Taxes are set out in another part of this document.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

Fees and costs summary

Australian Residential Property Fund

Type of Fee or cost	Amount ¹	How and When Paid
Ongoing annual fees and costs		
Management fees and costs² The fees and costs for managing your investment	2.38% per annum of the Fund's net assets	<p>The Management fee is payable to the Responsible Entity on a monthly basis in arrears from the Fund's gross assets.</p> <p>An Acquisition Fee is payable to the Responsible Entity on the purchase of a new acquisition, paid in the month following acquisition.</p> <p>Management Costs (including indirect costs) are paid out of the Fund's assets as and when they fall due.</p>

1. The Management fees and costs and transaction costs are based on the Responsible Entity's calculations for FY22. For more information, please refer to the heading 'Additional explanation of fees and costs'.

2. For more information, refer to 'Management Fees and Costs' under the heading 'Additional explanation of fees and costs'.

Performance Fees³

Amounts deducted from your investment in relation to the performance of the product

0% per annum of the Fund's net assets.

The Performance Fee is payable to the Responsible Entity when Benchmark returns are exceeded by 2%, after each 3 year period.

Transaction costs⁴

The costs incurred by the scheme when buying or selling assets

1.66% per annum of the Fund's net assets

Transaction costs, such as stamp duty on land purchases, are paid out of the scheme's assets as and when they fall due.

Member activity related fees and costs (fees for services or when your money moves in or out of the scheme)

Establishment fee

The fee to open your investment

Nil

Not applicable

Contribution fee

The fee on each amount contributed to your investment

Nil

Not applicable

Buy-sell spread

An amount deducted from your investment representing costs incurred in transactions by the scheme

Nil

Not applicable

Withdrawal fee

The fee on each amount you take out of your investment

Nil

Not applicable

Exit fee

The fee to close your investment

Nil

Not applicable

Switching fee

The fee for changing investment options

Nil

Not applicable

3. For more information, refer to 'Performance fees' under the heading 'Additional explanation of fees and costs'.

4. For more information, refer to 'Transaction costs' under the heading 'Additional explanation of fees and costs'.

Note - Advice fees agreed between you and your financial adviser may apply to your investment in the Fund. Refer to 'Adviser Remuneration' under the heading of 'Additional explanation of fees and costs'.

Example of Annual Fees and Costs¹

This table provides an example of how the fees and costs in the Australian Residential Property Fund can affect your investment over a one-year period. You should use this table to compare this product with other managed investment products.

1. Management fees and costs, and Transaction costs in the table below are based on the 2022 financial year and are influenced by a number of properties brought and sold, and the performance of the Fund. Actual fees and costs may vary in future years, depending on the number of property purchases and fund performance..

For illustrative purposes, the example assumes that management costs were calculated on a balance of \$50,000 being maintained throughout the year.

Example - Australian Residential Property Fund ¹		Balance of \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING YEAR
Contribution fees	Nil	For every additional \$5,000 you put in, you will be charged \$0
PLUS Management fees and costs	2.38% per annum of the Fund's net assets	And , for every \$50,000 you have in the Fund you may have deducted from your investment \$1,190 each year
PLUS Performance fees	0% per annum of the Fund's net assets	And , you will be charged or have deducted from your investment \$0 in performance fees each year.
PLUS Transaction costs	1.66% per annum of the Fund's net assets	And , you will be charged or have deducted from your investment \$830 in transaction costs.
EQUALS Cost of Fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees and costs of: \$2,217²

1. For more information on Management fees and costs, the Performance Fee and Transaction Costs, please refer to 'Additional explanation of fees and costs'

2. The example assumes the \$5,000 additional investment is contributed at the start of the financial year, and that there is no change in the value of the additional investment over the year. In practice, investment balances will fluctuate and the fees and costs we charge will vary.

Additional explanation of fees and costs

Management Fees and Costs

Total Management Costs

The total management fees and costs were 2.38% of NAV for the 2022 Financial Year and payable out of the assets of the Fund. The management fees and costs for the Fund include the Responsible Entity's Management Fee, recoverable costs and expenses, indirect costs (if any) and other fees and costs associated with administering the Fund, and investing in the assets of the Fund.

Management Fee

The Responsible Entity is entitled to an annual Management Fee of up to 0.9% per annum (plus GST) of the Gross Asset Value of the Fund. The Management Fee is calculated and accrued daily, payable monthly within 10 days of the last day of each month or such other time as the Responsible Entity determines. The Management Fee is payable in advance or as otherwise determined by the Responsible Entity, from the Commencement Day of the Fund to the date of final distribution on termination of the Fund.

Acquisition Fee

Where the Fund acquires a property, the Responsible Entity is entitled to an Acquisition Fee of 2% (plus GST) of the total purchase price of the property (calculated as the contract price for the property, as well as the estimated costs of any construction or development reasonably intended to be undertaken in respect of the relevant property acquired, as determined by the Responsible Entity. The Acquisition Fee is payable to the Responsible Entity upon the purchase contract for the relevant property being made unconditional.

Disposal Fee

Where an asset of the Fund is sold, the Responsible Entity is entitled to a Disposal Fee of 2.5% (plus GST) of the final sale price of each Fund asset sold. The Disposal Fee is payable from the sale proceeds of the relevant Fund asset. This fee includes any

agent's commission payable on the sale of the Fund's asset which will be deducted from the Disposal Fee payable to the Responsible Entity.

Indirect Costs

Indirect costs are amounts that are paid from the assets of the Fund that the Responsible Entity knows, or where required, will reduce the return of the Fund or the amount or value of the income of, or property attributable to the Fund or an interposed vehicle (if applicable). Indirect costs include recoverable expenses of the Fund.

Recoverable Expenses

The Constitution allows the Responsible Entity to be reimbursed for ongoing expenses incurred by the Responsible Entity in the proper performance of its duties. Those expenses may include (but are not limited to) accounting, valuation, administration and reporting, preparation of the taxation return and financial statements, audit fees, professional fees charged by the custodian, investor communication (including continuous disclosure notices), website maintenance and compliance (including compliance plan review and audit) costs.

The Constitution does not limit the amount that the Responsible Entity can recover from the Fund as expenses provided, they are properly incurred in operating the Fund. Expenses relating to the Fund as a whole will be applied proportionately to all Unitholders in the Fund.

Related Party Management

Investment management services may be performed by the Responsible Entity's associated entities and may include keeping accounts, distributing income, preparing financial statements, unit registry services, liaising with key stakeholders and generally performing other tasks as specified in the Constitution.

Property Management Agreements and Construction Management Agreements

The Responsible Entity may also engage related parties to manage and construct the Australian residential properties held in the Fund. Where this occurs, the Responsible Entity will pay Property Management Fees and Property Construction Fees to the relevant related party, on arm's length terms, and consistent with the Property Management Agreements and Property Construction Agreements entered into between the Responsible Entity and the relevant related party.

Performance Fees

The Responsible Entity is entitled to a Performance Fee of 20% of the amount by which total returns of the Fund exceed the returns of the Benchmark Indices by 2% or more on an annual accumulated basis, calculated after each 3 year period (net of fees and expenses and before tax). The relevant benchmark is determined by the Responsible Entity from time to time, as notified to Unitholders.

The Benchmark Indices determined by the Responsible Entity is the average of the REIA 3 bedroom home accumulation index and the REIA2 bedroom dwelling accumulation index.

The Total Return Benchmark Index is the combined average of the Benchmark Indices.

The Performance Fee charged by the Responsible Entity as disclosed in the 'Fees and Costs Summary' and the 'Example of Annual Fees and Costs', is the average performance fee charged by the Responsible Entity over the number of years in which the Fund has operated.

Transaction Costs

Transaction costs are incurred when the Fund buys or sells assets. Transactions costs include stamp duty on buying real property and brokerage, settlement and clearing costs for buying and selling real property.

Total transaction costs will differ based on the turnover of assets. During periods where, for example, there are a higher number of property acquisitions, there may consequently

be a temporary increase in transactional costs. Transaction costs are based on transactions of the Fund for the previous financial year and are not specific to your individual transactions during the period. Transaction costs do not include excluded transactional and operational costs, such as property operating costs and borrowing costs. These excluded transactional and operational costs are not shown in the 'Fees and costs summary'.

The Responsible Entity has calculated the Fund's Transaction Costs to be 1.66% per annum of the Fund's net assets as of 30 June 2022, and are net of any Buy/Sell Spread. The Responsible Entity does not currently charge a Buy/Sell Spread. Transaction costs are not payable to the Responsible Entity and are an additional cost to you. There is no recovery from investors of a Buy/Sell Spread. The costs are ultimately reflected in the value of your investment in the Fund.

Buy Spread

As at the date of this PDS, the Manager has determined that a Nil Buy Spread will apply.

Sell Spread

For any one quarter, a Sell Spread is the amount by which the Exit Unit Price is lower than the NAV per Fund Unit (including any undistributed income).

There is no redemption facility for Fund Units. However, the Manager will provide a limited liquidity facility from 2023 that will provide Investors with the opportunity to apply to redeem some or all of their Fund Units for an amount equal to the NAV per Fund Unit (including any undistributed income) less a Sell Spread of 1% payable to the Responsible Entity. Each Fund Unit redeemed will be redeemed on a stapled basis, such that for each Unit in the Passive Fund that is redeemed, there will be a corresponding equivalent redemption of Unit in the Active Fund.

Prospective Investors can obtain the most recent Entry Unit Price and Exit Unit Price from www.resifund.com.au. The differences between these

prices will be the current Sell Spread.

Maximum fees in Constitution

The Constitution allows the Responsible Entity to charge the following maximum fees in relation to the Active Fund and/or Passive Fund:

- ▶ An acquisition fee of up to 2% or 2.2% of the GST inclusive purchase price, to cover identification and due diligence. This will apply to both existing residential houses and sites to which residential properties will be constructed including the cost of construction.
- ▶ A disposal fee of up to 2.5% of the sale price or 2.75% GST inclusive.
- ▶ We will be primarily undertaking property management of the underlying assets through our property management division. This service will be provided at all times on an arms-length basis and the terms for which will be reviewed annually by the Independent Investment Committee following the launch of the Fund.
- ▶ The Fund may also elect to engage its construction and property development divisions should there be opportunities which are beneficial to Unitholders of the Fund. Such engagements will also be on an arms-length basis and the terms for which will be reviewed annually by the Independent Investment Committee.
- ▶ A performance fee in respect of the return on equity performance of the Fund. This will provide a fee of 20% of the amount by which total returns of the Fund exceed the average of the Benchmark Indices on an annual accumulated basis, calculated after each 3-year period (net of fees and expenses and before tax).

This fee may be paid in cash or Units of an equivalent value may be issued at the election of the Manager and if Units are issued, the value of the Units will be based on the next monthly Unit allotment price.

Fee changes

The Responsible Entity is entitled to charge fees and be reimbursed for costs pursuant to the Constitution (see Section 11). The maximum fees that the Constitution allows the Responsible Entity to charge in relation to the Units are set out above. The Responsible Entity may change fees in

accordance with the Constitution.

We will give Unitholders at least 30 days' prior notice of any change of, or increase to, the fees allowed.

Adviser Remuneration

We do not pay any commissions to financial advisers that introduce retail client investors into the Fund. If you have an arrangement with your financial adviser, you are able to direct the Responsible Entity to pay an amount on your behalf to your adviser.

To do so, you must nominate the payment amount on the Application Form, and this amount will be deducted from your application money.

Investors may elect to pay their adviser a fee of up to 5% of the amount invested.

The Responsible Entity at its discretion may, as permitted by law, pay a fee to a placement agent or other intermediary for introducing Investors who ultimately invest in the Fund. This amount is a cost to the Fund and will be deducted from the Fund returns prior to distributions of income or capital being made to Unitholders.

Waiver or Deferral of Fees Payment or Expense Recovery

The Constitution allows us to charge the fees set out in the 'Fees and Costs Summary' above. The Responsible Entity may, in its discretion, charge lower fees or elect to not be reimbursed for all expenses than we are entitled to receive under the Constitution.

Alternatively, the Responsible Entity may defer payment of fees and reimbursement of expenses for a period of time. If payment is deferred, then the fee will continue to accrue until paid.

Tax

Unless otherwise stated, all fees set out in this section are inclusive of GST, net of input tax credits or reduced input tax credits as applicable. The Fund may not always be entitled to claim a full input tax credit. Further information on the tax implications associated with an investment in the Fund can be found in Section 8.

Alternative forms of remuneration

Persons investing through a Platform type administration service or Investor Directed Portfolio Service, such as a master trust or wrap account, or a nominee or custody service, should be aware that in addition to the fees and charges described above, they will also be liable to pay fees to the operator of the service as described in the offer document or guide for the relevant administration service.

We may make two types of payments to operators of administration services:

- ▶ Product access payments (as a flat dollar amount per annum) for administration and investment related services; and/or
- ▶ Fund manager payments (based on volumes of business generated).

The amount of these payments may change during the life of this PDS. We may also draw on our own resources to provide marketing and product support to the administration service.

Contact Details

Responsible Entity

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