



Property Investment Authorisation

The Member(s) identified in this Property Description Certificate (PDC):

☐ Authorise the investment contribution on this sub-scheme

Member: _____

Member: _____

Date: / /

Sub-scheme:	2019 Keysborough
Sub-scheme Number:	400010
Sub-scheme Property:	23 Fiveways Boulevard, Keysborough
Sub-Scheme Purchase Price:	\$7,750,000.00
Sub-Scheme Funding (inc. Finance Cost):	\$8,465,233.00
Sub-Scheme Funding (After-Debt):	\$6,140,233.00

Settlement Date: 16 December 2019

Member:	Redfern Family Superannuation Fund
Member ID:	37431
Investment contribution:	\$100,000.00
Investment registered as:	Australian Securities Limited ACN 005 428 231

Upfront Fees:	
Contribution Fee:	\$1,911.30
Acquisition and Due Diligence Fee:	\$2,524.33
Stamp Duty Proportion:	\$6,941.92
Borrowing Costs:	\$270.76

Ongoing Fees	
Management Fee – 0.86% (exc. GST) p.a.	\$1,085.46

Investment Directions

ASL will not accept any investment contribution in a sub-scheme without a signed authority from the Members/Authorised Representative. You need to signify to us in writing your approval of this sub-scheme increase before the investment contribution can be allocated.



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ASL has conducted thorough due diligence and submits this property for investment at the purchase price of \$7,750,000.



1. Sub-Scheme Overview

Sub-Scheme Name	2019 Keysborough
Reference Number	400010
Expected Number of Investors on Sub-Scheme	45-50
Proposed Term	7 Years
Option to Extend:	2 Years
Contribution Summary:	
Purchase Price	\$7,750,000
Stamp Duty	\$426,250
Contribution Fee	\$117,358
Acquisition and Due Diligence Fees	\$155,000
Total Sub-Scheme Contribution (Before Debt)	\$8,448,608
Less Expected Loan Amount	\$2,325,000
Plus Cost of Funding	\$16,625
Total Sub-Scheme Contributions (After Debt)	\$6,140,233

2. Property Details

Property address:	23 Fiveways Boulevard, Keysborough Vic
Purchase Price:	\$7,750,000
Valuer:	URBIS Pty Ltd
Date of Valuation:	13 November 2019
Valuation:	\$7,750,000
Insurance:	Replacement Cost
	\$5,720,000
	Loss of Rent: 18 months
	gross rental
Property category:	Industrial
Land size:	10,100 sqm
Building Size:	4,638 sqm

3. Lease Details

Tenant	Active Sites Alive Pty Ltd
Lease Term	13 years (commencing 01 June 2010)
Option Terms	2 x 5 Years
Option Notice Period	12 months
Current Rental Payments	\$500,000 (as at 01 June 2020)
Rental Reviews	
Fixed Review	3.5% Annual
Market (Exercise of Option Period)	01 June 2023
Outgoings	100% Recoverable (excluding external management fees)
Security Deposit on Lease	\$136,250
Personal Guarantee	Nil
Weighted Average Lease Expiry (Income)	3.6 Years

4. Tenancy Details

The Active Display Group (ADG) is Australia's most awarded end-to-end retail point of sale, display, print and visual merchandising company.

Active Display core business includes printing, signage, display, digital networking and point of sale requirements to some of Australia's largest retail organisations. All the design, manufacturing, storing and packaging is undertaken across three (3) state-of-the-art facilities based in Melbourne's South Eastern suburbs, whilst sales offices are located in Melbourne, Sydney, Brisbane and Hong Kong.
<https://activedisplay.com.au/>

The company is fully owned by WPP AUNZ an ASX list company;
<https://www.wppaunz.com/en>.

Privately Funded since 1925

Australian Securities Limited
Level 29, 140 William Street Melbourne VIC 3000
Tel: (03) 9607 8111 Email:
Web:

Australian Securities Income Fund [ARSN 092 514 488]
Australian Securities Property Fund [ARSN 153 029 264]
Australian Securities Term Fund [ARSN 605 224 600]
Australian Securities Limited [ABN 69 005 428 231]
AFSL & Credit Licence No 260499



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5. Targeted Annual Returns					Targeted Total Returns		
INCOME RETURNS	Dec 2020	Dec 2021	Dec 2022	Forecast Distribution (Average Net return)	Realisation (Sale) Value	Capitalisation Rate	Forecast Total Return (Average) ¹
Annual (Net) Target Income	\$352,418	\$306,660	\$322,705	FY 2023-2026	\$10,400,00	6.00%	8.77%
Annual (Net) Return per annum	5.74%	4.99%	5.26%	4.17% - 5.97% ²	\$9,600,000	6.50%	6.93%

6. Fees

Upfront Fee:

Contribution Fee	2.00%	Calculated on funds contributed to the sub-scheme
Acquisition and Due Diligence Fees	2.00%	Calculated on the total asset value at the time of acquisition
Management Fees ³	0.86%	Per annum calculated on the total asset value
Sale Fee ⁴	3.64%	Calculated on the sale price

Other Fees that may become applicable during the sub-scheme term

Lease Renewal Fee	\$4,000	When new lease is negotiated and finalised
Repairs & Maintenance Debt Arranging Fee	0.55%	Of the Draw Down Amount to Fund Repairs & Maintenance
Project Management Fee	1.25%	Of the cost of Project Works that are managed in-house

7. Estimated Annual Expenses for the Sub-Scheme

Land Tax	As outlined in the PDS, Owners are assessed for Land tax individually based on their individual property portfolio attributes
Property Insurance	Payable by Tenant
Insurance for loss of rent	Payable by Tenant
Legals (Lease Documentation)	\$2,000 (est.)
Allowance for other expenses	\$6,000 (est.)
Ad Hoc Management (Compliance Inspection)	\$6,000 (est.)
Capital Expenses	\$80,000 (est.) ⁵
Vacancy and Capital Works	\$250,000 provision sums allocated for pending lease expiry 2023 ⁶

8. Property Summary

Location:

Located 25kms south east of Melbourne CBD, immediate access from Springvale and Cheltenham with linkage to Dandenong Bypass. Major arterials include Eastlink (3 kms east), Nepean Highway (5 kms west) and Monash Freeway. Moorabbin Airport and DFO is located 3 kms west and 7 kms from Dandenong CBD.

Description:

Two (2) level office (1,436sqm) includes Ground level fully glazed reception/entry area, partitioned offices and staff amenities. Upper level includes large landing, high quality open plan and executive offices, board room and full staff amenities. Direct access into the warehouse.

Warehouse (3,202sqm) is utilised as a manufacturing and distribution facility. Access by two (2) on grade roller shutter doors at rear for drive thru vehicle access. Office, storage areas and amenities installed with separate lunchroom facility and external break out area. Hardstand and external storage area located along rear boundary of the property.

Access to the property is provided from Springvale and Cheltenham Road with linkage to the Dandenong Bypass. Site provides 82 car spaces located at the front, side boundary and rear of the property.

¹ Total Target Return (Average) include Income and Capital Return (Realisation) over 7 years term.

² Forecast Distribution (Average net return) subject to lease expiry 2023 and allowances for Vacancy, Incentives and Capital Expenditure.

³ Management Fee net of GST and subject to change in accordance with the Fund's Constitution and Product Disclosure Statement.

⁴ Sale Fee net of GST and subject to change in accordance with the Fund's Constitution and Product Disclosure Statement.

⁵ General Capital Expenses (Non recoverable from Tenant) over 7 year term, funded from Distributions.

⁶ Vacancy and Capital works provision \$250,000 FY2023 funded from Distributions &/or Debt Funding.



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Sub-Scheme 10: 2019 Keysborough
Property: 23 Fiveways Boulevard, Keysborough

#	Disclosure Principle	Overview	Application to Sub-Scheme																
1.	Gearing Ratio	<p>A sub-scheme's gearing ratio indicates the extent to which its assets are funded by interest bearing liabilities. The gearing ratio is calculated as follows:</p> $\text{Gearing Ratio} = \frac{\text{Total interest bearing liabilities}}{\text{Total Assets}}$ <p>Returns from geared investments are considered riskier and more volatile than returns from the same investments that are not geared.</p>	<p>The Gearing Ratio for the Sub-scheme is 30%. (Based on Valuation)</p>																
2.	Interest Coverage Ratio	<p>The interest cover ratio gives an indication of the Sub-scheme's ability to meet the interest payments from earnings.</p> <p>The interest coverage ratio is calculated as follows:</p> $\text{Interest cover ratio} = \frac{\text{EBITDA} - \text{unrealised gains} + \text{unrealised losses}}{\text{Interest Expense}}$	<p>ASPF is not a pooled fund.</p> <p>The interest coverage ratio for the Sub-scheme is 3.40</p>																
3.	Scheme Borrowing	<p>Disclosure Principle 3 requires information on a sub-schemes borrowing maturity and credit facility expiry and any associated risks.</p> <p>The debt facility of a sub-scheme limits the Lender's security to the assets of that specific sub-scheme (i.e. the property). As a result, there is no recourse against any Member personally or against any of their assets.</p> <p>The amounts owing to the Lender Bank before any Member's interests in the Sub-scheme.</p>	<p>The details of the debt facility for this Sub-scheme are as follows:</p> <table><tr><td>Facility Limit</td><td>\$2,325,000 / 30% LVR.</td></tr><tr><td>Undrawn amount</td><td>Nil</td></tr><tr><td>Maturity</td><td>December 2021 – ASL does not anticipate any difficulty in refinancing the facility upon its maturity.</td></tr><tr><td>Security</td><td>23 Fiveways Boulevard, Keysborough</td></tr><tr><td>Covenants</td><td>Loan to valuation covenant of 30% (based on purchase price). ASL does not expect the property's value to fall. There are no interest coverage covenants included in the Facility.</td></tr><tr><td>Interest Rate</td><td>4.91% p.a. fixed for 2 years.</td></tr><tr><td>Hedging</td><td>There are currently no hedging facilities in place.</td></tr><tr><td>Lender</td><td>Australian Securities Income Fund</td></tr></table>	Facility Limit	\$2,325,000 / 30% LVR.	Undrawn amount	Nil	Maturity	December 2021 – ASL does not anticipate any difficulty in refinancing the facility upon its maturity.	Security	23 Fiveways Boulevard, Keysborough	Covenants	Loan to valuation covenant of 30% (based on purchase price). ASL does not expect the property's value to fall. There are no interest coverage covenants included in the Facility.	Interest Rate	4.91% p.a. fixed for 2 years.	Hedging	There are currently no hedging facilities in place.	Lender	Australian Securities Income Fund
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4.	Portfolio Diversification	<p>This information addresses a scheme's investment practices and portfolio risk.</p>	<p>All sub-schemes within the Australian Securities Property Fund are single asset funds. As a result, portfolio diversification is not relevant.</p> <p>Details of the current Sub-scheme's assets are as follows:</p> <table><tr><td>Asset</td><td>23 Fiveways Boulevard, Keysborough</td></tr><tr><td>Sector</td><td>Industrial</td></tr><tr><td>Valuation</td><td>\$7,750,000</td></tr><tr><td>Purchase Price</td><td>\$7,750,000</td></tr></table>	Asset	23 Fiveways Boulevard, Keysborough	Sector	Industrial	Valuation	\$7,750,000	Purchase Price	\$7,750,000								
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5.	Related Party Transactions	<p>Investors must be able to assess ASL's approach to related party transactions.</p> <p>ASL maintains and complies with a written policy on related party transactions, including the assessment and approval process for such transactions and arrangements to manage conflicts of interest.</p>	<p>Details of all related party transactions are reported annually as part of ASPF's audited annual accounts. The latest annual audited accounts of ASPF can be found on ASL's website: www.australiansecurities.com.au.</p> <p>All related party transactions are on 'arm's length terms and have the approval of members.</p> <p>ASL is in compliance with its policies and procedures for entering into related party transactions.</p>												
6.	Distribution Practices	<p>This information discloses whether distributions to members have been made solely from realised income or from a combination of realised income and a return of capital funded by borrowings.</p>	<p>All distributions are made from cash from operations available for distribution (i.e. rent less all expenses incurred by the sub-scheme). Details of the distribution practices are contained in the PDS.</p> <p>Distributions are expected to be sustainable over the next 12 months.</p>												
7.	Withdrawal Arrangements	<p>Unlisted property funds are illiquid investments. As such, investors in unlisted property funds generally have no right to withdraw their investment during the term of the sub-scheme (except in the case of hardship).</p>	<p>Members of a sub-scheme have no right to withdraw their investment during the term of the Sub-scheme (except in the case of hardship and at discretion of ASL).</p>												
8.	Net Tangible Assets	<p>Responsible entities of closed-end schemes should disclose the value of the net tangible assets (NTA) of the scheme on a per unit basis in pre-tax dollars.</p> <p>The formula for determining the NTA is:</p> $NTA = \frac{\text{Net Assets} - \text{Intangible assets} +/- \text{any other adjustments}}{\text{Number of units in the scheme on issue}}$	<p>The NTA of the Sub-scheme is \$0.92</p>												