



HERITAGE PROPERTY FUND
ARSN 623 424 528

Product Disclosure Statement
Dated 11 April 2018

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OFFER	To subscribe for Units in Heritage Property Fund for the purpose of purchasing the Properties for rental income and capital growth.
AMOUNT SOUGHT	\$10,490,000
PROPERTIES	52 Albert Road, South Melbourne 78 Main Street, Greensborough The fund is an open fund and further properties may be purchased.
EXPECTED RETURN TO END DECEMBER 2018	5.15% plus capital growth (if any), targeting an average return of 5.78% over the first seven years of the fund plus capital growth (if any). Income yields rely on rental income which may fluctuate over time. The targeted first year return and the targeted average return over the first seven years are based on the assumption of a borrowing rate continuing to be 4.19% per annum**. ** Return for the remainder of the 2018 calendar year is calculated on a pro rate basis as the properties have not yet settled. The interest rate of 4.19% is the current floating rate as advised by the Bank of Queensland on 10 th April 2018
TERM OF THE FUND	7 years
MINIMUM INVESTMENT	\$10,000, thereafter in \$10,000 tranches.
CLOSING OF OFFER	This offer will close on 20 May 2018.

Refer to Benefits and Risks of the Investment in Section 11.

1. LETTER FROM HERITAGE PROPERTY FUND PTY LTD

Dear Investors,

It is with pleasure that I invite you to consider an investment in Units to be offered in the Heritage Property Fund (the **Fund**).

Heritage Property Fund is a registered managed investment scheme under Chapter 5C of the Corporations Act 2001. **Primary Securities Ltd, as the responsible entity for the Heritage Property Fund, and the issuer of this PDS, has appointed Heritage Property Fund Pty Ltd as the Manager.**

Under this PDS, Primary Securities Ltd is issuing Units to raise funds for the purposes of purchasing 2 properties: 52 Albert Road, South Melbourne (**Albert Road**) and 78 Main Street Greensborough (**Main Street**) with the object of deriving rental income for the benefit of the Investors. Both Albert Road and Main Street are fully let and Albert Road is currently undergoing refurbishment.

This PDS contains information details of the issue including a discussion of the risks involved with this type of investment. We invite you to read this information carefully and compare it with your current investment portfolio.

We recommend that you obtain appropriate expert advice from a licensed financial and/or investment adviser prior to investing with us.

Thank you for your interest in our business. Please consider an investment with Heritage Property Fund as part of your portfolio.



Michael Ibbotson
Director
Heritage Property Fund Pty Ltd



Dean Cook
Director
Heritage Property Fund Pty Ltd

2. INVESTMENT OVERVIEW

ISSUER OF UNITS AND RESPONSIBLE ENTITY	Primary Securities Ltd, ABN 96 089 812 635 and AFSL 224107, as responsible entity of Heritage Property Fund ARSN 623 424 528 (Responsible Entity).	Section 12
ROLE OF RESPONSIBLE ENTITY	The Responsible Entity's role is to: <ul style="list-style-type: none"> review the Manager's due diligence in relation to the Properties, receive and hold the funds and title documents, receive any income from the Properties and make distributions, and monitor the management of the Properties. 	Section 12
MANAGER	Heritage Property Fund Pty Ltd ACN 622 332 969	Section 13
ROLE OF MANAGER	The Manager's role is to: <ul style="list-style-type: none"> to arrange for the purchase of the Properties, to manage the Fund including the Leases, Licences and tenants, and to report to Investors in relation to the Properties. 	Section 13
INVESTMENT OBJECTIVE AND STRATEGY OF THE FUND	The Fund's objective is to: <ul style="list-style-type: none"> provide investors with regular and stable rental income; provide investors with the potential for capital growth upon disposal of the properties The Fund's strategy is to: <ul style="list-style-type: none"> build up a fund of significant rented properties valued between \$5m and \$20m in value, commencing with Albert Road and Main Street, and to hold all properties for the purpose of deriving rental income for the benefit of the Investors for the duration of the Fund. maximize returns for the Fund during its term and upon the disposal of the properties. 	
AMOUNT TO BE RAISED UNDER THIS PDS	\$10,490,000	
TERM OF THE FUND	7 years.	Section 7
FEES	Refer to Fees and Other Costs.	Section 10
BENEFITS AND RISKS	There are benefits and risks associated with the Fund.	Section 11
ISSUE PRICE	\$1.00 per Unit.	
NTA PER UNIT	On acquisition, the anticipated NTA per Unit will be around \$0.85 cents. The initial diminution in value of the issue price of \$1.00 is normal for property funds of this nature. It is due to stamp duty \$0.096 per unit and the costs associated in establishing the fund including, compliance, legal,	

	accounting, acquisition and establishment fees incurred by the Responsible Entity and the Manager \$0.054 per unit.	
MINIMUM FUNDING	The minimum funding required before Units are allotted is \$6,400,000	
MINIMUM INVESTMENT	\$10,000, thereafter in \$10,000 intervals.	
CLOSING DATE OF OFFER	<p>The Offer Closing Date in this PDS is 20th May 2018. The Responsible Entity reserves the right to move the Offer Closing Date forwards or backwards, in its absolute discretion.</p> <p>If applications for \$6,400,000 are not received by the Offer Closing Date (or extended date), all moneys submitted with Application Forms will be returned.</p>	
DISTRIBUTIONS	Distributions of rental income will be paid quarterly by electronic funds transfer.	
BORROWINGS	\$9,752,000. See Finance Terms.	Section 6
WITHDRAWALS	The fund is illiquid but there is provision for a buyback if the Responsible Entity invites Investors to have their Units bought back.	
CONSTITUTION	The Fund is established under the Constitution. Refer to the key terms of the Constitution.	Section 17

3. BENCHMARKS AND ADDITIONAL DISCLOSURES

THE FOLLOWING STATEMENTS ARE MADE IN ACCORDANCE WITH ASIC REGULATORY GUIDE 46 SO THAT INVESTORS CAN ASSESS THIS INVESTMENT AGAINST CERTAIN BENCHMARKS AND DISCLOSURE PRINCIPLES	
1. Gearing ratio: Benchmark 1: and Disclosure Principle 1	<p>Benchmark – the Fund meets this benchmark as the Manager maintains and complies with a written policy that governs the level of gearing at an individual credit facility level. The policy in relation to the Fund is to only borrow to make direct property acquisitions. The gearing ratio will be continually monitored and every endeavour made to ensure that this ratio is maintained or reduced.</p> <p>The gearing ratio indicates the extent to which the Fund's assets are funded by borrowings. It gives an indication of the potential risks the scheme faces in terms of its level of borrowings.</p> <p>The initial gearing ratio (that is the ratio of the Fund's total borrowings to acquisition costs) following purchase of the Properties will be 52%.</p>
2. Interest cover policy: Benchmark 2: and Disclosure Principle 2	<p>Benchmark – the Fund meets this benchmark as the Manager maintains and complies with a written policy that governs the level of interest cover at an individual credit facility level. The policy in relation to the Fund is to maintain a minimum interest cover measured every quarter as a year to date earnings before interest, tax, depreciation and amortisation divided by year to date interest expense.</p> <p>The interest cover ratio gives an indication of a scheme's ability to meet interest payments from earnings. The lower the interest cover ratio, the higher the risk that the Fund will not be able to meet its interest payments.</p> <p>The interest cover ratio is expected to be 3 times.</p> <p>The intended minimum interest cover will be 1.9 times.</p>
3. Interest capitalisation: Benchmark 3	<p>This Benchmark addresses whether the interest expense of the Fund is capitalised.</p> <p>Interest obligations will not be met from capital.</p>
4. Scheme Borrowing: Disclosure Principle 3	<p>Details of the Fund's proposed finance terms are disclosed in Section 6.</p>
5. Portfolio diversification: Disclosure Principle 4	<p>This disclosure principle requires disclosure of information on the composition of the Fund's property investments</p> <p>The strategy is to build up a Fund of significant rented properties valued between \$5m and \$20m in value, commencing with Albert Road and Main Street.</p>
6. Valuation policy: Benchmark 4.	<p>The Fund meets this benchmark as the responsible entity and manager maintains and complies with a written valuation policy. The Valuation Policy in relation to the Fund is disclosed in Section 8.</p>
7. Related party transactions: Benchmark 4 and Disclosure Principle 5	<p>The Fund meets this benchmark as the responsible entity and maintains and complies with a written policy on related party transaction and arrangement to deal with conflicts of interest. The Responsible Entity maintains and complies with a written policy of related party transactions including the assessment and approval processes for such transactions, and arrangements to manage conflicts of interest.</p>

	<p>Where a conflict arises between the interests of Investors and those of the Responsible Entity or the Manager, the conflict must be managed by:</p> <ul style="list-style-type: none"> • disclosing it; • controlling it; or • avoiding it. <p>Details of how each of the above mitigating strategies should be used are included in the Responsible Entity's Conflicts of Interest Management Policy.</p> <p>Any conflicts will be disclosed and addressed by the directors of both the Manager and the Responsible Entity.</p> <p>Disclosure:</p> <ul style="list-style-type: none"> • Dean Cook, a director of the Manager, is a director of UIM Pty Ltd which is the vendor of Albert Road. • Dean Cook, is also a director of United Investment Management Pty Ltd which manages Albert Road. <p>The purchase price of Albert Road is equal to the valuation. Refer to Sections 4 and 9.</p>
<p>8. Distribution practices: Benchmark 6 and Disclosure Principle 6</p>	<p>Distributions will be made quarterly from cash flow from rental income and capital repayments from time to time.</p>
<p>9. Withdrawal arrangements: Disclosure Principle 7</p>	<p>The Constitution permits early redemption of Units when invited by the Responsible Entity. Nevertheless, the Fund should be considered an illiquid investment.</p>
<p>10. Net tangible assets: Disclosure Principle 7</p>	<p>This disclosure principle addresses the disclosure of the net tangible asset backing per Unit of the Scheme</p> <p>The Fund will produce quarterly statements showing the value of the Fund on a per Unit basis.</p>

Updates to this information required under the ASIC disclosure principles will be placed on the following website on an annual basis www.primarysecurities.com.au.

4. THE PROPERTIES TO BE PURCHASED USING FUNDS FROM THIS PDS

52 ALBERT ROAD, SOUTH MELBOURNE (Albert Road):

Brief Particulars: Albert Road is a four level retail/office building consisting of basement car park, two levels of food and Beverage tenancy and a further two levels of office accommodation which is fully leased. It has been sub divided into four individual floors and individual car parking.

Tenant	Area	Tenancy Area % of Building	Tenancy Area % of Building
Seven Ent. Services Pty Ltd	840	49%	40%
Thrive Network Pty Ltd	891	51%	60%
UIM	11 carparks	n.a	n.a
TOTAL AREA	1,731	100%	100%

Title Particulars:

Ground Floor: Volume 10251 Folio 597
Lot 1 on Plan of Subdivision 340526M

First Floor: Volume 10251 Folio 598
Lot 2 on Plan of Subdivision 340526M

Second Floor: Volume 10251 Folio 599
Lot 3 on Plan of Subdivision 340526M

Third Floor: Volume 10251 Folio 600
Lot 4 on Plan of Subdivision 340526M

Car Parking: Volume 10251 Folio 601 to 618
Lot 5 to 22 on Plan of Subdivision 340526M

Location: South Melbourne which is within walking distance to Melbourne CBD;

Land Area & Zoning: Site area 612m² with Commercial 1 Zoning;

Lettable areas:

Ground	360m ²
Level 1	480m ²
Level 2	445m ²
Level 3	446m ²
Total	1,731m ² ;

Car parking: 18 cars, 17 of which are in a secured basement and 1 on-grade at rear;

Purchase Price: **\$8,650,000**

78 MAIN STREET, GREENSBOROUGH

Brief Particulars: Known as "Greensborough Walk", Main Street is located in the heart of Greensborough retail precinct and comprises a three level mixed use building with 20 secure car parking spaces. The ground floor provides retail tenancies with the upper floors offering office accommodation.

Title Particulars:
Volume 11482 Folio 068
Lot 52 on Plan of Subdivision PS 813236M

Location: Approximately 17 km from the Melbourne CBD across the road from Watermarc Leisure and Aquatic Centre.;

Zoning: Located in Greensborough Central Activity Centre and zoned Activity Centre Zone.

Lettable areas:	Ground	3 Shops
	Level 1	5 Suites
	Level 2	5 Suites
	Total	1,860;

Car parking: 20 cars bays in a secured basement;

Purchase Price: **\$9,750,000**

5. TENANCY SCHEDULE

Albert Road

Tenant	Tenancy	Area	Cars	Rent psm	Net Rental (EX GST)
Ground Floor & First Floor					
Seven Ent. Services Pty Ltd (includes tenant carparks rent)	Ground & Level 1	840	7	\$254	\$243,494
Second and Third Floor					
Thrive Network Pty Ltd	Level 2 & 3	891		\$359	\$320,000
Carparks					
UIM	11 Carparks		11		\$30,000
Recoverable Management Fee Rebate					\$15,000

Fully Leased Net Income (EX GST) \$608,494

- * all areas are approximate
- * all figures are GST exclusive

Main Street

Tenant	Tenancy	Area	Cars	Rent psm	Net Rental (EX GST)
Ground Floor					
Westpac Bank	Shop 1	290	4	\$505	\$146,260
Bendigo Bank	Shop 2 & 3	170	3	\$400	\$67,980
First Floor					
Whitehead Financial	Suite 1 & 2	160	2	\$350	\$56,000
Mind Aust	Suite 3, 4 & 5	350	3	\$265	\$92,700
Second Floor					
Red IT	Suite 1	76	2	\$355	\$27,960
New Age Insurance	Suite 2	105	1	\$307	\$32,200
GDM Group	Suite 3	70	2	\$385	\$26,950
Pekada Finance	Suite 4 & 5	219	3	\$342	\$74,880
Recoverable Management Fee Rebate					\$20,000

Fully Leased Net Income (EX GST) \$544,930

- * all areas are approximate
- * all figures are GST exclusive

6. FINANCE TERMS

Formal finance applications have been submitted for both properties.

The Responsible Entity will not exchange contracts to purchase and pay the 10% deposit until it is satisfied there is mortgage finance available under acceptable conditions.

The approval from the bank will always be subject to satisfying certain requirements up to the settlement date however that is the way the banks structure their approval letters and these conditions are not anticipated to be an impediment to settlement.

Under the Constitution, total liabilities are not to exceed 70% of the Gross Value of the Assets.

When the Fund borrows against direct Property, the Manager may arrange for the Fund to enter into interest rate hedges in order to provide increased certainty in relation to the Fund's interest expenses by fixing the cost of debt for an agreed period.

52 ALBERT ROAD, SOUTH MELBOURNE

LOAN AMOUNT, \$4,584,500 (up to 53% of valuation and purchase price)

TERM OF FACILITY, 3 years to 5 years

REPAYMENT ARRANGEMENTS, interest only monthly

RATE: BBSY + 2.30%

BILL HANDLING FEE, approximately \$100 on drawdown and each time replacement bills are drawn

SECURITY, 52 Albert Road, South Melbourne

GUARANTEES, nil

78 MAIN STREET, GREENSBOROUGH

LOAN AMOUNT, \$5,167,500 (up to 53% of valuation and purchase price)

TERM OF FACILITY, 3 years to 5 years

REPAYMENT ARRANGEMENTS, interest only monthly

RATE: BBSY + 2.30% (TBC)

BILL HANDLING FEE, approximately \$100 on drawdown and each time replacement bills are drawn

SECURITY, 78 Main Street Greensborough

GUARANTEES, nil

7. THE FUND

Heritage Property Fund

Heritage Property Fund is a registered managed investment scheme established under a Constitution (**Constitution**) which is registered with ASIC. The Constitution is available on the website of the Responsible Entity.

The Application Money of the Applicants will initially be placed into an Applications Account, which is a separate applications trust account with the Responsible Entity for this Fund only. The Application Money will be pooled with money from other Applicants under this PDS.

Once the Minimum Funding is raised, Applications will be accepted (in whole or part). On Allotment Applicants will become Investors.

The Fund will provide the money held in the Fund Account towards the purchase of the Properties.

Distributions

Distributions of rent after payment of interest on Borrowings, fees and other costs and expenses, will be made quarterly.

Withdrawal right

Withdrawals are funded using cash reserves held by the Fund which are primarily accumulated from Application Money and retained earnings. Withdrawals from the Fund will only be available in response to a withdrawal offer made to all investors from time to time in accordance with the Corporations Act and at the sole discretion of the Responsible Entity. The Manager will endeavour to provide a limited liquidity offer from year three of the trust term.

Transfers of Units

Where an Investor wishes to sell or transfer their Units in accordance with the terms of the Constitution, the Responsible Entity may at its sole discretion, assist the Investor to identify a buyer for the Units. The Investor will be responsible for negotiating the terms of the sale of the Units and ensuring the proposed transfer of the Units complies with the provisions of the Constitution. Refer to Section 17.

On the death of an Investor, that Investor's Units will be transferred to the deceased Investor's legal personal representative, or to the beneficiary entitled to the Units under the deceased Investor's will or laws of intestacy, subject to appropriate evidence being provided to the Responsible Entity. The transfer of the Units must be effected in accordance with the terms of the Constitution. Refer to Section 17.

Period and Termination of the Fund

It is intended that the Funds will terminate in the financial year ending 2026.

Following the 30th June 2025, each Property must be sold by Auction unless the Responsible Entity receives an offer price for one or more of the Properties which the Investors by Ordinary Resolution vote in favour of selling the relevant Property or both the Properties at that offer price, in which case the Property or Properties will be sold in accordance with the Ordinary Resolution.

The Responsible Entity may extend the life of the Fund, at its discretion, for one additional year; and thereafter, a meeting of Investors by Ordinary Resolution may extend the Fund for a further year.

At any time a meeting of Investors under the Constitution may by Special Resolution resolve that the Fund be terminated, whereupon the Responsible Entity shall terminate the Fund accordingly.

On termination, the balance obtained after the sale of all Assets shall be distributed to the Investors by the Responsible Entity, as if the balance represented Distributable Income, but if the aggregate sum to be distributed, to the Investors is less than \$100, then at the discretion of the Responsible Entity, the sum shall be either distributed or on behalf of each Investor donated to a registered charitable organization selected by the Responsible Entity.

8. VALUATION POLICY OF THE RESPONSIBLE ENTITY

When a valuation is required in future, the Managing Director of the Responsible Entity (shall directly arrange for the valuation of the property from a Valuer. The Responsible Entity will never use the same Valuer in relation to the same property more than twice in succession.

No Valuer shall be employed unless the Valuer has satisfied the Managing Director of the Responsible Entity that it is licensed and has a current professional indemnity insurance policy in place that covers, amongst other things, negligent and reckless advice and has paid no claims in the preceding two years. The Valuer's professional indemnity insurance shall be at least \$2,000,000 for each and every claim and in the aggregate any one policy period or as required by the Responsible Entity from time to time.

No valuation shall be relied on if it is dated more than 3 months.

All Valuers will have a set of instructions issued to them by the Responsible Entity for the purpose of the property valuation. Each set of instructions shall vary depending on the property to be valued.

Each valuation must be addressed to the Responsible Entity and not to the Manager. Further, each valuation must state that it can be relied on by Investors who invest pursuant to the relevant PDS.

The Valuation should set out the "current market value" and the "forced sale value" so that Investors are able to make a prudent decision in relation to purchase of the Properties.

In carrying out a valuation, the Valuer must adopt the following principles:

- (a) The property is being valued on the basis of a willing but not anxious seller and buyer;
- (b) No account is taken of a higher price that may be paid by a buyer with a special interest in the property (such as a neighbour);
- (c) A reasonable period has been allowed for sale, having regard to the nature of the property and the nature of the market for properties of the same kind;
- (d) The property is exposed for sale in the usual way for properties of the same kind;
- (e) It is assumed that reasonable resources are available to advertise, promote and negotiate the sale.

The valuation should be based on current understandings of local market sales and other knowledge factors.

Each valuation shall be reviewed by the Managing Director of the Responsible Entity. The Managing Director of the Responsible Entity shall check that:

- (a) The valuation is signed by the Valuer and dated;
- (b) That the valuation correctly describes the property (including title description, address, type, size and zoning) as known to the Responsible Entity;
- (c) That the valuation comments on any encumbrances, easements or other adverse features of the property.

9. VALUATIONS

Valuation reports of Albert Road and Main Street dated 6 February 2018 prepared by Opteon (without appendices) are available on the website of the Responsible Entity by clicking on Schemes and then clicking on Heritage Property Fund and looking for this PDS or by looking at the Invest pages and looking for this PDS. The valuations are to be found on the website immediately below this PDS. The valuation reports (without appendices) form part of this PDS.

A copy of the valuation reports (without appendices) may be obtained from the Responsible Entity, on request, at no charge.

The findings, observations and conclusions expressed in the valuation reports are not to be construed or relied upon as a recommendation to take or not take any particular course or action but instead represent the application of Opteon's experience and judgement in respect of the facts or matters detailed in the reports. Any opinion contained within the valuation reports should be read and relied upon in the context of the document as a whole and considered current as at the date of the relevant report.

Where the valuation outlines expectations, beliefs, intentions or strategies regarding the future, such forward-looking matters reflect Opteon's reasonable views and assumptions with respect to such matters but actual results or outcomes could differ materially from those set forth in the valuation due to various factors, including fluctuations in future economic conditions and without limitation, the matters detailed in any assumptions, limitations or qualifications that are discussed in the report. You are warned to make appropriate allowances for contingency in this regard and/or that your investment or financial expectations may not be achieved because of such factors.

Otherwise, the valuations are not advice as to taxation, investment or financial strategy nor should the contents be viewed as legal or accounting advice.

The reports have been prepared without taking into account the particular objectives, financial situation or needs of any individual or entity, so you should not make any use of the reports unless you have sought and relied upon your own independent and expert legal, financial or investment advice.

Opteon's liability on any basis (including negligence) is limited by a scheme approved under Professional Standards Legislation.

10. FEES AND OTHER COSTS

Consumer Advisory Warning

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 percent 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 administration 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**) website (www.moneysmart.asic.gov.au) has a management investment fee calculator to help you check out different fee options.

Fees and other costs

This document 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.

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

Type of fee or cost	Amount	How and when paid
Fee when your money moves in and 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
Management Costs		
The fees and costs for managing your investment		
Responsible Entity's fee for establishment services	\$22,100 plus GST, for establishment services performed by the Responsible Entity or its solicitors prior to the Commencement Date.	Payable out of the Assets on the issue of the Disclosure Document.
Other Responsible Entity costs	Financial statements \$3,500 per annum plus GST Indexed, and an apportionment of PI insurance premiums.	

Type of fee or cost	Amount	How and when paid
Administration set up fee	\$2,000 plus GST	Payable after the Commencement Date
Administration fee for administration services	\$1,250 plus GST per month, Indexed,	payable on the last day of the relevant month
Responsible Entity's Management fee	(a) from the Commencement Date until the first anniversary of the Commencement Date to a monthly fee of \$2,083 plus GST; and (b) from the first anniversary of the Commencement Date until the second anniversary of the Commencement Date a monthly fee of \$2,500 plus GST; and (c) from the second anniversary of the Date of Appointment a monthly fee of either one twelfth of 0.2% of FUM or a minimum of \$30,000 plus GST per annum, being a minimum of \$2,500 plus GST per month, Indexed.	Payable on the last day of the relevant month
Manager's acquisition and disposal fee	The Manager is entitled to an acquisition fee of up to 2.5% of the purchase price and sale price of any Property acquired or sold by the Fund plus GST.	Payable sooner of on signing contract for acquisition OR Payable out of the Assets on the issue of the Disclosure Document.
Manager's Management fee	The Manager is entitled to a monthly management fee of up to that sum which is equal to one twelfth of 0.765% of the Gross Value plus GST, out of the Fund for management duties.	Payable on the last day of the relevant month
Manager's Performance fee	The Manager is entitled to a performance fee on the sale of any Property in the amount of 20% (plus GST) of the difference between the Purchase Price of the Property times 1.2 and the Sale Price.	Payable on sale of Property

OTHER FEES AND COSTS

Responsible Entity's Registry Fee

The Responsible Entity may charge a fee of 0.2% of FUM per annum Indexed for administration services.

Online Investor Portal

If Online Investor Portal Services are utilised the Fund will incur a fee of \$3,000 per annum Indexed.

Responsible Entity's financial statements fee

The Responsible Entity shall be entitled to a financial statements fee of \$3,500 plus GST, Indexed, per financial statement.

Responsible Entity's PI insurance fee

The Responsible Entity shall be entitled to be paid a fee from the Fund for professional indemnity insurance of \$417.00 per month from the Commencement Date plus GST until the Responsible Entity is

next obliged to pay for professional indemnity insurance, and then the Responsible Entity shall be entitled to reasonable apportionment of the premium payable after that time from the Fund.

Interest on Application Money

Until Allotment, the Responsible Entity is entitled to any interest earned on the Application Money prior to Allotment (the period is likely to be too short to justify calculation).

If the Responsible Entity is required to pay any Taxes in relation to the Fund, the Responsible Entity may be indemnified from the Investor's Proportion of those Taxes out of the Fund.

Each Investor must pay a handling fee of \$110 (including GST) for any deed of assignment or transmission of their interest.

Additional Services Fee

Where the Responsible Entity undertakes services to the Fund in addition to the standard responsible entity services (for example in relation to a Defaulting Lessee or Custodial type services) the Responsible Entity is entitled to charge for those fees on an hourly basis.

Indemnity for Out of Pockets

The Responsible Entity is also entitled to charge for any out-of-pockets and it does so on an at cost basis.

Required Example of Annual Fees and Costs

EXAMPLE – This table gives an example of how the fees and costs of the Fund can affect an investment over a one year period, being the Financial Year ending 30 June 2020 for an Investor who holds \$50,000 worth of Units.		
Manager's Fees	1.492% (equal to 0.842% of Gross Value of Assets*) incl. GST	\$746 per annum assuming no capital growth
PLUS Responsible Entity fees	0.315% (equal to 0.177% of Gross Value of Assets) incl. GST	\$157 per annum
PLUS administration costs	0.472% for valuation, administration, PI insurance, financial statements, audit incl. GST (equal to .245% of Gross Value of Assets) incl. GST	\$255 per annum
PLUS performance fee	Assume no Property sold so no performance fee payable	Nil
EQUALS total fees and costs	2.279% (equal to 1.264% of Gross Value of Assets*) incl. GST	\$1,139 (incl. GST) per annum

* Assumes Gross Value of the Assets at that time is equal to the purchase price plus available cash.

11. BENEFITS AND RISKS OF INVESTMENT

BENEFITS

An anticipated higher rate of return than can be obtained from a bank.

Returns from rent and possible capital gains.

Quarterly distributions.

RISKS

Rents not paid and defaults

Tenants may not be able to service or comply with the terms and conditions of their Leases and Licences with default occurring. A default by a tenant will adversely impact on the cash flow position of the Heritage Property Fund.

Options not being exercised

Tenants may not exercise options to renew Leases and Licences or may let Leases and Licences expire leaving that part of the Property vacant.

Interest rates may rise

Interest rates may rise (to the extent that rates are not locked in).

Unexpected expenses

Properties that are not new can sometimes generate unexpected capital and property expenses, for example, replacement of air conditioning.

Unexpected taxes

There may be unexpected new taxes targeted at property owners.

Downturn in the property market

There may be a downturn in the property market whereby the value of the Property cannot be realised for an amount sufficient to discharge the mortgage debt.

Purchase price too high

The Purchase Price for the Property is above valuation.

Manager risk

If the Manager fails to effectively manage the Properties on a day to day basis this could negatively affect the Fund's performance.

Borrowing risks

Gearing comes with risk and gearing can increase the potential for capital losses. In the event that the Fund is unable to service its borrowings, then distributions may be reduced or suspended.

Loans are expected to have a floating interest rate and unfavourable interest rate movements could impact negatively on returns.

The lender could declare the Fund in breach of Loan covenants (particularly if the value falls), which could result in the relevant Properties having to be sold under forced conditions.

If the lender enforces its security of the Properties by exercising the power of sale, a sale in such circumstances could result in a lower price than a sale in the ordinary course of business.

There is a risk that the Manager may not be able to refinance borrowings on the expiry of the Fund's debt facility on similar terms which could impact returns.

Lack of due diligence

The Manager has relied on its own expertise in recommending the Properties for purchase. There is no guarantee that there are no risks, problems or issues which might have been apparent to an independent property consultant which were not identified by the Manager.

Forward looking statements

All forward looking statements make assumptions about the continuing performance of tenants under their leases and interest rates remaining stable. There is no guarantee that this will be the case.

Lack of Liquidity

Units in Heritage Property Fund are likely to be illiquid at certain times as there is no established market for trading in the Units. This will particularly be the case where Investors elect a maturity date that is of medium or longer term duration.

General business risks

There can be no guarantee that Heritage Property Fund will achieve its stated objectives, which may have a substantial negative impact on both investment returns and repayment of capital.

The failure to achieve stated objectives may be beyond the specific business expertise of the Manager and may be the result of a general business downturn or other event.

Examples of such events would include but not limited to: -

- Change in legislation negatively affecting the property rental business;
- An inability by the Responsible Entity to continue to meet all requirements relevant to the operation of Heritage Property Fund as a managed investment scheme;
- A significant international event;
- An act of terrorism;
- An international conflict;
- Oil production or distribution problems internationally; and
- Other general and political events.

The occurrence of any of the above events may impact on Heritage Property Fund.

Many of these general business risks can be mitigated by appropriate commercial actions and risk management policies and procedures, but many are outside the control of the Responsible Entity and the Manager and cannot be avoided or mitigated.

Systems failure

There is a risk of systems failure.

Risk management policies and procedures

As detailed above, the Responsible Entity and the Manager have adopted various risk management practices and procedures to address the risks identified above. The measures disclosed below are implemented through the Heritage Property Fund Compliance Plan.

All of the risks management policies and procedures are subject to ongoing review by the Compliance Committee of the Responsible Entity.

Please note that there may also be other risk factors in addition to the ones above.

Investors are encouraged to obtain independent legal, accounting and/or financial planning advice in relation to this Offer.

12. THE RESPONSIBLE ENTITY

The Responsible Entity for the Heritage Property Fund is Primary Securities Ltd ABN 96 089 812 635 (**Primary**). Primary is a licensed responsible entity which holds AFSL No. 224107 and is the responsible entity for a number of registered retail schemes and trustee of a number of wholesale managed investment schemes.

The Responsible Entity has the primary responsibility to operate the managed investment scheme and to perform functions conferred on it by the Constitution.

Further information regarding the Responsible Entity including most recent audited financial statements are available by looking at its website www.primarysecurities.com.au.

DIRECTORS OF THE RESPONSIBLE ENTITY

DAVID BUTTERFIELD, ACA, FTI **Chairman of Primary Securities Ltd**

David Butterfield is a Chartered Accountant and Management Consultant with significant professional experience. His professional career commenced in 1969 when he worked for Touché Ross & Co and then Price Waterhouse & Co. He commenced his own accounting practice in 1977.

Since then David has been involved in pooled investments. Around 50% of his clients were film and/or television producers. David structured and helped fund numerous Australian productions over a thirty-year period. He has also been instrumental in structuring and funding live productions.

Since 2003 he has been the Managing Director of two funds management businesses in property, securities and derivatives, CFO and COO of an institutional funds management business investing in securities and derivatives and also acts as a Responsible Manager on other AFSL's mainly with a property focus. His specialties include AFSL advice, strategic advice, project and transaction management, business valuations, taxation and general business advice.

ROBERT GARTON-SMITH, LLB, B Com, GDip Fin Planning (Sec Inst), F Fin **Managing Director of Primary Securities Ltd**

Robert Garton-Smith is the Managing Director and owner of Primary Securities Ltd and has been its responsible manager in relation to managed investments since inception. He has degrees in law, commerce and financial planning and is a legal practitioner as well as being a Fellow of the Financial Services Institute of Australia.

He is a member of the Law Society of Western Australia, the Association of Financial Advisers and the Australian Compliance Institute. Robert has worked in the area of managed investments since preparing Australia's first feature film prospectus in 1981. He has prepared and overseen dozens of managed investment schemes relating to film, forestry, viticulture, horticulture, manufacturing, mortgages, equities and real estate, and also prepared share, debenture stock and unsecured notes issues.

Robert has practiced law since 1970 and is admitted as a practitioner in Australia, England and Wales. He remains the principal of the corporate and commercial law practice Garton Smith & Co, which now has a small practice advising in relation to managed investments, corporate, real estate and intellectual property.

IAN MURCHISON, B Com, FCA, Dip Naut Sc. **Director of Primary Securities Ltd**

Ian Murchison is a founding shareholder of Perth based private equity fund manager, Foundation Capital. Foundation Capital was established in 1994 and has invested institutional funds of over \$125M primarily in Western Australia. Ian is a Fellow of the Institute of Chartered Accountants and was a founding partner of Sothertons Chartered Accountants.

Ian has a wide experience across a diversity of industries that encompass operations throughout SE Asia including pearling, sandalwood plantations, minerals exploration, information technology and

industrial manufacturing and distribution. Ian has served as a non-executive director on ASX and Nasdaq listed companies for over 25 years. He has been a consultant to the Western Australian government on private public partnerships and several corporations on acquisitions, strategies, capital raisings and listings.

ANTHONY WAMSTEKER, B Ec.

Director of Primary Securities Ltd

Anthony has worked in the financial services industry for over 30 years. His experience includes various investment management, lending and banking roles.

After training as an actuary and being admitted as an Associate of the Institute of Actuaries of Australia, Anthony proceeded to pursue a career in Investment Management with National Mutual.

In 1993 he was asked to manage National Mutual's residential lending team and build a new home lending business in conjunction with Australia's leading industry superannuation funds. This business grew rapidly and ultimately became the highly successful ME Bank, of which Anthony was the founding CEO, a role he held until 2009.

Since leaving ME Bank, Anthony has enjoyed further success in another CEO role whilst also pursuing his passion for active investment management including property development. He has also been an active company director on several boards.

ROLE OF THE RESPONSIBLE ENTITY

The Responsible Entity sees its duty as being to take whatever measures a prudent owner would take in relation to the Properties and the Tenants. This includes the following:

- conduct due diligence in relation to this PDS;
- receive and hold the funds and title documents and receive any income from the Properties;
- monitor the management of the Properties; and
- make distributions.

1. Due Diligence

The Responsible Entity has reviewed the valuations and other information prepared by the Manager in relation to the Properties.

2. Trustee and Custodian

The Responsible Entity is trustee of the Fund and in that capacity receives and holds all money and title documents, receives any income from the Properties and makes distributions.

3. Monitoring

The Responsible Entity will monitor the management of the Manager.

13. THE MANAGER

The Manager is Heritage Property Fund Pty Ltd, ACN 622 332 969.

DIRECTORS OF THE MANAGER

Dean Cook *Diploma of Financial Planning, CFP*

Dean is an experienced financial planner and property investment adviser and has been a founder director and manager of financial planning firms and managed investments for 27 years. He is a Certified Financial Planner with 20 years property experience. Having commenced his own Financial Planning Practice in 1989 Dean has developed an enormous appreciation and understanding of the financial planning and property landscapes.

He is a member of the Financial Planning Association.

His role at Heritage Property Fund Pty Ltd is to source, advise and manage the property investments for its investors.

Michael Ibbotson *B.Bus FP AFP AMC ASX Accredited Adviser*

Michael is a professional investor and investment manager. He has extensive knowledge across all asset classes commencing his career at Austock Broking in 1999. He is a degree qualified financial planner and member of the Financial Planning Association.

He has deep knowledge of the funds management industry and is principal of a large boutique investment house, he is also Managing Director of his family's' second generation financial planning firm established in 1981.

Over the last 18 years Michael has amassed a deep understanding of investor needs providing advice to hundreds of individuals, families and SME's. As a portfolio manager Michael considers himself a Strategic Asset Allocator using a blend of approaches to assist investors to meet their goals and objectives. He has been investing in direct, indirect, listed and unlisted property since 2001.

His role at Heritage is to oversee operations, manage the day to day investment strategy and advise investors.

ROLE OF THE MANAGER

The Manager's role is:

- to arrange for the purchase of the Properties,
- to manage the Fund including the Leases, Licences and tenants, and
- to report to Investors in relation to the Properties.

14. APPLICATION PROCEDURE

Applications for Units can only be made by completing the Client Registration Form and the Application Form on the Responsible Entity's website www.primarysecurities.com.au. These forms plus identification documentation and FATCA/CRS self-certification form can be submitted online or sent to the Responsible Entity by post or email.

Application money should be paid by electronic funds transfer into the following bank account

Bank:	Westpac Banking Corporation		
Account Name:	Primary Securities Ltd as RE for Heritage Property Fund Applications Account		
BSB:	036 048	Account Number:	433491
Reference	Your Investor Name		

All Application Money is deposited in a bank account controlled by the Responsible Entity until the Minimum Subscription is reached and the Units are Allotted by the Responsible Entity.

15. DISPUTES RESOLUTION AND COMPLAINTS HANDLING PROCEDURES

The Responsible Entity has appointed solicitor Anna Catelli, B Juris., LLB., Dip. Ed., as its Complaints Officer. If you have a complaint please contact the Responsible Entity:

Telephone: 08 9430 5262
Email: catelli@primarysecurities.com.au
Post PO Box 742, Fremantle WA 6959

Complaints Handling Methods – Retail Clients

For Complaints in relation to either the Fund made by Complainants who are Retail Clients, the Responsible Entity will deal with these Complaints in compliance with the dispute resolution requirements in section 912A(2) of the Corporations Act.

Complaints Handling Methods – Wholesale Clients

The Responsible Entity will deal with all Complaints made by Complainants who are Wholesale Clients according to the following methods:

- (a) all Complaints are to be acknowledged promptly;
- (b) Complaints that do not require investigation are to be resolved immediately or expeditiously;
- (c) otherwise, within 21 days of the Complaint being made, the Complaint is to be investigated, the Complainant is to be given an opportunity to provide information, the Complaint is to be properly considered, and a report is to be prepared;
- (d) a decision is to be made by the Managing Director and the decision communicated to the Complainant with the reasons for the decision within 28 days of the Complaint being made;
- (e) if the Complainant remains unsatisfied, the Complainant is to be provided with information as to appropriate avenues by which the Complainant can pursue the Complaint including notifying ASIC of the Complaint or having the Complaint resolved by an industry complaints tribunal; and
- (f) at the same time of advising the Complainant of the outcome of the Complaint the Responsible Entity will also advise the Complainant that they may complain to the Financial Ombudsman Service Limited should the Complainant be unhappy with the outcome of the Responsible Entity's Complaint handling procedure. Wholesale Clients should be aware that the Financial Ombudsman Service Limited is available in very limited circumstances to Wholesale Clients;
- (g) if the Financial Ombudsman Service Limited is not available to the Complainant, the only avenues are dispute resolution services, arbitration or litigation.

FOS may be contacted:

- by phone on 1800 367 287;
- by fax on (03) 9613 6399;
- by email to info@fos.org.au;
- by email from the website: www.fos.org or
- by writing to GPO Box 3, Melbourne , VIC 3001.

Financial Ombudsman Services will first invoke a conciliation process. If the Complainant still does not get a satisfactory outcome the Complainant has the right to have the matter arbitrated by an adjudicator or panel. Each Complaint is handled in confidence and without affecting any legal rights of the Complainant should they remain dissatisfied. FOS can consider claims of up to \$500,000. Please see FOS' website for further details.

Any issues arising from complaints that have material ramifications for other Investors shall be reported by the Complaints Officer to the board of the Responsible Entity.

16. OTHER MATTERS

This PDS

This PDS is dated 11 April 2018. This PDS has not been lodged with the Australian Securities and Investments Commission (ASIC) and is not required to be lodged in accordance with the *Corporations Act 2001*. The Responsible Entity will notify ASIC that this PDS is in use in accordance with section 1015D of the *Corporations Act 2001*.

Register

The Responsible Entity will make available to each Investor a copy of the Register of Investors if requested.

Reports

The Manager will provide each Investor with a quarterly report in relation to each Property.

The Responsible Entity will also provide each Investor with:

- (a) annual financial report of the Fund.
- (b) annual reports, advising about the Fund and specifically advising about:
 - (i) any fees and charges deducted by the Responsible Entity or by an associate of the Responsible Entity; and
 - (ii) any defaults by any tenants under the terms of any leases and Licences in relation to any Property.

Income Tax

Investors are required to include in their assessable income their share of the Fund's net income for a particular income year. This applies whether or not the income is paid.

The capital gain component of a trust distribution must be included in the Investor's calculation of their own net capital gain. Where the distributed capital gain includes a discounted capital gain component, the Investor is required to "gross up" that amount by the discount applied by the Fund (i.e. 50%). The nominal capital gain (that is, the whole amount of the gain prior to discounting) is then included in the calculation of the Investor's net capital gain. The Investor may be entitled in their own right to a CGT discount as an individual.

Investors that are non-resident for tax purposes must supply their overseas addresses on the Application Form. To comply with Australian tax law, withholding tax of 10% will be deducted from all income distributed to these investors.

The Responsible Entity will provide Investors with any tax summary of income during a Financial Year which will simply be a statement of what returns have been paid to the Investor.

This taxation information is of a general nature only. Investors should seek their own advice in relation to their own circumstances.

Labour, Environmental, Social and Ethical Standards

The Responsible Entity does not take into account labour standards or environmental, social or ethical considerations.

Minimum Funding is the % of the Purchase Price plus Costs

No Units will be issued unless Applications for Units equal in value to \$10,490,000 are received within 3 months of the date of this PDS.

Disclosure

Robert Garton Smith is a director of and indirect owner of the Responsible Entity and is the principal of the law practice Garton Smith & Co which expects to receive legal fees in relation to the

formation of the Fund. The professional remuneration paid or to be paid to Garton Smith & Co for such legal services in relation to the Fund is expected to be around \$25,000 plus GST.

See Section 3 for disclosure in relation to Albert Road.

Responsibilities and Consents

Butler Settineri (Audit) Pty Ltd has given its consent to be named as the auditor of the Scheme. Marius Van Der Merwe of Butler Settineri (Audit) Pty Ltd, the compliance plan auditor has given his consent to be named as the compliance plan auditor of the Scheme. Butler Settineri (Audit) Pty Ltd or Marius Van Der Merwe have not authorised or caused the issue of this PDS and have not made, nor purports to make, any statement in this PDS.

The Manager has given, and has not before the issue of the PDS, withdrawn its written consent to be named herein, and to the statements made by or based on statements made by or about it in this PDS in the form and context in which they appear, as the Manager prior to the issue of this PDS. The Manager has not been involved in the preparation of this PDS except on behalf of the Responsible Entity, nor had it caused or otherwise authorised the issue of this PDS, and neither the Manager nor its employees or officers accept any responsibility arising in any way for errors or omissions in or from this PDS.

Opteon has in paragraph 1.7 of each valuation report given consent to the valuation report being part of the PDS, and has also consented to the valuation report being included as part of the PDS in the form and context in which it has been included and has not before the issue of the PDS, withdrawn its consent.

Costs of the Issue

The total costs of this PDS are approximately \$50,000 plus GST.

Enhanced Disclosure

If there are more than 100 Investors in the Scheme, Units will be enhanced disclosure securities within Section 111AD of the Corporations Act, and the Responsible Entity is subject to regular reporting and disclosure obligations. Documents lodged pursuant to these requirements may be obtained from, or inspected at, any office of ASIC. Further, the Responsible Entity will provide a copy of the most recent annual financial report of the Scheme lodged with ASIC by the Responsible Entity, any half-year financial report of the Scheme lodged with ASIC after the lodgment of that annual financial report and before the date of this PDS, and any continuous disclosure notices given in relation to the Scheme after lodgment of that annual financial report and before the date of lodgment of the PDS free of charge as soon as practicable, and in any event within 5 days, after receiving the person's request, to any person who asks for it during the currency of the PDS.

International Application of this PDS

This PDS has been prepared to comply with the securities laws of Australia. The Offer is only available to persons receiving this PDS in Australia, New Zealand and Singapore.

Privacy Disclosure

The Responsible Entity collects information about you in your Application Form for the purposes of processing your Application and, if Allotment is made, to administer your investment and to report to you. You agree, by submitting your Application Form, that the Responsible Entity may disclose the information to any independent share registry, to any agents, contractors or service providers including Banks and professional advisers.

The Corporations Act requires the Responsible Entity to include information about you (including name, address and details of the Units you hold) in the Register. The information contained in the Register must remain there even if you cease to be an Investor.

This information may also be disclosed by the Responsible Entity to any independent share registry, agents, contractors or service providers including Banks and professional advisers.

We may use your contact details to let you know of future offers of the Responsible Entity or the Manager, but if you do not want to receive these, please contact the Responsible Entity on (08) 9430 5262.

If you do not provide the Responsible Entity with the information requested in the Application Form, your Application may not be processed. You have a right to seek access to the information the Responsible Entity holds about you, and (in writing) to ask the Responsible Entity to correct any information which is held about you and which you believe is inaccurate, incorrect or out of date.

General

This PDS for the Heritage Property Fund contains information about investing in a trust. This PDS should be read in its entirety before any Application is made. Any person who provides any other person with access to the Client Registration Form and Application Form must at the same time and by the same means give that other person access to this PDS.

At any time prior to the expiry of this PDS, the Responsible Entity, and any authorised representative acting on the Responsible Entity's behalf, will send a paper copy of this PDS, including the Client Registration Form and Application Form, to any person on request, without charge. If you wish to receive a hard copy of this PDS please call Primary Securities Ltd on (08) 9430 5262 or go to the front page of the Responsible Entity's website at www.primarysecurities.com.au and double click on Contact Us.

17. DETAILS OF THE MATERIAL AGREEMENTS

A. CONSTITUTION FOR HERITAGE PROPERTY FUND

On your Application to become an Investor in a Fund (of the Heritage Property Fund) being accepted by the Responsible Entity by you being allotted one or more Units, you will become a party to the Constitution of Heritage Property Fund.

A copy of the Constitution is available on the website of the Responsible Entity.

A summary of the Constitution is set out below. Relevant definitions appear in the Glossary of Terms in Section 18.

Policy of the Fund

The investment policy of the Fund is that the Fund will provide a Fund to acquire and lease out for rent such properties as the Responsible Entity decides on the recommendation of the Manager and to hold such properties for the duration of the Fund on the terms of the Constitution.

Powers of the Responsible Entity

Under the Constitution, the Responsible Entity

The Responsible Entity may apply the Fund towards the purchase of such investments as the Responsible Entity decides provided the investments are Authorised Investments.

In addition, the Responsible Entity has the following specific powers (amongst others):

- (a) **[invest]** to make any kind of investment provided the investments are Authorised Investments;
- (b) **[buy & sell assets]** to acquire and dispose of Assets for cash or other consideration;
- (c) **[Lease or Licence]** to enter into and negotiate leases or licences of any Property or any part of it and deal with those Leases or Licences including:
 - (i) to hold any promotional fund or sinking fund or any other fund held under any lease or licence;
 - (ii) to receive and hold rents and other moneys payable by tenants, and licensees and to authorise any other person to do so on behalf of the Responsible Entity; and
 - (iii) to organise any fire services and security in relation to any Property;
- (d) **[execution of leases]** to sign, complete, or otherwise perfect and do all other things related to leasing or licensing of any Property;
- (e) **[registration]** to register in the name of the Responsible Entity (as nominee for the Fund) each Property, and to discharge and deregister any lease or Security in relation to a Property with any relevant Authority;
- (f) **[caveat]** to lodge any caveat to protect the interests of the Fund under any Security or lease in relation to a Property and to withdraw the caveat;
- (g) **[management agreement]** to enter into the Management Agreement and any other service agreements or agency agreements with respect to the Properties and deal with them.
- (h) **[repair]** develop, build, alter, repair, improve, extend, replace, demolish, and rebuild any Property as the Responsible Entity deems fit;
- (i) **[insure]** insure any Property;

- (j) **[partnership]** to enter into any partnership with other persons or enter into any agreement or arrangement for the purposes of forming a partnership in relation to any investment in any Property;
- (k) **[manage]** to manage any Assets, receive the Income generated and pay any costs and expenses incurred as a result of holding and managing any Asset (whether of a capital or revenue nature);
- (l) **[outgoings]** to pay all outgoings connected with the Assets which are not otherwise payable by the Responsible Entity;
- (m) **[bills of exchange]** to draw, endorse, discount, sell, purchase and otherwise deal with bills of exchange either alone or jointly and in particular commercial bills;
- (n) **[Bank accounts]** to operate any Bank accounts as are deemed necessary by the Responsible Entity;
- (o) **[records]** to keep records relating to all financial transactions in relation to the Fund and if necessary the Property and prepare any necessary income tax, GST and other returns;
- (p) **[proceedings]** to institute, prosecute, compromise and defend legal, arbitration or dispute resolution proceedings;
- (q) **[GST]** to register, to make elections, to complete any form required and to make payment in connection with the payment of GST by the Fund and to keep records relating to all financial transactions and prepare any necessary income tax, GST and other returns;
- (r) **[tax returns]** to prepare any necessary income tax and other returns in relation to the Fund and to apply for a ruling from the Australian Taxation Office;
- (s) **[insurance claims]** to make any insurance claims on behalf of the Fund and to receive the proceeds from such claims on behalf of the Fund;
- (t) **[settle and compromise]** to receive, collect and pay, settle and compromise any payments, debts, obligations, judgments or settlements in relation to the Fund;
- (u) **[pay Liabilities]** to pay all Liabilities and all outgoings connected with the Assets or this Constitution which are not otherwise payable by the Responsible Entity;
- (v) **[casting vote]** to attend and vote at meetings of Investors for the purpose of casting a casting vote;
- (w) **[Consultant]** appoint any Consultant to advise in relation to the Fund; and
- (x) **[attorney]** to appoint any person as the representative or attorney of the Responsible Entity for the purpose of executing any document which the Responsible Entity is permitted or authorised to execute by this Constitution or by law and to revoke any appointment;
- (y) **[Authorities]** to deal with any Authorities;

Power to Borrow

The Responsible Entity has power to Borrow money unsecured or subject to any Security on any Property provided that the total Liabilities of the Gross Value represented by Borrowings shall not exceed 70% of the Gross Value at the time of Borrowing except where the Borrowing is for the short term purpose of paying GST to any vendor of a Property in circumstances in which the Responsible Entity reasonably anticipates that the Fund will receive a GST credit which will result in the Borrowings being reduced below 70% of the Gross Value;

The power to Borrow includes the following:

- (a) [**deed of priority**] to enter into deed of priority in relation to any Borrowing;
- (b) [**SWAP transactions & derivatives**] to enter into any SWAP transactions and derivative agreements in relation to any Borrowings;
- (c) [**use Assets as Security**] to use the Assets or any of them as Security for any Borrowing;
- (d) [**variation**] to vary, extend or replace any Borrowing or Security.

Buyback

The fund is illiquid but there is provision for a buyback if the Responsible Entity invites Investors to have their Units bought back.

Investors' Rights

No Investor shall have the right to:

- (a) require payment to the Investor of that part of any money comprising the Fund to which it is beneficially entitled or entitled at law; or
- (b) require the transfer to the Investor of that part of any of the Assets forming part of the Fund;
- (c) withdraw from the Fund or have their Units bought back or redeemed or to require the Responsible Entity to realise the Assets except where the Responsible Entity has issued a Buyback Notice;
- (d) exercise any rights powers or privileges in respect of any Asset;
- (e) interfere with or question the exercise or non-exercise by the Responsible Entity of any of the powers, authorities or discretion conferred on it by this Constitution or in respect of any Assets.
- (f) lodge any caveat against any Property.

The Responsible Entity shall not be obliged to make any apportionment of the Assets or to keep separate accounts thereof in relation to each individual Investor but shall hold and account for the whole of the Fund for the time being as one fund on the trusts of the Constitution.

Relationships Between Each Investor

No Investor shall have any relationship with any other Investor.

Limitation of Liability of Investors

Except as provided by any express indemnity given by any Investor to the Responsible Entity, the entire liability of each Investor will be limited to the payment of the unpaid portion of the Application Money in respect of each of such Investor's Units, and, upon any Unit becoming fully paid, no Investor will have any liability to make any further contribution to the Fund or payment to the Responsible Entity.

Transfer Forms

Transfers shall be in such form as may from time to time be prescribed by the Responsible Entity or are otherwise acceptable to the Responsible Entity.

Signatures Required and Effective Date

Any transfer must be signed by both the transferor and transferee and shall state that the transferee agrees to be bound by this Constitution. The transferor shall be deemed to remain the holder of any Units until the name of the transferee is entered in the Register in respect of such Unit(s) by the Responsible Entity.

Transferee to be Bound

A transferee in respect of Units shall be bound by the provisions of this Constitution.

Corporations Act to govern calling of meetings

All meetings of Investors shall be held in accordance with the provisions of the Corporations Act with the following variations:

- (a) **Quorum**
The quorum necessary for a meeting shall be 2 Investors.
- (b) **One Investor**
Where the Fund has only one Investor, any resolution required to be passed at a meeting of Investors can be done by the Investor recording the resolution in writing and signing it.
- (c) **Signed resolution**
The Investors may pass a resolution without meeting. The resolution may be circulated to all Investors entitled to vote in respect of that resolution. It is effective if it is signed by Investors holding the required majority. The resolution will be taken to have been passed on the date specified in the resolution. If no date is specified, it will be taken to have been passed on the date on which the officer of the Responsible Entity appointed to evaluate the result of the resolution receives the signed resolution.

Notices

Notice by the Responsible Entity or Investor must be in writing (which includes a facsimile or email but not a Text Message).

Electronic Communications to Investors

The Responsible Entity may send or deliver any document required to be sent or delivered to an Investor by making that document available on the website of the Responsible Entity for the period commencing on the date the document is required to be sent or delivered to an Investor and ending no earlier than 6 months later.

Notice to Responsible Entity

Any notice, report or other communication required to be given to the Responsible Entity:

- (a) may be sent by facsimile or e-mail;
- (b) may be either delivered or sent to the Responsible Entity by post in a prepaid envelope addressed to the registered office for the time being;
- (c) must bear the actual, facsimile or electronic signature of the Applicant or the Investor or a duly authorised officer or representative of the Applicant or the Investor unless the Responsible Entity dispenses with this requirement;

Register

An up-to-date register of Investors in the Scheme as required by Chapter 2C of the Corporations Act will be kept and maintained by the Responsible Entity at its registered office, or principal place of business.

Change of Name or Address

Any change of name or address of any Investor must be notified to the Responsible Entity in writing which must alter the Register accordingly.

Inspection and Copying

Any Investor shall be entitled at all times when the registered office of Primary the Responsible Entity is open for business to the public, and without charge, to inspect the Register.

Amendments to Constitution

The Constitution may only be amended as permitted by the Corporations Act.

This summary of the Constitution is not meant to be, and should not be relied upon as being, exhaustive.

B. RESPONSIBLE ENTITY SERVICES AGREEMENT:

This Agreement is between Primary and the Manager. Under this Agreement, the Responsible Entity agrees to act as responsible entity for the Fund and to issue this PDS.

Under the agreement, the Manager must indemnify the Responsible Entity against any loss incurred by the Responsible Entity arising from any claim against the Responsible Entity in relation to the Fund except where caused by the Responsible Entity's willful, negligent, fraudulent, reckless or unlawful acts or omissions.

C. MANAGEMENT AGREEMENT

The Responsible Entity and the Manager have also entered into the Management Agreement. Under the Management Agreement the Manager agrees to carry out a number of services relating to the Fund for the Responsible Entity.

The main aspects of the Management Agreement are as follows:

Term: The term of appointment of the Manager commences on the 14th of December 2017 and continues for the life of the Fund unless otherwise terminated or extended in accordance with the Management Agreement.

The Responsible Entity may serve a breach notice on the Manager in the event of:

- (a) any breaches of any material provision of the Management Agreement, or fails to observe or perform any material representation, warranty or undertaking given by the Manager under Management Agreement that adversely affects the rights or interests of the Fund's members in a material way; or
- (b) failure of an annual assessment; and
- (c) for other reasons.

Unless the reasons for the breach notice involve the negligent, fraudulent or dishonest conduct by the Manager in relation to the performance of the services under the Management Agreement relating to any financial matter that would adversely affect the rights of Investors, the Manager may give the Responsible Entity a dispute notice requiring the Responsible Entity to call a meeting of Investors to vote on a Special Resolution that the Management Agreement should be terminated. If the Investors do not pass the Special Resolution, then the breach notice is deemed to have been withdrawn and the Responsible Entity is not permitted to terminate the Management Agreement.

After such a meeting the Responsible Entity retains the ability to take legal action against the Manager to seek to recover damages for the breach of the Management Agreement in respect of such Breach Notice; and if a court order is obtained in favour of the Responsible Entity in respect of the Breach Notice, and any appeal available in respect of that court order has been exhausted, the Responsible Entity may thereafter terminate the Management Agreement with immediate effect.

The Manager may at any time ask the Responsible Entity to retire. If an extraordinary resolution is not passed approving a new responsible entity, then the Responsible Entity has agreed to transfer the Assets of the Fund to a new scheme controlled by the proposed new responsible entity for a distribution of Units to the same Investors in the same proportions.

The Responsible Entity is obligated to pay a management fee to the Manager (which consists of a property acquisition fee and an ongoing management fee).

This summary of the Management Agreement is not meant to be, and should not be relied upon as being, exhaustive.

D. CONTRACT TO PURCHASE ALBERT ROAD

The Albert Road Contract is between Sandhurst Trustees Limited as custodian for UIF Pty Ltd as trustee for UIF Trust and the Manager or nominee dated 13 December 2017. The Manager is permitted to nominate a purchaser no less than 14 days before settlement. The purchase price is \$8,650,000 of which a deposit of 10% was payable by 30 December 2017.

The Albert Road Contract is subject to:

- (a) a capital raising;
- (b) Lease dated 1 November 2012 between the Vendor (as Landlord) and Seven Ent. Services Pty Ltd (ACN 144 794 516) trading as Seven Nightclub (as Tenant) for a term ending on 30 September 2025 with one further term of ten years.
- (c) Lease signed 14 September 2017 between the Vendor (as Landlord) and The Thrive Network Pty Ltd (ACN 611 048 714) (as Tenant) for a term of five years and six months with no further options.
- (d) Licence Agreement signed 4 October 2017 between the Vendor (as Licensor) and United Investment Management Pty Ltd (ACN 131 758 613) (as Licensor) for a term of twelve (12) months.

E. CONTRACT TO PURCHASE MAIN STREET

This Main Street Contract is between Greenwalk Holdings Pty Ltd and Greenwalk Developments Pty Ltd and the Manager or nominee dated 20 December 2017. The Manager is permitted to novate the contract to a third party within 10 days of the Settlement Date. The purchase price is \$9,750,000 of which a deposit was payable as to \$490,000 by 22 December 2017 and \$479,000 by 9 February 2018.

18. GLOSSARY OF TERMS

Albert Road means 52 Albert Road, South Melbourne details of which are set out in Section 4;

Allotment means the allotment of Units to Investors in relation to the Fund;

Applicant means any person who has completed and delivered to the Responsible Entity or to a duly authorised lawful agent of the Responsible Entity an Application being an offer to become an Investor in the **Heritage Property Fund** and made payment or provided other consideration as required on the Application but who is not yet an Investor.

Application means an electronic application to become an Investor in the **Heritage Property Fund** submitted through the Website of Primary Securities Ltd;

Application Form means the form in relation to an Application to become an Investor in the **Heritage Property Fund**;

Application Money means the amount of \$1.00 per Unit payable by an Applicant with their Application.

Assets shall consist of:

- (a) amounts representing the Application Money received from Investors;
- (b) the investments acquired using the Application Money;
- (c) proceeds from the sale of any Assets;
- (d) all income, capital gains or other additions or accretions arising out of any Assets and not yet paid out or distributed by the Responsible Entity under the terms of the Constitution;
- (e) any money, units, shares, rights, investments and other assets allocated to the Fund;
- (f) any reinvestments of any Assets and any amount standing in any Bank account to the credit of the Responsible Entity representing Income or being Income derived from the Assets received by or paid to the Responsible Entity;
- (g) any contracts or rights entered into or acquired in relation to the Fund;
- (h) any proceeds of Borrowing by the Responsible Entity and any Assets or reinvestments acquired by application of such proceeds;
- (i) where the context so admits, includes a proposed Asset and
- (j) any other money received or held by the Responsible Entity in trust for each Investor;

ASIC means the Australian Securities and Investments Commission established under the Australian Securities and Investments Commission Act, 2001, or any delegate thereof;

Australia means the Commonwealth of Australia and includes all its territories

Authorised Investments includes:

- (a) any Property Asset;
- (b) plant, equipment, machinery, fixtures, furnishings and fittings used in association with or providing services to any Property Asset;
- (c) the taking or writing of options or standing offers to acquire any investment which is otherwise an Authorised Investment within this definition;

- (d) shares and debentures (including any rights associated therewith) in any Company the purchase or acquisition of those shares or debentures is required to enable the acquisition of a Property Asset to be carried out in a manner advantageous to Investors;
- (e) all the units in a private unit trust (in respect of which there is not an approved managed investment scheme for the purposes of Division 5 of Part 7.12 of the Corporations Act) the purchase or acquisition of those units is required to enable the acquisition of a Property Asset to be carried out in a manner advantageous to Investors;
- (f) the purchase, leasing, hiring or other acquisition of any personal property and any share or interest therein including (without affecting the generality thereof) any share or interest in any contract for the sale or purchase of any Property or personal property, hire purchase or consumer credit agreement, book or other debt, promissory note or other thing in action;
- (g) Cash;
- (h) interest bearing deposits at call or for a term with or without Security with any Financial Institution;
- (i) Bank accepted and/or Bank endorsed bills of exchange and promissory notes;
- (j) assets of any kind which are necessary for, or incidental to, the effective operation of the Trust;
- (k) any other investment of whatsoever nature (and whether real or personal property) as shall be approved by a Special Resolution of the Investors;

Bank means any authorised deposit-taking institution as defined in the Banking Act, 1959 (Cth);

CFO means chief financial officer

FUM means funds under management or gross value of all Assets at that time;

Commencement Date means the date on which Units are first Allotted;

Complainant means a person making a Complaint;

Complaint means any expression of dissatisfaction with the service offered or provided whether internal or external, and if external, whether by an Investor or otherwise;

Constitution means the Constitution for the registered managed investment scheme: Heritage Property Fund ARSN 618 037 826 described in Section 17;

Contract of Purchase means the contract to purchase either Albert Road or Main Street, as the case requires by the Fund;

COO means chief operating officer;

Corporations Act means the Corporations Act 2001 of the Commonwealth of Australia and includes any rule, regulation, notice, order, policy or by-law made under that act;

CRS means the Common Reporting Standard and is the single global standard for the collection, reporting and exchange of financial account information on foreign tax residents. CRS imposes on the Responsible Entity a requirement to collect and report to the Australian Taxation Office financial account information on non-residents;

Date of Indexation means, with respect to the Fund, the first anniversary of the Commencement Date and to occur on each anniversary of the Commencement Date thereafter;

FATCA means the Foreign Account Tax Compliance Act and is United States (**US**) legislation aimed at improving compliance with US tax laws. FATCA imposes certain due diligence and reporting obligations on Australian financial institutions including the Responsible Entity and those of other non-US countries, to report US citizen or US tax-resident Account Holders to the US Internal Revenue Service;

Financial Year means the period from 1st July (unless from the context the period must commence later by reason that it is the first such period) to 30th June inclusive in the next following year (unless from the context the period must conclude earlier by reason that it is the last such period);

Fund means the registered managed investment scheme known as Heritage Property Fund ASRN 623 424 528 formed for the purpose of purchasing the Properties;

Gross Value means the aggregate of the sum of the values of the Assets for the time being including money held in the Fund;

GST means goods and services tax imposed under A New Tax System (Goods And Services Tax) Act 1999 or other laws implementing the GST including all amendments;

Indexed means adjusted on the Date of Indexation, by the aggregate percentage change in the Consumer Price Index (All Cities) for the previous four quarters most recently published by the Australian Bureau of Statistics prior to the Date of Indexation (or if in the opinion of the Responsible Entity that method of calculation is no longer appropriate, such other index number as is recommended by the Auditors as fairly and reasonably taking into account inflation or deflation, and is approved by the Responsible Entity);

Investor means the person who becomes a unitholder under the Constitution.

Investor's Proportion means, in relation to each Investor, the following fraction:

$$\frac{U}{T}$$

where:-

U is the number of Units registered in the name of the Investor; and

T is the total number of Units on Issue,

Issuer means **Primary Securities Ltd ABN 96 089 812 635**; holder of AFSL No 224107 of 3 Shuffrey Street, Fremantle;

Issue Price means \$1.00 per Unit;

Lease means granting a lease interest in any Property;

Licence means all licences and other forms of permission given to Occupants to occupy a Building or any part of any Property;

Loan means the loan of money which the Fund will borrow to complete the purchase of the Properties;

Manager means Heritage Property Fund Pty Ltd, ACN 622 332 969.;

LVR means loan to value ratio;

Main Street means 78 Main Street, Greensborough details of which are set out in Section 4;

Minimum Investment means \$10,000, thereafter in \$10,000 intervals;

Offer means the offer of Units in the **Heritage Property Fund**, contemplated by virtue of this PDS;

Opteon means Opteon Property Group Pty Ltd, ABN 78 144 732 589 (which refers to itself in each valuation as simply "Opteon Property Group" or "Opteon Property Group Australia");

Ordinary Resolution means a resolution passed at a meeting of Investors by a majority of the persons voting thereat upon a show of hands and if a poll is demanded then by a majority of the votes given on such poll;

PDS means this Product Disclosure Statement for **Heritage Property Fund**.

Primary means the Responsible Entity, Primary Securities Ltd ACN 089 812 635;

Properties mean 52 Albert Street, South Melbourne and 78 Main Street, Greensborough and such other properties as the Fund may acquire;

Purchase Price means the purchase price for the Properties payable by the Fund being \$8.65m for Albert Road and \$9.75m for Main Street;

Receipts includes all or any of the following moneys or part thereof:

- (a) all income received or receivable by or on behalf of the Fund from all sources in respect of any Property or Building including Rents;
- (b) any interest and other income received from moneys of the Fund and Authorised Investments;
- (c) proceeds from any insurance claims to which the Fund is entitled;
- (d) proceeds of any other action, suit or proceeding or settlement thereof relating to the Fund; and
- (e) any other receipts to which the Fund is entitled;

Register means the register of Investors' particulars;

Rent means all income received by the Responsible Entity:

- (a) rent pursuant to any Lease or Licence of any part of the Property or Building;
- (b) all other income received or receivable from all other sources in respect of any Property or Building (including contributions towards or reimbursement of outgoings, money collected from pay telephones and coin operated machines); and
- (c) any amount received under loss of revenue insurance for any Property or Building;

Responsible Entity means Primary Securities Ltd ACN 089 812 635 ACN 089 812 635 or other responsible entity for the time being under the Heritage Property Fund Constitution whether original, additional or substituted;

Responsible Entity Services Agreement means the Responsible Entity Services Agreement described in Section 12;

Security means any mortgage, sub-mortgage, charge, transfer, assignment or otherwise of any property, assets, rights or interests including options (whether or not such Securities rank as a first mortgage or charge over the property, assets, rights or interests or otherwise) including any caveat;

Special Resolution means a resolution passed at a meeting of Investors or All Investors (as the case requires) by a majority consisting of the holders of not less than 3/4ths of the face value of the Issued Units carrying the right to vote upon a show of hands and if a poll is demanded then by a

majority consisting of not less than the holders of 3/4ths of the total face value of the Issued Units held by those persons voting on such a poll;

State means a State of Australia and also includes a Territory of Australia;

Tax Deferred Income is income to which there is no tax paid on during the relevant year save to depreciation which is then deducted from the cost base of the asset, resulting in capital gains tax being paid at the time of disposal on the difference between the sale price and the written down value;

Taxes includes any present or future tax, stamp duty, goods and services tax, or other tax, charge or levy, imposed, collected, withheld or assessed on the Responsible Entity or Investors including on or in connection with the:

- (a) receipt of Application Money;
- (b) Allotment of Units;
- (c) Acquisition, sale or other disposal or discharge of any Assets;
- (d) Borrowing;
- (e) the Fund, Properties or other Assets;
- (f) receipt of any income derived from Assets including rent;
- (g) payment of costs and expenses; and
- (h) distribution to Investors;

Text Message means a communication using a short message texting service;

Unit means one of the equal undivided interests comprising a certain proportionate share of the beneficial ownership of the Fund;

Units on Issue means all Units issued and not cancelled;

Valuer means an appropriate licensed land valuer (including a person employed or engaged by a company or firm which is so licensed).

19. CORPORATE DIRECTORY

RESPONSIBLE ENTITY - ISSUER OF THIS PDS

Primary Securities Ltd
ABN 96 089 812 635
Australian Financial Services Licence No 224107
3 Shuffrey Street
Fremantle WA 6160
Phone: (08) 9430 5262
Fax: (08) 9430 5552
Email: registry@primarysecurities.com.au
Website: www.primarysecurities.com.au

DIRECTORS OF THE RESPONSIBLE ENTITY

David Butterfield (Chair)
Robert Garton-Smith (Managing Director)
Ian Murchison
Anthony Wamsteker

MANAGER

Heritage Property Fund Pty Ltd
ACN 622 332 969
c/- Madgwicks
Level 6, 140 William Street
Melbourne VIC 3000

DIRECTORS OF THE MANAGER

Dean Cook
Suite 4.02, Level 4
448 St Kilda Rd
Melbourne Vic 3004

Michael Ibbotson
Suite 4.02, Level 4
448 St Kilda Rd
Melbourne Victoria 3004

AUDITORS OF THE SCHEME

Butler Settineri (Audit) Pty Ltd

COMPLIANCE PLAN AUDITOR

Marius Van Der Merwe of
Butler Settineri (Audit) Pty Ltd

FOR UPDATES, GO TO WWW.PRIMARYSECURITIES.COM.AU

For further copies of this PDS, call Primary Securities Ltd (the Responsible Entity) on (08) 9430 5262.



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